



MINDORO
RESOURCES LTD

Interim Consolidated Financial Statements

(Unaudited)

For the Six Months Ended June 30, 2010

(Expressed in Canadian Dollars, Except Where Otherwise Noted)

Management's Discussion and Analysis	1
Consolidated Balance Sheet.....	18
Consolidated Statements of Loss and Deficit	19
Consolidated Statements of Cash Flows.....	20
Notes to the Financial Statements.....	21

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

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

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

Management's Discussion and Analysis

For the Six Months Ended June 30, 2010



MINDORO
RESOURCES LTD

1. GENERAL

This discussion and analysis of financial position and results of operation is prepared as at August 16, 2010, and should be read in conjunction with the unaudited consolidated financial statements for the six months ended June 30, 2010 and June 30, 2009 and the December 31, 2009 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

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 and 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 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 and options and seeking joint venture partners to fund exploration. As disclosed in Notes 9 and 18 of the unaudited interim June 30, 2010 consolidated financial statements, the Company has closed two private placements this year. In the first quarter of 2010, an increase in the share price resulted in the exercise of stock options and purchase warrants. 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 next twelve months.

Management's Discussion and Analysis

For the Six Months Ended June 30, 2010



MINDORO
RESOURCES LTD

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.

The mining industry in the Philippines is regulated at both the national and regional levels through the central and regional offices of the Department of Environment and Natural Resources ("DENR") and Mines and Geosciences Bureau ("MGB"). Republic Act No. 7942 (the "Mining Act") and its Revised Implementing Rules and Regulations are the principal laws that regulate the mining industry. The Mining Act grants qualified private parties the right to explore through:

- The rights to explore through exploration permit ("EP");
- The rights to explore, develop and utilize mineral resources, through mineral agreements like mineral production sharing agreement ("MPSA"), co-production sharing agreement and joint venture agreement;
- Financial or technical assistance agreement; and
- Mineral processing rights by way of mineral processing permit.

SURIGAO DISTRICT, NORTHERN MINDANAO

The Company has earned a direct and indirect 75% interest in the Agata, Tapian San Francisco and Tapian Main projects, and a 10% 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 an MPSA on Agata and EPs on Tapian San Francisco and Tapian Main. The remaining tenements are held under MPSA and EP applications that are advancing normally through the approval process.

As of June 30, 2010, the Company had \$9,974,097 in exploration expenditures recorded to the Surigao Projects, including expenditures of \$760,544 in the second quarter of 2010.

Nickel Laterite Options Study

As disclosed in the Company's press release on March 15, 2010, an Options Study carried out by Boyd Willis Hydromet Consulting of Brisbane, Australia, examined six options for first stage development and processing as well as several hybrid options for the Agata nickel laterite resource. These included a Direct Shipping Option ("DSO"), constructing an on-site processing plant which has an array of potentially applicable technologies; including Nickel Pig Iron production, Ferronickel Smelting, Heap Leaching, Atmospheric (Tank) Leaching and High Pressure Acid Leaching ("HPAL").

The conclusions of the study were that a DSO operation focused on a higher grade component of the limonite resource, while not optimizing value from the resource, offers a potential opportunity for early cash flow and could be integrated into a staged atmospheric leach with sapolite neutralization followed by HPAL project treating the much larger low grade (>0.9% Nickel) limonite target.

In relation to the DSO operation, detailed mineral resource drilling and DSO development planning was commenced at Agata in March 2010.

As recommended by the Options Study a scoping study and metallurgical testing program for a large scale integrated nickel laterite processing operation, was also commenced in March 2010.



Management's Discussion and Analysis

For the Six Months Ended June 30, 2010

Agata Nickel Laterite Mineral Resource drilling and DSO Development Planning

A detailed infill drilling program continued during the quarter on the Agata Nickel Project. The diamond drilling program was designed to define DSO nickel-iron limonite (>1% Nickel, >48% Iron) for the Chinese nickel-pig iron market and high grade transition to saprolite ore (>1.4% Nickel) for Chinese Electric Arc Furnace and/or other acid leach or ferronickel processing facilities in Australasia. Results of the drilling, combined with mine planning information, will allow preparation of an NI 43-101 Mineral Reserve statement.

The program ended on July 13, 2010 with 185 holes completed with an aggregate of 3,560 meters. Final results announced on August 10th 2010 were received for a total of 3,042 core assays. The average grades and thicknesses from the entire program are summarized below (these include results from 91 drill holes reported in the first quarter report):

Laterite Horizon	Average Thickness (m)	% Ni	% Co	% Fe
Ferruginous Laterite	1.63	0.64	0.07	48
Limonite	3.91	1.13	0.13	48
Saprolite	7.56	1.30	0.03	12

The results to date include grades and thicknesses consistent with those previously reported. These continue to be of potential economic interest as DSO nickel-iron limonite (>1% Nickel, >48% Iron) for the Chinese nickel-pig iron market and high grade transition to saprolite ore (>1.4% Nickel) for Chinese Electric Arc Furnace ("EAF") and/or other acid leach or ferronickel processing facilities in Australasia.

The new Agata resource and mine planning information, to be finalized in August 2010, will form part of a submission to the MGB to achieve Declaration of Mining Project Feasibility and, if the feasibility study is positive, potentially allowing financing and commencement of construction of a DSO nickel laterite project, conceptually planned to produce up to three million wet metric tonnes ("WMT"), equivalent to two million dry metric tonnes ("DMT"), of laterite DSO per annum.

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.

Scoping Study on Large Scale Processing Operation

The scoping study and metallurgical testing program for a large scale integrated nickel laterite processing operation, which commenced in early 2010, continued during the quarter and is progressing satisfactorily. Boyd Willis Hydromet Consulting is carrying out the scoping study with the involvement of two other key groups: Vector Engineering, evaluating engineering and infrastructure requirements and costs, and SGS in Perth, who will carry out the acid leach metallurgical testing program.

The scoping study will look at a full scale integrated HPAL and Atmospheric Leach (AL) project, the results of which will allow breakdown into different scale operations prior to a decision to move to the feasibility stage.

Progress during the quarter has involved continued advancement of modeling mass and energy flow, process design and power estimations (including power generated from an acid plant). Metallurgical samples were collected during the quarter and have been provided to SGS of Perth, Australia for acid leach testing.

The scoping study is expected to be completed in September or October, 2010.



Management's Discussion and Analysis

For the Six Months Ended June 30, 2010

At the same time, the Company is fast-tracking evaluation of low-capital cost, upgrading technologies, such as sintering, to produce much higher-value iron and iron-nickel products. This has the potential to quickly phase out the shipping of raw, low-value DSO product, and to form an intermediate development stage prior to a major acid-leach processing operation.

Nickel Laterite Exploration Target

On January 11, 2010, the Company released an Exploration Target on its northern Surigao tenements of from 50 to 70 million DMT in a grade range of 0.9% to 1.2% nickel and 28 to 32% iron (combined limonite and saprolite).

A drilling program to convert the Exploration Target to mineral resources commenced in the first week of August 2010, with four drilling rigs. During the quarter planning for the drilling program was carried out, and geological mapping to refine drill targets commenced.

Most of the laterite areas are within two to three kilometers of the ocean, and limestone, an important component of acid-leach processing technologies, has been identified over significant areas on the projects. The Exploration Target covers approximately 900 hectares and the Agata North resource about 300 hectares.

The reader is cautioned that the potential quantity and grade of the Exploration Target is conceptual in nature; it is uncertain if further exploration will result in the Exploration Target being delineated as a mineral resource and there is no guarantee that these resources, if delineated, will be economic or sufficient to support a commercial mining operation.

BATANGAS PROJECTS, LUZON

Mindoro holds a 100% 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 MPSA; and the Calo and El Paso prospect are held under an EP. The remaining Batangas Regional ground is held under either MPSA or EP applications, which are in various stages of approval. Mindoro has granted Gold Fields Netherlands Services BV ("Gold Fields") options to earn up to 75% interest in the El Paso, Lobo and Talahib Projects. As of June 30, 2010, the Company incurred \$14,015,128 in exploration expenditures on the Batangas Projects, including expenditures of \$149,227 in the second quarter of 2010, mainly on community relations activities.

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 15 promising porphyry copper-gold prospects remain to be tested, including the Calo, Talahib, Pica and El Paso prospects.



Management's Discussion and Analysis

For the Six Months Ended June 30, 2010

Archangel Project:

Apart from ongoing community relations programs, no further work was conducted on the Archangel Project during the quarter. As reported on March 5, 2010, the Kay Tanda mineral resource estimate was increased by additional drilling and modeling. The following table sets out the current resource:

Summary of Resource

	Metric Tonnes	Gold Grade (g/t Au)	Silver Grade (g/t Ag)	Gold (ounces)	Silver (ounces)
OXIDE (> 0.3 G/T AU)					
Measured	2,673,000	0.80	7.72	68,900	663,200
Indicated	1,581,000	0.65	4.24	33,000	215,300
Measured + Indicated	4,254,000	0.75	6.42	101,900	878,500
Inferred	680,000	0.57	3.04	12,400	66,400
TRANSITION (> 0.5 G/T AU)					
Measured	1,401,000	1.30	4.92	58,700	221,400
Indicated	1,058,000	1.11	2.61	37,900	88,900
Measured + Indicated	2,459,000	1.22	3.92	96,600	310,300
Inferred	537,000	0.97	2.57	16,800	44,400
FRESH (> 0.5 G/T AU)					
Measured	1,663,000	1.46	2.58	78,000	138,000
Indicated	1,503,000	1.26	2.09	61,000	101,000
Measured + Indicated	3,166,000	1.37	2.35	139,000	239,000
Inferred	2,524,000	0.84	1.23	68,000	100,000
TOTAL					
Measured	5,737,000	1.11	5.54	205,600	1,022,600
Indicated	4,142,000	0.99	3.04	131,900	405,200
Measured + Indicated	9,879,000	1.06	4.50	337,500	1,427,800
Inferred	3,741,000	0.81	1.75	97,200	210,800

- 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.
- 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.
- This work has produced Measured, Indicated and Inferred Mineral Resources in accordance with the definitions outlined in the JORC Code of 2004 (Australasian Joint Ore Reserves Committee) and is reported in accordance with NI 43-101.
- The NI 43-101 compliant Technical Report dated April 15, 2010 was filed on SEDAR on April 19, 2010.

The resource has been defined over a 1km strike length and remains open to the northeast and southwest within a six km corridor of anomalous stream sediment, soil and rockchip geochemistry and IP chargeability. While current focus of the Company is on advancing its nickel laterite resources, additional studies and interpretation are planned for Kay Tanda, leading to a resumption of field work to advance the resource in 2011.

Mindoro has granted a right of first refusal to Gold Fields over the Archangel Project, which includes Kay Tanda. However, the Company is evaluating various options for advancing the project and has no immediate plans for concluding new joint venture arrangements for Archangel.



Management's Discussion and Analysis

For the Six Months Ended June 30, 2010

El Paso, Lobo and Talahib Projects:

Pursuant to a Memorandum of Agreement dated April 29, 2009, Gold Fields has the right to earn up to a 75% 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.

For the twelve months commencing July 2009, Gold Fields had 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, which are being evaluated for their porphyry copper-gold potential. Gold Fields completed a 6 hole reconnaissance diamond drilling program on El Paso in 2009, the results of which were reported in a news release dated February 1, 2010.

Soil and stream geochemical studies and geological mapping have been completed by Gold Fields over the Lobo Project during the quarter, and drilling is underway at the time of writing.

PAN DE AZUCAR PROJECT, PANAY ISLAND

Mindoro has earned a 40% interest in the Pan de Azucar Project, and is currently renewing its right to earn a 75% interest from a private Philippine company. Reconnaissance drilling in two programs in 1999-2000 intersected encouraging copper, gold, silver and zinc values within a massive pyrite body situated in a volcanic caldera. Mindoro is evaluating the potential of the precious and base metals mineralization, as well as the potential of the massive pyrite body to provide sulfuric acid for a major processing operation on its nickel laterite resources in the Surigao District of Mindanao. Work has resumed at Pan de Azucar and, during the quarter, all drill core has been re-logged and re-interpreted in preparation for more detailed evaluations to commence in August.

5. RESULTS OF OPERATIONS

For the three months ended June 30, 2010

Interest revenue for the second quarter of 2010 was \$3,122 compared to interest revenue of \$1,267 for the second quarter of 2009. The Company had higher cash balances in the current quarter than the same period in 2009.

The net loss for the second quarter of 2010 was \$577,964 compared to a net loss of \$469,055 for the second quarter of 2009. The increase in expenditure primarily reflects the Company's focus on advancing the Agata project into development phase. This includes expenditure associated with financial planning as well as the establishment of an office in Australia, where a number of key executives will be located. Furthermore, as reported in 2009, expenditure was lower in this period due to reduced activity as a result of the global economic downturn.

Salaries and benefits expense during the second quarter of 2010 is \$247,242 compared to \$113,132 in the same period in 2009, resulting from increases in salaries and staffing in the Philippines as well as the appointment of a President and CEO based in Australia.

Consulting and professional fees during the second quarter of 2010 were \$86,807 compared to \$13,175 in the same period in 2009, resulting from financial and legal consulting fees associated with financing activities for DSO development and the corporate office set-up in Australia.

Travel expense of \$102,035 for the second quarter of 2010 was significantly higher than the same period (\$22,451) in 2009. There was increased corporate travel within Canada and between Australia, the Philippines and Canada associated with increased project activity in the current period.

Conferences and trade shows expense was \$21,084 for the second quarter of 2010 compared to \$10,977 in the same period in 2009. During the current quarter the Company attended Asian, European, and Canadian conferences while conference attendance during the same quarter in 2009 involved fewer events.



Management's Discussion and Analysis

For the Six Months Ended June 30, 2010

For the six months ended June 30, 2010

Interest revenue for the first six months of 2010 was \$3,890 compared to interest revenue of \$5,421 for the first six months of 2009. Lower interest rates for the current period were offset by the Company having higher cash balances than the same period in 2009.

The net loss for the first six months of 2010 was \$1,199,488 compared to a net loss of \$999,667 for the first six months of 2009 for the same reasons explained above in the quarter's results.

Salaries and benefits expense during the six months ended June 30, 2010 is \$401,579 compared to \$249,918 in the same period in 2009, resulting from increases in staffing and salaries in the current period.

Consulting and professional fees during the first six months of 2010 is \$94,434 compared to \$21,838 in the same period in 2009. Increased consulting fees associated with financial planning and corporate office set-up in Australia, were incurred during the current period.

Travel expense of \$193,351 for the first six months of 2010 was significantly higher than the same period (\$40,040) in 2009. There was increased corporate travel within Canada and between Australia, the Philippines, Asia and Canada in the current period.

Advertising and promotion expense was \$42,782 for the first six months of 2010 compared to \$20,812 in the same period in 2009. During the current period, advertising expenditures on corporate meetings and newswire services were considerably higher than during the same period in 2009.

Conferences and trade shows expense was \$27,668 for the first six months of 2010 compared to \$16,244 in the same period in 2009. During the current period, Asian, European and Canadian conferences were attended while conference attendance during the same period in 2009 involved fewer events.

The foreign exchange loss for the first six months of 2010 is \$31,961 compared to a gain of \$38,490 during the same period in 2009.

Rent expense was \$31,078 in the first six months of 2010 compared to \$54,139 in the first six months of 2009. In the second quarter of 2009, the Company reduced the office space and expense in the Philippines. The Company leased office space in Melbourne, Australia in March, 2010.

6. SUMMARY OF QUARTERLY RESULTS

Quarter Ending	Net Earnings (Loss)	Earnings (Loss) Per Share	Working Capital	Total Assets
June 30, 2010	\$ (577,964)	\$ (0.004)	\$ 1,524,287	\$ 27,224,003
March 31, 2010	(621,524)	(0.005)	2,353,017	27,035,943
December 31, 2009	271,869	0.002	440,620	25,083,497
September 30, 2009	(545,279)	(0.005)	857,414	23,841,777
June 30, 2009	(469,055)	(0.005)	666,006	23,485,327
March 31, 2009	(530,612)	(0.005)	1,123,742	23,810,905
December 31, 2008	(1,623,253)	(0.018)	1,112,132	22,864,941
September 30, 2008	(643,895)	(0.007)	2,250,980	23,293,711

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

Management's Discussion and Analysis

For the Six Months Ended June 30, 2010



MINDORO
RESOURCES LTD

7. FINANCIAL CONDITION & LIQUIDITY

The Company continues to rely on raising capital in order to fund its ongoing operations. As of June 30, 2010, the Company's cash position was \$1,694,623 up from \$581,362 as at December 31, 2009. During the six months ended June 30, 2010 the Company received gross proceeds of \$2,625,000 from a private placement in March and gross proceeds in June of \$636,179 from a private placement that closed in July. Proceeds were also received in the period through the exercise of common share purchase warrants, for a gross amount of \$14,036.

Working capital at June 30, 2010, was \$1,524,287 as compared to \$440,620 at December 31, 2009.

Accounts receivable balance is \$202,444 as of June 30, 2010 up from \$133,684 as of December 31, 2009. Included in accounts receivable are input tax credits receivable of \$23,171, employee advances receivable of \$149,347, reimbursements receivable from a joint venture partner for \$28,094 and sundry other amounts receivable. Prepaid expenses increased in the period to \$57,172 from \$47,128 at the end of 2009. Prepaid expenses include deposits for memberships, travel, an investor relations program and sundry other prepaid expenses. The property and equipment balance of \$216,143 has increased from the December 31, 2009 balance of \$195,101. Accounts payable and accrued charges of \$576,235 at June 30, 2010 are lower than the balance of \$764,325 at December 31, 2009.

The total amount of mineral properties and exploration expenditures capitalized as of June 30, 2010, was \$24,907,338 (\$23,683,451 as at December 31, 2009).

In the first six months of 2010, \$971,263 was the net cash outflow from investing activities (\$379,421 in the first six months of 2009). During the quarter ended June 30, 2010, \$875,510 was the net cash outflow on investing activities (\$180,078 in the quarter ended June 30, 2009) In the first six months of 2010, investing activities include: an increase in restricted cash of \$296,488 (2009 - \$nil), expenditures on mineral properties and exploration of \$1,211,994 (2009 - \$385,080), \$nil proceeds from disposition of property and equipment (2009 - \$5,659) and expenditures on acquisition of property and equipment of \$55,757 (2009 - \$nil). In the quarter ended June 30, 2010, investing activities include: an increase in restricted cash of \$74,534 (2009 - \$nil), expenditures on mineral properties and exploration of \$900,511 (2009 - \$186,440), \$nil proceeds from disposition of property and equipment (2009 - \$6,362) and expenditures on acquisition of property and equipment of \$49,533 (2009 - \$nil).

In the first six months of 2010, \$3,257,283 was the net cash inflow from financing activities (2009 - \$452,797). During the quarter ended June 30, 2010, \$675,995 was the net cash inflow from financing activities (2009 - \$18,750). In the first six months of 2010, financing activities include: issue of share capital of \$2,435,102 (2009 - \$452,797), deposits held for private placement of \$636,179 (2009 - \$nil), and \$186,002 in cash received for future capital subscriptions (2009 - \$nil). In the quarter ended June 30, 2010, financing activities include: the issue of share capital for \$11,299 (2009 - \$18,750), deposits held for private placement of \$636,179 (2009 - \$nil), and \$28,517 in cash received for future capital subscriptions (2009 - \$nil).

8. TRANSACTIONS WITH RELATED PARTIES

- a. Lion Manager Pty Limited charged office rent in the amount of \$5,804 (2009 - \$nil) to the Company. A director of the Company is the executive director of a subsidiary of Lion Manager Pty Limited.
- b. Pursuant to a management and advisory agreement with Baron Global Financial Canada Ltd. ("Baron") in August 2009, Baron agreed to act as corporate advisor and Chief Financial Officer of the Company in return for a monthly fee. During the first six months of 2010, the Company recorded \$39,000 in fees for Baron (2009 - \$nil).
- c. As at June 30, 2010, accounts payable and accrued liabilities includes \$nil (2009 - \$106,918) of salaries and benefits owing to one officer of the Company.



Management's Discussion and Analysis

For the Six Months Ended June 30, 2010

- d. As at June 30, 2010, accounts receivable includes personal advances due to the Company of \$86,006 (2009 - \$nil) advanced to one officer of the Company. The advances have no specific payment terms. Subsequent to June 30, 2010, a total of \$77,551 was repaid to the Company.
- e. Included in share capital are private placement issue costs of \$73,500 paid as finders' fees to Lion Manager Pty Limited.
- f. In the first six months of 2010, the Company granted 1,650,000 stock options (2009 - 100,000 stock options) to officers and directors of the Company.
- g. Pursuant to a management consulting services agreement with Climie Exploration Consulting, Inc. ("CEC") in March 2010, CEC agreed to act as Chief Operating Officer of the Company and President of a Subsidiary of the Company. During the first six months of 2010, the Company recorded \$165,000 in fees for CEC (2009 - \$nil).

9. CAPITAL STRUCTURE

Authorized:

Unlimited number of Common Shares

Unlimited number of Preferred Shares

Issued - Common shares	<i>Note</i>	Number
Balance, December 31, 2009		107,720,638
Issued pursuant to private placements	<i>a</i>	25,000,000
Issued upon exercise of stock options	<i>b</i>	50,000
Issued upon exercise of purchase warrants	<i>c</i>	100,300
Balance, June 30, 2010		132,870,938
Common share purchase warrants		
Balance, December 31, 2009		9,536,233
Issued pursuant to private placements	<i>a</i>	26,516,665
Exercised	<i>c</i>	(100,300)
Balance, June 30, 2010		35,952,598
Stock options		
Balance, December 31, 2009		9,587,000
Issued	<i>d</i>	1,650,000
Exercised	<i>b</i>	(50,000)
Forfeited/expired	<i>e</i>	(625,000)
Balance, June 30, 2010		10,562,000

- (a) In March of 2010, pursuant to a Private Placement, the Company issued 25,000,000 Units at \$0.105 per Unit for gross proceeds of \$2,625,000 less finders' fees and other costs of \$201,700. Each Unit consisted of one Common Share and one Common Share Purchase Warrant ("Purchase Warrant"). Each warrant allows the holder to purchase one additional Common Share at a price of \$0.15 for a period of one year from the close of the Private Placement. A total of 25,000,000 Purchase Warrants and 1,516,665 agent's warrants were issued pursuant to this Private Placement. Each agent's warrant is exercisable at \$0.15 for one Common Share. The fair value of Purchase Warrants issued in this Private Placement in the amount of \$1,354,778 was charged to share capital. The fair value of agent's warrants issued, in the amount of \$169,851, was also charged to share capital. In June of 2010 and pursuant to a Private Placement that closed subsequent to June 30, 2010, the Company incurred issue costs of \$8,724. See note 14, Events subsequent to June 30, 2010, for the details of this Private Placement.



Management's Discussion and Analysis

For the Six Months Ended June 30, 2010

- (b) In March of 2010, 50,000 stock options were exercised at an exercise price of \$0.13 per option. The Company issued 50,000 Common shares for net proceeds of \$6,490. Stock-based compensation costs amounting to \$5,356 were re-classified to share capital upon exercise of these options.
- (c) In April of 2010, 25,000 Purchase Warrants were exercised at an exercise price of \$0.20 per warrant. The Company issued 25,000 Common shares for net proceeds of \$5,000. The fair value of the Purchase Warrants, in the amount of \$310, was also credited to share capital. In April and June of 2010, 75,300 agent's warrants were exercised at an exercise price of \$0.12 per warrant. The Company issued 75,300 Common shares for net proceeds of \$9,036. The fair value of the agent's warrants, in the amount of \$6,069, was also credited to share capital.
- (d) On January 12, 2010, the Company granted 200,000 stock options exercisable at \$0.125 per share to a director and two advisory board members of the Company. On March 15, 2010 the Company granted 1,450,000 stock options exercisable at \$0.19 per share to employees.
- (e) A total of 625,000 stock options were cancelled due to forfeiture or expiration during the period, including: 505,000 options with an exercise price of \$0.28 per option; 50,000 options with an exercise price of \$0.29 per option; 20,000 options with an exercise price of \$0.84 per option; and 50,000 options with an exercise price of \$0.96 per option.

The following table summarizes information about the warrants outstanding and exercisable as at June 30, 2010:

Number of Warrants	Exercise Price	Expiry Date
6,208,000	\$0.20	August 2010
3,105,233	\$0.30	February 2011
122,700	\$0.18	February 2011
26,516,665	\$0.15	March 2011
35,952,598		

The following table summarizes the information about stock options outstanding at June 30, 2010:

Range of Exercise Prices	Number Outstanding	Weighted Average Contractual Life (Years)	Weighted Average Exercise Price
\$0.00 to \$0.19	4,665,000	4.09	\$0.15
\$0.20 to \$0.39	3,080,000	2.86	\$0.30
\$0.40 to \$0.59	150,000	0.27	\$0.48
\$0.60 to \$0.79	300,000	1.15	\$0.60
\$0.80 to \$1.00	2,367,000	1.46	\$0.88
Total	10,562,000	3.00	\$0.37

Management's Discussion and Analysis

For the Six Months Ended June 30, 2010



MINDORO
RESOURCES LTD

Share Data as of August 16, 2010

A total of 151,918,163 Common Shares were issued and outstanding as of August 16, 2010. A total of 19,047,225 Common Shares were issued in July 2010 pursuant to a Private Placement that closed on July 22. The same number of Purchase Warrants was also issued in July, pursuant to the terms of the Private Placement. A total of 7,500 agent's warrants were issued in July in respect of the Private Placement. Please see Note 14 for additional details regarding the Private Placement. In July, a total of 200,000 stock options with an exercise price of \$0.29 per share expired and 17,000 stock options were forfeited. On July 28, 2010, a total of 4,000,000 stock options were issued to directors, officers, employees and consultants. This option vests immediately and is exercisable into one Common Share at an exercise price of \$0.208 per share, for a three year term. As of August 16, 2010, the total number of stock options outstanding is 14,345,000 and the total Purchase Warrants and agent's warrants outstanding is 55,007,323.

Management's Discussion and Analysis

For the Six Months Ended June 30, 2010



MINDORO
RESOURCES LTD

10. SCHEDULE OF DEFERRED EXPLORATION EXPENDITURES

	For the Six Months Ended June 30, 2010			For the Six Months Ended June 30, 2009		
	Lobo	Archangel	Regional	Lobo	Archangel	Regional
BATANGAS PROJECTS						
General Exploration	-	11,795	15,294	5,334	8,481	(39,279)
Salaries & Benefits	604	3,480	6,040	2,909	95	12,746
Consulting & Prof. Fees	-	-	15,424	2,085	-	4,169
Legal & Accounting	-	6	18	78	78	-
JV Partner's Share in Costs	-	-	-	-	-	-
Camp, Road Construction	-	-	11,746	-	-	-
Travel	-	1,595	20,700	-	(3)	190
Geology, Geophysics	-	-	100,126	-	-	-
Drilling	-	-	64,666	-	-	-
Mapping, Sampling	-	-	1,596	-	-	-
Acquisition Costs	-	-	35,678	33,896	11,298	112,988
Community, Environmental	-	2,804	5,229	-	168	5,694
Total additions	\$ 604	\$ 19,680	\$ 276,517	\$ 44,302	\$ 20,117	\$ 96,508
SURIGAO PROJECTS						
	Agata	Tapian		Agata	Tapian	
General Exploration	(82,279)	7,113		12,332	2,647	
Salaries & Benefits	15,241	2,310		183,774	50,530	
Consulting & Prof. Fees	220,867	-		1,675	77	
Legal & Accounting	6,769	109		133	4	
JV Partner's Share in Costs	224,725	4,028		72,565	16,695	
Camp, Road Construction	3,379	-		39	-	
Travel	57,393	3,130		5,028	502	
Geology, Geophysics	92,051	-		12,936	-	
Drilling	211,603	9,966		2,314	165	
Mapping, Sampling	14,159	1,785		487	232	
Acquisition Costs	21,517	35,807		7,277	-	
Community, Environmental	44,302	4,590		39,108	4,000	
Development Costs	-	-		-	-	
Total additions	\$ 829,727	\$ 68,838		\$ 337,668	\$ 74,852	
OTHER PROJECTS						
	Pan de Azucar	Mat-I		Pan de Azucar	Mat-I	
General Exploration	1,631	74		1,407	6	
Salaries & Benefits	2,848	35		1,449	116	
Travel	118	5		206	58	
Mapping, Sampling	-	-		-	108	
Acquisition Costs	-	7,503		-	-	
Community, Environmental	1,131	-		1,591	-	
Total additions	\$ 5,728	\$ 7,617		\$ 4,653	\$ 288	

For a description of these mineral properties, please refer to Note 6 of the audited consolidated financial statements as at December 31, 2009.

Management's Discussion and Analysis

For the Six Months Ended June 30, 2010



MINDORO
RESOURCES LTD

11. FINANCIAL INSTRUMENTS

Fair value

The fair value of cash, 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 \$1,694,623 in cash at June 30, 2010, 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 accounts receivable.

The majority of the Company's cash is held with major financial institutions in Canada and the Philippines. A significant portion of the Company's Canadian accounts receivable is due from the Canadian and other governments for the reimbursement of sales taxes. A significant portion of accounts receivable due to the Company's Philippine subsidiary and its wholly owned subsidiaries from a joint venture partner are reimbursed on a regular basis. The resulting credit risk exposure is deemed to be immaterial by management of the Company.

Foreign currency risk

Business is transacted by the Company in three currencies. Fluctuations in exchange rates may have a significant effect on the cash flows of the Company. Future changes in exchange rates could materially affect the Company's results in either a positive or negative direction.

The Company has not hedged its exposure to currency fluctuations.

Based on net exposures as at June 30, 2010, and assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the Philippine peso would be insignificant in the Company's net earnings.

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 June 30, 2010 is \$1,524,287. The Company manages liquidity risk through management of its capital as disclosed in Section 12. 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.

Management's Discussion and Analysis

For the Six Months Ended June 30, 2010



MINDORO
RESOURCES LTD

12. 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.

13. OFF-BALANCE SHEET ARRANGEMENTS

To the best of management's knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the company.

14. EVENTS SUBSEQUENT TO JUNE 30, 2010

In July, 2010, the Private Placement that started in June closed with gross proceeds of \$3,965,870. A total of 19,047,225 Units were purchased where one Unit consisted of one Common Share and one Purchase Warrant. Each Purchase Warrant entitles the holder to purchase one additional Common Share at a price of \$0.31 for five years. The Company paid finder's fees of \$1,560 and issued 7,500 finder's warrants in connection with the Private Placement. Each agent's warrant is exercisable into one Common Share at a price of \$0.31 for two years. On July 28, 2010, the Company issued a total of 4,000,000 stock options to directors, officers, employees and consultants. This option vests immediately and is exercisable into one Common Share at an exercise price of \$0.208 per share, for a three year term.

15. 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.

Management's Discussion and Analysis

For the Six Months Ended June 30, 2010



MINDORO
RESOURCES LTD

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 9 of the audited consolidated financial statements.

Stock-based compensation granted to employees, directors, officers and non-employees is accounted for using a 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.

Management's Discussion and Analysis

For the Six Months Ended June 30, 2010



MINDORO
RESOURCES LTD

(D) FUTURE ACCOUNTING CHANGES

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.

16. 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 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”) 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.

17. RISK AND UNCERTAINTIES

The Company is engaged in the exploration and development of mineral properties. These activities involve a high degree of risk which, even with a combination of experience, knowledge and careful evaluation, may not be overcome. Consequently, no assurance can be given that commercial quantities of minerals will be successfully found or produced.

Management's Discussion and Analysis

For the Six Months Ended June 30, 2010



MINDORO
RESOURCES LTD

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many common risks to new and developing enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a positive return on shareholders' investment.

The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

The Company's property interests are located in relatively remote, less developed areas and the availability of infrastructure such as surface access, skilled labour, fuel and power at an economic cost, cannot be assured. These are integral requirements for exploration, development and production facilities on mineral properties. Power may need to be generated on site.

Improved market conditions for resource commodities over the past year has seen an increased global demand for mining professionals, equipment and related goods and services needed by the mining community. Management believes that the overall commodity price outlook has improved due to the return of significant growth in China and aggressive restocking in the U.S. A relatively weak U.S. dollar, supply concerns and growing interest in commodities as a bona fide asset class are additional positive factors.

In contrast to last year, industry participants are observing a return to strong demand for base metals based on a recovery in the levels of GDP growth in China and other developing countries seen before the recent global downturn. The supply response to this increased demand has been sluggish and physical base metal markets moved into deficit during the first six months of 2010. As a result there is upward pressure on prices for base metals like copper and nickel as well as for precious metals like gold and silver that also benefit from a depreciating US dollar.

The mineral industry is intensely competitive in all its phases. The Company competes with many other mineral exploration companies who have greater financial resources and technical capacity.

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

18. TRENDS

Trends in the industry can materially affect how well any junior exploration company is performing. Growth in the demand for metals in developed economies such as Europe and North America has declined but has increased markedly in developing Asian countries such as China and to a lesser extent India. Under current economic conditions, the Company's future development highly depends on its ability to continue to raise the financing necessary to complete the exploration and development of those projects and the existence of economically recoverable reserves within its projects. The use of metals in China and India may have a positive impact on overall world demand. This overall trend may continue for some time.



Consolidated Balance Sheets (Unaudited)

	<i>Note</i>	June 30, 2010	December 31, 2009
ASSETS			
CURRENT			
Cash		\$ 1,694,623	\$ 581,362
Restricted cash	3	146,283	442,771
Accounts receivable	4	202,444	133,684
Prepaid expenses and other current assets	5	57,172	47,128
		2,100,522	1,204,945
MINERAL PROPERTIES AND EXPLORATION COSTS	6	24,907,338	23,683,451
PROPERTY AND EQUIPMENT	7	216,143	195,101
		\$ 27,224,003	\$ 25,083,497
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		\$ 576,235	\$ 764,325
ACCRUED BENEFIT OBLIGATION		87,632	86,156
FUTURE INCOME TAXES		189,608	186,413
FUTURE CAPITAL SUBSCRIPTION IN SUBSIDIARIES	8	1,350,919	1,164,917
		2,204,394	2,201,811
SHAREHOLDERS' EQUITY			
Share capital	9	33,302,778	32,380,570
Share subscription	10	636,179	-
Contributed surplus	11	10,142,093	8,363,069
Deficit		(19,061,441)	(17,861,953)
		25,019,609	22,881,686
		\$ 27,224,003	\$ 25,083,497

SUBSEQUENT EVENTS (Note 18)



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

	<i>Note</i>	Quarter Ended June 30,		Six Months Ended June 30,	
		2010	2009	2010	2009
REVENUE					
Interest		\$ 3,122	\$ 1,267	\$ 3,890	\$ 5,421
EXPENSES					
Administration		2,983	2,577	6,488	6,108
Advertising and promotion		20,621	14,464	42,782	20,812
Communications		10,280	6,944	18,891	13,268
Conferences and trade shows		21,084	10,977	27,668	16,244
Consulting and professional fees		86,807	13,175	94,434	21,838
Investor relations consultants		15,987	13,500	30,987	30,000
Listing fees and shareholder communications		12,370	10,055	20,027	18,022
Office, postage and sundry		25,111	16,633	35,184	29,157
Printing		4,559	1,452	4,829	1,462
Rent		17,831	27,695	31,078	54,139
Salaries and benefits	<i>14</i>	247,242	113,132	401,579	249,918
Stock based compensation - employees		-	217,572	253,547	475,202
Stock based compensation - consultants		6,292	13,215	12,583	26,529
Travel		102,035	22,451	193,351	40,040
Foreign exchange loss (gain)		20,090	(34,719)	31,961	(38,490)
Depreciation and amortization		12,627	16,608	22,649	32,949
		605,919	465,731	1,228,038	997,198
Loss on disposal of property and equipment		-	(4,591)	(173)	(7,890)
Gain on Settlement of Debt		24,833	-	24,833	-
Net loss and comprehensive loss		(577,964)	(469,055)	(1,199,488)	(999,667)
Deficit, beginning of period		(18,483,477)	(17,119,488)	(17,861,953)	(16,588,876)
Deficit, end of period		\$ (19,061,441)	\$ (17,588,543)	\$ (19,061,441)	\$ (17,588,543)
Basic and diluted loss per share - basic and diluted		\$ (0.004)	\$ (0.005)	\$ (0.010)	\$ (0.010)
Weighted average shares outstanding		132,858,135	101,401,100	124,366,838	100,064,157

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.



Consolidated Statements of Cash Flows (Unaudited)

	<i>Note</i>	Quarter Ended June 30,		Six Months Ended June 30,	
		2010	2009	2010	2009
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES					
OPERATING					
Net loss		\$ (577,964)	\$ (469,055)	\$ (1,199,488)	\$ (999,667)
Items not affecting cash					
Stock-based compensation - employees		-	217,572	253,547	475,202
Stock-based compensation - consultants		6,292	13,215	12,583	26,529
Depreciation and amortization		12,627	16,608	22,649	32,949
Provision (recovery) for future income tax expense		2,985	(68,670)	72,878	(54,013)
Unrealized foreign exchange gain		-	-	(69,683)	-
Accrued benefit obligation		1,379	(10,669)	1,476	(8,392)
Loss on disposal of property and equipment		-	4,591	173	7,890
Changes in non-cash working capital	<i>12</i>	18,953	(24,182)	(266,894)	(27,290)
		(535,728)	(320,590)	(1,172,759)	(546,792)
INVESTING					
Change in restricted cash		74,534	-	296,488	-
Expenditures on mineral properties and exploration costs		(900,511)	(186,440)	(1,211,994)	(385,080)
Proceeds from disposition of property and equipment		-	6,362	-	5,659
Acquisition of property and equipment		(49,533)	-	(55,757)	-
		(875,510)	(180,078)	(971,263)	(379,421)
FINANCING					
Issue of share capital, net of issuance costs		11,299	18,750	2,435,102	452,797
Deposits held for private placement		636,179	-	636,179	-
Cash received for future capital subscriptions		28,517	-	186,002	-
		675,995	18,750	3,257,283	452,797
INCREASE (DECREASE) IN CASH		(735,243)	(481,918)	1,113,261	(473,416)
CASH, BEGINNING OF PERIOD		2,429,866	1,396,400	581,362	1,387,898
CASH, END OF PERIOD		\$ 1,694,623	\$ 914,482	\$ 1,694,623	\$ 914,482
Non-Cash Investing/Financing Activities					
Common shares issued for mineral properties		-	-	-	750,000
Stock-based compensation charged to mineral properties		-	3,577	-	9,248
Depreciation charged to mineral properties		6,420	13,427	11,893	26,604
Fair value of warrants issued		-		1,524,629	-
Fair value of options exercised		-		(259,838)	-
Fair value of warrants exercised		(6,379)		(6,379)	-
Supplemental cash flow information					
Interest received		3,122	1,267	3,890	4,154
Income taxes paid		41	-	41	-

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Notes to Consolidated Financial Statements

For the Six Months Ended June 30, 2010



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 caused management to reevaluate plans to pursue additional sources of funding. Management's amended plans include continuing to pursue financing through equity offerings, the exercise of outstanding warrants and seeking joint venture partners to fund exploration. In 2010, the share price has risen during the first six months and the increase has resulted in the exercise of stock options and purchase warrants. As disclosed in Notes 9 and 18, the Company has closed two private placements this year. 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 next twelve months.

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 include the accounts of the Company, its wholly-owned subsidiary, MRL Gold Phils., Inc., and the wholly-owned subsidiaries of MRL Gold Phils., Inc. These consolidated financial statements 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. As at June 30, 2010 the Company had no cash equivalents.

(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.

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

Notes to Consolidated Financial Statements

For the Six Months Ended June 30, 2010



MINDORO
RESOURCES LTD

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 over the estimated useful life of each asset 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

For the Six Months Ended June 30, 2010



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 a fair value method. Compensation expense is amortized over the vesting period of the options or as earned, 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 reporting period. Significant estimates made by management include assessing the recoverability of mineral properties and exploration costs, recoverability and amortization of property and equipment, stock-based compensation, future income tax, asset retirement obligations 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 period in which they were earned or incurred. 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

For the Six Months Ended June 30, 2010



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 Restricted cash	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.

Notes to Consolidated Financial Statements

For the Six Months Ended June 30, 2010



MINDORO
RESOURCES LTD

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.

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. At June 30, 2010, the Company was not party to any material derivative instruments or embedded derivatives, nor had it designated any hedging relationships.

(L) FUTURE ACCOUNTING CHANGES

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. RESTRICTED CASH

Restricted cash includes funds advanced by a joint venture partner to two wholly owned Philippine subsidiaries of MRL Gold Phils., Inc. The cash will be used for exploration expenditures on the joint venture properties under permit in the Batangas region by the two subsidiaries during the earn-in phases of the joint venture agreements.

4. ACCOUNTS RECEIVABLE

Accounts receivable includes input tax credits receivable of \$23,171 (2009 - \$12,248), employee advances receivable of \$149,347 (2009 – \$10,418), reimbursements receivable from a joint venture partner for \$28,094 (2009 – \$31,770), and sundry other amounts receivable. Subsequent to June 30, an employee advance for \$77,551 was repaid to the Company.

5. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses include sundry refundable deposits for office space, travel and memberships, in the amount of \$57,172 (2009 - \$66,922).

Notes to Consolidated Financial Statements

For the Six Months Ended June 30, 2010



MINDORO
RESOURCES LTD

6. MINERAL PROPERTIES AND EXPLORATION COSTS

Project	Balance		Balance		Balance
	December 31, 2008	Expenditures	December 31, 2009	Expenditures	
Agata	\$ 5,475,607	\$ 845,026	\$ 6,320,633	\$ 829,727	\$ 7,150,360
Tapián	2,531,284	139,789	2,671,073	68,838	2,739,911
Mat-I	69,541	6,668	76,209	7,617	83,826
Pan de Azúcar	661,318	24,573	685,891	5,728	691,619
Batangas	2,611,794	1,406,237	4,018,031	276,517	4,294,548
Lobo	2,577,104	171,427	2,748,531	604	2,749,135
Archangel	6,890,983	60,782	6,951,765	19,680	6,971,445
	20,817,631	2,654,502	23,472,133	1,208,711	24,680,844
Royalty Deposits	176,260	35,058	211,318	15,176	226,494
	\$ 20,993,891	\$ 2,689,560	\$ 23,683,451	\$ 1,223,887	\$ 24,907,338

On a quarterly basis, management of the Company reviews exploration costs to ensure deferred expenditures included only costs and projects that are eligible for capitalization. For a description of the mineral properties, refer to Note 6 of the audited consolidated financial statements as at December 31, 2009.

7. PROPERTY AND EQUIPMENT

	June 30, 2010			December 31, 2009		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Computer hardware	\$ 104,181	\$ 62,546	\$ 41,635	\$ 92,949	\$ 56,637	\$ 36,312
Computer software	139,250	98,129	41,121	136,213	91,393	44,820
Vehicles	111,827	53,779	58,048	111,827	43,394	68,433
Field equipment	50,221	31,731	18,490	39,119	26,459	12,660
Office equipment & furnishings	100,831	48,852	51,979	76,114	44,663	31,451
Leasehold improvements	85,659	80,789	4,870	81,111	79,686	1,425
	\$ 591,969	\$ 375,826	\$ 216,143	\$ 537,333	\$ 342,232	\$ 195,101

8. FUTURE CAPITAL SUBSCRIPTION IN SUBSIDIARIES

Deposit for future capital subscription in subsidiaries includes funds received from a joint venture partner as payment for future subscription of shares in Philippine subsidiaries that are wholly owned by the Company. During the earn-in periods and in accordance with expenditure requirements agreed upon for three joint venture exploration projects on properties under permit to the Company subsidiaries, the joint venture partner may earn up to a 75 percent interest in each of the three projects by solely funding exploration and a feasibility study on each project, as described in Note 6 of the audited consolidated financial statements as at December 31, 2009.



Notes to Consolidated Financial Statements

For the Six Months Ended June 30, 2010

MINDORO
RESOURCES LTD

The following table summarizes information about the warrants outstanding and exercisable as at June 30, 2010:

June 30, 2010			December 31, 2009		
Number of Warrants	Exercise Price	Expiry Date	Number of Warrants	Exercise Price	Expiry Date
6,208,000	0.20	August 2010	6,233,000	0.20	August 2010
3,105,233	0.30	February 2011	3,105,233	0.30	February 2011
122,700	0.18	February 2011	122,700	0.18	February 2011
26,516,665	0.15	March 2011	75,300	0.12	August 2011
35,952,598			9,536,233		

The grant date fair value of the warrants are recorded as an increase to contributed surplus and a decrease to share capital as an issuance cost of each private placement. The fair value of common share purchase warrants is estimated at the grant date using the Black-Scholes pricing model. The warrants issued in the first six months of 2010 were valued using the following weighted average assumptions:

	2010	2009
Risk Free Interest Rate	1.19%	1.25%
Expected Life	1.00 years	2.00 years
Expected Volatility	137%	122%
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. The options issued to employees in the first quarter of 2009 vest over one year. Options issued to a consultant in the third quarter of 2009 vest over one year. The options issued to employees in the first quarter of 2010 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:

	June 30, 2010		December 31, 2009	
	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
Outstanding at beginning of period	9,587,000	\$ 0.40	7,145,500	\$ 0.54
Issued	1,650,000	0.18	3,015,000	0.13
Exercised	(50,000)	0.13	-	0.00
Expired	(120,000)	0.66	(50,000)	0.23
Forfeited	(505,000)	0.28	(523,500)	0.67
Outstanding at end of period	10,562,000	0.37	9,587,000	0.41
Options exercisable at end of period	10,487,000	\$ 0.38	9,312,000	\$ 0.41



Notes to Consolidated Financial Statements

For the Six Months Ended June 30, 2010

MINDORO
RESOURCES LTD

On January 12, 2010, the Company granted 200,000 stock options exercisable at \$0.125 per share to a director and two advisory board members of the Company. On March 15, 2010 the Company granted 1,450,000 stock options exercisable at \$0.19 per share to employees.

Compensation cost for the period of \$266,130 (2009- \$501,731) was recorded as stock-based compensation expense. Compensation cost for the year of \$nil (2009- \$9,248) 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 six months of 2010 on the date of grant was \$0.15 per stock option (2009 - \$0.15). The fair value of stock options is estimated at the grant date using the Black-Scholes pricing model based on the following ranges of assumptions:

	Six Months Ended June 30,	
	2010	2009
Risk Free Interest Rate	2.29%	1.69%
Expected Life	5.00 years	5.00 years
Expected Volatility	122%	115%
Expected Dividend	-	-
Expected Forfeitures	-	-

The following table summarizes stock options outstanding:

Range of Exercise Prices	Number Outstanding	Weighted Average Contractual Life (Years)	Weighted Average Exercise Price
\$0.00 to \$0.19	4,665,000	4.09	\$0.15
\$0.20 to \$0.39	3,080,000	2.86	\$0.30
\$0.40 to \$0.59	150,000	0.27	\$0.48
\$0.60 to \$0.79	300,000	1.15	\$0.60
\$0.80 to \$1.00	2,367,000	1.46	\$0.88
Total	10,562,000	3.00	\$0.37

10. SHARE SUBSCRIPTION

In June of 2010 and pursuant to a Private Placement that closed subsequent to June 30, 2010, the Company received subscription deposits of \$636,179. See Note 18, Subsequent Events, for the details of this Private Placement.

11. CONTRIBUTED SURPLUS

	June 30, 2010	December 31, 2009
Balance, beginning of period	\$ 8,363,069	\$ 6,835,341
Stock based compensation	266,130	821,679
Stock options exercised	(5,356)	-
Agent's warrants issued	169,851	18,245
Agent's warrants exercised	(6,069)	-
Purchase warrants issued	1,354,778	642,353
Purchase warrants exercised	(310)	(23,785)
Purchase warrants price amendment	-	69,236
Balance, end of period	\$ 10,142,093	\$ 8,363,069

Notes to Consolidated Financial Statements

For the Six Months Ended June 30, 2010



MINDORO
RESOURCES LTD

12. OTHER INFORMATION

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

	Six Months Ended June 30	
	2010	2009
Accounts receivable	\$ (68,760)	\$ (7,974)
Prepaid expenses and other current assets	(10,044)	12,002
Accounts payable and accrued liabilities	(188,090)	(31,318)
	<u>\$ (266,894)</u>	<u>\$ (27,290)</u>

13. RELATED PARTY TRANSACTIONS

- Lion Manager Pty Limited charged office rent in the amount of \$5,804 (2009 - \$nil) to the Company. A director of the Company is the executive director of a subsidiary of Lion Manager Pty Limited.
- Pursuant to a management and advisory agreement with Baron Global Financial Canada Ltd. ("Baron") in August 2009, Baron agreed to act as corporate advisor and Chief Financial Officer of the Company in return for a monthly fee. During the first six months of 2010, the Company recorded \$39,000 in fees for Baron (2009 - \$nil).
- As at June 30, 2010, accounts payable and accrued liabilities includes \$nil (2009- \$106,918) of salaries and benefits owing to one officer of the Company.
- As at June 30, 2010, accounts receivable includes personal advances due to the Company of \$86,006 (2009 - \$nil) advanced to one officer of the Company. The advances have no specific payment terms. Subsequent to June 30, 2010, a total of \$77,551 was repaid to the Company.
- Included in share capital are private placement issue costs of \$73,500 paid as finders' fees to Lion Manager Pty Limited.
- In the first six months of 2010, the Company granted 1,650,000 stock options (2009- 100,000 stock options) to officers and directors of the Company.
- Pursuant to a management consulting services agreement with Climie Exploration Consulting, Inc. (CEC) in March 2010, CEC agreed to act as Chief Operating Officer of the Company and President of a Subsidiary of the Company. During the first six months of 2010, the Company recorded \$165,000 in fees for CEC (2009 - \$nil).

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.

14. SALARIES AND BENEFITS

Salaries & benefits expense includes salaries and benefits for employees and officers of the Company. The expense includes \$401,579 (2009- \$131,232) in paid salaries and benefits and \$nil (2009- \$118,686) in salaries and benefits payable.

15. 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, Canada and Melbourne, Australia.

Notes to Consolidated Financial Statements

For the Six Months Ended June 30, 2010



MINDORO
RESOURCES LTD

Geographical information is as follows:

	As at June 30, 2010		As at December 31, 2009	
	Mineral Properties & Exploration	Property & Equipment	Mineral Properties & Exploration	Property & Equipment
Philippines	\$ 24,907,338	\$ 174,458	\$ 23,683,451	\$ 166,020
Canada	-	25,528	-	29,081
Australia	-	16,157	-	-
	\$ 24,907,338	\$ 216,143	\$ 23,683,451	\$ 195,101

16. FINANCIAL INSTRUMENTS

Fair value

The fair value of cash, 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 \$1,694,623 in cash at June 30, 2010, 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 accounts receivable.

The majority of the Company's cash is held with major financial institutions in Canada and the Philippines. A significant portion of the Company's Canadian accounts receivable is due from the Canadian and other governments for the reimbursement of sales taxes. A significant portion of accounts receivable due to the Company's Philippine subsidiary and its' wholly owned subsidiaries are due from a joint venture partner. The resulting credit risk exposure is deemed to be immaterial by management of the Company.

Foreign currency risk

Business is transacted by the Company in three currencies. Fluctuations in exchange rates may have a significant effect on the cash flows of the Company. Future changes in exchange rates could materially affect the Company's results in either a positive or negative direction.

The Company has not hedged its exposure to currency fluctuations. At June 30, 2010 and December 31, 2009, the Company is exposed to currency risk through the following assets and liabilities in Philippine Pesos:



Notes to Consolidated Financial Statements

For the Six Months Ended June 30, 2010

	<u>June 30, 2010</u>	<u>December 31, 2009</u>
	<u>Philippine Pesos</u>	<u>Philippine Pesos</u>
Cash	16,757,463	21,278,191
Amounts receivable	7,011,985	5,409,550
Accounts payable	(18,810,917)	(21,795,457)
	<u>4,958,531</u>	<u>4,892,284</u>

Based on net exposures as at June 30, 2010, and assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the Philippine peso would be insignificant in the Company's net earnings.

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 June 30, 2010 is \$1,524,287. The Company manages liquidity risk through management of its capital as disclosed in Note 17. 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.

17. 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.

18. SUBSEQUENT EVENTS

In July, 2010, the Private Placement that started in June closed with gross proceeds of \$3,965,870. A total of 19,047,225 Units were purchased where one Unit consisted of one Common Share and one Purchase Warrant. Each Purchase Warrant entitles the holder to purchase one additional Common Share at a price of \$0.31 for five years. The Company paid finder's fees of \$1,560 and issued 7,500 finder's warrants in connection with the Private Placement. Each agent's warrant is exercisable into one Common Share at a price of \$0.31 for two years. On July 28, 2010, the Company issued a total of 4,000,000 stock options to directors, officers, employees and consultants. This option vests immediately and is exercisable into one Common Share at an exercise price of \$0.208 per share, for a three year term.