



MINDORO
RESOURCES LTD

Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2011

(Expressed in thousands of Canadian Dollars, Except Where Otherwise Noted)

(Unaudited)

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*Mindoro trades on the TSX Venture Exchange under the symbol MIO;
on the Australian Securities Exchange under the symbol MDO;
on the Frankfurt Stock Exchange under the symbol OLM*



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Management's Discussion and Analysis

Three Months Ended March 31, 2011



1. GENERAL

This discussion and analysis of financial position and results of operation is prepared as at May 12, 2011, and should be read in conjunction with the unaudited consolidated financial statements for the three months ended March 31, 2011. The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") - Interim Financial Reporting, and are the Company's first IFRS condensed consolidated interim financial statements. A reconciliation of the previously disclosed comparative period's financial statements prepared in accordance with Canadian generally accepted accounting principles is set out in Note 12 to the condensed financial statements. 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 will not necessarily update forward-looking statements unless the Company is required to by applicable securities laws.

3. NATURE OF OPERATIONS

Mindoro Resources Ltd.'s (the "Company" or "Mindoro") principal activity is the acquisition, exploration and development of mineral properties in the Philippines.

Mindoro Resources Ltd is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of Alberta. The Company's shares are listed on the TSX Venture exchange, Australian Securities Exchange, and Frankfurt Stock Exchange.

The Company's registered office is Suite 2200, 10235 – 101 Street NW, Edmonton, Alberta, Canada, T5J 3G1.

4. OVERVIEW FOR QUARTER ENDED 31ST MARCH 2011

FINANCE

On March 4, 2011 the Company received \$3.4 million and issued 22,496,681 common shares pursuant to the exercise of purchase warrants at \$0.15 per share. The purchase warrants, issued in connection with Mindoro's March 2010 private placement, were fully exercised.

The proceeds will be used to advance pre-feasibility and feasibility studies for a staged and integrated nickel processing operation at the Company's Agata Nickel Project; to further increase the nickel resource through drilling the regional Exploration Target, and to advance the portfolio of gold and copper-gold projects through drilling.

As of March 31, 2011, the Company's cash position was \$11.0 million up from \$9.9 million as at December 31, 2010. Working capital at March 31, 2011, was \$10.6 million as compared to \$9.4 million at December 31, 2010.

AGATA NICKEL PROJECT DEVELOPMENT STRATEGY

The company is progressing a two stage development strategy including a thermally upgraded shipping ore operation followed by a low operating-cost nickel processing operation based on established acid leaching technology.



Management's Discussion and Analysis Three Months Ended March 31, 2011

On March 29, 2011 the Company announced the release of the Agata Nickel Project Preliminary Economic Assessment (PEA). The PEA has been reviewed by independent international consulting group Golder Associates Pty Ltd. The PEA financial model demonstrates low operating cost potential and a high Net Present Value (NPV) based on stage 2 hydrometallurgical processing of the Agata resource.

The PEA financial model is based on a mining inventory derived from the Agata resource, processed at a rate after ramp up of 1.8 million tonnes producing 18,000 tonnes of nickel per annum in intermediate product for 15 years via a combination of proven hydrometallurgical technologies: High Pressure Acid Leach (HPAL) - Atmospheric agitated tank Leach (AL) and Sapolite Neutralisation (SN). A summary of the PEA financial model is presented below. The currency is US dollars and all net present values (NPVs) are at a 10% discount rate.

Nickel Price	\$/lb	\$10	\$12	\$8.50
NPV (10% discount rate) Post Tax	\$Million	\$390	\$680	\$160
IRR Post Tax	%	19%	26%	14%

- Installed capital cost estimate, including 30% contingency, \$906 million.
- After tax cash flow @ \$10/lb Ni \$173 million per annum. Payback 5.2 years from cashflow.
- Cash operating cost \$2.61/lb Ni no credits or \$1.65/lb Ni with cobalt and power (acid plant) credits.
- Mining inventory of 26.1 million tonnes; processed 25.4 million tonnes.
- Processing rate 1.8 million tonnes per annum after ramp up. Mine life 15 years based on Agata only.
- Nickel production after ramp-up 18,000 tonnes of nickel per annum in mixed hydroxide product (MHP), 77% nickel value payable (50% of cobalt value payable, @ Ni price x 1.66) based on recent contracts.

On the basis of the results of the preliminary economic assessment the company announced on April 20, 2011 that a pre-feasibility study into the Agata Nickel Project had commenced. Ausenco Services Pty Ltd (Ausenco) has been awarded the contract to complete the process plant and utilities engineering study and Ausenco-Vector, also part of the Ausenco group, has been awarded the infrastructure and environment part of the study. Boyd Willis of Boyd Willis Hydromet has been appointed Agata Nickel Project Study Manager and Jake Foronda the Philippines based Agata Nickel Project Manager. Both Mr Willis and Mr Foronda have 30 years of relevant experience respectively.

A scoping study into direct shipping of higher grade zones within the Agata resource was also completed as part of the preliminary economic assessment. The study examined three production scenarios, all of which are economically viable at >\$10/lb nickel price. However, due to the relatively low margins and current market uncertainty associated with "direct shipping ore" (DSO), the company is examining the potential for thermal upgrading to enhance the value of the shipped product. Positive results from thermal upgrading tests in progress at SGS-Lakefield in Perth, supervised by Hatch Associates Pty Ltd, as well as results from a further, larger scale testing program at a Mines and Geosciences Bureau (MGB) based testing facility in the Philippines, will be integrated into a preliminary economic and marketing study. The next step will be to complete a feasibility study into the early production stage 1 of the project.

Management's Discussion and Analysis

Three Months Ended March 31, 2011



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Both the PEA and the scoping study are preliminary in nature, they include inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary assessment will be realized. The Company's processing and production objectives are intended to provide an indication of management's current expectations and are still conceptual in nature. It is uncertain that sufficient resources will be established and if 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.

SURIGAO REGIONAL EXPLORATION TARGET DRILLING

A drilling program to convert a significant proportion of the regional Exploration Target to mineral resources continued during the quarter ended March 31, 2011. By quarter's end the company had drilled a total of 466 holes for 4,990 meters from the 7,000 meter to 10,000 meter program systematically testing regional nickel targets. Four target areas, of a total ten identified targets, have been tested to date: Tapian, Canaga, Bolobolo and Karihatag. Infill drilling has been completed on the Bolobolo and Karihatag targets to 50m x 50m centers for resource calculation. Further drilling is planned for Tapian, San Jose, Agata South, Tapian MAMATFA, Tapian Corplex/RF Mining, San Jose and Villariza.

During the quarter the Company continued to release encouraging results from the nickel regional exploration, primarily at the Bolobolo prospect. Highlights include: BBL-19: 15.8m @ 1.27% Ni from 1.6m; BBL-23: 13.0m @ 1.26% Ni from surface; BBL-48: 15.4m @ 1.01% Ni from surface; BBL-50: 14.5m @ 1.06% Ni from surface, BBL-52: 9.70m @ 1.19% Ni from surface; BBL-28: 10.15m @ 1.12% Ni from 3.4m.

On February 15, 2011, the Company announced that it signed an agreement, with Philippine company, RF Mining and Agro-Industrial Corporation (RF Mining) to acquire a 100 per cent interest in an exploration permit application of 230 hectares covering an area of nickel laterite mineralization and adjacent to Mindoro's Tapian Project. The RF Mining application adjoins an area the subject of an agreement signed on January 7, 2011, with Philippine company, Corplex Resources Inc. where the Company may also acquire a 100 percent interest in an exploration permit application, in this case of 142 hectares. A significant area of coastal nickel laterite mineralisation has been mapped on these adjoining exploration application areas. Assessment of the exploration potential is in progress.

COPPER GOLD EXPLORATION

Pan de Azucar results:

At Pan de Azucar prospect located near Panay Island, central Philippines, the company continued a drilling program to further evaluate the potential of the Valderama massive pyritic sulphide body where promising gold, copper, silver and zinc values were intersected by Mindoro in two previous drill programs. On March 1, 2011 the Company announced the result of the first completed hole in the current program aimed at confirming continuity of the mineralisation. Hole PDA-18 intersected 59.3m of 0.9 g/t gold, 0.45% copper from 35.6m including 25.6m of 1.26 g/t gold, 0.58% copper. This was followed by the release on March 28, 2011 of the results from three further holes including PDA-21: 39.2m of 1.00 g/t gold, 1.89% copper from 2.80m including 17m of 0.94 g/t gold, 3.16% copper and PDA-20: 31.7m of 1.15 g/t gold, 0.48% copper from 1.60m including 16.1m @ 2.11 g/t gold, 0.78% copper.

Based on the initial, encouraging, results the program has been extended from 1,000m to 1,500m to test for extensions to the mineralisation. Drill holes PDA-22, PDA-23 and PDA-24, 50m to 100m to the northeast of the previously identified massive sulphide mineralization, have located massive sulphides that confirm the extension of the mineralization to the north and east of previously interpreted boundaries. Analytical results for PDA-22 and PDA-23 were announced on May 5, 2011 and included 13m of 2.53% Cu and 0.62 g/t Au and 47.5m of 0.75 g/t gold from hole PDA-22.

The Valderama massive sulphide is predominantly pyrite. Sulphur results received from PDA-18 include 25.63 meters of 47 percent sulphur, 46 percent Iron from 35.6 meters and 27.55 meters of 39 percent sulphur, 37 percent iron from 67.35 meters. A preliminary options study has commenced on the suitability of the Valderama massive pyritic sulphide as feedstock for sulphuric acid production for processing of the Agata nickel laterite resource.

Management's Discussion and Analysis

Three Months Ended March 31, 2011



Batangas – El Paso, Lobo, Talahib. Gold Fields Farming-in to 75%

At Batangas, Luzon, Gold Fields limited 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. In December 2010 the company announced that Gold Fields had commenced drilling at Lobo, testing high-grade epithermal gold targets as well as gold-copper porphyry targets. A total of 1,975 meters of drilling had been completed by quarter's end out of a 2,200 meters planned drilling program. Results from this program were incomplete at quarters end and will be summarized during the second quarter 2011.

MILESTONES TARGETED FOR 2011

Agata Nickel Development Project:

- Agata Stage 1: Thermal upgrading test results and preliminary economics.
- Agata Stage 2: Pre-feasibility study on the low operating-cost hydrometallurgical processing project.
- Agata-Surigao regional resource upgrade stage 1, based on results to June 2011.
- Agata-Surigao regional resource upgrade stage 2, based on results to September 2011.

Copper Gold Exploration:

- Pan de Azucar maiden copper-gold (silver, zinc, sulphur) resource.
- Batangas: Gold Fields gold and copper-gold results.
- Archangel: Drilling of high gold-silver “feeder” structures underlying the resource.

Mindoro's exploration programs are prepared and/or designed and carried out under the supervision of Tony Climie, P.Geo., who is a qualified person as defined by National Instrument 43-101 and is a competent person as defined by the JORC Code, and who has reviewed and verified the pertinent disclosure of exploration related technical information contained in this document. Mr. Climie is an executive and a director of Mindoro and is a member of the Alberta Professional Engineers, Geologists and Geophysicists Association. Mr. Climie has more than five years of experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he has undertaken. Mr. Climie has consented to the release of the exploration related technical information in the form and context in which it appears.

Boyd Willis, MAusIMM, who is a qualified person as defined by National Instrument 43-101, and a competent person as defined by the JORC Code, has reviewed and verified the disclosure of a development nature contained in this document. Mr. Willis has more than five years of experience which is relevant to the activity which he has undertaken and he has consented to the release of the development related technical information in the form and context in which it appears.

Management's Discussion and Analysis

Three Months Ended March 31, 2011



5. RESULTS OF OPERATIONS

Results for the three months ended March 31, 2011 vs. 2010

Interest revenue for the first quarter of 2011 was \$85 thousand compared to interest revenue of \$1 thousand in 2010. The Company had considerably higher cash balances in the current quarter, from financings, than in 2010.

The net loss for the first quarter of 2011 was \$830 thousand compared to a loss of \$625 thousand in 2010. The current quarter reflects the changes made in the Company in the second half of 2010 and the related higher level of corporate activity with advancing the Agata nickel project and recommencing copper gold exploration at Pan de Azucar. The higher expenditures are associated with the appointment of two additional executives, the President & CEO and CFO, in Australia, corporate costs associated with the dual listing on the Australian Securities Exchange and marketing of the Company to an expanding shareholder base. Conversely, the loss in 2010 included stock-based compensation expense of \$251 thousand as compared to the current quarter of nil.

Salaries and benefits expense in 2011 is \$317 thousand compared to \$154 thousand in 2010, resulting from the appointment of Australia-based executives as well as annual increases in salaries to reflect market conditions. In line with the increased level of activity in the Company, Directors' fees of \$41 thousand were also expensed in the current quarter, compared to nil Directors' fee expense in 2010.

Consulting and professional fees of \$58 thousand increased during the first quarter of 2011 compared to a total expense of \$8 thousand in 2010. The current quarter reflects expanded corporate activity including legal and accounting consultants, to assist with the activities associated with the Agata project development.

Travel expense of \$153 thousand for the first quarter of 2011 was significantly higher than the same period in 2010 of \$91 thousand. There was additional corporate travel within Canada and between Australia, the Philippines and Canada associated with increased project and investor relations activity in 2011.

6. TRANSACTIONS WITH RELATED PARTIES

- a. The Company has non-interest bearing advances to Egerton Gold Philippines Inc. and Batangas Metals and Mining Philippines Corporation included as part of "investment and advances in associates" account. These advances are payable on demand.
- b. Compensation of key management personnel includes:

	Three months ending March 31,	
	2011	2010
Salaries and directors fees	\$ 209	\$ 79
Consulting fees	45	140
Share-based payments	-	246
	\$ 254	\$ 465

Compensation of key management amounting to \$45 thousand was charged to mineral properties and exploration costs.

Management's Discussion and Analysis
Three Months Ended March 31, 2011



7. CAPITAL STRUCTURE

Authorized:

Unlimited number of Common Shares

Unlimited number of Preferred Shares

Issued - Common shares	<i>Note</i>	Number
Balance, December 31, 2010		206,289,497
Issued pursuant to private placements		
Issued upon exercise of stock options	<i>b</i>	200,000
Issued upon exercise of purchase warrants	<i>c,d</i>	22,566,381
Balance, March 31, 2011		229,055,878
Common share purchase warrants		
Balance, December 31, 2010		50,935,989
Exercised	<i>c,d</i>	(22,566,381)
Forfeited/expired	<i>e</i>	(3,106,883)
Balance, March 31, 2011		25,262,725
Stock options		
Balance, December 31, 2010		14,547,000
Issued	<i>a</i>	100,000
Exercised	<i>b</i>	(200,000)
Forfeited/expired		
Balance, March 31, 2011		14,447,000

- (a) In January 2011, the Company approved the grant of 100,000 Stock Options exercisable at \$0.29 per share to a project consultant.
- (b) In February 2011, 200,000 Stock Options were exercised at an exercise price of \$0.13 per option. The Company issued 200,000 Common Shares for net proceeds of \$26,000. Stock-based compensation costs amounting to \$21,422 were re-classified to share capital upon exercise of these options.
- (c) In February 2011, 69,700 Agent's Warrants were exercised at an exercise price of \$0.18 per warrant. The Company issued 69,700 Common Shares for net proceeds of \$12,546. The fair value of the Agent's Warrants, in the amount of \$6,915 was also credited to share capital.
- (d) In March 2011, 21,000,000 Purchase Warrants were exercised at an exercise price of \$0.15 per warrant. The Company issued 21,000,000 Common Shares for net proceeds of \$3,149,512. The fair value of the Purchase Warrants, in the amount of \$1,138,314, was also credited to share capital. In March 2011, 1,496,681 Agent's Warrants were exercised at an exercise price of \$0.15 per warrant. The Company issued 1,496,681 Common Shares for net proceeds of \$224,502. The fair value of the Agent's Warrants, in the amount of \$167,613, was also credited to share capital.
- (e) A total of 3,105,233 Purchase Warrants expired during the period with an exercise price of \$0.30 per warrant; a total of 1,650 Agent's Warrants expired with an exercise price of \$0.18 per warrant.

Management's Discussion and Analysis
Three Months Ended March 31, 2011



The following table summarizes information about the warrants outstanding and exercisable as at March 31, 2011:

Number of Warrants	Exercise Price	Expiry Date
6,208,000	\$0.30	August 25, 2011
7,500	\$0.31	July 9, 2012
19,047,225	\$0.31	July 22, 2012
25,262,725		

The following table summarizes the information about Stock Options outstanding at March 31, 2011:

Range of Exercise Prices	Outstanding			Exercisable		
	Outstanding	Weighted Average Years Remaining	Weighted Average Exercise Price	Exercisable	Weighted Average Years Remaining	Weighted Average Exercise Price
\$0.00 to \$0.19	4,165,000	3.56	\$ 0.15	4,165,000	3.56	\$ 0.15
\$0.20 to \$0.39	8,330,000	2.35	0.26	7,955,000	2.35	0.26
\$0.60 to \$0.79	300,000	0.40	0.60	300,000	0.40	0.60
\$0.80 to \$1.00	1,652,000	1.19	0.84	1,652,000	1.19	0.84
Total	14,447,000	2.53	\$ 0.30	14,072,000	2.53	\$ 0.30

Share Data as of May 12, 2011

A total of 229,055,878 Common Shares was issued and outstanding as of May 12, 2011.

Management's Discussion and Analysis
Three Months Ended March 31, 2011



8. SCHEDULE OF DEFERRED EXPLORATION EXPENDITURES

(Shown in Thousands of Dollars)

	Surigao		Batangas				Pan de Azucar	Royalty Deposits	Total
	Agata	Tapian & Regional	El Paso	Lobo	Talahib	Archangel			
January 1, 2010	\$ 5,657	\$ 2,542	\$ 1,599	\$ 4,271	\$ 178	\$ 6,766	\$ 479	\$ 200	\$ 21,692
General Exploration	39	(150)	26	-	13	17	17	-	(38)
Salaries & Benefits	73	179	18	1	5	9	42	-	327
Consulting & Professional Fees	1,263	59	13	-	4	3	18	-	1,360
Legal & Accounting	36	-	-	-	-	1	-	-	37
JV Partner's Share in Costs	223	8	-	-	-	-	-	-	231
Camp & Road Construction	35	29	14	-	5	-	11	-	94
Travel	131	30	19	-	13	3	11	-	207
Geology, Geophysics	289	77	141	-	38	-	-	-	545
Drilling	234	248	66	-	-	-	12	-	560
Mapping, Sampling	25	12	9	-	-	-	-	-	46
Acquisition Costs	56	547	39	-	15	-	15	-	672
Community & Environmental	109	47	9	-	3	6	8	-	182
Unrealized Exchange Gain(Loss)	107	47	26	54	3	90	7	3	337
Royalty Deposits Paid	-	-	-	-	-	-	-	11	11
December 31, 2010	\$ 8,277	\$ 3,675	\$ 1,979	\$ 4,326	\$ 277	\$ 6,895	\$ 620	\$ 214	\$ 26,263
General Exploration	53	14	4	-	-	5	16	-	92
Salaries & Benefits	41	39	6	-	1	4	33	-	124
Consulting & Professional Fees	460	39	-	-	-	-	15	-	514
Legal & Accounting	5	-	-	-	-	-	-	-	5
Camp & Road Construction	21	1	2	-	-	-	2	-	26
Travel	53	5	3	-	2	1	15	-	79
Geology, Geophysics	140	58	28	-	3	-	16	-	245
Drilling	77	139	-	-	-	-	146	-	362
Mapping, Sampling	29	4	2	-	-	-	-	-	35
Acquisition Costs	-	8	15	-	6	-	2	-	31
Community & Environmental	45	25	2	-	-	1	9	-	82
Unrealized Exchange Gain(Loss)	(147)	(63)	(33)	(67)	(5)	(109)	(13)	(3)	(440)
Royalty Deposits Paid	-	-	-	-	-	-	-	-	-
March 31, 2011	\$ 9,054	\$ 3,944	\$ 2,008	\$ 4,259	\$ 284	\$ 6,797	\$ 861	\$ 211	\$ 27,418

Management's Discussion and Analysis
Three Months Ended March 31, 2011



9. FINANCIAL INSTRUMENTS

Fair value

The fair value of cash, restricted 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 \$11.0 million in cash at March 31, 2011, on which it earns variable rates of interest, and is therefore subject to a certain amount of interest rate risk. The majority of the Company's cash is in Australian dollars where the consensus forecasts for interest rates are neutral to increases.

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 Australia, Canada and the Philippines. A significant portion of the Company's Canadian and Australian accounts receivable are due from the Canadian and Australian governments for the reimbursement of sales taxes. The resulting credit risk exposure is deemed to be immaterial by management of the Company.

Foreign currency risk

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.

At March 31, 2011 and December 31, 2010, the Company is exposed to currency risk through the following assets and liabilities in Philippine Pesos and Australian Dollars. The Company has not hedged its exposure to currency fluctuations, although there is a natural hedge for expenditure commitments in both currencies:

	March 31, 2011		December 31, 2010	
	Philippine Pesos	Australian Dollar	Philippine Pesos	Australian Dollar
Cash	12,890	6,204	10,084	7,326
Amounts receivable	4,791	66	3,250	71
Accounts payable	(21,375)	(174)	(14,093)	(164)
Net exposure	(3,694)	6,096	(759)	7,233
Exchange rate (CAD/FCU)	0.02242	1.00650	0.02345	1.01800
Exposure in thousands of Canadian Dollars	(83)	6,136	(18)	7,363

Management's Discussion and Analysis

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Based on net exposures as at March 31, 2011, and assuming all other variables remain constant, a 1% fluctuation in the exchange rate between the Canadian dollar and the Philippine peso would affect Mindoro's net loss by \$1 thousand. A 1% fluctuation in the exchange rate between the Canadian dollar and Australian dollar would affect the Company's net loss by \$61 thousand.

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 March 31, 2011 is \$10.6 million. The Company manages liquidity risk through management of its capital as disclosed in Section 10. 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.

10. CAPITAL DISCLOSURE & MANAGEMENT OF CAPITAL RISK

The Company's objectives in managing its capital are to maintain adequate levels of funding to support development and exploration activities on its mineral projects. 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.

11. 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.

12. EVENTS SUBSEQUENT TO MARCH 31, 2011

Subsequent to March 31, 2011, 300,000 stock options were granted to two consultants. The stock options are priced at \$0.26 per common share, vest immediately and expire April 20, 2014.

13. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) CONVERSION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Canadian Accounting Standards Board ("AcSB") confirmed in February 2008 that IFRS will replace Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises for financial periods beginning on or after January 1, 2011, with the option available to early adopt IFRS from periods beginning on or after January 1, 2009 upon receipt of approval from the Canadian Securities regulatory authorities.

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

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These are the Company's first IFRS condensed consolidated interim financial statements for part of the period covered by the first IFRS consolidated annual financial statements to be presented in accordance with IFRS for the year ending December 31, 2011. Previously, the Company prepared its consolidated annual and consolidated interim financial statements in accordance with GAAP.

(B) FOREIGN CURRENCIES

The financial statements of the Company's subsidiary are prepared in Philippine pesos which is the functional currency as MRL Gold Phils., Inc., is incorporated in the Philippines. The consolidation of the subsidiary includes the re-measurement of the local currency to the Company's functional currency. The Company's functional currency, being the currency of the primary economic environment in which the Company operates, is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(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 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) SHARE BASED PAYMENT TRANSACTIONS

The share option plan allows the Company's employees and consultants to acquire shares of the Company. The fair value of the options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

- The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

(E) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Standards and interpretations issued but not yet effective:

- IFRS 1 First-time Adoption of International Financial Reporting Standards, amendments regarding Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- IFRS 7 Financial Instruments: Disclosures, amendments regarding Disclosures — Transfers of Financial Assets
- IFRS 9 Financial Instruments (New; to replace IAS 39)
- IAS 12 Income Taxes, amendments regarding Deferred Tax: Recovery of Underlying Assets

The Company anticipates that the adoption of these standards and interpretations in future periods will have no material impact on the consolidated financial statements of the Company except for the additional disclosures.

14. 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.

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.

Management's Discussion and Analysis

Three Months Ended March 31, 2011



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.

In 2011, industry participants are observing continued strong demand for base metals based on sustained levels of GDP growth in China and other developing countries. As a result, there is upward pressure on prices for base metals like copper and nickel as well as for precious metals such as gold and silver.

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.

15. INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. There have been no changes in internal controls over financial reporting in Q1 2011 that have materially affected, or are reasonably likely to materially affect the financial statements. Further, as a result of losing TSX Venture Issuer reporting status on becoming dual listed on the ASX, the Company has formally adopted and implemented the COSO (Committee of Sponsoring Organizations) internal control framework, including a risk assessment and the mapping of existing key internal controls to the framework. However, it should be noted that any system of internal control over financial reporting, no matter how well designed, has inherent limitations. As a result, even those systems determined to be effective can only provide reasonable assurance regarding the preparation and presentation of the Company's financial statements.

16. DISCLOSURE CONTROLS AND PROCEDURES

The Company has disclosure controls and procedures in place to provide reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the applicable time periods and to ensure that required information is gathered and communicated to the Company's management so that decisions can be made about timely disclosure of that information.

17. 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.



Condensed Consolidated Interim Statements of Financial Position

As at March 31, 2011, December 31, 2010 and January 1, 2010
(Unaudited - expressed in thousands of Canadian Dollars)

MINDORO
RESOURCES LTD

	Note	March 31, 2011	December 31, 2010 (Note 12)	January 1, 2010 (Note 12)
Assets				
Current assets				
Cash		\$ 10,984	\$ 9,908	\$ 581
Restricted cash	3	67	66	443
Accounts receivable		157	162	134
Prepaid expenses and other current assets		179	77	32
		11,387	10,213	1,190
Non-current assets				
Mineral properties and exploration costs	4	27,418	26,263	21,692
Property and equipment	5	274	315	189
Investment and advances in associate		491	497	505
		\$ 39,570	\$ 37,288	\$ 23,576
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities		\$ 785	\$ 794	\$ 765
		785	794	765
Non-current liabilities				
Accrued benefit obligation		117	119	86
Future income taxes		-	-	186
Future capital subscription in subsidiaries		1,549	1,468	1,159
		2,451	2,381	2,196
Shareholders equity				
Share capital	6	49,804	45,057	32,381
Reserves		10,874	12,579	8,399
Deficit		(23,559)	(22,729)	(19,400)
		37,119	34,907	21,380
		\$ 39,570	\$ 37,288	\$ 23,576

Subsequent events (Note 13)

These interim consolidated financial statements were approved for issue by the Audit Committee on May 11, 2011 and are signed on its behalf by:

"signed" A. Robson Garden
Director

"signed" Doug Frondall
Director

Condensed Consolidated Interim Statements of Comprehensive Loss

For the Three Months Ended March 31, 2011 and 2010

(Unaudited - expressed in thousands of Canadian Dollars, except per share amounts)



MINDORO
RESOURCES LTD

	<i>Note</i>	Three Months Ended March 31,	
		2011	2010
			(Note 12)
Expenses			
Administration		\$ 20	\$ 4
Advertising and promotion		51	22
Communications		15	9
Conferences and trade shows		19	7
Consulting and professional fees		58	8
Investor relations consultants		39	15
Listing fees and shareholder communications		21	8
Office, postage and sundry		26	9
Rent		24	13
Salaries and benefits		317	154
Stock based compensation - employees		-	251
Stock based compensation - consultants		15	9
Travel		153	91
Share in net loss to associate		1	3
Depreciation and amortization		37	11
Operating loss		(796)	(614)
Interest income		85	1
Foreign exchange gain (loss)		(119)	(12)
Net loss		(830)	(625)
Currency translation differences		(401)	(133)
Comprehensive loss		\$ (1,231)	\$ (758)
Basic and diluted net loss per share		\$ (0.004)	\$ (0.005)
Weighted average number of common shares outstanding in thousands		213,658	115,781



Condensed Consolidated Interim Statements of Changes in Equity

For the Three Months Ended March 31, 2011 and Year Ended December 31, 2010

(Unaudited - expressed in thousands of Canadian Dollars, except number of shares)

	Note	Common Shares		Equity settled employee benefit reserve	Warrants reserve	Currency reserve	Deficit	Shareholders' equity
		Number of shares	Amount					
Balance, January 1, 2010	12	107,720,638	\$ 32,381	\$ 4,067	\$ 4,332	\$ -	\$ (19,400)	\$ 21,380
Common shares issued for:								
Private placements		54,047,225	5,590		3,001			8,591
Less issue costs			(537)		171			(366)
Prospectus offering		40,000,000	7,858					7,858
Less issue costs			(1,165)					(1,165)
Exercise of stock options		350,000	73	(31)				42
Exercise of warrants		4,171,634	857		(230)			627
Stock-based compensation				1,016				1,016
Comprehensive loss						253	(3,329)	(3,076)
Balance, December 31, 2010	12	206,289,497	45,057	5,052	7,274	253	(22,729)	34,907
Common shares issued for:	6. (A)							
Exercise of stock options		200,000	47	(21)				26
Exercise of warrants		22,566,381	4,700		(1,313)			3,387
Stock-based compensation				30				30
Comprehensive loss						(401)	(830)	(1,231)
Balance, March 31, 2011		229,055,878	\$ 49,804	\$ 5,061	\$ 5,961	\$ (148)	\$ (23,559)	\$ 37,119

Condensed Consolidated Interim Statements of Cash Flows
For the Three Months Ended March 31, 2011 and 2010
(Unaudited - expressed in thousands of Canadian Dollars)



MINDORO
RESOURCES LTD

	<i>Note</i>	Three Months Ended March 31,	
		2011	2010
			Note (12)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES			
Operating activities			
Net loss		\$ (830)	\$ (625)
Items not affecting cash			
Stock-based compensation - employees		-	251
Stock-based compensation - consultants		15	9
Share in net loss to associate		1	3
Depreciation and amortization		37	11
Provision (recovery) for future income tax expense		-	1
Unrealized exchange differences		37	(150)
Accrued benefit obligation		(2)	-
Changes in non-cash working capital			
Accounts receivable		5	(16)
Prepaid expenses		(102)	(4)
Accounts payable and accrued liabilities		(9)	(268)
		(848)	(788)
Investing activities			
Change in restricted cash		(1)	222
Expenditures on mineral properties and exploration costs		(1,555)	(311)
Acquisition of property and equipment		(23)	(6)
		(1,579)	(95)
Financing activities			
Issue of share capital, net of issuance costs		3,413	2,424
Cash received for future capital subscriptions		81	312
		3,494	2,736
Effect of exchange rate changes on cash		9	(4)
Increase (decrease) in cash		1,076	1,849
Cash at beginning of period		9,908	581
Cash at end of period		\$ 10,984	\$ 2,430

Supplemental cash flow information (Note 7)

1. NATURE OF OPERATIONS

Mindoro Resources Ltd. (the "Company" or "Mindoro") principal activity is the acquisition, exploration and development of mineral properties in the Philippines.

Mindoro Resources Ltd is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of Alberta. The Company's shares are listed on the TSX Venture exchange, Australian Securities Exchange, and Frankfurt Stock Exchange.

The Company's registered office is 2200, 10235 – 101 Street NW, Edmonton, Alberta, Canada, T5J 3G1.

2. SIGNIFICANT ACCOUNTING POLICIES

(A) CONVERSION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Canadian Accounting Standards Board ("AcSB") confirmed in February 2008 that IFRS will replace Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises for financial periods beginning on or after January 1, 2011, with the option available to early adopt IFRS from periods beginning on or after January 1, 2009 upon receipt of approval from the Canadian Securities regulatory authorities.

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These are the Company's first IFRS condensed consolidated interim financial statements for part of the period covered by the first IFRS consolidated annual financial statements to be presented in accordance with IFRS for the year ending December 31, 2011. Previously, the Company prepared its consolidated annual and consolidated interim financial statements in accordance with GAAP.

(B) BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments classified as available-for-sale that have been measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

These condensed consolidated interim financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective or available on March 31, 2011, the Company's first interim reporting date.

The preparation of these condensed consolidated interim financial statements resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under GAAP. The accounting policies set out below have been applied consistently to all periods presented in these condensed consolidated interim financial statements. They also have been applied in preparing an opening IFRS balance sheet at January 1, 2010 for the purposes of the transition to IFRS, as required by IFRS 1, *First Time Adoption of International Financial Reporting Standards* (IFRS 1). The impact of the transition from GAAP to IFRS is explained in Note 12

(C) BASIS OF CONSOLIDATION

These consolidated financial statements of Mindoro Resources Ltd. (the “Company”) include the accounts of the Company; its wholly owned subsidiary, MRL Gold Phils., Inc., and the wholly-owned subsidiaries of MRL Gold Phils., Inc. All inter-company balances and transactions are eliminated on consolidation.

Inter-company balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the condensed consolidated interim financial statements.

(D) FOREIGN CURRENCIES

The financial statements of the Company’s subsidiary are prepared in Philippine pesos which is the functional currency as MRL Gold Phils., Inc., is incorporated in the Philippines. The consolidation of the subsidiary includes the re-measurement of the local currency to the Company’s functional currency. The Company’s functional currency, being the currency of the primary economic environment in which the Company operates, is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(E) FINANCIAL INSTRUMENTS

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company’s accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the income statement.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company’s management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the income statement.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the income statement. All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the income statement.

Other financial liabilities: This category includes promissory notes, amounts due to related parties and accounts payables and accrued liabilities, all of which are recognized at amortized cost.

(F) 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. At March 31, 2011 the Company had no cash equivalents (December 31, 2010 – nil).

(G) MINERAL PROPERTIES AND EXPLORATION COSTS

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

All costs related to the exploration and development of mineral properties are deferred on a property by property basis until commencement of commercial production or a write-down is considered necessary. The recoverability of the amounts recorded for mineral properties and deferred costs are dependent on the existence of economically recoverable reserves and future profitable production from the mineral properties.

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

Incidental revenue derived from management fees from third parties are recorded first as a reduction of the specific mineral property and deferred costs to which the fees relate and any excess as a reduction to expenses in the consolidated financial statements of loss and comprehensive loss.

When properties are brought into commercial production, mineral properties and deferred costs related to a specific mine site will be amortized on a unit-of-production basis over economically recoverable reserves.

Mineral properties and deferred costs are written down when properties are abandoned or when cost exceeds net realizable value.

No provision for depletion of the amounts carried as mineral properties and deferred costs is included in the consolidated financial statements, as the properties are yet to reach commercial production.

(H) 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

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2011
(Unaudited – expressed in thousands of Canadian Dollars unless otherwise noted)



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.

Prior to January 1, 2011, property and equipment were amortized using the following annual rates and methods:

Computer Hardware & 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

Beginning in the first quarter of 2011, the Company made the following prospective changes to its amortization methods to better reflect the consumption of economic benefit derived from its property and equipment:

Computer Hardware & Software	30 percent straight line
Office Equipment & Furnishings	20 percent straight line

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.

(I) SHARE BASED PAYMENT TRANSACTIONS

The share option plan allows the Company's employees and consultants to acquire shares of the Company. The fair value of the options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

(J) INCOME TAXES

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of

realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(K) LOSS PER SHARE

The Company presents the basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

(L) 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.

(M) SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of these condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The condensed consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of

assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of amounts receivable and prepayments which are included in the condensed consolidated interim statements of financial position;
- the estimated useful lives of the equipment which are included in the condensed consolidated interim statement of financial position and the related depreciation included in the condensed consolidated interim statements of comprehensive loss;
- the inputs used in accounting for share purchase option expense in the condensed consolidated interim statements of comprehensive loss;

(N) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Standards and interpretations issued but not yet effective:

- IFRS 1 First-time Adoption of International Financial Reporting Standards, amendments regarding Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- IFRS 7 Financial Instruments: Disclosures, amendments regarding Disclosures — Transfers of Financial Assets
- IFRS 9 Financial Instruments (New; to replace IAS 39)
- IAS 12 Income Taxes, amendments regarding Deferred Tax: Recovery of Underlying Assets

The Company anticipates that the adoption of these standards and interpretations in future periods will have no material impact on the consolidated financial statements of the Company except for the additional disclosures.

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.

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2011
(Unaudited – expressed in thousands of Canadian Dollars unless otherwise noted)



4. MINERAL PROPERTIES AND EXPLORATION COSTS

	Surigao		Batangas				Pan de Azucar	Royalty Deposits	Total
	Agata	Tapian & Regional	El Paso	Lobo	Talahib	Archangel			
January 1, 2010	5,657	2,542	1,599	4,271	178	6,766	479	200	21,692
Property acquisition	56	547	39	-	15	-	15	-	672
Exploration	2,457	539	315	1	81	39	119	-	3,551
Royalty deposits	-	-	-	-	-	-	-	11	11
Currency translation	107	47	26	54	3	90	7	3	337
December 31, 2010	8,277	3,675	1,979	4,326	277	6,895	620	214	26,263
Property acquisition	-	8	15	-	6	-	2	-	31
Exploration	924	324	47	-	6	11	252	-	1,564
Currency translation	(147)	(63)	(33)	(67)	(5)	(109)	(13)	(3)	(440)
March 31, 2011	9,054	3,944	2,008	4,259	284	6,797	861	211	27,418

On January 7, 2011, an option agreement was signed with a Philippine company whereby the Company may acquire a 100% interest in an exploration permit application for 142 hectares adjacent to the Company's Tapian project. Upon confirmation the exploration permit is in good standing, the Philippine company will receive a cash payment of 1 million Philippine Pesos (approximately \$23,000). Once the tenement is granted, the Philippine company will receive an additional payment of 2 million Philippine Pesos (approximately \$46,000). The Philippine company will retain a 3% gross smelter royalty on payable nickel, cobalt and iron produced. One third of this royalty (1%) may be purchased by the Company for \$US 5 million.

On February 15, 2011, an option agreement was signed with a second Philippine company whereby the Company may acquire a 100% interest in an exploration permit application for 230 hectares adjoining the above-referenced property adjacent to the Company's Tapian project. Upon confirmation the exploration permit is in good standing, the Philippine company will receive a cash payment of 1.5 million Philippine Pesos (approximately \$34,000). Once the tenement is granted and the Company has completed a due diligence phase and exercises the option, the Philippine company will receive payment of 28 million Philippine Pesos (approximately \$640,000).

On March 1, 2011, the Company announced that it had met the expenditure threshold to earn the right to a total 75% direct and indirect economic interest in the Pan de Azucar MPSA from a private Philippine company. The Company currently holds a 40% direct interest in the project.

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 4 of the audited consolidated financial statements as at December 31, 2010.

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2011
(Unaudited – expressed in thousands of Canadian Dollars unless otherwise noted)



MINDORO
RESOURCES LTD

5. PROPERTY AND EQUIPMENT

	Computer software & hardware	Vehicles	Field equipment	Office equipment & furnishings	Leasehold improvements	Total
<i>Cost</i>						
January 1, 2010	\$ 227	\$ 109	\$ 39	\$ 74	\$ 78	\$ 527
Additions	30	95	30	44	10	209
Translation adjustment	2	1	-	1	1	5
December 31, 2010	259	205	69	119	89	741
Additions	12	10		1		23
Disposals	(25)	-	(1)	-	-	(26)
Translation adjustment	(3)	(3)	(1)	(1)	(1)	(9)
March 31, 2011	\$ 243	\$ 212	\$ 67	\$ 119	\$ 88	\$ 729
<i>Accumulated depreciation</i>						
January 1, 2010	\$ 147	\$ 43	\$ 26	\$ 45	\$ 77	\$ 338
Depreciation	28	27	13	11	4	83
Translation adjustment	2	1	1	-	1	5
December 31, 2010	177	71	40	56	82	426
Depreciation	29	13	4	15	1	62
Disposals	(25)	-	(1)	-	-	(26)
Translation adjustment	(3)	(2)	(1)	-	(1)	(7)
March 31, 2011	\$ 178	\$ 82	\$ 42	\$ 71	\$ 82	\$ 455
<i>Net book value at:</i>						
January 1, 2010	\$ 80	\$ 66	\$ 13	\$ 29	\$ 1	\$ 189
December 31, 2010	82	134	29	63	7	315
March 31, 2011	\$ 65	\$ 130	\$ 25	\$ 48	\$ 6	\$ 274

6. SHARE CAPITAL

(A) COMMON SHARES

At March 31, 2011, the authorised share capital comprised an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2011
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MINDORO
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(B) WARRANTS

The following table summarizes information about Common share purchase warrants outstanding and exercisable as at March 31, 2011:

Expiry date	Exercise price	Dec 31,		Expired/ cancelled	Mar 31,	
		2010	Granted			Exercised
Feb 13, 2011	\$ 0.300	3,105,233	-	-	(3,105,233)	-
Feb 13, 2011	0.180	71,350	-	(69,700)	(1,650)	-
Mar 03, 2011	0.150	21,000,000	-	(21,000,000)	-	-
Mar 03, 2011	0.150	1,496,681	-	(1,496,681)	-	-
Aug 25, 2011	0.300	6,208,000	-	-	-	6,208,000
Jul 09, 2012	0.310	7,500	-	-	-	7,500
Jul 09, 2015	0.310	5,881,632	-	-	-	5,881,632
Jul 22, 2015	\$ 0.310	13,165,593	-	-	-	13,165,593
		50,935,989	-	(22,566,381)	(3,106,883)	25,262,725
Weighted average exercise price	\$	0.237	-	0.150	0.300	\$ 0.308

The grant date fair values of common share purchase warrants are recorded as an increase to contributed surplus and a decrease to share capital as an issue cost of each private placement. The fair values of common share purchase warrants are estimated at the grant date using the Black-Scholes pricing model. The warrants issued in the first three months of 2011 and 2010 were valued using the following weighted average assumptions:

	2011	2010
Risk Free Interest Rate	Nil	1.19%
Expected Life	Nil	1.00 years
Expected Volatility	Nil	137%
Expected Dividend	Nil	-

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(C) OPTIONS

Expiry date	Exercise price	Dec 31, 2010	Vested	Granted	Exercised	Expired/ cancelled	Mar 31, 2011
Aug 23, 2011	\$ 0.600	300,000	-	-	-	-	300,000
Sep 18, 2011	0.260	150,000	-	-	-	-	150,000
Jun 07, 2012	0.840	1,652,000	-	-	-	-	1,652,000
Jul 03, 2013	0.290	2,080,000	-	-	-	-	2,080,000
Jul 28, 2013	0.208	4,000,000	-	-	-	-	4,000,000
Sep 22, 2013	0.310	700,000	-	-	-	-	700,000
Oct 04, 2013	0.300	-	125,000	-	-	-	125,000
Oct 04, 2013	0.340	150,000	-	-	-	-	150,000
Oct 30, 2013	0.130	50,000	-	-	-	-	50,000
Dec 26, 2013	0.290	-	-	100,000	-	-	100,000
Jan 13, 2014	0.180	100,000	-	-	-	-	100,000
Feb 11, 2014	0.360	650,000	-	-	-	-	650,000
Aug 04, 2014	0.130	2,565,000	-	-	(200,000)	-	2,365,000
Jan 12, 2015	0.125	200,000	-	-	-	-	200,000
Mar 15, 2015	\$ 0.190	1,450,000	-	-	-	-	1,450,000
Options exercisable		14,047,000	125,000	100,000	(200,000)	-	14,072,000
Unvested options							-
Oct 04, 2013	\$ 0.300	500,000	(125,000)				375,000
Options outstanding		14,547,000	-	100,000	(200,000)	-	14,447,000
Weighted average exercise price	\$	0.299	-	0.290	0.130	-	\$ 0.301

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.

The expiry date of the options granted may not exceed ten years from the date of grant. 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 weighted average fair value of options issued in the first three months of 2011 on the date of grant was \$0.29 per stock option (2010 - \$0.15). The fair value of stock option is estimated at the grant date using the Black-Scholes option pricing model based on the following ranges of assumptions:

	2011	2010
Risk Free Interest Rate	1.70%	2.29%
Expected Life	3.00 years	5.00 years
Expected Volatility	132%	122%
Expected Dividend	-	-
Expected Forfeitures	-	-

Notes to the Condensed Consolidated Interim Financial Statements
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(Unaudited – expressed in thousands of Canadian Dollars unless otherwise noted)



7. SUPPLEMENTAL CASH FLOW INFORMATION

The following significant non-cash transactions have been excluded from the statements of cash flow:

	Three Months Ended March 31,	
	2011	2010
Non Cash Investing/Financing Activities		
Stock-based compensation charged to mineral properties	\$ 15	\$ -
Depreciation charged to mineral properties	25	5
Unrealized exchange differences in mineral properties	(440)	19
Unrealized exchange differences in property and equipment	2	(2)
Fair value of warrants issued	-	1,525
Fair value of options exercised	(21)	(5)
Fair value of warrants exercised	(1,313)	-
Supplemental cash flow information		
Interest received	85	2
Income taxes paid	-	-

8. RELATED PARTY TRANSACTIONS

The following transactions are in the normal course of operations and are measured at the exchange amount that is the amount of consideration established and agreed to by the related parties.

- a. The Company has non-interest bearing advances to EGPI and Batangas Metals and Mining Philippines Corporation included as part of “investment and advances in associates” account. These advances are payable on demand.
- b. Total compensation of key management personnel are as follows:

	Three months ending March 31,	
	2011	2010
Salaries and directors fees	\$ 209	\$ 79
Consulting fees	45	140
Share-based payments	-	246
	\$ 254	\$ 465

Compensation of key management amounting to \$45 thousand was charged to mineral properties and exploration costs.

9. SEGMENTED INFORMATION

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

Notes to the Condensed Consolidated Interim Financial Statements
 For the Three Months Ended March 31, 2011
 (Unaudited – expressed in thousands of Canadian Dollars unless otherwise noted)



Geographical information is as follows:

	As at March 31, 2011		As at December 31, 2010	
	Mineral Properties & Exploration	Property & Equipment	Mineral Properties & Exploration	Property & Equipment
Philippines	\$ 27,418	\$ 232	\$ 26,263	\$ 266
Canada	-	17	-	22
Australia	-	25	-	27
	\$ 27,418	\$ 274	\$ 26,263	\$ 315

10. FINANCIAL INSTRUMENTS

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

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest risk and commodity price risk.

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.

At March 31, 2011 and December 31, 2010, the Company is exposed to currency risk through the following assets and liabilities in Philippine Pesos and Australian Dollars. The Company has not hedged its exposure to currency fluctuations, although there is a natural hedge for expenditure commitments in both currencies:

	March 31, 2011		December 31, 2010	
	Philippine Pesos	Australian Dollar	Philippine Pesos	Australian Dollar
Cash	12,890	6,204	10,084	7,326
Amounts receivable	4,791	66	3,250	71
Accounts payable	(21,375)	(174)	(14,093)	(164)
Net exposure	(3,694)	6,096	(759)	7,233
Exchange rate (CAD/FCU)	0.02242	1.00650	0.02345	1.01800
Exposure in thousands of Canadian Dollars	(83)	6,136	(18)	7,363

Based on net exposures at March 31, 2011, and assuming all other variables remain constant, a 1% fluctuation in the exchange rate between the Canadian dollar and the Philippine peso would affect Mindoro's net loss by less than \$1 thousand. A 1% fluctuation in the exchange rate between the Canadian dollar and Australian dollar would affect the Company's net loss by \$61 thousand.

Credit risk

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

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

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

Accounts payable and accrued liabilities are due within twelve months of the balance sheet date.

Interest rate risk

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

The Company had approximately \$11 million in cash and cash equivalents at March 31, 2011, 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.

11. MANAGEMENT OF CAPITAL RISK

The Company's objectives in managing its capital are to maintain adequate levels of funding to support development and exploration activities on its mineral projects. 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.

12. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

As stated in Note 2, these are the Company's first condensed consolidated interim financial statements for the period covered by the first annual consolidated financial statements prepared in accordance with IFRS.

The accounting policies in Note 2 have been applied as follows:

- in preparing the condensed consolidated interim financial statements for the three months ended March 31, 2011;
- the comparative information for the three months ended March 31, 2010;
- the statement of financial position as at December 31, 2010; and
- the preparation of an opening IFRS statement of financial position on the Transition Date, January 1, 2010.

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2011
(Unaudited – expressed in thousands of Canadian Dollars unless otherwise noted)



In preparing the opening IFRS statement of financial position, comparative information for the three months ended March 31, 2010 and the financial statements for the year ended December 31, 2010, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP.

An explanation of how the transition from GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables.

The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. In preparing these financial statements, the Company has elected to apply the following transitional arrangements:

Business combinations

IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3 Business Combinations retrospectively to business combinations that occurred before the date of transition to IFRS. The Company takes advantage of this election and applies IFRS 3 to business combinations that occurred on or after January 1, 2010. There is no adjustment required to the January 1, 2010's statement of financial position on the transition date.

Share-based payment transactions

IFRS 2 Share-based Payment has not been applied to equity instruments that were granted on or before November 7, 2002, nor has it been applied to equity instruments granted after November 7, 2002 that vested before January 1, 2010.

IAS 27 – Consolidated and Separate Financial Statements

In accordance with IFRS 1, if a company elects to apply IFRS 3 Business Combinations retrospectively, IAS 27 Consolidated and Separate Financial Statements must also be applied retrospectively. As the Company elected to apply IFRS 3 prospectively, the Company has also elected to apply IAS 27 prospectively

Property, plant and equipment

IAS 16 Property, plant and equipment allows for property, plant and equipment to continue to be carried at cost less depreciation, which is the same as under GAAP.

Reclassification within Equity section

IFRS requires an entity to present for each component of equity, reconciliation between the carrying amount at the beginning and end of the period, separately disclosing each change. The Company examined its "contributed surplus" account and concluded that as at the Transition Date, \$4.031 million relates to "Equity settled employee benefit reserve", and \$4.332 million relates to "Reserves for warrants".

As a result, the Company believes that a reclassification would be necessary in the equity section between "Contributed surplus" and the various reserve accounts totalling \$8.363 million.

For comparatives, as at March 31, 2010, \$10.142 million "contributed surplus" account was reclassified into \$4.286 million "Equity settled employee benefit reserve" and \$5.857 million "Reserves for warrants".

Furthermore, as at December 31, 2010, \$12.261 million "contributed surplus" account was broken down into \$4.987 million "Equity settled employee benefit reserve" and \$7.274 million "Reserves for warrants".



Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2011

(Unaudited – expressed in thousands of Canadian Dollars unless otherwise noted)

Reconciliation of Assets, Liabilities and Equity

Expressed in thousands of Canadian Dollars

	Note	As at January 1, 2010			As at March 31, 2010			As at December 31, 2010		
		GAAP	Effects of transition to IFRS	IFRS	GAAP	Effects of transition to IFRS	IFRS	GAAP	Effects of transition to IFRS	IFRS
Assets										
Current assets										
Cash		\$ 581	-	\$ 581	\$ 2,430	-	\$ 2,430	\$ 9,908	-	\$ 9,908
Restricted cash		443	-	443	221	-	221	66	-	66
Accounts receivable		134	-	134	150	-	150	162	-	162
Prepaid expenses and other current assets	(a)	47	(15)	32	49	(13)	36	84	(7)	77
		1,205	(15)	1,190	2,850	(13)	2,837	10,220	(7)	10,213
Non-current assets										
Mineral properties and exploration costs	(a, c)	23,683	(1,991)	21,692	24,000	(1,973)	22,027	27,996	(1,733)	26,263
Property and equipment	(a)	195	(6)	189	186	(5)	181	320	(5)	315
Investment and advances in associate	(c)	-	505	505	-	502	502	-	497	497
		\$ 25,083	\$ (1,507)	\$ 23,576	\$ 27,036	\$ (1,489)	\$ 25,547	\$ 38,536	\$ (1,248)	\$ 37,288



Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2011
(Unaudited – expressed in thousands of Canadian Dollars unless otherwise noted)

Reconciliation of Assets, Liabilities and Equity

Expressed in thousands of Canadian Dollars

	Note	As at January 1, 2010			As at March 31, 2010			As at December 31, 2010		
		GAAP	Effects of transition to IFRS	IFRS	GAAP	Effects of transition to IFRS	IFRS	GAAP	Effects of transition to IFRS	IFRS
Liabilities										
Current liabilities										
Accounts payable and accrued liabilities		\$ 764	\$ 1	\$ 765	\$ 497	-	\$ 497	\$ 792	\$ 2	\$ 794
		764	1	765	497	-	497	792	2	794
Non-current liabilities										
Accrued benefit obligation		86	-	86	86	-	86	119	-	119
Future income taxes		186	-	186	187	-	187	-	-	-
Future capital subscription in subsidiaries	(a)	1,165	(6)	1,159	1,322	149	1,471	1,459	9	1,468
		2,201	(5)	2,196	2,092	149	2,241	2,370	11	2,381
Shareholders equity										
Share capital		32,381	-	32,381	33,285	-	33,285	45,057	-	45,057
Reserves	(a, b)	8,363	36	8,399	10,142	(96)	10,046	12,260	321	12,581
Deficit	(a,b,c)	(17,862)	(1,538)	(19,400)	(18,483)	(1,542)	(20,025)	(21,151)	(1,580)	(22,731)
		22,882	(1,502)	21,380	24,944	(1,638)	23,306	36,166	(1,259)	34,907
		\$ 25,083	\$ (1,507)	\$ 23,576	\$ 27,036	\$ (1,489)	\$ 25,547	\$ 38,536	\$ (1,248)	\$ 37,288

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2011
(Unaudited – expressed in thousands of Canadian Dollars unless otherwise noted)



MINDORO
RESOURCES LTD

Reconciliation of Loss and Comprehensive Loss

Expressed in thousands of Canadian Dollars

	Three months ended March 31, 2010			Year ended December 31, 2010			
	Note	GAAP	Effects of transition to IFRS	IFRS	GAAP	Effects of transition to IFRS	IFRS
Expenses							
Administration		\$ 4	\$ -	\$ 4	\$ 28	\$ -	\$ 28
Advertising and promotion		22	-	22	141	-	141
Communications		9	-	9	54	-	54
Conferences and trade shows		7	-	7	54	-	54
Consulting and professional fees		8	-	8	331	-	331
Investor relations consultants		15	-	15	69	-	69
Listing fees and shareholder communications		8	-	8	31	-	31
Office, postage and sundry		9	-	9	152	-	152
Printing		-	-	-	6	-	6
Rent		13	-	13	71	-	71
Salaries and benefits		154	-	154	1,276	-	1,276
Stock based compensation - employees	(b)	254	(3)	251	940	(2)	938
Stock based compensation - consultants	(b)	6	3	9	35	30	65
Travel		91	-	91	478	-	478
Share in net loss to associate	(c)	-	3	3	-	14	14
Depreciation and amortization	(a)	10	1	11	54	-	54
Operating loss		(610)	(4)	(614)	(3,720)	(42)	(3,762)
Interest income		1	-	1	38	-	38
Foreign exchange gain (loss)	(a)	142	(154)	(12)	148	-	148
Gain on settlement of wages payable		-	-	-	58	-	58
Loss before taxes		(467)	(158)	(625)	(3,476)	(42)	(3,518)
Provision for future income tax (expense) recovery		-	-	-	187	-	187
Net loss		(467)	(158)	(625)	(3,289)	(42)	(3,331)
Currency translation differences	(a)	-	(133)	(133)	-	255	255
Comprehensive loss		\$ (467)	\$ (291)	\$ (758)	\$ (3,289)	\$ 213	\$ (3,076)

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2011
(Unaudited – expressed in thousands of Canadian Dollars unless otherwise noted)



MINDORO
RESOURCES LTD

Reconciliation of Cash Flows

Expressed in thousands of Canadian Dollars

	Note	Three months ended March 31, 2010			Year ended December 31, 2010		
		GAAP	Effects of transition to IFRS	IFRS	GAAP	Effects of transition to IFRS	IFRS
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES							
Operating activities							
Net loss		\$ (621)	\$ (4)	\$ (625)	\$ (3,289)	\$ (42)	\$ (3,331)
Items not affecting cash							
Stock-based compensation - employees	(b)	254	(3)	251	940	(2)	938
Stock-based compensation - consultants	(b)	6	3	9	35	30	65
Share in net loss to associate	(c)	-	3	3	-	14	14
Depreciation and amortization		10	1	11	54	-	54
Gain on settlement of wages payable		-	-	-	(58)	-	(58)
Provision (recovery) for future income tax expense		1	-	1	(186)	-	(186)
Unrealized exchange differences	(a)	(2)	(148)	(150)	-	(3)	(3)
Accrued benefit obligation		-	-	-	33	-	33
Changes in non-cash working capital							
Accounts receivable		(16)	-	(16)	(28)	-	(28)
Prepaid expenses	(a)	(2)	(2)	(4)	(37)	(8)	(45)
Accounts payable and accrued liabilities		(267)	(1)	(268)	86	1	87
		(637)	(151)	(788)	(2,450)	(10)	(2,460)
Investing activities							
Change in restricted cash		222	-	222	377	-	377
Expenditures on mineral properties and exploration costs		(311)	-	(311)	(4,271)	-	(4,271)
Acquisition of property and equipment		(6)	-	(6)	(209)	-	(209)
		(95)	-	(95)	(4,103)	-	(4,103)
Financing activities							
Issue of share capital, net of issuance costs		2,424	-	2,424	15,586	-	15,586
Deposits held for private placement		-	-	-	-	-	-
Cash received for future capital subscriptions	(c)	157	155	312	294	15	309
		2,581	155	2,736	15,880	15	15,895
Effect of exchange rate changes on cash				(4)			(5)
Increase (decrease) in cash		1,849	-	1,849	9,327	-	9,327
Cash at beginning of period		581	-	581	581	-	581
Cash at end of period		\$ 2,430	\$ -	\$ 2,430	\$ 9,908	\$ -	\$ 9,908

NOTES TO RECONCILIATIONS

(a) Cumulative translation differences

IFRS requires that the functional currency of each entity of the Company be determined separately. The Company has determined that as at the transition date the Canadian Dollar was the functional currency of the parent, Mindoro Resources Ltd. The functional currency of MRL Gold Phils., Inc. and its subsidiaries at the transition date was the Philippine Peso. In accordance with IFRS 1 optional exemptions, the Company elected to transfer the cumulative translation differences, recognized as a separate component of equity, to deficit at the transition date. Under GAAP, MRL Gold and its subsidiaries was defined as an integrated foreign operation from the date the entities were formed to the transition date and therefore no foreign exchange translation in equity was noted. Under IFRS, MRL Gold and its subsidiaries had a Philippine Peso functional currency since the entities were formed and therefore at the transition date a currency reserve of \$1.46 million had accumulated. In electing to take this IFRS 1 exemption, the Company has transferred this currency reserve at the transition date to deficit.

The effect on financial position accounts are as follows:

	January 1, 2010	March 31, 2010	December 31, 2010
Current assets			
Prepaid expenses and other current assets	(15)	(13)	(7)
	(15)	(13)	(7)
Non-current assets			
Mineral Properties and Exploration Costs	(1,384)	(1,365)	(1,126)
Property and Equipment	(6)	(5)	(5)
Investment in an associate	(62)	(64)	(69)
	(1,452)	(1,434)	(1,200)
	(1,467)	(1,447)	(1,207)
Non-current liabilities			
Future capital subscriptions in subsidiary	(6)	149	9
	(6)	149	9
Shareholders' equity			
Reserves	-	(133)	255
Deficit	(1,461)	(1,463)	(1,471)
	(1,461)	(1,596)	(1,216)
	(1,467)	(1,447)	(1,207)

The effects on net and comprehensive loss are as follows:

	March 31, 2010	December 31, 2010
Depreciation and amortization	-	(1)
Foreign exchange (gain) loss	2	11
Increase (decrease) to net loss	2	10
Currency translation differences	133	33
Increase (decrease) to comprehensive loss	135	43

(b) Share-based payments

Under GAAP, the Company measured share-based payments related to stock options at fair value of the stock options granted using the Black-Scholes option pricing model and recognized this expense over the vesting period of the options. GAAP permits the expense related to stock options with multiple vesting provisions to be recognized evenly over the entire vesting period. The fair value of stock options granted to employees is measured on the date of grant. The fair value of stock options granted to consultants is measured on the date the services are completed. Forfeitures are recognized as they occur.

IFRS 2, similar to GAAP, requires the Company to measure share-based compensation related to stock options granted to employees at the fair value of the stock options on the date of grant and to recognize the expense over the vesting period of the options. For stock options granted to non-employees, IFRS requires that share-based compensation be measured at the fair value of the services received unless the fair value cannot be reliably measured. When a grant of stock options has multiple vesting provisions, IFRS 2 requires that the fair value of each tranche of stock options be determined separately and be expensed over its vesting period. The difference in how multiple vesting provisions are treated under IFRS has resulted in the expense for stock options issued to employees to be re-amortized over the vesting periods of each tranche. The fair value of stock options issued to consultants has been re-measured at the vesting date of each tranche of stock options.

(c) Investment and advances in associate

Under GAAP, the Company recorded the investment and advances in a private Philippine company in 2009 as part of a mineral property acquisition. Under IFRS, the Company has recorded the investment and advances in the associate using the equity method prescribed in IAS 28.

The following adjustments have been made to accounts on the statement of financial position.

	January 1, 2010	March 31, 2010	December 31, 2010
Non-current assets			
Mineral properties and exploration costs	(608)	(608)	(608)
Investment and advances in associate	567	566	566
	(41)	(42)	(42)
Current assets			
Accounts payable and accrued liabilities	-	-	3
	-	-	3
Shareholders' equity			
Deficit	(41)	(42)	(45)
	(41)	(42)	(45)
	(41)	(42)	(42)

The following adjustments have been made to accounts on the statement of comprehensive loss.

	March 31, 2010	December 31, 2010
Foreign exchange (gain) loss	2	11
Share in net loss of associate	(3)	(14)
Increase (decrease) to net loss	(1)	(3)

13. SUBSEQUENT EVENTS

Subsequent to March 31, 2011, 300,000 stock options were granted to two consultants. The stock options are priced at \$0.26 per common share, vest immediately and expire April 20, 2014.