



MINDORO
RESOURCES LTD

Condensed Consolidated Interim Financial Statements
(Unaudited)
&
Management's Discussion and Analysis
For the three and nine months ended September 30, 2013
(Expressed in Canadian Dollars)

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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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For the three and nine months ended September 30, 2013



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Management's Discussion and Analysis

For the three and nine months ended September 30, 2013

As reported on November 13, 2013

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CAUTION FORWARD LOOKING INFORMATION

This Management Discussion & Analysis contains certain forward-looking statements relating to, but not limited to, Mindoro's expectations, intentions, plans, and beliefs. Forward-looking information can often be identified by forward-looking words such as 'anticipate', 'believe', 'expect', 'goal', 'plan', 'intend', 'estimate', 'may' and 'will' or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future outcomes, or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects, and timing of commencement of operations and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and other factors. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from those expressed or implied.

Shareholders and potential investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. Mindoro undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

Statements relating to mineral reserve and resource estimates are expressions of judgment, based on knowledge and experience, and may require revision based on actual production experience. Such estimates are necessarily imprecise and depend to some extent on statistical inferences and other assumptions, such as metal prices, cut-off grades and operating costs, which may prove to be inaccurate. Information provided relating to projected costs, capital expenditure, production profiles, and timelines are expressions of judgment only and no assurances can be given that actual costs, production profiles or timelines will not differ materially from the estimates contained in this announcement.

TECHNICAL DISCLOSURES

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(Canada) and is a competent person as defined by the JORC Code (Australia), and who has reviewed and verified the pertinent disclosure of exploration related technical information contained in this document. Mr. Climie is the CEO and a Director of Mindoro and 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 is also Mindoro's representative on the TVI-operated joint ventures, and monitors these on behalf of Mindoro. Mr. Climie has consented to the release of the technical information in the form and context in which it appears.

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COMPANY PROFILE AND STRATEGY

During the three months ended September 30, 2013 (the “quarter”), Mindoro Resources Ltd. (“Mindoro” or the “Company”) focused on monitoring its TVI-operated joint ventures, renegotiating an option agreement to acquire the remaining 25% interest in the Agata projects held by its Philippines partner, Minimax Mineral Exploration Corporation (“Minimax”), reducing overhead costs, and securing financing to fund its general administrative and corporate expenses for 2013. The Company also worked on negotiating a variation to the sale agreement with Red Mountain that would remove the requirement for Mindoro to distribute the Red Mountain Shares and addressing legal issues surrounding the sale and assignment of certain tenements purchased by Red Mountain.

This Management's Discussion and Analysis (“MD&A”) presents the operating results and financial status of the Company for the three months ended September 30, 2013, and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements (“interim financial statements”) for the three and nine months ended September 30, 2013 and the audited consolidated financial statements for the year ended December 31, 2012. The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and are presented in Canadian Dollars.

The Company trades on the TSX Venture Exchange, Australian Securities Exchange (“ASX”), and Frankfurt Exchange as MIO, MDO, and OLM respectively. Additional information related to the Company is available in the Company's Annual Information Form (“AIF”), on SEDAR at www.sedar.com, and on the Company's website at www.mindoro.com.

OVERVIEW FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2013

AGATA MINING JOINT VENTURE (“AMJV”)

During the third quarter of 2013, Joint Venture Partner TVI Pacific Inc. (“TVI”) released a National Instrument 43-101 (“NI 43-101”) compliant Feasibility Study indicating robust economics for the planned High-Iron DSO Project.

Highlights are:

- US\$10.1 million capital cost with payback within the first year of operations;
- 187% Internal Rate of Return (“IRR”); and
- \$37.9 million Net Present Value (“NPV”) at a 10% discount rate.

TVI Resource Development (“TVIRD”), TVI's local affiliate, operates the AMJV and may earn a 60% interest in the project by sole funding the development of a direct shipping ore (“DSO”) operation through to commercial production for the Agata North High-Iron Nickel Laterite Resource. The DSO Operation must be operating at a minimum rate of 1 million wet metric tonnes (“WMT”) per annum for three months for TVIRD to earn its interest and they must make a minimum expenditure of \$2 million in year 1 including a minimum commitment of \$500,000 before withdrawal. Commercial production may be deemed to be achieved even when there are no buyers of the Products and no shipments can be made because of adverse market conditions prevailing at that time.

AGATA DSO DEVELOPMENT PLANS

All land required for the road network has now been acquired in coordination with the local government, while 90% of land required under the current design of the port facility has been acquired. The planning and design of port construction, roads and other infrastructure is proceeding.

Most roads and ramps currently constructed are temporary and predominantly confined to within the pit. Further refinements have also been made to the pit design to consider non-contiguous mining areas, zones less than 1.5 meters thick, and areas on slopes considered too steep to mine.

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The Port design, consisting of a causeway, will allow for two barges to be moored and loaded simultaneously. The causeway will also serve as a temporary ramp for the delivery of equipment, construction and heavy lift materials. The current design is under review to decrease capital cost.

The Agata DSO Project is well into the permitting stage with the Mining Feasibility Studies and the Final Exploration Report being reviewed by the Mines and Geosciences Bureau. The Environmental Protection and Enhancement Program and the Final Mine Rehabilitation and Decommissioning Plan will soon be submitted for reviewed by the Mine Rehabilitation Fund Committee, followed by the Contingent Liability and Rehabilitation Fund Committee. Final approval of the Declaration of Mining Project Feasibility is then expected to follow, which will allow the project to move into development. The Agata high iron DSO project already has an existing Environmental Compliance Certificate.

The region in which the Agata DSO Project is situated, in northeastern Mindanao, hosts approximately fifteen DSO operations at present that cumulatively exported 17.3 million wmt and 19.2 million wmt in 2011 and 2012, respectively. Discussions are underway with off-takers who have expressed interest in the Agata DSO product.

AGATA PROCESSING JOINT VENTURE (“APJV”)

During the third quarter of 2013, BGRIMM (a Chinese mining research and consulting group in Beijing commissioned by TVIRD) completed Pilot scale testing of the Agata Nickel-Laterite material and results confirm excellent leachability obtained during bench-scale testing. Highlights include a 93.5 – 94.5% nickel extraction obtained over the 2-stage leaching process, and favourable acid consumption in the range of 48-50 t acid/t nickel leached.

Vendor testwork completed and all design parameters obtained for pre-leach thickener, Counter-Current Decantation, and residue filtration design.

An 8,000 L Pregnant Leach Solution produced from BGRIMM leaching campaign and shipped to producer for off-taker evaluation.

TVIRD Commissioned a second pilot plant in the Philippines and production of a Nickel Hydroxide Product (“NHP”) is expected to commence in the fourth quarter of 2013.

TVIRD operates the APJV and may earn a 60% interest in the project by sole funding a Definitive Feasibility Study (“DFS”) for a Nickel Processing Plant on the Agata North Nickel Laterite Resource. TVIRD must make a minimum expenditure of \$2 million in year 1 to maintain the earn-in option, and a minimum commitment of \$500,000 before withdrawal.

PAN DE AZUCAR COPPER-GOLD-SULPHUR PROJECTS

TVIRD may earn a 60% interest in the Pan de Azucar Mining Joint Venture (“PDAMJV”) by: (i) making minimum aggregate expenditures of \$2 million prior to the first anniversary of the date that a declaration of mining project feasibility is issued in respect of that project (the Feasibility Declaration Date); and (ii) solely funding the PDA mining project to the point of commercial production, prior to the third anniversary of the Feasibility Declaration Date. TVIRD must make minimum expenditures before withdrawal of \$500,000 prior to December 31, 2014, with such expenditures being creditable against the \$2 million of aggregate expenditures noted above.

TVIRD has the right to earn up to a 60% interest in the Pan de Azucar Processing Joint Venture (“PDAPJV”) in two stages as follows: (i) a 51% interest, by making minimum aggregate expenditures of \$2 million in respect of the PDA processing project on or prior to the first anniversary of the date that a declaration of mining project feasibility is issued in respect of the processing project (the Processing Declaration Date; and (ii) a 9% interest by making additional minimum aggregate expenditures of \$3 million in respect of the processing project on or prior to the fourth anniversary of the Processing Declaration Date.

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Before withdrawal, TVIRD must make expenditures in respect of the PDA processing of \$500,000, prior to December 31, 2014, with such expenditures being creditable against the \$2 million of aggregate expenditures noted above.

RED MOUNTAIN INVESTMENT

During the third quarter of 2013, Mindoro's interest in Red Mountain was reduced to 20.9% when Red Mountain issued 238,869,989 shares at A\$0.01 per share.

FINANCIAL

After-tax loss of \$1,632,000 in the quarter represents a decrease compared to the net loss in the second quarter of 2013 of \$6,740,000 and an increase compared to the net income in the third quarter of 2012 of \$1,395,000. The Company recognized an impairment of \$1,314,000 on an investment held for distribution in Red Mountain in the third quarter.

At September 30, 2013, the cash balance was \$105,000 and working capital deficit was \$586,000 compared with a cash balance of \$619,000 and working capital of \$200,000 at December 31, 2012.

In the third quarter, the Company drew \$119,000 from the loan facility provided by TVI increasing the balance to \$334,000 due on or before June 24, 2013.

ACTIVITIES FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

TABLE 1

February	Update on TVI joint venture projects
March	Melbourne, Australia office closed, relocated corporate office to Calgary, Canada
April	Financial results released for the year ended December 31, 2012 Updated Resource Estimate on Agata North
May	Financial results released for the three months ended March 31, 2013
June	Agata Nickel Project Pilot Plant Commissioned, Operation Commenced Signed a secured grid promissory note to where TVI may lend up to \$1.3 million Amended earn-in terms of TVI Joint Ventures
July	Director and Executive appointments
August	Financial results released for the six months ended June 30, 2013
September	Agata High-Iron Laterite DSO Feasibility Study released demonstrating robust economics Renegotiated option to acquire additional 25% interest in Agata projects 2013 Annual General Meeting
October	Signed Variation Agreement with Red Mountain Update on the Agata High-Iron DSO Project Test Work Results for the Agata Nickel Laterite Project

MILESTONES TARGETED FOR 2013

Agata Nickel Development Project and Pan de Azucar Exploration:

The Company has signed Joint Venture agreements with TVI over the Agata Nickel and Pan de Azucar projects (refer to note 7 of the interim financial statements). The objectives of the joint ventures, subject to final agreements, are as follows:

- Stage 1: undertake feasibility study and permitting for the DSO project then, subject to economic viability, establish DSO production.
- Stage 2: advance preferred processing technology to pilot testing, and then complete a definitive feasibility study
- Pan de Azucar: evaluation of merits of using pyrite for sulphuric acid production for Agata nickel laterite processing operation.

SUMMARY OF QUARTERLY RESULTS

TABLE 2

	2011-Q4	2012-Q1	2012-Q2	2012-Q3	2012-Q4	2013-Q1	2013-Q2	2013-Q3
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Total revenue	-	-	-	-	-	-	-	-
General and administrative expenses	(674)	(377)	(443)	(561)	(160)	(188)	(132)	(206)
Employee benefits expenses	(293)	(254)	(239)	(183)	(268)	(70)	(63)	(107)
Stock based compensation	65	12	54	(8)	8	4	1	(1)
Depreciation and amortization	(53)	(35)	(32)	(34)	(35)	(13)	(4)	(5)
Operating Expenses	(955)	(654)	(660)	(786)	(455)	(267)	(198)	(319)
Interest income	26	13	10	5	3	1	-	-
Foreign exchange	(9)	(60)	121	(104)	550	239	(442)	1
Impairment of investment held for distribution	-	-	-	-	-	(645)	(6,100)	(1,314)
Impairment of exploration and evaluation assets	-	-	(9,562)	2,280	(322)	-	-	-
Loss on disposal of equipment	(2)	-	-	-	-	(8)	-	-
Loss before income taxes	(940)	(701)	(10,091)	1,395	(224)	(680)	(6,740)	(1,632)
Income taxes	(10)	-	-	-	(91)	-	-	-
Loss for the period	(950)	(701)	(10,091)	1,395	(315)	(680)	(6,740)	(1,632)
Loss per share (\$)	(0.004)	(0.003)	(0.040)	0.005	(0.001)	(0.002)	(0.023)	(0.005)

LOSSES

The decrease in quarterly losses in the current quarter compared to the same period of 2012 reflect a significant reduction of corporate activity following the signing of joint venture agreements with TVI (see note 7 of the interim financial statements) and the sale to Red Mountain of the Batangas and Tapian San Francisco Gold and Copper/Gold projects. The Company's quarterly operating expenses were higher in the third quarter of 2013 compared to the second quarter of 2013 but lower than the third quarter of 2012 and are below the average operating loss in the last eight quarters (\$547,000).

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The breakdown of losses on a quarterly basis reflects the timing of specific events noted below:

- Changes in key management in the third and fourth quarters of 2012;
- The closure of the Melbourne, Australia office in first quarter 2013; and
- Corporate transactions with Red Mountain and TVI in the third and fourth quarters of 2012;

Further commentary on operating expenses in the third quarter and first nine months of 2013 with respective comparatives:

- In the three and nine months ended September 30, 2013, operating expenses were lower (\$319,000 and \$784,000) compared to the same periods in 2012 (\$786,000 and \$2,100,000). The Company has made significant reductions in consulting, legal, travel and other general and administrative costs in the current periods compared to the same periods of 2012.
- Employee benefit expenses are lower in the current quarter compared to the same period last year because of the reduction in personnel noted above (Table 2). In the current quarter, the Company has recognized \$48,000 of directors' fees for non-executive directors' participation in board and committee work in the first nine months of 2013.
- Impairment losses in the current quarter are the result of a decline in the fair value of Mindoro's interest in Red Mountain. Impairment losses in 2012 were recorded because of the transaction with Red Mountain noted above.
- Variations in interest income over the last eight quarters have largely been due to changes in the Company's cash balances, which were \$3,933,000 at September 30, 2011 and drawn down to \$105,000 at September 30, 2013.

CASH FLOWS

In the third quarter of 2013, the Company used \$315,000 in operating activities compared to \$381,000 in the third quarter of 2012. This reflects a decrease in non-cash working capital of \$14,000 in the current quarter compared to a \$353,000 increase in the third of quarter 2012 and lower corporate and employee benefit expenses noted above.

In the first nine months of 2013, the Company used \$886,000 in operating activities compared to \$2,141,000 in the same period of 2012. This reflects a reduction in non-cash working capital of \$132,000 in the current period compared to a \$107,000 decrease in the same period of 2012 and lower corporate and employee benefit expenses noted above.

In the three and nine months ended September 30, 2013, the Company invested \$9,000 and \$24,000 respectively on exploration expenditures net of cost recoveries, compared to exploration expenditures of \$847,000 and \$1,948,000 in the same periods of 2012. Most of the expenditure and recoveries in the three and nine months ended September 30, 2013 relate to community relations, environmental, and support costs for the Agata and Pan de Azucar joint venture projects that were reimbursed by the TVI joint ventures.

GOING CONCERN

The Company has incurred a net loss of \$9,052,000 (September 30, 2012 - \$9,397,000) and operating cash outflows of \$886,000 (September 30, 2012 - \$2,141,000). At September 30, 2013 the Company has net current liabilities before investments held for distribution of \$586,000 (December 31, 2012 - \$193,000). Mining and exploration licences held by the Company have annual expenditure obligations to maintain their 'good standing' status. These expenditure obligations have been assumed by TVI as described below.

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The ability of the Company to continue as a going concern is dependent on obtaining additional funding to finance ongoing operating activities. The Company and TVI have entered into joint venture agreements where TVI has the right to earn a 60% interest in Agata and regional nickel projects by sole funding a DSO project to production and completing a DFS on a Nickel processing project, and up to 60% in the Pan De Azucar massive sulfide project by meeting certain expenditure and earn-in objectives (note 7 of the interim financial statements). These joint ventures require TVI to finance Mindoro's mineral property annual expenditure obligations and maintain the tenements in good standing.

In June 2013, the Company signed a secured promissory note where TVI may loan Mindoro up to \$1.3 million and believes that sufficient funds will be available for the Company to meet its obligations for the next twelve months (note 9(a) of the interim financial statements). However, even with this promissory note, until the Company begins to receive positive cash flow from the TVI Joint Ventures there is material uncertainty related to events or conditions that may cast significant doubt as to whether the Company will be able to continue as a going concern and therefore, whether it will realize its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial statements.

The Board of Directors consider the Company to be a going concern, but recognize that it is dependent on the raising of additional funds, the support of partners, the sale of interests in or relinquishment of mining tenements held by the Company and ultimately the future profitability of the Company. These interim financial statements have therefore been prepared using IFRS applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Accordingly, no adjustments have been made to the interim financial statements relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

DISCUSSION OF PROJECTS

AGATA NICKEL PROJECT (75% ECONOMIC INTEREST, OPTIONS FOR 100%)

The Company's joint venture partner, TVI and its Philippines based operator, ("TVIRD"), are progressing a two stage development strategy for the Agata Nickel Project. This includes a Stage one DSO operation followed by a Stage two low operating cost nickel processing operation based on established hydrometallurgical acid leach processing technology. TVIRD's Project Execution/Technology Development team for the Mindoro joint venture projects is composed of highly skilled technical experts who are familiar with the assets and the type of processing plant technology expected to be used.

HIGH IRON AND LIMESTONE DSO OPERATIONS/LIME PRODUCTION FACILITY

The high iron laterite and limestone deposits occur within one kilometre from the coast, which is expected to positively affect transportation costs due to the close proximity of the mine pit and quarry to the port.

The upper portions of the laterite profile comprise the ferruginous zone and limonite zone, both rich in iron. On April 11, 2013, the Company announced an updated NI 43-101 compliant resource estimate on Agata North nickel laterite deposit that includes an estimated 10 million wmt of high iron material at 48.5% iron and 0.94% nickel. This current resource estimate has defined sufficient high-iron limonite for approximately ten years of DSO production. The deposit is expected to be developed as a surface mining operation with the high iron material most likely sold to the Chinese iron ore market. Beneath the ferruginous and limonite zone is the higher nickel-grade saprolite zone, which will be the dominant feed for a new nickel processing facility currently under consideration by the Project Execution/Technology Development team.

On September 10, TVI announced that it had completed a NI 43-101 compliant feasibility study indicating robust economics for the planned High-Iron DSO Project. Principal results are summarised below:

Summary of Economic Results

TABLE 3:

High Iron Limonite DSO sale price (FOB)	USD/wmt	\$22.00
NPV (10% discount rate) post-tax	USD (M)	\$37.9
Payback Period	Years	1.0
IRR post-tax	%	187%

The High Iron limonite DSO sale price of US\$22 per wet metric tonne (wmt FOB) is 10% lower than the average sale price realized by off-takers shipping similar ore over the past 18 months.

Capital and operating cost estimates have been developed to $\pm 15\%$ precision. The inputs to the Feasibility Study were developed by Dallas Cox, MAusIMM (CP), of Crystal Sun Consulting Limited, based on estimates from local Philippine contractors, TVI's current suppliers, and service providers.

Installed capital cost estimates include the Port Loading Facility, general infrastructure, mining-related capital costs, duties and taxes for equipment, sustaining capital and an estimate of working capital. A 10% contingency has been allowed within the capital cost estimate.

Operating cost estimates include mining, infrastructure, government charges, royalties, administration, security, community relations, and environmental costs. Cash flows are calculated on an after-tax basis applying the current Philippine taxation regime.

Mineral Reserve Estimate and DSO Production Targets

The NI 43-101 Compliant Mineral Resource estimate for the Agata Nickel Project, released on April 10, 2013 (available at www.sedar.com; www.mindoro.com; and www.tvipacific.com), forms the basis of the Mineral Reserve estimate for the Feasibility Study and the following DSO production targets:

TABLE 4: DSO PRODUCTION TARGETS

Year	wmt	Ni%	Fe%
2013	-	-	-
2014	2,000,000	0.9	48.0
2015	2,500,000	0.9	48.0
2016	1,800,000	0.9	48.0
2017+	500,000	0.9	48.0

The resource estimation method applied to the Mineral Resources was ordinary kriging. Cut-off grades applied were 0.5% nickel within the Limonite zone and 0.8% nickel within the Saprolite zone.

The Mineral Reserve estimate in the table below, based on open-pit optimization and designs by Dallas Cox, reflects the economic parameters in the Feasibility Study and is expressed in both dry metric tonnes (dmt) and wet metric tonnes (wmt).

TABLE 5 AGATA NORTH MINERAL RESERVE ESTIMATE – AS AT AUGUST 30, 2013

Classification	Horizon	M (dmt)	M (wmt)	Ni%	Co%	Fe%	Al%	Mg%	SiO ² %
Proven	Limonite	0.18	0.26	1.00	0.11	47.1	3.0	1.6	5.6
Probable	Limonite	6.61	9.44	0.93	0.11	48.3	3.4	0.5	3.0
Proven + Probable	Total	6.79	9.70	0.93	0.11	48.0	3.4	0.5	3.0

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Capital and Operating Costs

The project capital and operating costs are presented in Tables 6 and 7:

TABLE 6: CAPITAL COST ESTIMATE FOR AGATA NICKEL DSO PROJECT

Description	Capital Costs (Million USD)
Mobilisation	0.15
Site Preparation	0.04
Road Construction/Upgrading/Widening	1.14
Causeway Construction	2.62
Building Construction	1.89
General Services and Transportation	0.21
Mechanical/Electrical Equipment	0.07
Laboratory and Equipment/Apparatus	0.24
Office Equipment	0.06
Miscellaneous	0.20
Subtotal	6.62
Working Capital	2.64
Sustaining Capital	0.95
Subtotal	3.59
Contingency	0.93
VAT Payable (@ 12%)	1.31
Total	12.45

TABLE 7: OPERATING COST ESTIMATE

Description	LOM Costs (Million USD)	USD/wmt Shipped
Mining & Haulage Costs	33.5	3.45
Ore Drying	6.5	0.67
Stockpile Load & Haulage Cost	16.8	1.73
Barging	21.7	2.24
Roads, Drainage & Rehabilitation	9.7	1.00
G&A	17.9	1.84
Fees & Royalties	7.5	0.78
MPSA Compensation & Rates	3.0	0.31
VAT Payable (@ 12%)	10.9	1.12
Total Operating Costs	127.4	13.14

Port Loading Facility and Infrastructure

The close proximity of the planned Port Loading Facility to the ore stockpile (3.5km) will provide a significant economic advantage through low transportation costs. The Port will consist of a causeway extending approximately 160m offshore and will allow two barges to be moored and loaded simultaneously.

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DSO Market

The region in which the Agata DSO Project is situated, in northeastern Mindanao, hosts approximately fifteen DSO operations at present that cumulatively exported 17.3 million wmt and 19.2 million wmt in 2011 and 2012, respectively.

Over the past 18 months the High Iron DSO sale price has fluctuated between USD \$15/wmt and USD \$34/wmt. The recent and historical price of High Iron Limonite DSO has been a function of supply and demand, but influenced by seasonal weather patterns in South East Asia. DSO projects on the sheltered west coast of the Mindanao peninsula, where Agata is situated, can ship ore 12 months a year and take advantage of peak season prices.

Technical Report and Independent Qualified Persons

A National Instrument 43-101 Technical Report is available on SEDAR at www.sedar.com and on Mindoro and TVI's websites at www.mindoro.com and www.tvipacific.com.

The Agata North DSO Feasibility Study has been prepared under the direction of Dallas Cox, an independent qualified person, with contributions from Mark Gifford and Michael Conan-Davies; independent qualified persons as defined by National Instrument 43-101 (Canada). Messrs. Cox, Gifford, and Conan-Davies have authorized the technical information detailed in this release.

Dallas Cox, MAusIMM(CP), a qualified person as defined by National Instrument 43-101, has reviewed and verified the disclosure of the Mineral Reserve Estimate in this news release. Mr. Cox has over thirty years of experience, which is relevant to the activity he has undertaken, and he has consented to the release of the pertinent information in the form and context in which it appears.

Mark Gifford, FAusIMM, a qualified person as defined by National Instrument 43-101 has reviewed and verified the disclosure of the Mineral Resource Estimate in this news release. Mr. Gifford has over twenty- six years of experience, which is relevant to the activity he has undertaken, and he has consented to the release of the pertinent information in the form and context in which it appears.

Michael Conan-Davies, MAusIMM(CP), a qualified person as defined by National Instrument 43-101 has reviewed and verified the disclosure of the Economic Assessment in this news release. Mr. Conan-Davies has over fifteen years of experience, which is relevant to the activity he has undertaken, and he has consented to the release of the pertinent information in the form and context in which it appears.

On October 18, TVI provided an update of progress on the High-Iron DSO Project as follows:

Port Loading Facility and Infrastructure

Further to development plans and initial pre-development activities announced as being underway February 11, 2013, 100% of land required for the road network has now been acquired in coordination with the local government unit while 90% of land required under the current design of the Port facility has been acquired. The planning and design of port construction as well as for roads and other infrastructure is proceeding.

Most roads and ramps constructed currently are temporary and predominantly confined to within the pit, where further refinements have also been made in the pit design to consider non-contiguous mining areas, zones less than 1.5 meters thick, and areas on slopes considered too steep to mine.

The Port design, consisting of a causeway, will allow two barges to be moored and loaded simultaneously. The causeway will also serve as a temporary ramp for the delivery of equipment, construction, and heavy lift materials. The current design is under review to decrease capital cost.

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Permitting Status

The Agata DSO Project is well into the permitting stage with the Environmental Protection and Enhancement Program and the Final Mine Rehabilitation and Decommissioning Plan under review by the Mine Rehabilitation Fund Committee. Final approval of the Declaration of Mining Project Feasibility is then expected to follow, which will allow the project to move into development. The Agata high iron DSO project already has an existing Environmental Compliance Certificate.

DSO Market

TVIRD is currently in discussion with off-takers who have expressed interest in the Agata DSO product.

The high iron DSO operation would be expected to generate early cash flow until the nickel processing plant is built and becomes operational, but shipments are expected to continue after this until the high iron material is exhausted. The high iron DSO operation has an existing Environmental Compliance Certificate (ECC) and port permit; however, other permits such as a Declaration of Mining Project Feasibility are also required.

The limestone occurring at the coast is a massive recrystallized limestone of very high purity levels with calcium carbonate (CaCO₃) of greater than 95%. Five (5) holes were drilled into the limestone horizon but the number of holes drilled is not considered sufficient to classify a mineral resource. The limestone is estimated to be up to 50 metres thick. *The potential quantity and grade is conceptual in nature, because there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource.* The initial plan is to develop a resource, and mine and ship limestone DSO utilizing the infrastructure developed initially for the high iron DSO operation. Currently no permits are in place for mining the limestone.

Since the quality of limestone quarried at Agata is expected to be high, the Project Execution/Technology Development team will also evaluate its potential for the construction of a lime production facility at the Agata project site. The lime produced would be used in the nickel processing plant, offsetting the costs of imported lime while also creating potential for some to be sold. The lime processing facility is a medium-term project currently targeted to come online at the beginning of 2015 pending the receipt of all required permits, among other things. The development plans and initial pre-development activities for the two DSO operations are underway and include:

- a. For the high iron DSO operation:
 - o the preparation of compliance reports to regulators
 - o land acquisition for the port facilities and roads
 - o planning and design for port construction
 - o road/infrastructure design and construction plans
 - o initial pre-development activities, including initial road construction and camp development
 - o confirming markets for products
 - o mine development planning
 - o community relations
- b. For the Limestone DSO operation:
 - o further drilling on the limestone deposits to delineate resource to NI 43-101 standards
 - o preliminary concepts and mining plans for the limestone
 - o confirming markets for limestone and lime products
 - o metallurgical test works

AGATA NICKEL PROCESSING PLANT

The Project Execution/ Technology Development team is proposing the use of innovative, low-cost atmospheric tank leaching (“ATL”) and downstream nickel recovery and purification technology rather than the traditional high cost HPAL processes used in the laterite nickel industry. ATL is a proven technology in commercial production in China. TVIRD's team of technical staff engaged to deal with the Mindoro joint venture projects have substantial

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expertise in this leaching and downstream nickel recovery and purification technology and their expertise will be used to fast track the processing plant. The plant would initially be designed to have a 20-year life, and would be built in modules with the ability to add capacity over time by adding further modules to increase throughput and nickel production.

The feed to the processing plant comprising limonite material and saprolite material would be mixed with sulphuric acid and undergo numerous steps to ultimately produce a nickel hydroxide product. This intermediate nickel product could either be sold as is or further processed to produce metallic nickel.

Site infrastructure is excellent with local sources of labour, fresh water and power (supplemented by back-up generators). The processing plant could be located within two kilometres of the port, thereby simplifying acid transport and other logistics, as well as keeping operating costs down. Deep water for ships up to 50,000 tonne capacity occurs within 250 metres of the coastline.

On October 17, TVI released an update on processing pilot test work as follows:

On June 5, 2013, the Company announced the positive results of the bench scale tests indicating that the Agata laterite is highly amenable to acid leaching. The next step was to then run a continuously operated pilot plant at BGRIMM's research facility in China, in order to test and obtain design data for feed screening/classification/thickening, primary and secondary leaching, counter-current decantation (CCDs), residue neutralization and residue filtration.

The BGRIMM pilot plant operation was conducted from May to July 2013 and the results are encouraging and in line with expectations as obtained from positive bench-scale test work.

Approximately 8,000L of the nickel-rich liquor from the BGRIMM pilot leaching plant was shipped to the Philippines for use as the feed stock to the TVI nickel purification and recovery pilot plant, established to produce a Nickel Hydroxide Product (NHP, containing about 50-53% nickel).

Some of this liquor was also tested at BGRIMM in a continuous pilot plant campaign configured to produce a Mixed Hydroxide Product (MHP) containing at least 36% nickel. This will allow TVI to evaluate the process option of producing MHP compared to NHP.

Key outcomes:

- An overall nickel extraction of 93.5 – 94.5% may be consistently achieved at an acid consumption of 48-50 t acid/t nickel leached. This has been shown as a result of an extensive BGRIMM pilot plant campaign, in which 4,300 kg of feed ore was leached.
- Leaching performance achieved is near identical to that obtained during the bench-scale test campaigns conducted at BGRIMM and the in-house facility in Manila.
- The 2-stage leaching process proposed is robust and yielded similar results for the variety of ore types tested.
- The leaching pilot plant operation allowed determination of other circuit design data such as residence time, operating temperature, feed slurry density, etc.
- Vendor settling tests confirmed fast settling nature of the feed material, and leach residue. Acceptable underflow density obtained means that the leach circuit can be operated at 35-40% solids and the Counter-Current Decantation (CCD) circuit can be designed to achieve 98-99% recovery of soluble nickel over 7 CCD stages. All design data for pre-leach and CCD thickener design has been obtained.

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- Limestone and lime consumption were determined from the continuously operating pilot plant for the neutralization of the washed leach residue. Additionally, residence time and other design parameters were obtained.
- Vendor settling tests have confirmed the expectation that the filtration rate of the washed and neutralized leach residue is slow, but feasible to incorporate this unit operation in the full-scale plant flowsheet. All data to allow the design of the residue filtration has been obtained.
- A Mixed Hydroxide Product (MHP) containing an average of 36% nickel was produced by treating the pregnant leach solution (PLS) with soda ash/caustic soda. It was shown that it is possible to produce an MHP containing >40% nickel, if a 2-stage precipitation circuit is used.
- 8,000L of the BGRIMM pilot plant PLS has been shipped to Philippines for processing at TVI's downstream metal purification and recovery pilot plant. A higher value Nickel Hydroxide Product (NHP) will be produced at this facility.

Details of the BGRIMM Pilot Plant Campaign

The pilot plant test commenced in May 2013 and was based on the results of the comprehensive program of laboratory bench-scale testing, which were previously carried out at BGRIMM in China and at TVI's Metallurgical Laboratory in the Philippines.

Approximately 30 t of laterite was mined from a variety of test pits that cover the Agata ore body. Test pits were carefully selected from the available drill-hole data to accurately reflect the laterite that is expected to feed the process plant. Limonite and saprolite were separately mined, blended, and loaded into sealed drums to preserve moisture.

Approximately 12 t of laterite was sent to BGRIMM in order to continuously operate the pilot plant. This was blended, crushed, screened, and milled. Leaching commenced on 13 May 2013 to test a high grade (1.5% nickel) and a medium grade (1.3% nickel) material.

The leaching pilot plant comprised 2 stages, viz. primary leaching, conducted in a series of 5 atmospheric leaching reactors, and secondary leaching, conducted in an autoclave comprising 5 chambers and a flash tank. Acid was added to the primary leaching circuit, together with high iron, low magnesium content feed material. Primary leach residue and fresh ore containing low Iron, high magnesium was fed to the autoclave. No acid is added, since acid is generated from the iron hydrolysis reaction occurring in the autoclave. The autoclave therefore allows greater acid efficiency to be obtained, as well as effectively reducing the iron-nickel ratio in the final PLS.

Residue from the leaching stage was made available to two thickener vendors to conduct CCD thickener settling tests. Additionally, these vendors also conducted primary leach feed slurry thickening tests. These tests provide all the data required for the specification and design of the pre-leach and CCD thickener stages.

Washed leach residue was neutralized using a continuous pilot plant consisting of five neutralization reactors. Limestone was added to the first reactor and lime was added to the second reactor.

Washed and neutralized leach residue was made available to two filter vendors to conduct filtration tests that would allow the specification and design of the residue filtration stage. A bulk sample of the washed and neutralized residue filter cake has been sent to the TVI metallurgical testing facility in the Philippines for the purpose of conducting further environmental characterization and geo-technical stability tests that will allow the design of the leached ore storage facility and specification of the mine backfill and rehabilitation program.

PLS recovered from the slurry after leaching was divided into two batches, including 8,000L for shipment to the TVI metallurgical testing facility in the Philippines for production of a Nickel Hydroxide Product (NHP) and 1,000L for production of an alternative Mixed Hydroxide Product (MHP). This will allow NHP and MHP processes and

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products to be compared and a final process route chosen as part of the Bankable Feasibility Study that is currently underway.

The MHP production pilot plant operation has been completed by BGRIMM in July 2013. PLS was subjected to iron removal, conducted using limestone as the neutralizing reagent, in a series of five continuously operating neutralization reactors. The iron-free PLS was then fed to a series of 5 nickel precipitation reactors, where soda ash/caustic soda was added in order to precipitate the nickel, cobalt (and manganese) in solution to produce an MHP containing on average 36% nickel. When a 2-stage precipitation circuit is employed, the NHP nickel content is >40%.

TVI's Pilot Plant (Philippines)

TVI has installed and commissioned a continuously operating pilot plant at its metallurgical laboratory in the Philippines. This pilot plant comprises nickel solution purification (using continuous counter-current ion exchange), nickel precipitation to produce NHP containing slurry (using magnesia as precipitating agent) and NHP washing and filtration to produce final NHP filter cake product (50-53% nickel). Additionally, raffinate from the ion exchange pilot plant will be treated to remove heavy metals so that the resultant brine may be appropriately disposed.

The 8,000L of PLS from BGRIMM has already been received at the TVI pilot plant, and operation of the pilot plant is set to commence by mid-October 2013 and will run until end-November 2013. On completion of these pilot plant operations, TVI will have all the metallurgical data required to design the proposed full-scale pilot plant, as well as have all the consumption, recovery and other data in order to fully evaluate the operating costs and other important process economic factors.

The NHP filter cake produced by the TVI pilot plant will be sent to interested product off-takers for further evaluation.

PAN DE AZUCAR PYRITE PROJECT (75% ECONOMIC INTEREST)

As described in Mindoro's news release of February 8, 2012, the Pan de Azucar pyrite project located on the Island of Panay is a drill-defined exploration target, which comprises a pyrite-rich mineralized horizon of between 10 and 40 metres in thickness and dipping at a shallow 10 to 15 degrees. The mineralized horizon is exposed at the surface. Mindoro reported it has drilled 30 holes into the mineralized horizon, showing a potential quantity of 8 million to 12.7 million dry metric tonnes with a grade range of 35% to 40% sulphur (70% to 90% pyrite). *The potential quantity and grade has been determined by averaging the intercepts from the drill assays. The potential quantity and grade is conceptual in nature, because there has been insufficient exploration to define a mineral resource (including number of holes drilled) and it is uncertain if further exploration will result in the target being delineated as a mineral resource.*

Mindoro and its partner TVI expect that commercializing the project may involve both the DSO export of pyrite material to China for the production of sulphuric acid and/or the self-production of sulphuric acid at the Agata Nickel processing plant site. Currently there are no permits in place for the mining of the pyrite material.

Activities planned or underway for the Pan de Azucar Pyrite Project include:

- laboratory testing of the pyrite samples as a suitable feed for a sulphuric acid plant
- preliminary concepts and mining plans
- confirming markets for products
- metallurgical test works
- community relations

A total of 30 drill holes in three drilling programs (2001/2002; 2003; March to August 2011) have partially defined a body of nearly pure pyrite containing from 36% to 42% sulphur, 150 to 200 metres wide by 1 kilometre (km) long and typically between 10 to 40 metres thick. The mineralization is open to the north and east and geophysical

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conductivity measurements indicate potential extensions for a further 200-300 metres, to the Mineral Production Sharing Agreement ('MPSA') property boundary.

No technical work was carried out during the period. Work was restricted to community relations programs.

The reader is cautioned that the Valderama massive sulphide mineralization, located on the Pan de Azucar MPSA, is currently an Exploration Target only. Detailed drilling will be required to convert the Exploration Target into NI 43-101-compliant resources. There is no guarantee that these resources, if delineated, will be economic or sufficient to support a commercial mining operation. Until a feasibility study has been completed there is no certainty that the company's projections will be economically viable.

INVESTMENT

In 2012, Mindoro acquired a 55.8% interest in Red Mountain through the sale of the Batangas and Tapanan San Francisco gold projects. Registration of the sale of the applicable tenements with the Mines and Geosciences Bureau ("MGB") in the Philippines is in progress. In the nine months ended September 30, 2013, Red Mountain issued 302,381,989 shares for gross proceeds of \$4.4 million (A\$4.5 million) reducing Mindoro's interest in Red Mountain to 20.8%. Mindoro has classified its interest in Red Mountain as a held for distribution asset because under the terms of the share sale agreement, the Company is obligated to distribute at least a majority of the Red Mountain shares to its shareholders following a twelve month ASX imposed escrow period, which expires October 31, 2013. However, subsequent to September 30, 2013 the Company and Red Mountain agreed to remove the distribution requirement and Mindoro has announced that it no longer plans to distribute or sell the shares (note 16 of the interim financial statements).

Red Mountain has a June 30 financial year-end and issues financial statements on a half yearly basis as required by the ASX listing rules. The following table provides select financial information of Red Mountain from its two most recent half-yearly and annual financial statements.

TABLE 8: RED MOUNTAIN FINANCIAL RESULTS

	For the years ended		For the six months ended	
	June 30,		December 31,	
	2013	2012	2012	2011
Revenue (AUD \$000)	141	174	77	138
Loss for the period (AUD \$000)	(4,250)	(5,178)	(1,851)	(3,764)
Total assets (AUD \$000)	14,945	4,556	18,674	5,909
Total liabilities (AUD \$000)	982	280	1,799	266

EVENTS SUBSEQUENT TO SEPTEMBER 30, 2013

On October 18, 2013, the Company announced that it has agreed to a variation of the share sale agreement with Red Mountain. Under the terms of the variation agreement, Mindoro has agreed to a voluntary escrow of up to six months after the ASX imposed escrow that expires October 30, 2013. The variation agreement also removes the requirement for Mindoro to distribute a majority of the 100 million Red Mountain shares 'in specie' to its shareholders after October 30, 2013; Mindoro does not currently intend to distribute or sell the shares. Furthermore, the variation agreement also provides that the joint venture rights to the Tapani San Francisco tenements ("TSF Tenements") which were originally required to be transferred to Red Mountain by October 30, 2012, will now be required to be transferred by October 30, 2013. Mindoro's contractual rights over the TSF tenements were not transferred by October 30, 2013 and therefore the Company has agreed to return 4 million Red Mountain shares to Red Mountain to reacquire the contractual rights to a 75% economic interest in the TSF tenements in accordance with the 'buy-back' provisions of the sale agreement. The return of the Red Mountain shares remains subject to Red Mountain shareholder approval. As a result of the reacquisition of TSF, Mindoro expects to own 96,000,001 Red Mountain shares, representing 20.1% of their voting shares.

On October 31, 2013 having not met the performance conditions to convert the 50 million Performance Shares to ordinary shares of Red Mountain, the Performance Shares were converted to one Red Mountain share.

TRANSACTIONS BETWEEN RELATED PARTIES

The interim financial statements for the three and nine months ended September 30, 2013 include the interim financial statements of the Company and the following significant subsidiaries and affiliates:

TABLE 9: INTERESTS IN OTHER ENTITIES

	Country of Incorporation	Status	% Equity Interest	
			September 30, 2013	December 31, 2012
MRL Nickel Philippines Inc	Philippines	Active	100%	100%
El Paso Corp	Philippines	Inactive	100%	100%
Talahib Corp	Philippines	Inactive	100%	100%
Batangas Metals and Mining Corp	Philippines	Inactive	100%	100%
Red Mountain Mining Ltd	Australia	Held for distribution	21%	56%

TVI has a 14.4% interest in Mindoro. In the first nine months of 2013, the Company recorded recoveries from the joint ventures with TVI of \$212,000. As described in note 9(a) of the interim financial statements, the Company has a note payable to TVI for \$324,000 borrowed on which it will pay 15% interest. At September 30, 2013, the Company has accrued \$10,000 in interest expense in relation to this note payable.

The Company has recorded notes payable to non-executive directors totalling \$48,000 accruing interest at a rate of 8% per annum (note 9(b) of the interim financial statements). At September 30, 2013, the Company has accrued \$1,000 in interest expense in relation to these notes payable.

The Company has recorded a note payable to an executive directors totalling \$14,000 that does not accrue interest (note 9(c) of the interim financial statements).

The following remuneration has been paid to directors and officers of the Company:

TABLE 10: KEY MANAGEMENT COMPENSATION

	September 30,	
	2013	2012
	\$000	\$000
Salaries and directors fees	222	274
Stock based compensation	(4)	(66)
Key management compensation	218	208

SIGNIFICANT ACCOUNTING POLICIES

CRITICAL ACCOUNTING ESTIMATES

The Company continually evaluates its estimates and judgements based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates by definition will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

EXPLORATION AND EVALUATION ASSETS

The future recoverability of capitalized exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related tenements itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could affect the future recoverability include the level of reserves and resources, future technological changes, which could affect the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices and foreign exchange rates.

To the extent that capitalized exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalized if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalized expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

ACCOUNTING POLICIES EFFECTIVE FOR FUTURE PERIODS

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2013 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

(i) IFRS 9 Financial Instruments,

IFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until January 1, 2015 but is available for early adoption. When

adopted, the standard is not expected to have a material impact on the group's accounting for its financial assets and liabilities.

The group has not yet decided when to adopt IFRS 9.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

OUTSTANDING SHARE DATA

TABLE 11

Issued - Common shares	Common Shares	Stock Options	Purchase Warrants
December 31, 2012	296,837,399	12,595,000	61,826,578
Forfeited/expired	-	(6,630,000)	-
September 30, 2013	296,837,399	5,965,000	61,826,578

No share transactions have occurred in first nine months of 2013.

RISKS AND UNCERTAINTIES

The Company is engaged in the exploration and development of mineral properties. These activities involve a high degree of risk that, 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 risks common 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 or the Company no longer being able to operate.

The Company has secured a strategic partner, TVI, to advance the Agata Nickel project. While the Company considers the partnership to add value to existing shareholders, there are risks associated with a cornerstone strategic partner, including the potential for future dilution of interest in the projects and changes in management.

The Company's principal operations are located in the Philippines and are subject to the risks associated with operating in a developing country. These risks include, but not are not limited; economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, resource rent taxes, repatriation of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

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

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are integral requirements for exploration, development, and production facilities on mineral properties. Power may need to be generated on site.

In its investments in Red Mountain, the Company is exposed to risk that it may not realize the expected returns from this investment. Market value of the shares may decline that could affect the valuation of the investments; and further losses may be incurred by Red Mountain that would require write-down in the value of the investment.

Continued strong 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.

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.

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.

The Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the Company's disclosure controls and procedures as at September 30, 2013. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as at September 30, 2013 to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, would be made known to them by others within those entities.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. The Chief Executive Office and Chief Financial Officer have evaluated the effectiveness of the design and operation of the Company's internal controls over financial reporting as of September 30, 2013. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that they were effective at a reasonable assurance level.

The Company's management, including the Chief Executive Officer and Chief Financial Officer does not expect that its disclosure controls and internal controls over financial reporting will prevent all errors and fraud. A cost effective system of internal controls, no matter how well designed or operated, can provide only reasonable not absolute, assurance that the objectives of the internal controls over financial reporting are achieved.

Given the small finance and management team there are limits to the Company's ability to have a robust and segregated control environment. The Chief Executive Officer and Chief Financial Officer conclude the control environment to be operating effectively given the size and complexity of the Company.



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Condensed Consolidated Interim Financial Statements
(Unaudited)

For the three and nine months ended September 30, 2013

(Expressed in Canadian Dollars)

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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

Notice of Disclosure of Non-Auditor Review of Interim Financial Statements

For the three and nine months ended September 30, 2013



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Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Mindoro Resources Ltd. for the interim reporting period ended September 30, 2013 have been prepared in accordance with IAS 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board and are the responsibility of the Company's management.

The Company's independent auditors, PricewaterhouseCoopers, have not performed a review of these interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Dated November 13, 2013

Condensed Consolidated Interim Statements of Financial Position

Unaudited

(Expressed in Canadian Dollars)



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	<i>Note</i>	September 30, 2013 \$000	December 31, 2012 \$000
Assets			
Current assets			
Cash and cash equivalents	5	105	619
Accounts receivable		99	257
Prepaid expenses and other current assets		62	52
Investment held for distribution	6	672	17,537
		938	18,465
Non-current assets			
Exploration and evaluation assets	7	19,282	19,767
Property and equipment	8	142	237
		20,362	38,469
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		452	728
Notes payable	9	397	-
Share based liability	14	3	7
		852	735
Non-current liabilities			
Defined benefit retirement obligation		92	95
		944	830
Shareholders equity			
Share capital	11	53,704	53,704
Reserves		11,069	12,473
Non-controlling interests	6	-	7,765
Accumulated losses		(45,355)	(36,303)
		19,418	37,639
		20,362	38,469

Going concern (Note 1)

Subsequent events (Note 16)

These consolidated financial statements were approved for issue by the Audit Committee on behalf of the Board of Directors on November 13, 2013 and are signed on their behalf by:

"signed"
Larry Nagy, Director

"signed"
A. Robson Garden, Director

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

Condensed Consolidated Interim Statements of Comprehensive Loss

Unaudited

(Expressed in Canadian Dollars)



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	Note	Three Months Ended		Nine Months Ended	
		September 30,		September 30,	
		2013	2012	2013	2012
		\$000	\$000	\$000	\$000
Operating expenses					
General and administration expenses		(206)	(561)	(526)	(1,381)
Employee benefits expense		(107)	(183)	(240)	(676)
Stock based compensation	13,14	(1)	(8)	4	58
Depreciation and amortization	8	(5)	(34)	(22)	(101)
Operating expenses					
		(319)	(786)	(784)	(2,100)
Finance income		-	5	1	28
Foreign exchange gain (loss)		1	(104)	(202)	(43)
Impairment of investment held for distribution	6	(1,314)	-	(8,059)	-
Impairment (reversal) of exploration and evaluation assets	7	-	2,280	-	(7,282)
Loss on disposal of property and equipment	8	-	-	(8)	-
Loss before income tax					
		(1,632)	1,395	(9,052)	(9,397)
Income tax benefit (expense)					
		-	-	-	-
Loss for the period					
		(1,632)	1,395	(9,052)	(9,397)
Exchange differences on translation of foreign operations	3(C)	(596)	(1,097)	(1,404)	434
Total comprehensive loss for the period					
		(2,228)	298	(10,456)	(8,963)
Basic and diluted net loss per share					
		(0.005)	0.005	(0.030)	(0.037)
Weighted average number of common shares outstanding (thousands)					
		296,837	254,466	296,837	252,151

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



Condensed Consolidated Interim Statements of Changes in Equity

Unaudited

(Expressed in Canadian Dollars)

		Attributable to shareholders of the Company								
				Employee	Warrants	Transactions	Currency	Accumulated	Non-	Total
	Note	Share	Share	benefit	reserve	with non-	reserve	losses	controlling	equity
		capital	obligation	reserve	\$000	controlling	\$000	\$000	interests	\$000
		\$000	\$000	\$000	\$000	interests	\$000	\$000	\$000	\$000
January 1, 2013		53,704	-	5,162	6,946	-	365	(36,303)	7,765	37,639
Proceeds from subsidiary share issuance	6	-	-	-	-	142	-	-	959	1,101
Loss of control of Red Mountain	6	-	-	-	-	(142)	23	(7,794)	(8,724)	(16,637)
Transactions with owners		-	-	-	-	-	23	(7,794)	(7,765)	(15,536)
Loss for the period		-	-	-	-	-	-	(1,258)	-	(1,258)
Translation adjustments	3(C)	-	-	-	-	-	(1,427)	-	-	(1,427)
Comprehensive income (loss)		-	-	-	-	-	(1,427)	(1,258)	-	(2,685)
September 30, 2013		53,704	-	5,162	6,946	-	(1,039)	(45,355)	-	19,418
January 1, 2012		50,925	135	5,156	5,961	-	154	(26,591)	-	35,740
Common shares issued for Private placement	11	2,226	(135)	-	432	-	-	-	-	2,523
Stock-based compensation		-	-	6	-	-	-	-	-	6
Transactions with owners		2,226	(135)	6	432	-	-	-	-	2,529
Loss for the period		-	-	-	-	-	-	(9,397)	-	(9,397)
Translation adjustments	3(C)	-	-	-	-	-	434	-	-	434
Comprehensive income (loss)		-	-	-	-	-	434	(9,397)	-	(8,963)
September 30, 2012		53,151	-	5,162	6,393	-	588	(35,988)	-	29,306

Condensed Consolidated Interim Statements of Cash Flows

Unaudited

(Expressed in Canadian Dollars)



MINDORO
RESOURCES LTD

	Note	Three Months Ended		Nine Months Ended	
		September 30,		September 30,	
		2013	2012	2013	2012
		\$000	\$000	\$000	\$000
Cash provided by (used in)					
Operating activities					
Loss for the period		(1,632)	1,395	(9,052)	(9,397)
Items not affecting cash					
Stock based compensation	13,14	1	8	(4)	(58)
Depreciation and amortization	8	5	34	22	101
Accrued interest expense	9	11	-	11	-
Unrealized exchange differences		-	109	202	38
Impairment of investment held for distribution	6	1,314	-	8,059	-
Impairment of exploration and evaluation assets	7	-	(2,280)	-	7,282
Loss on disposal of property and equipment	8	-	-	8	-
Net change in non-cash working capital items		(14)	353	(132)	(107)
		(315)	(381)	(886)	(2,141)
Investing activities					
Expenditure on exploration and evaluation assets	7	(51)	(841)	(242)	(1,938)
Cost recoveries from Joint Venture Partner	7	42	-	212	-
Proceeds from disposal of equipment	8	-	2	6	2
Purchases of equipment	8	-	(8)	-	(12)
		(9)	(847)	(24)	(1,948)
Financing activities					
Issue of share capital, net of issuance costs	11	-	888	-	2,658
Deposits held for private placement	11	-	-	-	(135)
Cash received from promissory note	9	192	408	397	408
		192	1,296	397	2,931
Increase (decrease) in cash and cash equivalents		(132)	68	(513)	(1,158)
Effects of exchange rate changes on cash and cash equivalents		(2)	(5)	(1)	5
Cash and cash equivalents at beginning of period		239	873	619	2,089
Cash and cash equivalents at end of period		105	936	105	936

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

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended September 30, 2013

Unaudited

(Expressed in Canadian Dollars unless otherwise noted)



MINDORO
RESOURCES LTD

1. GOING CONCERN

These condensed consolidated interim financial statements (“interim financial statements”) are prepared on a going concern basis.

Mindoro Resources Ltd. (the “Company” or “Mindoro”) has incurred a net loss of \$9,052,000 (September 30, 2012 - \$9,397,000) and operating cash outflows of \$886,000 (September 30, 2012 - \$2,141,000). At September 30, 2013 the Company has net current liabilities before investments held for distribution of \$586,000 (December 31, 2012 - \$193,000). Mining and exploration licences held by the Company have annual expenditure obligations to maintain their ‘good standing’ status. These expenditure obligations have been assumed by TVI Pacific Inc. (“TVI”) as described below.

The ability of the Company to continue as a going concern is dependent on obtaining additional funding to finance ongoing operating activities. The Company and TVI entered into joint venture agreements where TVI has the right to earn a 60% interest in Agata and regional nickel projects by sole funding a direct shipping ore (“DSO”) project to production and completing a Definitive Feasibility Study (“DFS”) on a Nickel processing project, and up to 60% in the Pan De Azucar massive sulfide project by meeting certain expenditure and earn-in objectives (note 7). These joint ventures require TVI to finance Mindoro’s mineral property annual expenditure obligations and maintain the tenements in good standing.

In June 2013, the Company signed a secured promissory note where TVI may loan Mindoro up to \$1.3 million and believes that sufficient funds will be available for the Company to meet its obligations for the next twelve months (note 9(a)). However, even with this promissory note, until the Company begins to receive positive cash flow from the TVI Joint Ventures there is material uncertainty related to events or conditions that may cast significant doubt as to whether the Company will be able to continue as a going concern and therefore, whether it will realize its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial statements.

The Board of Directors consider the Company to be a going concern, but recognize that it is dependent on the raising of additional funds, the support of partners, the sale of interests in or relinquishment of mining tenements held by the Company and ultimately the future profitability of the Company. These interim financial statements have therefore been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Accordingly, no adjustments have been made to the interim financial statements relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

2. NATURE OF OPERATIONS

The Company’s principal activities are the acquisition, exploration and development of mineral properties in the Philippines.

Mindoro 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 offices is located at 2200, 10235 – 101 Street NW, Edmonton, Alberta, Canada, T5J 3G1 and the Company’s Australian branch office is located at Unit 4, 12 Pendlebury Road, Cardiff, NSW 2285, Australia.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended September 30, 2013

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MINDORO
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3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these interim financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. These interim financial statements are for the consolidated entity consisting of Mindoro Resources Ltd. and its subsidiaries, collectively referred to as “Mindoro” or the “Company”.

(A) BASIS OF PRESENTATION

These interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”) and using the accounting policies described herein.

These interim financial statements have not been reviewed by the Company’s auditor.

The policies applied in these interim financial statements are based on the IFRS issued and outstanding as of the date the Audit Committee approved the statements. Any subsequent changes to IFRS that are given effect in the Company’s annual consolidated financial statements for the year ending December 31, 2013, could result in restatement of these interim financial statements.

The interim financial statements have been prepared under the historical cost convention.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the interim financial statements are described in Note 3(S).

(B) BASIS OF CONSOLIDATION

These interim financial statements include the accounts of Mindoro Resources Ltd., and its wholly owned subsidiaries, MRL Nickel Philippines, Inc. (“MRL Nickel”), and three inactive Philippine subsidiaries. These interim financial statements also include the Company’s investment in Red Mountain Mining Ltd (“Red Mountain”), which is an investment that was acquired for the purposes of distribution to the Company’s shareholders. The accounting policies are applied uniformly for each entity for like transactions and similar circumstances. All inter-company balances and transactions are eliminated on consolidation.

Non-controlling interests in the results and equity of subsidiaries are shown separately (if applicable) in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively. Changes in the Company’s ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are recorded as a separate component of equity.

(C) FOREIGN CURRENCIES

The Company has presented these interim financial statements in Canadian Dollars (“CAD” or “\$”). The functional currency of Mindoro Resources Ltd. is the Australian Dollar (“AUD” or “A\$”). The functional currency of MRL Nickel and the inactive Philippine subsidiaries is the Philippine Peso (“PHP” or “Pp”).

Functional and presentation currency

The financial statements of entities that have a functional currency different from the presentation currency are translated into CAD as follows: assets and liabilities – at the closing rate at the date of the statement of financial position, and income and expenses – at the average rate of the reporting period (as this is considered a reasonable approximation to the actual rates). All resulting changes are recognized in other comprehensive income as currency reserves.

Notes to the Condensed Consolidated Interim Financial Statements

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When an entity disposes of its interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains and losses accumulated in other comprehensive income related to the foreign operation are recognized in profit or loss. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income related to the subsidiary are reallocated between controlling and non-controlling interests.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the statement of comprehensive income.

(D) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts on deposit with financial institutions and amounts in term deposits with original terms to maturity of less than 90 days. At September 30, 2013, the Company had \$Nil cash equivalents (December 31, 2012 - \$45,000).

(E) TRADE RECEIVABLES

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognized in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognized becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(F) EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation expenditure is stated at cost and is accumulated in respect of each identifiable area of interest. Such costs are only carried forward to the extent that they are expected to be recovered through the successful development of the area of interest (or alternatively by its sale), or where activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable resources, and where active work is continuing.

Accumulated costs in relation to an abandoned area are written off as impaired in profit or loss in the period in which the carrying amount may exceed the recoverable amount.

Notes to the Condensed Consolidated Interim Financial Statements

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A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Amortization of capitalized costs, including the estimated future capital costs over the life of the area of interest, is provided on the units of production basis, proportional to the depletion of the mineral resource of each area of interest expected to be ultimately economically recoverable.

(G) PROPERTY AND EQUIPMENT

Property and equipment are carried at cost less accumulated depreciation and impairment losses. Initially, an item of property and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to working condition. Subsequent expenditures are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the Company. All other subsequent expenditures are recognized as an expense in the period in which they are incurred.

Property and equipment are amortized using the following annual rates and methods:

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

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.

Estimated useful life of property and equipment

The Company estimates the useful life and residual values of property and equipment and reviews these estimates at each financial year end. The Company also tests for impairment when a trigger event occurs.

(H) IMPAIRMENT OF ASSETS

Investments held for distribution, property and equipment, and exploration and evaluation assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU).

Evidence of impairment may include observable data that indicates there is a measurable decrease in the estimated future cash flows or fair value less costs to sell such as a binding sale transaction or reasonable expectation for there to be a binding sale transaction because only limited conditions are outstanding

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount in the statement of comprehensive loss for the period in which the impairment arises.

The company evaluates impairment losses for potential reversals where there are indicators that the circumstances that resulted in the impairment have reversed. Impairment reversals are recognized in the statement of comprehensive loss for the period in which the reversal arises.

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MINDORO
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(I) NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE OR DISTRIBUTION

Non-current assets and liabilities are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. Non-current assets are classified as held for distribution to owners when the Company is committed to distribute the asset (or disposal group) to the owners and the distribution is highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell or distribute, except for assets such as deferred tax assets that are specifically exempt from this requirement.

An impairment loss is recognized for any initial or subsequent write-down of the asset to fair value less costs to sell or distribute. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale or distribution of the non-current asset is recognized at the date of derecognition.

Non-current assets classified as held for sale or distribution and the assets of a disposal group classified as held for sale or distribution are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

(J) TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade payables are initially recognized at fair value and subsequently measured at amortized cost, and are classified as current liabilities if payment is due within one year or less. The amounts are unsecured and are usually paid within 60 days of recognition.

(K) PROVISIONS

Provisions for legal claims, service warranties and make good obligations are recognized when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of each reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

(L) EMPLOYEE BENEFITS

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of each reporting period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognized in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

Notes to the Condensed Consolidated Interim Financial Statements

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The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the reporting period in which the employees render the related service is recognized in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(M) CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(N) SHARE BASED PAYMENT TRANSACTIONS

The Company recognizes an increase in equity when it receives goods or services for an equity settled share based payment, and a liability when goods or services are received for cash settled share based payment.

Options issued under the Share Option Plan, which allows the Company's employees and consultants to acquire shares of the Company, are classified as equity settled share based payments. The fair value of the options granted is recognized as a stock based compensation expense with a corresponding increase in employee benefit reserve. 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.

Options issued under the Company's incentive plan, which allows holders to receive a cash payment when exercised equal to any excess of the Company's share price over the exercise price, are classified as cash settled share based payments. The fair value of the cash settled options granted are recognized as a stock based compensation expense with a corresponding increase in the share-based liability. The fair value of the share-based liability is remeasured at each balance sheet date with adjustments being recognized as stock based compensation.

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

(O) 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

Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian Dollars unless otherwise noted)



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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.

(P) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the CEO.

The CEO reviews segment information in line with the information outlined in Note 7 Exploration and Evaluation Assets. As a result, the disclosures within Note 7 meet the disclosure requirements of Segment Reporting.

(Q) 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.

(R) DEFINED BENEFIT RETIREMENT OBLIGATION

MRL Nickel has an unfunded, defined benefit retirement obligation under Philippines employment legislation 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 unit credit method prorated on service and management's best estimate of salary escalation, retirement ages and other actuarial factors.
- ii. Past service costs from obligation 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 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 obligation gives rise to both a curtailment and a settlement of obligations, the curtailment is accounted for prior to the settlement.

(S) SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of

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causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Exploration and evaluation assets

The future recoverability of capitalized exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related tenements itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes that could impact the cost of mining, future legal changes (including changes to environmental restoration obligations), and changes to commodity prices and foreign exchange rates.

To the extent that capitalized exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalized if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalized expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

(T) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Adoption of new and amended Accounting Standards

The Company has adopted the new and amended IFRS pronouncements listed below as at January 1, 2013, in accordance with the transitional provisions outlined in the respective standards.

(i) IFRS 10 Consolidated Financial Statements

The Company has adopted IFRS 10, Consolidated Financial Statements (“IFRS 10”) on January 1, 2013 with retrospective application. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This IFRS defines the principle of control and establishes control as the basis for determining which entities are consolidated in an entity’s financial statements. IFRS 10 sets out three elements of control: power over the investee; exposure, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect the amount of the investors’ return; and the requirements on how to apply the control principle. IFRS 10 supersedes International Accounting Standards (“IAS”) 27, Consolidated and Separate Financial Statements and Standing Interpretations Committee (“SIC”) 12, Consolidation – Special Purpose Entities.

Implementation of IFRS 10 did not have an effect on the Company’s consolidated financial statements for the current period or prior periods presented as the adoption did not result in a change in the consolidation status of any of the Company’s subsidiaries.

(ii) IFRS 11 Joint Arrangements

The Company adopted IFRS 11, Joint Arrangements (“IFRS 11”) on January 1, 2013, with retrospective application from the date of our earliest period presented of January 1, 2012. If an arrangement results in joint control, IFRS 11 classifies joint arrangements as either joint operations or joint ventures, depending on the rights and obligations of the parties involved.

A joint operation is an arrangement where the jointly controlling parties have rights to the assets and obligations in respect of the liabilities of the arrangement. An entity accounts for a joint operation by recognizing its portion of the assets, liabilities, revenues and expenses. A joint venture is an arrangement where the jointly controlling parties only have rights to the net assets of the arrangement. A joint venture is accounted for using the equity method.

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Unaudited

(Expressed in Canadian Dollars unless otherwise noted)



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The adoption of IFRS 11 did not have an effect on the Company's consolidated financial statements for the current period as no joint arrangements exist.

(iii) IFRS 12 Disclosure of interests in Other Entities

The Company adopted IFRS 12, Disclosures of Interests in Other Entities ("IFRS 12") on January 1, 2013. IFRS 12 outlines the disclosure requirements for interests in subsidiaries and other entities to enable users to evaluate the risks associated with interests in other entities and the effects of those interests on an entity's financial position, financial performance and cash flows.

The requirements of IFRS 12 relate to disclosures only and are applicable for the first annual period after adoption. IFRS 12 does not require the disclosures to be included for any period presented that proceeds the first annual period for which IFRS 12 is applied.

The adoption of IFRS 12 did not have an effect on the Company's consolidated financial statements for the current period as the Company does not have any interest in other entities that are not consolidated.

(iv) IFRS 13 Fair Value Measurement

The Company adopted IFRS 13, Fair Value Measurement ("IFRS 13") with prospective application from January 1, 2013. IFRS 13 defines fair value, sets out a single IFRS framework for measuring fair value and outlines disclosure requirements for fair value measurements.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement, so assumptions that market participants would use should be applied in measuring fair value.

The adoption of IFRS 13 did not have an effect on the Company's consolidated financial statements for the current period. The disclosure requirements of IFRS 13 will be incorporated in the Company's annual consolidated financial statements for the year ended December 31, 2013.

This will include disclosures about fair values of financial assets and liabilities measured on a recurring basis and non-financial assets and liabilities measured on a non-recurring basis.

(v) IAS 34, Interim Financial Reporting

IAS 34, Interim Financial Reporting ("IAS 34") was amended to establish criteria for disclosing total segmented assets and require certain fair value disclosures. The Company has adopted the amendments to IAS 34 effective January 1, 2013 and has incorporated the required fair value disclosures in our condensed interim consolidated financial statements for the period ending June 30, 2013. The disclosures included are based on the requirements of IFRS 13.

Fair value measurements

The Company must disclose financial instruments carried at fair value, based on inputs used to value the Company's investments. The hierarchy of inputs and description of inputs is as follows:

- Level 1 – fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – fair values are based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or

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- Level 3 – fair values are based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Changes in valuation methods may result in transfers into or out of an investment's assigned level.

The carrying values of cash and cash equivalents, short-term investments, accounts and advances receivable, and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these instruments.

Future Accounting Policies

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2013 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

(i) IFRS 9 Financial Instruments,

IFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until January 1, 2015 but is available for early adoption. When adopted, the standard is not expected to have a material impact on the group's accounting for its financial assets and liabilities.

The group has not yet decided when to adopt IFRS 9.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(U) COMPARATIVE PERIODS

Certain amounts included within the comparative period have been reclassified to conform to the current period's presentation.

4. FINANCIAL RISK MANAGEMENT

Capital management

The Company defines its capital as shareholders' equity. The Company's objectives in managing capital are to advance exploration and development of its mineral assets, meet annual expenditure requirements for its mining and exploration licenses, and to meet corporate expenditure requirements to maintain its operations.

The Company does not have any long-term debt and therefore proceeds raised from financing activities are used to meet these requirements.

The Board of Directors does not establish quantitative return on capital criteria for management. The Company does not have any externally imposed capital requirements and does not currently pay dividends.

There has been no change with respect to the overall capital risk management strategy during the three and six months ended September 30, 2013 or 2012.

Foreign exchange 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 a negative direction.

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The Company was exposed to foreign exchange risk through the monetary assets and liabilities in the table below at September 30, 2013 and December 31, 2012. The Company has not hedged its exposure to currency fluctuations. Foreign exchange risk is managed by holding cash and cash equivalents in different currencies in line with the anticipated expenditure requirements of the Company.

	September 30, 2013		December 31, 2012	
	PHP 000	AUD 000	PHP 000	AUD 000
Cash	2,119	13	8,205	82
Accounts receivable	3,585	12	8,201	52
Accounts payable	(15,606)	(23)	(23,360)	(122)
Net foreign currency exposure	(9,902)	2	(6,954)	12
Exchange rate	0.02358	0.96070	0.02426	1.03390
Foreign currency exposure (\$000)	(233)	2	(169)	12

Based on net exposures at September 30, 2013, and assuming all other variables remain constant, a 10% fluctuation in the exchange rate between the Canadian dollar and the Philippine peso would affect Mindoro's other comprehensive loss by \$23,000 (December 31, 2012 - \$17,000). A 10% fluctuation in the exchange rate between the Canadian dollar and Australian dollar would affect the Company's comprehensive loss by less than \$1,000 (December 31, 2012 - \$1,000).

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 three major financial institutions in Canada, Australia, and the Philippines. A significant portion of the Company's accounts receivable is due from a joint venture partner. The resulting credit risk exposure is deemed 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 \$105,000 in cash and cash equivalents at September 30, 2013 (December 31, 2012 - \$619,000), on which it earns variable rates of interest, and is therefore subject to a certain amount of interest rate risk, deemed to be acceptable by the Company.

At September 30, 2013 the Company had notes payable totalling \$334,000 (December 31, 2012 - \$Nil) on which it accrues interest expense at a rate of 15% per annum, \$49,000 (December 31, 2012 - \$Nil) on which it accrues interest expense at a rate of 8% per annum, and \$14,000 (December 31, 2012 - \$Nil) on which it accrues no interest.

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	June 30, 2013		December 31, 2012	
	\$000	Weighted average effective interest rate	\$000	Weighted average effective interest rate
Financial assets				
Cash and cash equivalents	239	0.39%	619	2.36%
Accounts receivables	62	0.00%	257	0.00%
	301		876	
Financial Liabilities				
Accounts payable and accrued liabilities	(453)	0.00%	(728)	0.00%
Promissory note (15%)	(334)	15.00%	-	n/a
Promissory note (8%)	(49)	8.00%	-	n/a
Promissory note (0%)	-	0.00%	-	n/a
	(836)		(728)	
Net Exposure	(535)		148	

At September 30, 2013 if interest rates had increased/decreased by 100 basis points from the period end rates with all other variables held constant, loss for the period would have been \$3,000 (2012: \$13,000) higher/lower, as a result of higher/lower interest income from cash and cash equivalents.

5. RESTRICTED CASH

Cash and cash equivalents at September 30, 2013 includes \$Nil (December 31, 2012 - \$45,000) in a term deposit which is restricted as it has been used as security for a bank guarantee and corporate credit card facility.

6. INVESTMENT HELD FOR DISTRIBUTION

On October 30, 2012, the Company acquired 100 million shares of Red Mountain representing a 55.8% interest in Red Mountain through the sale of its Batangas and Tapian San Francisco Gold Projects. Registration of the sale of the applicable tenements with the Mines and Geosciences Bureau ("MGB") in the Philippines is in progress. Under the sale agreement, Mindoro was required to distribute to its shareholders at least a majority of the Red Mountain shares following a twelve-month escrow period that was imposed by the Australian Securities Exchange (ASX) as a condition of their approval for the transaction. At September 30, 2013, Mindoro expected to complete the distribution before the end of 2013; therefore, the interest in Red Mountain has been classified as held for distribution at acquisition. However, subsequent to the end of the quarter, the Company and Red Mountain agreed to remove the distribution requirement and Mindoro has announced that it no longer plans to distribute or sell the shares (note 16).

Mindoro has agreed under the sale agreement to pay up to \$30,000 for costs associated with Red Mountain's requirements to file a prospectus if required pursuant to a distribution of the Red Mountain shares to Mindoro's shareholders. Additionally, Mindoro expects that it would incur other distribution costs estimated at \$20,000 to complete the distribution. These distribution costs were recorded to the impairment of exploration and evaluation assets because the Red Mountain shares were held for distribution at acquisition.

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In the first nine months of 2013, the Company has recorded the following transactions for its investment in Red Mountain:

	Note	Investment held for distribution \$000	Non- controlling interest \$000	Transactions with non- controlling interest reserve \$000	Impairment loss \$000	Foreign exchange gain (loss) \$000	Translation reserve \$000
December 31, 2012		17,537	7,765	-	-	-	(23)
Proceeds of Red Mountain private placement	(a)	1,101	959	142	-	-	-
Loss of control of Red Mountain	(b)	(16,637)	(8,724)	(142)	(6,754)	-	(1,017)
Translation reserve recycled through net loss in current period	(b)	-	-	-	-	(1,040)	1,040
June 25, 2013		2,001	-	-	(6,754)	(1,040)	-
Impairment of investment held for distribution	(c)	(1,305)	-	-	(1,305)	-	-
Translation adjustment recognized subsequent to loss of control	(c)	(24)	-	-	-	-	(24)
September 30, 2013		672	-	-	(8,059)	(1,040)	(24)

- (a) In January 2013, pursuant to a private placement Red Mountain issued 8,512,000 fully paid ordinary shares for \$0.129 (A\$0.125) per share;
- (b) On June 25, 2013, pursuant to a rights offering, Red Mountain issued 55 million fully paid ordinary shares for \$0.010 (A\$0.01) per share reducing the Company's ownership interest in Red Mountain to 41% and resulting in a loss of control of Red Mountain. Therefore, the Company has eliminated the non-controlling interest and transactions with non-controlling interest reserve, and recorded an impairment to reduce the carrying value of the investment to its fair value.

The Company has estimated the fair value of its investment in Red Mountain at June 25, 2013 to be \$2,001,000 (A\$2,058,000) or \$0.020 (A\$0.021) per share and recorded an impairment loss of \$6,754,000.

Prior to June 25, 2013, the Company had accumulated (\$1,040,000) in translation reserves on the investment in Red Mountain as a result of depreciation of the Australian dollar to 0.9721 CAD per AUD from 1.0363 CAD per AUD at acquisition. Therefore, the translation reserve has been recycled as a foreign exchange loss of \$1,040,000 in the current period;

- (c) Subsequent to the loss of control of Red Mountain, the Company has recorded an impairment loss of \$1,305,000 as a result of Red Mountain's share price declining to \$0.007 (A\$0.007) and translation adjustment of \$24,000 as a result of depreciation of the Australian dollar to \$0.9607.

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The non-controlling interests in Red Mountain at December 31, 2012 represented the 44% of Red Mountain shares that were not owned by the Company. There is no amount included in the loss for the period or total comprehensive loss for the period attributable to the non-controlling interests.

7. EXPLORATION AND EVALUATION ASSETS

	Surigao		Batangas				Pan de Azucar	Royalty Deposits	Total
	Agata	Tapián &	El Paso	Lobo	Talahib	Archangel			
		Regional							
	\$	\$	\$	\$	\$	\$	\$	\$	
December 31, 2011	14,563	4,610	1,047	4,827	94	7,341	1,451	230	34,163
Exploration*	955	237	190	93	(9)	569	144	-	2,179
Partner recoveries	(260)	-	-	-	-	-	(152)	-	(412)
Royalty deposits	-	-	-	-	-	-	-	7	7
Disposals	-	(1,585)	(788)	(2,866)	(50)	(4,763)	-	(93)	(10,145)
Impairment	-	(1,234)	(505)	(2,267)	(39)	(3,494)	-	(65)	(7,604)
Currency translation	676	211	56	213	4	347	61	11	1,579
December 31, 2012	15,934	2,239	-	-	-	-	1,504	90	19,767
Exploration*	234	54	-	-	-	-	9	-	297
Partner recoveries	(197)	-	-	-	-	-	(15)	-	(212)
Currency translation	(455)	(65)	-	-	-	-	(47)	(3)	(570)
September 30, 2013	15,516	2,228	-	-	-	-	1,451	87	19,282

* Includes depreciation capitalized in the first nine months of 2013 totalling \$55,000 (2012 - \$74,000)

The following table summarizes Mindoro's earned mineral property interests and future commitments at September 30, 2013:

Region	Project(s)	Interest Earned	Terms for Further Earn-In And Potential Future Commitments
Surigao	Agata and Surigao Regional (except Mat-I project)	75%	(i) Option to earn additional 10%: pay 0.5% of mining reserve gross value with a minimum US\$5 million payment per mining reserve.* (ii) Option to earn additional 15% interest by issuing Common Shares (issued in 2006), making annual cash payments (US\$ 125,000 in 2011) until production, making a cash payment of 0.75% of mining reserve gross value, with a minimum payment of US\$ 7.5 million upon completion of a bankable feasibility study on mining reserve, and a 1% net smelter royalty.*

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<i>Region</i>	<i>Project(s)</i>	<i>Interest Earned</i>	<i>Terms for Further Earn-In And Potential Future Commitments</i>
Surigao	Mat-I	10%	(i) The Company can earn an additional 30% interest upon completion of expenditure requirement (15 million Pesos) within two years from the execution of the Mineral Production Sharing Agreement (“MPSA”); the MPSA has not yet been approved as of this date. (ii) The Company may earn an additional 35% upon completion of the expenditure requirement (15 million Pesos) within one year. (iii) Mat I is included in option agreements for the Surigao properties and the Company can earn up to 100%.
Panay	Pan de Azucar	75%	The Company has no outstanding commitments on Pan de Azucar.

* Mindoro has renegotiated the 10% and 15% options on the Nickel Laterite deposits in Agata and the Surigao region to acquire the remaining 25% interest from its local partner. Mindoro will pay an upfront option payment of US\$200,000 and will forgive the local partner for an accrued debt of approximately \$4 million for the partner’s 25% share of exploration expenditures paid by Mindoro since earning its 75% interest. The Company will also pay US\$1 million annually for four years commencing the first anniversary of production from the Agata DSO project provided that Mindoro receives at least US\$1 million annually from DSO operations net of all other costs. In the event that the total US\$4 million is not paid in full from DSO operations, any shortfall will be paid from processing cash flows at a future date. The partner will also receive a 05% net smelter royalty for the life of the processing operation, levied on 100% of production and paid from Mindoro’s 40% share of processing cash flow. The renegotiated terms remain subject to payment of the US\$200,000, board and any requisite regulatory approvals.

The Company has made advance royalty payments to tenement holders in accordance with the terms of the executed royalty agreements; these payments are included in the exploration and evaluation assets. In the first nine months of 2013, royalty payments amounted to \$Nil (2012 - \$7,000).

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.

TVI JOINT VENTURES

On September 25, 2012, the Company and TVI signed the Agata Mining Joint Venture and Agata Processing Joint Venture agreements and the Pan de Azucar Mining Joint Venture and Pan de Azucar Processing Joint Venture agreements. Details of the joint ventures are as follows:

Agata Mining Joint Venture (“AMJV”): TVI has the exclusive right and option to earn 60% of the AMJV by sole funding a mining project into commercial production within three years on the Agata MPSA or Surigao Regional tenements (excluding the TSF tenements which were subject to the Red Mountain transaction). TVI must maintain the tenements in good standing, spend a minimum of \$500,000 within the first year, and spend at least \$2 million on the project to exercise the option. TVI will retain no interest in the AMJV if it withdraws prior to commencing a Mining operation.

Agata Processing Joint Venture (APJV): TVI has exclusive right and option to earn up to 60% of the APJV and a 60% interest in the tenements by incurring a minimum expenditure of \$2 million by the first anniversary of the agreement and sole funding a definitive feasibility study (“DFS”), including pilot-scale metallurgical testing, third-party engineering studies and documentation, within four years. TVI will retain no interest in the APJV if it withdraws prior to completing the DFS.

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Pan de Azucar Mining Joint Venture (“PDAMJV”): TVI has the exclusive right and option to earn 60% of the mining project by sole funding a mining project into commercial production within three years of receiving the declaration of mining project feasibility from the Philippines Mines and Geosciences Bureau (“MGB”) on the Pan de Azucar MPSA. To exercise the option, TVI must maintain the tenements in good standing, spend a minimum of \$500,000 prior to December 31, 2014, and spend at least \$2 million within one year of receiving the declaration of mining project feasibility. TVI will retain no interest in the PDAMJV if it withdraws prior to commencing a Mining operation.

Pan de Azucar Processing Joint Venture (“PDAPJV”): TVI has the exclusive right and option to earn 51% of the PDAPJV and a 51% interest in the tenements by spending at least \$2 million within 2 years of receiving a declaration of mining feasibility from the MGB. In addition, TVI will have the exclusive right and option to earn an additional 9% interest by spending another \$3 million within 4 years of receiving a declaration of mining feasibility from the MGB, increasing its total interest to 60%. TVI must spend a minimum of \$500,000 before withdrawing from the project.

8. PROPERTY AND EQUIPMENT

	Office equipment & furnishings \$000	Computer software & hardware \$000	Vehicles \$000	Field equipment \$000	Building & Leasehold improvements \$000	Total \$000
<i>Cost</i>						
December 31, 2011	109	245	197	116	351	1,018
Additions	-	9	-	-	2	11
Disposals	(2)	(6)	(7)	-	-	(15)
Translation adjustment	5	12	9	4	16	46
December 31, 2012	112	260	199	120	369	1,060
Disposals	(23)	(18)	-	-	(10)	(51)
Translation adjustment	(2)	(8)	(6)	(4)	(10)	(30)
September 30, 2013	87	234	193	116	349	979
<i>Accumulated depreciation</i>						
December 31, 2011	78	213	120	72	118	601
Depreciation	14	19	44	21	112	210
Disposals	(1)	(2)	(2)	-	-	(5)
Translation adjustment	3	5	3	1	5	17
December 31, 2012	94	235	165	94	235	823
Depreciation	9	12	28	15	13	77
Disposals	(13)	(15)	-	-	(9)	(37)
Translation adjustment	(3)	(8)	(6)	(2)	(7)	(26)
September 30, 2013	87	224	187	107	232	837
<i>Net book value at:</i>						
December 31, 2012	18	25	34	26	134	237
September 30, 2013	-	10	6	9	117	142

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In the first nine months of 2013, depreciation of \$55,000 was capitalized to exploration and evaluation assets (2012 - \$18,000).

9. NOTES PAYABLE

<i>Note</i>	TVI Pacific Inc \$000 <i>(a)</i>	Directors fees \$000 <i>(b)</i>	Management fees \$000 <i>(c)</i>	Total \$000
December 31, 2012	-	-	-	-
Principle drawn	324	48	14	386
Interest accrued	10	1	-	11
September 30, 2013	334	49	14	397

- (a) The Company and TVI have signed a secured promissory note whereby TVI may lend the Company up to \$1.3 million in a series of drawdowns. The note will be payable 12 months from the first draw down and will pay interest equal to the greater of 15% and TVI's cost of capital raised for this purpose. The Company has also agreed to pay up to \$45,000 in legal and other costs incurred by TVI to facilitate the loan. The note is secured by Mindoro's interest in its wholly owned subsidiary, MRL Nickel Philippines Inc.
- (b) Since the fourth quarter of 2011, the payment of non-executive directors' fees ("Directors Fees") for board and committee work have been suspended until the financial condition of the Company improves. In 2013, the Company re-instated Directors Fees on the condition that they should be accrued along with interest of 8% per annum until such time that the financial condition of the Company is improved.
- (c) In June 2013, the Company has entered into a management consulting agreement with an executive director of the Company whereby the director shall earn \$6,500 per month for their services, but that \$4,000 per month shall be deferred without interest until such time that the financial condition of the Company is improved.

10. CONTINGENT LIABILITY

Through the operation of its subsidiaries in the Philippines, the Company is subject to Documentary Stamp Taxes ("DST") as issued by the Bureau of Internal Revenue in the Philippines on advances granted from foreign affiliates to the Company's Philippine subsidiaries. The Company has not made an accrual as there is uncertainty surrounding the measurement and timing of the DST. The maximum potential impact on the Company is expected to be \$93,000. Management does not believe that the final determination of the measurement and timing of the DST will have a material adverse effect on the financial position or results of operations of the company.

11. SHARE CAPITAL

The authorized share capital comprised an unlimited number of common shares. The common shares do not have a par value and all issued shares are fully paid. As at September 30, 2013, the Company had 296,837,399 common shares issued and outstanding.

- (a) A total of 6,630,000 Stock Options with a weighted average exercise price of \$0.24 per option expired in the first nine months of 2013.
- (b) In October 2012, pursuant to a private placement, the Company issued 24,000,000 common shares to TVI at a price of \$0.05 for gross proceeds of \$1,200,000.

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- (c) In September 2012, pursuant to a private placement, the Company issued 18,779,353 common shares to TVI at a price of \$0.05 for gross proceeds of \$938,968.
- (d) In March 2012, pursuant to a private placement, the Company issued 2,464,729 common shares at a price of \$0.12 for gross proceeds of \$294,534.
- (e) In January 2012, pursuant to a private placement, the Company issued 12,519,957 common shares at a price of \$0.12 for gross proceeds of \$1,517,991. The Company received \$135,000 for this private placement prior to December 31, 2011, which was recorded as share obligations on the December 31, 2011 statement of financial position.
- (f) A total of 7,500 Agents Warrants expired during 2012 with an exercise price of \$0.31 per warrant;
- (g) A total of 2,502,000 Stock Options with a weighted average exercise price of \$0.639 per option expired in 2012.

12. WARRANTS

The following table summarizes information about Common Share purchase warrants outstanding and exercisable as at September 30, 2013:

Expiry date	Exercise price \$	December 31, 2012	Granted	Exercised	Expired/ cancelled	September 30, 2013
Jul 09, 2015	0.310	5,881,632	-	-	-	5,881,632
Jul 22, 2015	0.310	13,165,593	-	-	-	13,165,593
Sep 28, 2017	0.100	18,779,353	-	-	-	18,779,353
Oct 10, 2017	0.100	24,000,000	-	-	-	24,000,000
		61,826,578	-	-	-	61,826,578
Weighted average exercise price (\$)		0.165	-	-	-	0.165

The grant date fair values of common share purchase warrants are recorded as an increase to warrants reserve and a decrease to share capital as an issue cost of each private placement. There were no warrants issued in the first nine months of 2013. The fair value of warrants issued in 2012 was \$985,000. The fair value of warrants is estimated at the grant date using the Black-Scholes option-pricing model based on the following ranges of assumptions:

	2012
Risk Free Interest Rate	1.28%
Expected Life	5.00 years
Expected Volatility	122%
Expected Dividend	-
Expected Forfeitures	-

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13. EQUITY SETTLED OPTIONS

Expiry date	Exercise price \$	December 31, 2012	Vested	Granted	Exercised	Expired/ cancelled	September 30, 2013
Jul 03, 2013	0.290	1,930,000	-	-	-	(1,930,000)	-
Jul 28, 2013	0.208	3,800,000	-	-	-	(3,800,000)	-
Sep 22, 2013	0.310	700,000	-	-	-	(700,000)	-
Oct 04, 2013	0.300	500,000	-	-	-	-	500,000
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	550,000	-	-	-	-	550,000
Apr 20, 2014	0.260	300,000	-	-	-	-	300,000
Aug 04, 2014	0.130	2,165,000	-	-	-	(200,000)	1,965,000
Aug 18, 2014	0.250	500,000	-	-	-	-	500,000
Jan 12, 2015	0.125	200,000	-	-	-	-	200,000
Mar 15, 2015	0.190	1,450,000	-	-	-	-	1,450,000
Jul 04, 2015	0.100	250,000	-	-	-	-	250,000
Options outstanding and exercisable		12,595,000	-	-	-	(6,630,000)	5,965,000
Weighted average exercise price (\$)		0.221	-	-	-	0.240	0.199

The Company has a stock option plan under which directors, officers, consultants and employees of the Company are eligible to receive equity settled options. The maximum number of shares reserved for issuance upon exercise of all equity settled options granted under the plan shall not exceed 8% of the issued and outstanding common shares. The Board of Directors shall determine the terms and provisions of the equity settled options at the time of grant.

The expiry date of the equity settled options granted shall not exceed ten years from the date of grant. The exercise price of each equity settled option shall not be less than the price permitted by any stock exchange on which the common shares are then listed.

No equity settled options were issued in the first nine months of 2013. In 2012, the Company issued 250,000 options that had a fair value of \$0.02 per option. The fair value of equity settled options is estimated at the grant date using the Black-Scholes option-pricing model based on the following ranges of assumptions:

	2012
Risk Free Interest Rate	1.00%
Expected Life	3.00 years
Expected Volatility	110%
Expected Dividend	-
Expected Forfeitures	-

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14. CASH SETTLED OPTIONS

Expiry date	Exercise price	December 31,				Expired/ cancelled	September 30,
		2012	Vested	Granted	Exercised		2013
Aug 18, 2014	0.290	1,200,000	-	-	-	-	1,200,000
Options outstanding and exercisable		1,200,000	-	-	-	-	1,200,000
Weighted average exercise price (\$)		0.290	-	-	-	-	0.290

The Company has an incentive plan to issue cash settled options where the Company will, upon request from the option holder, make a cash payment to the holder equal to any excess in the share price above the exercise price for the options held at the date of exercise.

For the purposes of this incentive plan, the share price is interpreted as the closing weighted average price for common shares in the Company traded on TSX-V during the five trading days prior to the relevant date.

No cash settled options were issued in the first nine months of 2013 or in 2012.

The fair value of outstanding cash settled options outstanding on the balance sheet date was \$0.002 per option (2012 – \$0.005). The fair value was estimated using the Black-Scholes option-pricing model based on the following assumptions:

	September 30, 2013	December 31, 2012
Risk Free Interest Rate	1.24%	1.10%
Expected Life	0.88 years	1.63 years
Expected Volatility	155%	113%
Expected Dividend	-	-
Expected Forfeitures	-	-

15. RELATED PARTY TRANSACTIONS

These consolidated interim financial statements include the interim financial statements of Mindoro and the following significant subsidiaries and investments:

	Country of Incorporation	Status	% Equity Interest	
			September 30, 2013	December 31, 2012
MRL Nickel Philippines Inc	Philippines	Active	100%	100%
El Paso Corp	Philippines	Inactive	100%	100%
Talahib Corp	Philippines	Inactive	100%	100%
Batangas Metals and Mining Corp	Philippines	Inactive	100%	100%
Red Mountain Mining Ltd	Australia	Held for distribution	21%	56%

TVI Pacific has a 14.4% interest in Mindoro. In the first nine months of 2013, the Company recorded recoveries from the joint ventures with TVI of \$212,000. As described in note 9(a), the Company has a note payable to TVI for \$324,000 borrowed on which it will pay 15% interest. At September 30, 2013 the Company has accrued \$10,000 in interest expense in relation to this note payable.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended September 30, 2013

Unaudited

(Expressed in Canadian Dollars unless otherwise noted)



MINDORO
RESOURCES LTD

The Company has recorded notes payable to non-executive directors totalling \$48,000 accruing interest at a rate of 8% per annum (note 9(b)). At September 30, 2013 the Company has accrued \$1,000 in interest expense in relation to these notes payable.

The Company has recorded a note payable to an executive directors totalling \$14,000 which does not accrue interest (note 9(c)).

The following remuneration has been paid or is payable to directors and officers of the Company:

	September 30,	
	2013	2012
	\$000	\$000
Salaries and directors fees	222	274
Stock based compensation	(4)	(66)
Key management compensation	218	208

16. SUBSEQUENT EVENTS

On October 18, 2013, the Company announced that it has agreed to a variation of the share sale agreement with Red Mountain. Under the terms of the variation agreement, Mindoro has agreed to a voluntary escrow of up to six months after the ASX imposed escrow that expires October 30, 2013. The variation agreement also removes the requirement for Mindoro to distribute a majority of the 100 million Red Mountain shares 'in specie' to its shareholders after October 30, 2013; Mindoro does not currently intend to distribute or sell the shares. Furthermore, the variation agreement also provides that the joint venture rights to the Tapanan San Francisco tenements ("TSF Tenements") which were originally required to be transferred to Red Mountain by October 30, 2012, will now be required to be transferred by October 30, 2013. Mindoro's contractual rights over the TSF tenements were not transferred by October 30, 2013 and therefore the Company has agreed to return 4 million Red Mountain shares to Red Mountain to reacquire the contractual rights to a 75% economic interest in the TSF tenements in accordance with the 'buy-back' provisions of the sale agreement. The return of the Red Mountain shares remains subject to Red Mountain shareholder approval. As a result of the reacquisition of TSF, Mindoro expects to own 96,000,001 Red Mountain shares, representing 20.1% of their voting shares.

On October 31, 2013 having not met the performance conditions to convert the 50 million Performance Shares to ordinary shares of Red Mountain, the Performance Shares were converted to one Red Mountain share.