MINDORO RESOURCES LTD

Condensed Consolidated Interim Financial Statements

(Unaudited)

&

Management's Discussion and Analysis

For the three and six months ended June 30, 2014

(Expressed in Canadian Dollars)

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

MINDORO
RESOURCES LTD

Management's Discussion and Analysis

For the three and six months ended June 30, 2014

As reported on August 15, 2014

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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 43 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 TVIRD-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.

1. Company Profile and Strategy

During the six months ended June 30, 2014 (the "period"), Mindoro Resources Ltd. ("Mindoro" or the "Company") continued to monitor its joint ventures operated by TVI Resource Development Phils., Inc. ("TVIRD"). The Company also worked to finalize negotiations with Minimax Mineral Exploration Corporation to acquire an additional 25% interest in the Agata and Tapian San Francisco projects. Mindoro disposed of most of its holdings in Red Mountain Mining of Australia and, from the proceeds of the sale, repaid TVI Pacific for a loan advanced in 2013. Mindoro also delisted from the Australian Securities Exchange, effective June 30, 2014.

This Management's Discussion and Analysis ("MD&A") presents the operating results and financial status of the Company for the three and six months ended June 30, 2014, and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements ("Interim Financial Statements") for the three and six months ended June 30, 2014 and the audited consolidated financial statements for the year ended December 31, 2013 ("Annual Financial Statements"). 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 and Frankfurt Exchange as MIO 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.

2. Overview for The Three and Six Months Ended June 30, 2014

PRHI Acquisition of Interest in Mindoro

After December 31, 2013, PRHI disclosed that it had acquired approximately 25.42% of Mindoro's issued and outstanding common shares through a secondary trade in the market. According to PRHI, it acquired 75,605,083 shares in two trades on January 16 and February 21, 2014 at a price of $0.021 per share.

Agata DSO Development Plans

The operator of the Agata Project, TVIRD, acquired the Declaration of Mining Project Feasibility, and the Clearance to Develop and Permit to Construct, which allow construction of the causeway. Most required permitting is now in hand and development has commenced, with road, building and causeway construction underway. TVIRD anticipates shipping of DSO material will commence during the third quarter.

Red Mountain Investment

During the first half of 2014, Mindoro returned 4 million Red Mountain shares in exchange for the return to Mindoro of a 75% interest in the Tapian San Francisco project. Mindoro also sold 89.8 million Red Mountain shares for net proceeds of $1,363,000.

Amended Agata Option Agreement

The terms of a 2005 option agreement with Philippine partner, Minimax Mineral Exploration Corporation, to acquire their 25% interest in the Agata Project, were based on gold and copper production scenarios. As announced on September 23, 2013, the option to acquire the remaining 25% economic interest in the Agata Project was renegotiated to be more applicable to the economic scenario of high-iron Direct Shipping Ore ("DSO") operations and nickel processing. The agreement remained subject to payment of an outstanding $120,000 signing payment and to board approval. Subsequent to the Period, Mindoro and Minimax have agreed to further amend the September 2013 terms and, in addition to the Agata Project, Mindoro may also acquire the remaining 25% economic interest in the Tapian San Francisco Project.

Financial

Net income of $150,000 in the first half of 2014 represents a reduction in expenses and one-time gains on the sale of Red Mountain shares in the period compared to the net loss of $7,545,000 in the same period of 2013. The

(Expressed in Canadian Dollars unless otherwise noted)

Company realized a gain of $833,000 on the sale of 89.8 million Red Mountain shares for net proceeds of $1,363,000 in the period.

Mindoro repaid $399,000 of principal and accrued interest previously lent to Mindoro by TVI, as well as $44,000 of accrued directors' fees and interest to two directors of the Company and $32,000 of accrued management fees to one officer of the Company.

At June 30, 2014, the cash balance was $507,000 and working capital was $100,000, excluding warrants and share-based liabilities, compared with a cash balance of $198,000 and a working capital deficit of $607,000 at December 31, 2013.

3. Activities for the Six Months Ended June 30, 2014

TABLE 1

January	Prime Resource Holdings Inc. acquires 13.3% interest in Mindoro through on-market purchase
February	Prime Resource Holdings Inc. increases 13% interest in Mindoro to 25.4% through on-market purchase.
March	100 million Red Mountain shares released from escrow, 4 million Red Mountain shares returned to reacquire Tapian San Francisco tenements
	30 million Red Mountain shares sold
	Nickel production commenced at Pilot Plant
	Financial results released for the year ended December 31, 2013
April	51.8 million Red Mountain shares sold
	Agata Mining Joint Venture receives Declaration of Mining Project Feasibility and Approval to Develop Port Facility for the Agata High Iron DSO Project
May	Repaid outstanding principal and interest in the amount of $399,176 due to TVI Pacific Inc., pursuant to a Grid Promissory Note signed in 2013
	Applied to be removed from the official list of the Australian Securities Exchange (ASX)
June	Delisted from the ASX, effective June 30, 2014

4. Milestones Targeted for 2014

- Establish DSO production on the Agata project in Q3
- Complete the Agata processing bankable feasibility study in Q4
- Finalize the option agreement to acquire additional 25% interest in the Agata and Tapian San Francisco projects. (signed after the Period)

5. SUMMARY OF QUARTERLY RESULTS

TABLE 2: SUMMARY OF QUARTERLY RESULTS

	2012-Q3 $000	2012-Q4 $000	2013-Q1 $000	2013-Q2 $000	2013-Q3 $000	2013-Q4 $000	2014-Q1 $000	**2014-Q2 $000**
Total revenue	-	-	-	-	-	-	-	**-**
General and administrative expenses	(561)	(537)	(188)	(132)	(195)	(239)	(135)	**(123)**
Salaries and employee benefits	(183)	(384)	(70)	(63)	(107)	(95)	(97)	**(84)**
Interest expense	-	-	-	-	(11)	(16)	(22)	**(13)**
Stock based compensation	(8)	20	4	1	(1)	2	-	**1**
Depreciation and amortization	(34)	(70)	(12)	(4)	(4)	(1)	(2)	**(1)**
Operating Expenses	(786)	(971)	(266)	(198)	(318)	(349)	(256)	**(220)**
Finance income	5	3	1	-	-	-	-	**1**
Remeasurement of warrants liability	-	737	357	240	(151)	152	(345)	**147**
Gain on sale of Red Mountain shares	-	-	-	-	-	-	655	**178**
Impairment of investment held for distribution	-	-	(645)	(6,100)	(1,314)	(98)	-	**-**
Impairment of exploration and evaluation assets	2,280	(322)	-	-	-	(9,979)	-	**-**
Foreign exchange	(95)	513	537	(1,463)	(47)	(317)	1	**(11)**
Loss on disposal of equipment	-	-	(8)	-	-	-	-	**-**
Income (loss) before income taxes	1,404	(40)	(24)	(7,521)	(1,830)	(10,591)	55	**95**
Income taxes	-	(91)	-	-	-	(5)	-	**-**
Net income (loss) for the period	1,404	(131)	(24)	(7,521)	(1,830)	(10,596)	55	**95**
Basic and diluted net income (loss) per share ($)	0.006	(0.000)	(0.000)	(0.025)	(0.006)	(0.036)	0.000	**0.000**

NET INCOME AND LOSSES

The Company recognised net income of $150,000 in the first half of 2014 period compared to a loss of $7,545,000 in the same period of 2013. This reflects one-time gains realised on the disposal of Red Mountain shares, an unrealised loss from an increase in the fair value of the warrants liability compared to a decrease in the same period of 2013. The Company's general and administration expenses were lower in the current period than in the first half of 2013. However, salaries and employee benefits, and interest expense were both higher than in the first half of 2013. The Company's quarterly operating expenses were lower in the second quarter of 2014 compared to the first quarter of 2014 but higher than in the second quarter of 2013, and are below the average operating loss in the last eight quarters ($421,000).

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;
- Corporate transactions with Red Mountain and TVIRD in the third and fourth quarters of 2012;
- The closure of the Melbourne, Australia office in first quarter 2013; and
- Impairment of the Company's Agata and Surigao Regional tenements in the fourth quarter of 2013;

Further commentary on operating expenses in the second quarter and half year of 2014 with respective comparatives:

- In the second quarter and first half of 2014, general and administrative expenses were lower ($123,000 and 258,000 respectively) compared to the same periods in 2013 ($132,000 and 320,000 respectively). The Company spent less on rent, legal, audit and other general and administration expenses in the current quarter compared to the same periods of 2013.

- The Company incurred additional salaries and employee benefits charges due to an increased staffing and the recognition of directors fees in the current periods compared to the same periods of 2013.

- The Company also incurred interest expenses in the current period as a result of the loans disclosed in note 8 of the Interim Financial Statements.

- Remeasurement of the warrants liability has resulted in the recognition of a gain of $147,000 in the second quarter of 2014 compared to a gain of $240,000 in the same period of 2013. In the first half of 2014, the Company has recognised a $198,000 loss on remeasurements compared to a $597,000 gain in the first half of 2013. Fluctuations in the fair value of the warrants liability reflect the volatility in the Company's share price.

- As noted above, the Company realized a gain of $178,000 in the second quarter and an $833,000 gain in the first half of 2014. Upon disposal of 89.8 million Red Mountain shares for the return of Tapian San Francisco and net cash proceeds of $873,000. In the second quarter of 2013, the Company recognized an unrealised loss on the Red Mountain shares of $6.1 million because of a significant decline in that company's share price.

CASH FLOWS

In the second quarter of 2014, the Company used $280,000 in operating activities compared to $326,000 in the second quarter of 2013. This reflects a decrease in non-cash working capital of $24,000 in the current quarter compared to a $134,000 decrease in non-cash working capital in the second quarter of 2013 as well as the changes in operating expenses noted above.

On a year to date basis, the Company used $621,000in operating activities in the first half of 2014 compared to $571,000 in the first half of 2013. This reflects a decrease in non-cash working capital of $123,000 in the current period compared to a decrease of $118,000 in the same period of 2013, as well as the changes in operating expenses noted above.

In the first half of 2014, the Company received $1,363,000 from the sale of 89.8 million Red Mountain shares including $417,000 received in the second quarter. The Company spent $69,000 on exploration and development assets including $40,000 in the second quarter, while recovering $43,000 from TVIRD, including $21,000 in the second quarter. In 2013, the Company $191,000 spent on exploration and evaluation assets in the first half, including $85,000 in the second quarter, and received cost recoveries from TVIRD of $170,000 in the first half, including $47,000. In the second quarter of 2014, the Company paid $31,000 in termination payments to retrench its remaining 13 employees based in Surigao. These employees had previously been seconded to TVIRD and the majority were subsequently employed by the AMJV. Most of the remaining exploration expenditures in the current periods relate to technical support provided to TVIRD related to the Agata Mining Joint Venture.

GOING CONCERN

The Company earned net income of $150,000 (June 30, 2013 – loss of $7,545,000) and operating cash outflows of $621,000 (June 30, 2013 – $571,000). At June 30, 2014, the Company has a net working capital of $100,000, excluding warrants and share-based liabilities) compared to net current liabilities before investments held for distribution of $299,000. In addition to its on-going working capital requirements, mining and exploration licences held by the Company have annual expenditure obligations to maintain their 'good standing' status. The majority of these expenditure obligations have been assumed by TVI Resource Development Phils., Inc. ("TVIRD").

The Company and TVIRD entered into joint venture agreements where TVIRD 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 sulfide project by meeting certain expenditure and earn-in objectives (note 5 of the interim financial statements). These joint venture agreements require TVIRD to finance Mindoro's mineral property annual expenditure obligations and maintain the tenements in good standing. Refer to further details included in note 5 of the Interim Financial Statements. Although management considers it unlikely that TVIRD would withdraw from the joint ventures, in the event that TVIRD were to withdraw, the Company would be required to fund the project obligations itself, acquire a new funding joint venture partner, or withdraw from the projects. These circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles to a going concern.

In December 2013, the Company signed a bridging loan (the "Loan") with a group of shareholders who provided an additional $175,000 for use as general working capital. In March and April 2014, the Company raised $1,363,000, net of broker fees, through the sale of 89.8 million Red Mountain Mining Ltd. ("Red Mountain") shares (note 4 of the interim financial statements). These undertakings are not sufficient in and of themselves to enable the Company to fund all aspects of its operations for the next 12 months, and, therefore, the ability of the Company to continue as a going concern is dependent on obtaining additional funding to finance ongoing operating activities.

Accordingly, management is pursuing other financing alternatives to fund the Company's operations so it can continue as a going concern. Management believes that it will be able to secure the necessary financing through the issue of new equity or debt instruments and the sale of its remaining shares of Red Mountain. Nevertheless, there is no assurance that these initiatives will be successful and until the Company begins to receive positive cash flow from the TVIRD 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.

The board of directors believe that sufficient funds will be available for the Company to meet its obligations for the next twelve months and consider the Company to be a going concern, but recognize that it is dependent upon its ability to raise additional funds, repay existing borrowings, obtain the support of partners, sell investments, sell interests in or relinquish mining tenements held by the Company, and ultimately generate positive cash flows from operations. These Interim Financial Statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported revenues, expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

6. DISCUSSION OF PROJECTS

AGATA NICKEL PROJECT

The Company has entered into a joint venture with TVI Resource Development (Phils.), Inc. ("**TVIRD**"), whereby TVIRD may earn up to 60% interest from Mindoro in the Agata Nickel Project by progressing a two-stage development strategy. As announced on August 15, 2014, Mindoro has negotiated agreements to acquire an additional 25% from its partner Minimax Mineral Exploration Corporation. If all options are exercised, TVIRD will have a 60% interest in the Agata Project and Mindoro 40%.

TVIRD is operator of the project and may earn its 60% interest in the joint ventures through achieving direct shipping ore ("DSO") production and completing a Definitive Feasibility Study ("DFS"). Mindoro would be carried to production for the DSO joint venture, and through the feasibility study for the processing joint venture. Details of Mindoro's joint venture arrangements are described in the Mindoro releases of September 27, and October 12, 2012, and June 24, 2013.

The Agata mining project includes the following opportunities:

- Near-term high iron laterite DSO;
- Near-term limestone DSO;
- Medium-term lime production facility;
- Medium-term nickel processing plant project.

HIGH IRON AND LIMESTONE DSO/LIME PRODUCTION FACILITY

The high iron laterite and limestone deposits occur within one kilometre of the coast, which is expected to positively affect transportation costs due to the close proximity of the mine pit to the port. The upper portions of the laterite profile comprise the ferruginous zone and limonite zone, both rich in iron. It is estimated that there are approximately ten million wet metric tonnes (wmt) of high iron material with iron grades between 45% and 52%. These historical estimates are set out in the Agata Report referred to above. The deposit is expected to be developed as a surface mining operation with the high iron material 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. 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 limestone occurring at the coast is a massive recrystallized limestone of very high purity levels with calcium carbonate of greater than 95% according to the Agata Report. Five holes were drilled into the limestone horizon by Mindoro but the number of holes drilled is not considered sufficient to classify a mineral resource. The limestone is estimated in the Agata Report 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.

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 also plans to construct 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 expected to come online in mid-2015 pending the receipt of all required permits, among other things.

Activities planned for the Limestone Project include:

- Further drilling on the limestone deposits to delineate resource to NI 43-101 standards;
- Preliminary concepts and mining plans for the limestone;
- Confirming markets for limestone and lime products; and
- Metallurgical test works.

On April 28, 2014, Mindoro Resources Ltd. and TVI's Philippine affiliate, TVI Resource Development (Phils.), Inc. ("TVIRD") jointly announced that the Agata Mining Joint Venture (the "AMJV") has received the Declaration of Mining Project Feasibility ("DMPF") and clearance to develop a port facility for the proposed DSO operation of the high-iron laterite resources at the Agata Project, located in Agusan del Norte, Mindanao, the Philippines.

Receipt of the DMPF authorizes the AMJV to proceed to development, including the extraction and sale of iron, nickel and other associated minerals in the contract area. Site development commenced in May 2014 and shipping of the high-iron laterite would then commence through the third quarter of 2014, subject to receipt of remaining port approvals and financing.

The DMPF, granted by the Philippine Mines and Geosciences Bureau of the Department of the Environment and Natural Resources, also confirms that the AMJV has complied with requirements of approval, which include, among other things:

- Provision of a Mining Project Feasibility Study Report;
- Provision of a Final Exploration Report including nickel laterite resource estimate;
- Receipt of an Environmental Compliance Certificate;
- Provision of a three (3) year Development and/or Utilization Program;
- Provision of an Environmental Protection and Enhancement Program, and Final Mine Rehabilitation and Decommissioning Plan;
- Proof of technical competence and financial capability; and
- Provision of a Social Development Management Plan.

The Philippine Ports Authority has granted a clearance to develop and a permit to construct a private non-commercial port facility. Construction of the port facility commenced in May 2014 and is currently 60% complete. The Company has submitted an application for a permit to operate the port facility to the Ports Authority and expects that its grant will proceed in due course and will not delay commencement of operations.

On September 10, 2013, TVIRD and Mindoro completed a NI 43-101 compliant Feasibility Study indicating robust economics for a DSO operation of the high-iron laterite resources at the Agata Project. The Feasibility Study concluded:

- Low initial start-up capital of US$10.1 million, high Internal Rate of Return of 187% and payback within first year of operation;
- Post-tax Net Present Value (10% discount) of US$37.9 million;
- DSO product to grade 48% iron and 0.9% nickel - a product in consistent demand;
- Shipping rates to accelerate to 2.5M wet metric tonnes per annum in 2015.

The National Instrument 43-101 Compliant Mineral Resource estimate for the Agata Nickel Project, released on April 10, 2013 and available on www.sedar.com, and www.mindoro.com, shows the Agata DSO project to have reported Proven and Probable Reserves of 9.70 million wmt grading of 48% iron with 0.9% nickel.

(Expressed in Canadian Dollars unless otherwise noted)

ECONOMIC ASSESSMENT

Below is a summary of the Agata DSO feasibility study economic assessment for 100% of the project:

TABLE 3

High Iron Limonite DSO sale price (FOB)	USD/wmt	$22
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 ±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, TVIRD'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 and www.mindoro.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	-	-	-
2104	2,000,000	0.9	48
2105	2,500,000	0.9	48
2016	1,800,000	0.9	48
2017+	500,000	0.9	48

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 30TH, 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**

CAPITAL AND OPERATING COSTS

The project capital and operating costs are presented in the following tables:

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**

AGATA NICKEL PROCESSING PLANT

The Agata Nickel processing plant is a medium-term growth opportunity that TVIRD, as operator, currently expects could come into production in 2016, dependent on such things as a successful metallurgical testing program and pending receipt of the required permits and financing. 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 Project Execution/Technology Development team is proposing the use of innovative, low cost leaching and downstream nickel recovery and purification technology rather than the traditional high cost HPAL processes used in the laterite nickel industry. TVIRD's team of technical staff engaged to deal with the Mindoro joint venture projects are the developers of this leaching and downstream nickel recovery and purification technology and their expertise will be used to fast track the processing plant.

The laterite 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. The estimated capital cost for the nickel processing plant plus associated infrastructure (port, water, power, etc.) is targeted to be less than US$100 million. The cash operating costs are targeted to be approximately US$4/lb nickel (approximately US$9,000/t nickel), assuming the use of imported sulphuric acid. If the Pan de Azucar pyrite project can be successfully commercialized, then the opportunity exists to self-produce sulphuric acid at the nickel plant site, thereby further reducing operating costs, and with the added benefits of by-product electricity and steam. Site infrastructure is excellent with local sources of labour, fresh water and power (supplemented by back-up generators). The processing plant will be located within two kilometers 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.

A number of activities relating to the Agata Nickel Processing Plant are underway and include:

- Bankable Feasibility Study (BFS)
    - BGRIMM progressing in process design
    - Studies team organized; metallurgical section report
    - Received offers for other sections of the study including the residue storage (dam) facility, effluent (brine) treatment, and port facilities
    - Work is expected to be completed by September 2014

- Pilot Test Work
    - Toxicity Characteristic Leaching Procedure was completed
    - Variability tests are on-going

On April 10, 2013, an updated NI 43-101 technical report entitled "Independent Report on the Nickel Laterite Resource - Agata North, Philippines" was filed. The report was prepared by Mark G. Gifford, MSc (Hons), FAusIMM, of Margaret River, Western Australia.

The updated NI 43-101 reflects an updated and reclassified resource estimate for the Agata North nickel laterite resource. The new resource provides a robust foundation for moving forward, initially, with a DSO operation of high-iron limonite (upper laterite horizon), followed by atmospheric leach processing of the underlying saprolite horizon.

- Measured and Indicated resources increase to 33.9 million dry metric tonnes (dmt) at 1.1% nickel
- compared to the previous 31.8 million dmt at 1.05% nickel;
- Inferred resources are 2.0 million dmt at 1.04% nickel;

(Expressed in Canadian Dollars unless otherwise noted)

- Estimated contained nickel is 391 thousand tonnes.

This current resource estimate gives a superior grade-tonnage distribution. Sufficient high-iron limonite has been defined for approximately five years of DSO production at approximately 2m dmt / year. During this period, it is expected that the nickel processing plant will be in operation.

The table below shows results of the resource estimate at a cut-off grade of 0.5% nickel for the limonite horizon and 0.8% nickel for the saprolite horizon. This resource estimate is exclusive of the other regional nickel laterite deposits Agata South, Bolo-bolo and Karihatag.

TABLE 8

Classification	Sub-Domain	kTonnes	Ni	Co	Fe	Al	Mg	SiO_2	CaO	Cr_2O_3	MnO
Measured	Upper Limonite	211	0.98	0.11	49.7	3.11	0.5	2.8	0.03	3.67	1.01
	Lower Limonite	27	1.13	0.15	35.5	2.57	5.1	21.1	0.22	2.86	0.85
	Total Limonite	**238**	**1.00**	**0.11**	**48.1**	**3.05**	**1.0**	**4.9**	**0.05**	**3.58**	**1.00**
	Upper Saprolite	478	1.19	0.03	11.3	0.39	17.9	41.6	0.32	0.89	0.23
	Lower Saprolite										
	Total Saprolite	**478**	**1.19**	**0.03**	**11.3**	**0.39**	**17.9**	**41.6**	**0.32**	**0.89**	**0.23**
	Measured Sub-Total	**716**	**1.13**	**0.06**	**23.5**	**1.27**	**12.3**	**29.4**	**0.23**	**1.78**	**0.49**
Indicated	Upper Limonite	8,360	0.93	0.11	47.9	3.45	0.6	3.3	0.21	3.13	0.92
	Lower Limonite	1,403	1.00	0.12	36.3	3.01	3.6	15.8	0.23	2.58	0.83
	Total Limonite	**9,764**	**0.94**	**0.11**	**46.3**	**3.39**	**1.0**	**5.1**	**0.22**	**3.05**	**0.90**
	Upper Saprolite	23,411	1.16	0.03	11.9	0.55	16.5	40.3	0.35	0.91	0.25
	Lower Saprolite	48	0.84	0.02	8.9	0.35	19.4	41.1	0.33	0.70	0.18
	Total Saprolite	**23,459**	**1.16**	**0.03**	**11.9**	**0.55**	**16.5**	**40.3**	**0.35**	**0.91**	**0.25**
	Indicated Sub-Total	**33,222**	**1.10**	**0.05**	**22.0**	**1.38**	**11.9**	**30.0**	**0.31**	**1.54**	**0.44**
Measured & Indicated	**Grand Total**	**33,938**	**1.10**	**0.05**	**22.0**	**1.38**	**11.9**	**30.0**	**0.31**	**1.55**	**0.44**
Inferred	Upper Limonite	178	1.05	0.11	47.7	3.38	0.8	5.5	0.03	3.16	0.93
	Lower Limonite	79	1.15	0.10	35.7	2.97	3.9	21.7	0.14	2.73	0.82
	Total Limonite	**258**	**1.08**	**0.11**	**44.0**	**3.25**	**1.8**	**10.5**	**0.06**	**3.03**	**0.90**
	Upper Saprolite	1,828	1.04	0.03	12.4	0.63	16.2	41.5	0.35	0.99	0.26
	Lower Saprolite	0.02	1.11	0.02	7.3	0.21	18.9	42.7	0.28	0.65	0.16
	Total Saprolite	**1,828**	**1.04**	**0.03**	**12.4**	**0.63**	**16.2**	**41.5**	**0.35**	**0.99**	**0.26**
	Grand Total	**2,086**	**1.04**	**0.04**	**16.3**	**0.96**	**14.4**	**37.7**	**0.32**	**1.24**	**0.34**

The mineral resource estimates were produced by Mark Gifford MSc (Hons), who is a Fellow of the Australian Institute of Mining and Metallurgy (FAusIMM) and an independent qualified person as defined by NI 43-101, in conjunction with Quantitative Group Pty Ltd (QG) in Perth, Australia. A total of 593 drill holes were completed at Agata North for 10,851 metres, and 11,100 core samples were used in the resource estimate. The resource estimation method applied was Ordinary Kriging. Cut-off grades applied to the resource were 0.5% nickel within the Limonite zone and 0.8% nickel within the Saprolite zone.

Sample preparation and assaying were performed by Intertek Testing Services, Phils., Inc. ("**ITS**"). The ITS facility is among Intertek's global network of mineral testing laboratories. Each sample is analyzed for nickel (Ni), cobalt (Co), iron (Fe), magnesium (Mg), aluminum (Al), silica (SiO2), calcium oxide (CaO), chromium (III) oxide (Cr2O3), potassium oxide (K2O), manganese (II) oxide (MnO), sodium oxide (Na2O), phosphorus pentoxide (P2O5), and titanium dioxide (TiO2). Whole rock analyses are done using X-ray Fluorescence (XRF). The samples are fused using lithium metaborate. XRF analysis determines total element concentrations that are reported as oxides. ITF mineral testing laboratories implement quality protocols. Normal Quality Control and Quality Assurance procedures were carried out, using a system of repeat analyses plus split sample analyses and the use of standard reference materials and blanks. Assay verification was carried out using standard samples and re-assaying field and pulp duplicates.

On June 5, 2013, as a result of positive bench-scale test work carried out at the Agata Nickel Processing project, pilot-plant testing was commissioned and commenced operation to further define the technological parameters to be used in producing a Bankable Feasibility Study with the goal of building a commercial processing plant.

The positive test work on nickel laterite, from the Agata nickel laterite deposit, confirms the Agata laterite is highly amenable to acid leaching with a high rate of nickel extraction achieved at a low acid consumption rate. The process technology TVIRD is developing, and which has produced these results, aims to achieve maximum nickel recovery and low acid consumption, which translates into increased metal production and lower operating costs.

Approximately one tonne of laterite material was sent to the Beijing General Research Institute of Mining & Metallurgy ("**BGRIMM**") for the purposes of conducting bench-scale crushing, scrubbing, screening and leaching tests to confirm the optimal circuit configuration and to validate the processing process identified by TVIRD. A team of three TVIRD metallurgists was seconded to the BGRIMM team for the duration of the test work campaign. TVIRD also setup a bench-scale laboratory in Manila. All optimum conditions as identified in the BGRIMM tests have been validated, with excellent reproducibility of results between the TVIRD and BGRIMM tests.

More than 70 leach tests have been conducted. These tests conclusively illustrate that the Agata mineralized material is highly amenable to acid leaching. Overall extractions of 94% nickel has been obtained at a relatively low acid consumption rate of 650 kg/t. This translates to approximately 49 t acid/t nickel produced for grades of 1.5% nickel. The acid utilization efficiency is encouraging when compared to other atmospheric acid leach processes.

Approximately twelve tonnes of mineralized material were sent to BGRIMM in order to continuously operate a pilot plant that consists of, amongst others, primary leaching (atmospheric) and secondary leaching (low-pressure autoclave). To date, all material has been blended, crushed, screened and milled. Leaching commenced on May 13, 2013 to test a high grade (1.5% nickel) and a medium grade (1.3% nickel) sample. Pregnant leach solution ("**PLS**") from the BGRIMM pilot plant was then shipped to the Philippines and processed in the TVIRD downstream nickel recovery pilot plant.

The process technology TVIRD is developing aims to achieve maximum nickel recovery at an operating cost that could position the Agata process plant amongst the lowest cost producers - while best representing the requirement to contain capital costs of the project.

The process involves the treatment of higher nickel grade mineralization (>1.3% nickel). Much of the high iron grade limonite will be directly shipped as part of a DSO operation. Therefore, the feed to the process plant is depleted of limonite. In addition, the higher grade nickel is associated mainly with the saprolite material (which occurs beneath the limonite in the mineralization profile) - therefore, once the higher-grade material is considered, the ratio of limonite: saprolite that will be fed to the process plant is approximately 8% limonite: 92% saprolite. The process consists of separating the material into a high iron, low magnesium fraction to feed the primary leaching stage and a low iron, high magnesium fraction, to feed the secondary leaching stage. Leaching is conducted in two stages to minimize acid consumption, as well as to clean the PLS of iron.

PLS is recovered by a counter current decantation ("**CCD**") circuit and then further refined using ion exchange (IX), and finally precipitated and filtered to produce a nickel hydroxide product ("**NHP**") of 53% nickel content. This NHP is a versatile product since it is a refined intermediate product, and therefore, due to its purity, it is easily refined into nickel metal by potential off-takers.

Approximately thirty tonnes of material was mined from a variety of test pits that cover the Agata mineralization to provide the samples. Test pits were carefully selected from the available drill-hole data to accurately reflect the material that is expected to feed the process plant. Limonite and saprolite horizons were separately mined, blended and loaded into sealed drums to preserve moisture.

On October 18, 2013, Mindoro provided an update on the positive test work results for its Agata Nickel Laterite project. 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.

The key outcomes of the BGRIMM pilot plant were as follows:

- 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 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 mineralization 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, and leach residue. Acceptable underflow density obtained means that the leach circuit can be operated at 35-40% solids and the CCD circuit can be designed to achieve 98-99% recovery of soluble nickel over seven CCD stages. All design data for pre-leach and CCD thickener design has been obtained.
- 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 have been obtained.

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 TVIRD nickel purification and recovery pilot plant, established to produce a Nickel Hydroxide Product (NHP, containing about 50-53% nickel). The PLS was then processed in the TVIRD pilot plant as follows:

- All 8,000L of PLS was purified and the nickel concentration was increased by using the continuous countercurrent ion exchange ("IX") process developed by TVIRD. Nickel recovery to eluate was 99.3%.
- The acid content of the IX eluate was then neutralized and the acid free eluate separated from the solid gypsum through a thickening stage and nickel then precipitated from this. After a second precipitation stage, >99% of nickel in solution was precipitated.
- To ensure high product purity, the nickel product was harvested from the first nickel precipitation stage. Nickel rich slurry from the 1st nickel precipitation stage was thickened and a portion of the thickener underflow stream recycled as seed to the feed of the 1st stage nickel precipitation, while the remainder was washed and filtered, thereby constituting the final NHP product.
- NHP filter cake was successfully produced February 7th, 2014 with a 52% to 54% nickel grade at the TVIRD pilot plant. Impurities such as iron, calcium and magnesium are low enough for the NHP to be considered a refined intermediate product. This implies that NHP may be converted to nickel oxide

and nickel metal without the need for additional refining, thereby offering possible offtakers with a versatile product alternative.

The successful testing now at the TVIRD pilot plant and the production of NHP will allow a comparison of processes and products to enable the selection of a final process route as part of the Bankable Feasibility Study that is currently underway.

The TVIRD pilot plant has already processed all of the 8,000L of PLS received from BGRIMM. NHP produced will be characterised by a third party facility, and a NHP specification sheet will be developed. NHP, together with the specification sheet, will be sent to potential offtakers for evaluation.

The final stage of pilot plant operation will comprise of treatment of the barren solution from the IX plant to produce an effluent that is acceptable for disposal as well as ecological tests for residues.

PAN DE AZUCAR PYRITE PROJECT (75% ECONOMIC INTEREST)

The Pan de Azucar MPSA covers approximately 535 ha on Pan de Azucar Island and adjacent Panay Island. Mindoro has entered into joint venture agreements whereby TVIRD may earn up to 60% interest through achieving DSO production; and are earning 51% with an option to earn a further interest to 60% through expenditure on the processing joint venture. Details of the joint venture arrangements are described in the Mindoro releases of September 27, and October 12, 2012, and June 24, 2013.

As described in the Company'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 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 and 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.*

The joint venture expects 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 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 work is in progress

The Company is required to apply for a Declaration of Mining and Project Feasibility with the Department of Environment and Natural Resources prior to February 2015. TVIRD's earn-in obligations include maintaining the tenements in good standing and applying for the DMPF.

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

7. Events After the Reporting Period

Subsequent to the quarter on August 15, the Company announced that it has signed three agreements to acquire an additional 25% interest in the Agata and Tapian San Francisco Projects. As described in note 5 of the Interim Financial Statements, the Company previously had the right to acquire the remaining 25% economic interest in the Agata Project based on gold and copper production scenarios. The new agreements have been renegotiated to be more applicable to the economic scenario of high-iron nickel laterite DSO and Nickel Processing operations.

Under the Amended Option Agreements, Mindoro may purchase Minimax's 25% interest in each of the Agata Mining and Agata Processing Joint Ventures for the following consideration:

Agata Mining Option:

i. US$60,000 payment upon signing the Amended Option Agreements.

ii. US$60,000 to be paid 60 days from the date of signing;

iii. US$250,000 to be paid on the 15th day of the 6th month after the first shipment of DSO; and

iv. US$4,000,000 paid in five annual installments of US$800,000 to Minimax commencing on the 15th day of the 12th month after the first shipment of the DSO.

v. Title to Minimax's shares in the Agata Mining Joint Venture will be transferred to Mindoro on a pro-rata basis with each installment payment. However, Mindoro will, immediately upon exercise, receive all the economic benefits, rights and obligations attached to Minimax's interest. The Agata Mining Option will automatically be exercised upon conclusion of the Restructure Period, as described below.

vi. In the event that Mindoro fails to make any of the installment payments, Mindoro must return any Agata Mining Joint Venture shares previously transferred by Minimax. Minimax will retain any installment payments made to date and Mindoro will also retain any dividends already received from the Agata Mining Joint Venture.

Agata Processing Option:

i. Consideration in the amount of $5.5 million will be used to offset an existing $5.5 million Minimax debt due to MRL;

ii. During the processing of ore originating only from the Agata Project, Minimax will receive a 0.5% Net Smelter Returns (NSR) royalty during the lifetime of the processing operations, levied on 100% of production (the NSR does not apply to revenue generated from DSO operations);

iii. The Agata Processing Option will be automatically exercised upon payment of the second installment pursuant to the Agata Mining Option.

Both the Agata Mining and Agata Processing Agreement contain a 60 day "Restructure Period" during which time, with the consent of both parties, the schedule of installment payments and allocation of debt between Amended Option Agreements may be modified if more favourable tax structures are identified.

Mindoro and Minimax will also undertake during the Restructure Period to negotiate further compensation for Minimax in the event that resources currently allocated for processing by the Agata Processing Joint Venture are instead commercialized as DSO material by the Agata Mining Joint Venture.

(Expressed in Canadian Dollars unless otherwise noted)

Tapian San Francisco Option:

Mindoro may also purchase Minimax's 25% interest in the Tapian San Francisco Project, bringing Mindoro's total direct and indirect interest in the project to 100%, for the following consideration:

i. US$120,000 to be paid on the 15th day of the 9th month after the first shipment of DSO;

ii. Consideration in the amount of $678,000 will be used to offset an existing $678,000 Minimax debt due to Mindoro; and

iii. During the processing of ore originating from only the Tapian San Francisco Project, Minimax will receive a 0.5% gross smelter royalty from 100% of the net sales originating from only the Tapian San Francisco Project or the amount of One Hundred Thousand US Dollars (US$100,000.00), whichever is higher.

The Tapian San Francisco Option also contains a 60 day "Restructure Period" during which time, with the consent of both parties, certain terms of the amended option agreement may be modified if more favourable tax structures are identified.

8. Transactions Between Related Parties

The Interim Financial Statements include the financial statements of Mindoro and the following significant subsidiaries and investments:

Table 9

	Country of Incorporation	Classification	% Ownership at Jun. 30, 2014	% Ownership at Dec. 31, 2013
MRL Nickel Philippines Inc	Philippines	Active subsidiary	**100%**	100%
El Paso Corp	Philippines	Inactive subsidiary	**100%**	100%
Talahib Corp	Philippines	Inactive subsidiary	**100%**	100%
Batangas Metals and Mining Corp	Philippines	Inactive subsidiary	**100%**	100%
Red Mountain Mining Ltd	Australia	Financial Asset	**1%**	21%
Agata Mining Ventures Inc	Philippines	Investment in associate	**17%**	17%
Agata Processing Inc	Philippines	Investment in associate	**22%**	22%
Pan de Azucar Mining Ventures Inc	Philippines	Investment in associate	**40%**	40%
Pan de Azucar Processing Inc	Philippines	Investment in associate	**40%**	40%
Apmedoro Mining Corp	Philippines	Investment in associate	**15%**	15%

MRL Nickel owns equity interests in four joint venture companies related to the TVIRD joint ventures, and one joint company related to a Medusa Mining joint venture that have been accounted for using the equity method.

TVIP has a 14% interest in Mindoro. In the first half of 2014, the Company recorded recoveries from the joint ventures with TVIRD, a Philippines Affiliate TVIP of $43,000. As described in note 8.1 of the Interim Financial Statements, the Company repaid a $399,000 loan from TVI on April 29, 2014.

The Company has recorded debts payable to current and former non-executive directors totalling $47,000 on which it accrues 8% interest per annum (note 8.1 of the Interim Financial Statements). The balance at June 30, 2014 includes $4,000 of accrued interest. In the period, the Company paid accrued fees and interest totalling $44,000.

The Company repaid a note payable to an executive director totalling $32,000 in the first half of 2014 (note 8.1 of the Interim Financial Statements).

In December 2013, a director of the Company participated in a private placement of loans for $25,000. The loan is due in December 2015 and pays interest at a rate equal to 15% per annum on a quarterly basis commencing March 31, 2014. The Company has reserved 100,000 common shares for issue to the director for entering into the loan agreement and recorded a share obligation of $1,000 on the balance sheet. Pursuant to ASX listing rules, the Company must obtain shareholder approval prior to the issue of securities to a director of the Company (Note 8.2 of the Interim Financial Statements).

The following remuneration has been paid or is payable to directors and officers of the Company. Movements in stock based compensation relate to the remeasurements of the Company's cash settled options.

TABLE 10

	June 30	
	2014	2013
	$000	$000
Salaries and directors fees	**244**	192
Stock based compensation	**(1)**	(5)
Key management compensation	**243**	187

9. SIGNIFICANT ACCOUNTING POLICIES

CRITICAL ACCOUNTING JUDGMENTS APPLIED IN THE COMPANY'S ACCOUNTING POLICIES

GOING CONCERN

Due to the financial condition of the Company at June 30, 2014 and the contractual commitments that are outstanding, judgment has been exercised in applying the assumption that the Company will continue as a going concern for the foreseeable future. Refer to note 4 of the 2013 annual financial statements for further disclosure.

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.

FUNCTIONAL CURRENCY DETERMINATION

The determination of functional currency is based on the primary economic environment in which an entity operates. The functional currency of an entity reflects the underlying transactions, events and conditions that are relevant to the entity. Factors that the Company considers when determining its functional currency, and the functional currency of its subsidiaries, include: (i) the currency that the delivery of goods or services are contracted in, (ii) the currency used to conduct business in the region, (iii) the currency that mainly influences labour, material and other costs of providing goods or services, (iv) the currency in which receipts from operating activities are usually retained in. When the indicators are mixed and the functional currency of an entity is not obvious, management uses its judgment to determine the functional currency that most appropriately represents the economic effects of the underlying transactions, events and conditions. Judgment was applied in determining the functional currency of Mindoro, the parent company, to be Canadian dollars.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted the new and amended IFRS pronouncements listed below as at January 1, 2014, in accordance with the transitional provisions outlined in the respective standards.

IAS 36 IMPAIRMENT OF ASSETS

In May 2013, the IASB amended IAS 36 – Impairment of Assets, providing guidance on recoverable amount disclosures for non-financial assets.

This amendment did not have a significant impact on the Company's interim financial statements.

IFRIC 21 LEVIES

IFRIC 21, Levies, clarifies that an entity recognizes a liability for a levy when the activity that triggers payment occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the minimum threshold is reached.

The adoption of this interpretation did not have a significant impact on the Company's interim financial statements.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

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.

IFRS 9 FINANCIAL INSTRUMENTS

On July 24, 2014, the IASB issued IFRS 9, Financial Instruments to replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 is effective for years beginning after January 1, 2018 with early adoption permitted if adopted in its entirety at the beginning of a financial period. The Company is currently evaluating the impact of adopting IFRS 9 on its consolidated financial statements.

REVENUE RECOGNITION

In May 2014, the IASB published IFRS 15, "*Revenue From Contracts With Customers*" ("IFRS 15") replacing IAS 11, "*Construction Contracts*", IAS 18, "*Revenue*" and several revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework that applies to contracts with customers. The standard requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchaser. Disclosure requirements have also been expanded.

(Expressed in Canadian Dollars unless otherwise noted)

The new standard is effective for annual periods beginning on or after January 1, 2017, with earlier adoption permitted. The standard may be applied retrospectively or using a modified retrospective approach. The Company is currently evaluating the impact of adopting IFRS 15 on the Consolidated Financial Statements.

There are no other standards or interpretations issued that are not yet effective that the Company anticipates will have a material impact on its financial statements once adopted.

10. OUTSTANDING SHARE DATA

TABLE 11

Issued - Common shares	Common Shares	Stock Options	Purchase Warrants
December 31, 2013	297,437,399	4,735,000	61,826,578
Expired	-	(2,385,000)	-
August 15, 2014	297,437,399	2,350,000	61,826,578

In December 2013, pursuant to a private placement of loans, the Company issued 600,000 common shares to lenders as a bonus for entering into the loan agreements. The Company allocated $9,000 of the loan proceeds as share capital. The Company also reserved 100,000 common shares for issue to one director as a bonus for entering into the loan agreement and recorded a share obligation of $1,000 on the balance sheet. Pursuant to ASX listing rules, the Company must obtain shareholder approval prior to the issue of securities to a director of the Company.

11. 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, TVIRD, 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 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.

12. 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 June 30, 2014. 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 June 30, 2014 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.

13. INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is designed to give reasonable assurance regarding the reliability of financial reporting and preparation of its financial statements. Management has designed and maintains a system of internal controls over financial reporting to carry out its responsibility. Management believes that these controls provide reasonable assurance that financial records are reliable and form a proper basis for the preparation of financial statements. Due to its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Furthermore, projections for any evaluation of effectiveness for future periods subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies may deteriorate.

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 June 30, 2014 based on the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations ("COSO").

A material weakness affecting the Company's financial statements for the year ended December 31, 2013 was identified in relation to the operation of internal controls over financial reporting. The material weakness resulted from inadequate number of finance and accounting personnel and resources in the financial reporting group, which is not uncommon for a company of Mindoro's size, and an inadequate understanding of certain agreements related to the TVIRD joint venture.

Management has performed an evaluation of the internal control deficiency and intends to acquire additional experienced accounting staff, subject to available financing, in the third quarter of 2014, and to educate existing staff on the Company's agreements in order to increase the effectiveness of the Company's internal controls. However, given the small finance and management team there are limits to the Company's ability to have a robust and segregated control environment.

MINDORO
RESOURCES LTD

Condensed Consolidated Interim Financial Statements
(Unaudited)

For the three and six months ended June 30, 2014

(Expressed in Canadian Dollars)

2200, 10235 101 Street NW
Edmonton AB T5J 3G1
Canada
+1.780.413.8187

mindoro@mindoro.com
www.mindoro.com

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

Disclosure of Non-Auditor Review of Interim Financial Statements

For the three and six months ending June 30, 2014

MINDORO
RESOURCES LTD

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 June 30, 2014, 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 August 15, 2014

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Condensed Consolidated Interim Balance Sheet

Unaudited

(Expressed in thousands of Canadian Dollars unless otherwise stated)

MINDORO RESOURCES LTD

	As at *Note*	Jun. 30 **2014**	Dec. 31 2013
ASSETS			
Current assets			
Cash and cash equivalents		**507**	198
Trade and other receivables		**76**	69
Prepaid expenses and other current assets		**20**	36
Financial assets available for sale	*4*	**69**	285
		672	588
Non-current assets			
Exploration and evaluation assets	*5*	**9,936**	9,710
Property and equipment	*6*	**2**	4
Investment in associates	*7*	**201**	197
		10,139	9,911
TOTAL ASSETS		**10,811**	10,499
LIABILITIES			
Current liabilities			
Trade and other payables		**518**	719
Borrowings	*8*	**54**	476
Warrants liability	*11*	**688**	490
Share based liability	*13*	**-**	1
		1,260	1,686
Non-current liabilities			
Borrowings	*8*	**167**	166
Defined benefit retirement obligation		**119**	116
		286	282
TOTAL LIABILITIES		**1,546**	1,968
Equity attributable to owners of the parent			
Share capital	*9*	**52,400**	52,403
Share obligation	*9*	**1**	1
Other reserves	*10*	**12,075**	11,488
Accumulated losses		**(55,211)**	(55,361)
		9,265	8,531
Non-controlling interests		**-**	-
TOTAL EQUITY		**9,265**	8,531
TOTAL LIABILITIES AND EQUITY		**10,811**	10,499

Going concern (Note 1)
Subsequent events (Note 15)

These condensed consolidated interim financial statements were authorised for issue by the audit committee on August 15, 2014 and are signed on its behalf.

X

A. R. Garden, Director

X

P. Gould, Director

Condensed Consolidated Interim Statements of Comprehensive Loss

Unaudited

(Expressed in thousands of Canadian Dollars unless otherwise stated)

MINDORO RESOURCES LTD

	Note	Three Months Ended Jun. 30				Six Months Ended Jun. 30			
		2014		2013		**2014**		2013	
Operating Expenses									
General and administration expenses			**(123)**		(132)		**(258)**		(320)
Salaries and other employee benefits			**(84)**		(63)		**(181)**		(133)
Interest Expense	*8*		**(13)**		-		**(35)**		-
Stock based compensation	*12,13*		**1**		1		**1**		5
Depreciation and amortization	*6*		**(1)**		(4)		**(3)**		(16)
Operating loss			**(220)**		(198)		**(476)**		(464)
Finance income			**1**		-		**1**		1
Remeasurement of warrants liability	*11*		**147**		240		**(198)**		597
Gain on sale of Red Mountain shares	*4*		**178**		-		**833**		-
Impairment of investment held for distribution			**-**		(6,100)		**-**		(6,745)
Foreign exchange gain (loss)			**(11)**		(1,463)		**(10)**		(926)
Loss on disposal of property and equipment	*6*		**-**		-		**-**		(8)
NET INCOME (LOSS) FOR THE PERIOD			**95**		(7,521)		**150**		(7,545)
Basic and diluted net income (loss) per share		**$**	**0.000**	$	(0.025)	**$**	**0.001**	$	(0.025)
Weighted average number of common shares outstanding (thousands)			**297,437**		296,837		**297,437**		296,837
Net income (loss) for the period			**95**		(7,521)		**150**		(7,545)
Other comprehensive income									
Items that may be reclassified to profit and loss									
Remeasurement of financial assets available for sale	*4*		**(166)**		-		**358**		-
Exchange differences on translation of foreign operations			**(88)**		(152)		**229**		21
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD			**(159)**		(7,673)		**737**		(7,524)

Condensed Consolidated Interim Statement of Changes in Equity

Unaudited

(Expressed in thousands of Canadian Dollars unless otherwise stated)

		Attributable to owners of the parent					
	Note	Share capital	Share obligation	Other reserves (note 13)	Accumulated losses	Non-controlling interests	Total equity
Balance as at December 31, 2013		**52,403**	**1**	**11,488**	**(55,361)**	**-**	**8,531**
Income for the period		-	-	-	150	-	150
Re-measurement of financial assets available for sale	*4*	-	-	358	-	-	358
Translation adjustments		-	-	229	-	-	229
Comprehensive income (loss)		**-**	**-**	**587**	**150**	**-**	**737**
Common shares issued for:							
Private placement	*9*	(3)	-	-			(3)
Transactions with owners		**(3)**	**-**	**-**	**-**	**-**	**(3)**
Balance as at June 30, 2014		**52,400**	**1**	**12,075**	**(55,211)**	**-**	**9,265**
Balance as at December 31, 2012		**52,864**	**-**	**11,251**	**(35,396)**	**7,765**	**36,484**
Loss for the period		-	-	-	226	-	226
Translation adjustments		-	-	21	-	-	21
Comprehensive income (loss)		**-**	**-**	**21**	**226**	**-**	**247**
Proceeds from Red Mountain share issuance				(165)		936	771
Loss of control of Red Mountain				165	(7,771)	(8,701)	(16,307)
Transactions with owners		**-**	**-**	**-**	**(7,771)**	**(7,765)**	**(15,536)**
Balance as at June 30, 2013		**52,864**	**-**	**11,272**	**(42,941)**	**-**	**21,195**

Condensed Consolidated Interim Statement of Cash Flows

Unaudited

(Expressed in thousands of Canadian Dollars unless otherwise stated)

MINDORO RESOURCES LTD

		Three Months Ended Jun. 30		Six Months Ended Jun. 30	
	Note	**2014**	2013	**2014**	2013
Cash flows from operating activities					
Net income (loss)		**95**	(7,521)	**150**	(7,545)
Items not affecting cash					
Interest expense	*8*	**13**	-	**35**	-
Interest paid	*8*	**(43)**	-	**(51)**	-
Stock based compensation	*12,13*	**(1)**	(1)	**(1)**	(5)
Depreciation and amortization	*6*	**3**	4	**3**	16
Remeasurement of warrants liability	*11*	**(147)**	(240)	**198**	(597)
Gain on sale of RMX shares	*4*	**(178)**	-	**(833)**	-
Impairment of investment held for distribution		**-**	6,100	**-**	6,745
Unrealized exchange differences		**2**	1,466	**1**	925
Loss on disposal of property and equipment	*6*	**-**	-	**-**	8
Net change in non-cash working capital items		**(24)**	(134)	**(123)**	(118)
Net cash used in operating activities		**(280)**	(326)	**(621)**	(571)
Cash flows from investing activities					
Proceeds from sale of Red Mountain shares	*4*	**417**	-	**1,363**	-
Expenditure on exploration and evaluation assets	*5*	**(40)**	(85)	**(69)**	(191)
Cost recoveries from Joint Venture Partner	*5*	**21**	47	**43**	170
Proceeds from disposal of equipment	*6*	**-**	-	**-**	6
Net cash used in investing activities		**398**	(38)	**1,337**	(15)
Cash flows from financing activities					
Issue of share capital, net of issuance costs	*8,9*	**-**	-	**(3)**	-
Cash received from borrowings	*8*	**6**	205	**24**	205
Loan repayments	*8*	**(397)**	-	**(429)**	-
Net cash generated from financing activities		**(391)**	205	**(408)**	205
Net increase (decrease) in cash and cash equivalents		**(273)**	(159)	**308**	(381)
Cash and cash equivalents at beginning of period		**781**	401	**198**	619
Exchange gains (losses) on cash and cash equivalents		**(1)**	(3)	**1**	1
Cash and cash equivalents at end of period		**507**	239	**507**	239

1. GENERAL INFORMATION AND GOING CONCERN

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

Mindoro is a publicly listed company incorporated in Canada under the legislation of the Province of Alberta. The Company's shares are listed on the TSX Venture Exchange and the Frankfurt Stock Exchange.

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

These condensed consolidated interim financial statements ("Interim Financial Statements") are prepared using International Financial Reporting Standards ("IFRS") that are applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

The Company earned net income of $150,000 (June 30, 2013 – loss of $7,545,000) and operating cash outflows of $621,000 (June 30, 2013 – $571,000). At June 30, 2014, the Company has a net working capital of $100,000, excluding warrants and share-based liabilities) compared to net current liabilities before investments held for distribution of $299,000. In addition to its on-going working capital requirements, mining and exploration licences held by the Company have annual expenditure obligations to maintain their 'good standing' status. The majority of these expenditure obligations have been assumed by TVI Resource Development Phils., Inc. ("TVIRD").

The Company and TVIRD entered into joint venture agreements where TVIRD 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 sulfide project by meeting certain expenditure and earn-in objectives (note 5). These joint venture agreements require TVIRD to finance Mindoro's mineral property annual expenditure obligations and maintain the tenements in good standing. Refer to further details included in note 5. Although management considers it unlikely that TVIRD would withdraw from the joint ventures, in the event that TVIRD were to withdraw, the Company would be required to fund the project obligations itself, acquire a new funding joint venture partner, or withdraw from the projects. These circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles to a going concern.

In December 2013, the Company signed a bridging loan (the "Loan") with a group of shareholders who provided an additional $175,000 for use as general working capital. In March and April 2014, the Company raised $1,363,000, net of broker fees, through the sale of 89.8 million Red Mountain Mining Ltd. ("Red Mountain") shares (note 4). These undertakings are not sufficient in and of themselves to enable the Company to fund all aspects of its operations for the next 12 months, and, therefore, the ability of the Company to continue as a going concern is dependent on obtaining additional funding to finance ongoing operating activities.

Accordingly, management is pursuing other financing alternatives to fund the Company's operations so it can continue as a going concern. Management believes that it will be able to secure the necessary financing through the issue of new equity or debt instruments and the sale of its remaining shares of Red Mountain. Nevertheless, there is no assurance that these initiatives will be successful and until the Company begins to receive positive cash flow from the TVIRD 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.

The board of directors believe that sufficient funds will be available for the Company to meet its obligations for the next twelve months and consider the Company to be a going concern, but recognize that it is dependent upon its ability to raise additional funds, repay existing borrowings, obtain the support of partners, sell investments, sell interests in or relinquish mining tenements held by the Company, and ultimately generate positive cash flows from operations. These Interim Financial Statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported revenues, expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. SUMMARY OF 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 group consisting of Mindoro Resources Ltd. (the "Parent") and its subsidiaries, collectively referred to as "Mindoro" or the "Company".

2.1 BASIS OF PRESENTATION

These Interim Financial Statements have been prepared in accordance with IAS 34 – Interim Financial Reporting using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These Interim Financial Statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited Consolidated Financial Statements of the Company for the Year Ended December 31, 2013, which are available on the Company's website (www.mindoro.com) and on SEDAR (www.sedar.org).

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of 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 4.

(a) Changes in accounting policies and disclosures

These Interim Financial Statements follow the same accounting policies and methods of application as the audited consolidated financial statements for the year ended December 31, 2013 except for the adoption of the new standards and interpretations effective January 1, 2014 as outlined below.

(i) *IAS 36 Impairment of Assets*

In May 2013, the IASB amended IAS 36 – Impairment of Assets, providing guidance on recoverable amount disclosures for non-financial assets.

This amendment did not have a significant impact on the Company's interim financial statements.

(ii) *IFRIC 21 Levies*

IFRIC 21, Levies, clarifies that an entity recognizes a liability for a levy when the activity that triggers payment occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the minimum threshold is reached.

The adoption of this interpretation did not have a significant impact on the Company's interim financial statements.

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 2014 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*

On July 24, 2014, the IASB issued IFRS 9, Financial Instruments to replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 is effective for years beginning after January 1, 2018 with early adoption permitted if adopted in its entirety at the beginning of a financial period. The Company is currently evaluating the impact of adopting IFRS 9 on its consolidated financial statements.

(ii) *Revenue Recognition*

In May 2014, the IASB published IFRS 15, "*Revenue From Contracts With Customers*" ("IFRS 15") replacing IAS 11, "*Construction Contracts*", IAS 18, "*Revenue*" and several revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework that applies to contracts with customers. The standard requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchaser. Disclosure requirements have also been expanded.

The new standard is effective for annual periods beginning on or after January 1, 2017, with earlier adoption permitted. The standard may be applied retrospectively or using a modified retrospective approach. The Company is currently evaluating the impact of adopting IFRS 15 on the Consolidated Financial Statements.

There are no other standards or interpretations issued that are not yet effective that the Company anticipates will have a material impact on its financial statements once adopted.

3. FINANCIAL RISK MANAGEMENT

3.1 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.

Proceeds raised from financing activities, sale of financial assets and the Company's joint venture agreements are used to meet these requirements, as well as to service short and long-term borrowings.

The board of directors does not establish quantitative return on capital criteria for management. The Company does not currently pay dividends.

There has been no change with respect to the overall capital risk management strategy during the six months ended June 30, 2014.

3.2 FOREIGN EXCHANGE RISK

Business is transacted by the Company in three currencies: PHP, AUD and CAD. 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.

The Company was exposed to foreign exchange risk through the monetary assets and liabilities in the table below at June 30, 2014 and December 31, 2013. The Company has not hedged its exposure to currency fluctuations;

however, foreign exchange risk is managed by holding cash and cash equivalents in different currencies in line with the anticipated expenditure requirements of the Company.

	June 30, 2014		December 31, 2013	
	PHP 000	AUD 000	PHP 000	AUD 000
Cash and cash equivalents	714	96	2,129	4
Trade and other receivables	2,621	11	2,234	10
Financial assets available for sale	-	68	-	300
Trade and other payables	(18,415)	(37)	(21,240)	(23)
Net foreign currency exposure	**(15,080)**	**138**	(16,877)	291
Exchange rate	0.02444	1.00660	0.02395	0.94960
Foreign currency exposure ($000)	**(369)**	**139**	(404)	276

Based on net exposures at June 30, 2014, 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 $37,000 (December 31, 2013 - $40,000). A 10% fluctuation in the exchange rate between the Canadian dollar and Australian dollar would affect the Company's profit or loss for the year by $14,000 (December 31, 2013 - $27,000).

3.3 CREDIT RISK

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

The majority of the Company's cash and cash equivalents are held with major financial institutions in Canada, Australia, and the Philippines. A significant portion of the Company's accounts receivable is due from TVIRD and from government agencies in Canada, Australia, and the Philippines. The resulting credit risk exposure is deemed immaterial by management of the Company.

3.4 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.

Trade and other payables are due within twelve months of the balance sheet date.

As at June 30, 2014, the Company has the following loans repayable at fixed rates of interest and maturity dates on an undiscounted basis:

	Principal Outstanding $000	**Interest accrued $000**	**Interest rate %**	**Maturity**
Non-current loan	175	7	15	December 2015

Currently, the Company does not generate cash flow from operations. The Company's Interim Financial Statements are presented on a going-concern basis that assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations (Note 1).

3.5 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 $507,000 in cash and cash equivalents at June 30, 2014 (December 31, 2013 - $198,000), on which it earns variable rates of interest, and is therefore subject to a certain amount of interest rate risk. The resulting interest rate risk is not considered material to the Company.

At June 30, 2014, the Company had borrowings totalling $54,000 (December 31, 2013 - $642,000) on which it accrues interest expense at various fixed rates of interest.

Warrants that are classified as liabilities are financial liabilities but are not subject to interest rate risk.

	June 30, 2014		December 31, 2013	
	$000	Weighted average effective interest rate	$000	Weighted average effective interest rate
Financal assets				
Cash and cash equivalents	507	0.41%	198	0.32%
Trade and other receivables	76	0.00%	69	0.00%
	583		267	
Financial Liabilities				
Trade and other payables	(518)	0.00%	(719)	0.00%
Notes and loans payable (15%)	-	15.00%	(547)	15.00%
Notes payable (8%)	(54)	8.00%	(61)	8.00%
	(572)		(1,327)	
Net Exposure	11		(1,060)	

At June 30, 2014 if interest rates paid on cash and cash equivalents 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 $2,000 (December 31, 2013: $3,000) higher/lower, as a result of higher/lower interest income from cash and cash equivalents.

4. FINANCIAL ASSETS AVAILABLE FOR SALE

During the six months ended June 30, 2014, the Company recorded the following transactions for its investment in Red Mountain:

	Note	Financial asset $000	Remeasurement gain (loss) $000	Foreign exchange gain (loss) $000
December 31, 2013		**285**	**-**	**-**
Returned to Red Mountain to reaquire TSF	(a)	(69)	-	(1)
Sold through ASX	(b)	(531)	840	-
Remeasurement	(c)	24	-	24
Impact on loss for the period			**840**	**23**
Remeasurement	(c)	359	359	-
Impact on other comprehensive loss			**359**	**-**
June 30, 2014		**68**	**1,199**	**23**

(a) On March 4, 2014, the Company returned 4 million Red Mountain shares to reacquire the contractual rights for several tenements in the Philippines including Tapian San Francisco following their release from escrow and obtaining approval from Red Mountain shareholders (note 5);

(b) In the six months of 2014, the Company sold 89.8 million Red Mountain shares through the facilities of the ASX for net proceeds of $1,363,000. As a result of these sales, the Company recycled $840,000 of accumulated other comprehensive income as a remeasurements gain in the current period.

(c) Red Mountain's share price increased to $0.011 (A$0.011) at June 30, 2014, resulting in a $359,000 gain and $23,000 foreign exchange gain during the first half of 2014.

5. EXPLORATION AND EVALUATION ASSETS

	Agata $000	Surigao Regional $000	Tapian San Francisco $000	Pan de Azucar $000	Total **$000**
December 31, 2012	**15,999**	**2,264**	**-**	**1,504**	**19,767**
Acquisition	85	-	125	-	**210**
Exploration	141	3	-	6	**150**
Joint venture recoveries	(165)	-	-	(16)	**(181)**
Impairment	(7,741)	(2,238)	-	-	**(9,979)**
Currency translation	(206)	(29)	(2)	(20)	**(257)**
December 31, 2013	**8,113**	**-**	**123**	**1,474**	**9,710**
Exploration	60	-	9	-	**69**
Joint venture recoveries	(37)	-	-	(6)	**(43)**
Currency translation	164	-	2	29	**195**
June 30, 2014	**8,300**	**-**	**134**	**1,497**	**9,931**

(Expressed in Canadian Dollars unless otherwise noted)

The following table summarizes Mindoro's earned mineral property interests and future commitments at June 30, 2014:

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.**
Surigao	Tapian San Francisco	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.**
Surigao	Mat-I	10%*	(i) The Company can earn an additional 30% interest upon completion of expenditure requirement (15 million PHP) 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 PHP) within one year. (iii) Mat I is included in option agreements for the Surigao properties and the Company can earn up to 100%.
Surigao	Apical	15%	Apical is an exploration permit application that Mindoro has an interest in by way of an incorporated joint venture with Medusa Mining and Minimax Mining Corp, which Mindoro is free-carried to production on narrow vein exploration targets or to the completion of a bankable feasibility study on large volume exploration targets.
Panay	Pan de Azucar	75%*	The Company is required to apply for a declaration of mining project feasibility ("DMPF") with the Philippines Department of Energy and Natural Resources ("DENR") in 2014 in order to maintain this project in good standing.

* Where applicable, subject to the terms of the Joint Venture agreements described in note 5.1 below.

** Subsequent to June 30, 2014, the Company announced that it has signed agreements renegotiating the terms of the 10% and 15% options to acquire the remaining 25% interest in each of the Agata Mining and Agata Processing Joint Ventures from its local partner. The terms of the amended options are as follows:

Agata Mining Option:

i. US$60,000 payment upon signing the Amended Option Agreements.

ii. US$60,000 to be paid 60 days from the date of signing;

iii. US$250,000 to be paid on the 15th day of the 6th month after the first shipment of DSO; and

iv. US$4,000,000 paid in five annual installments of US$800,000 to Minimax commencing on the 15th day of the 12th month after the first shipment of the DSO.

v. Title to Minimax's shares in the Agata Mining Joint Venture will be transferred to Mindoro on a pro-rata basis with each installment payment. However, Mindoro will immediately upon exercise, receive all the economic benefits, rights and obligations attached to Minimax's interest. The Agata Mining Option will automatically be exercised upon conclusion of the Restructure Period, as described below.

vi. In the event that Mindoro fails to make any of the installment payments, Mindoro must return any Agata Mining Joint Venture shares previously transferred by Minimax. Minimax will retain any installment payments made to date and Mindoro will retain any dividends already received from the Agata Mining Joint Venture.

Agata Processing Option:

i. Consideration in the amount of $5.5 million will be used to offset an existing $5.5 million Minimax debt due to MRL;

ii. During the processing of ore originating only from the Agata Project, Minimax will receive a 0.5% Net Smelter Returns (NSR) royalty during the lifetime of the processing operations, levied on 100% of production (the NSR does not apply to revenue generated from DSO operations);

iii. The Agata Processing Option will be automatically exercised upon payment of the second installment pursuant to the Agata Mining Option.

Both the Agata Mining and Agata Processing Agreement contain a 60 day "Restructure Period" during which time, with the consent of both parties, the schedule of installment payments and allocation of debt between Amended Option Agreements may be modified if more favourable tax structures are identified.

Mindoro and Minimax will also undertake during the Restructure Period to negotiate further compensation for Minimax in the event that resources currently allocated for processing by the Agata Processing Joint Venture are instead commercialized as DSO material by the Agata Mining Joint Venture.

Tapian San Francisco Option

Mindoro may also purchase Minimax's 25% interest in the Tapian San Francisco Project, bringing Mindoro's total direct and indirect interest in the project to 100%, for the following consideration:

i. US$120,000 to be paid on the 15th day of the 9th month after the first shipment of DSO;

ii. Consideration in the amount of $678,000 will be used to offset an existing $678,000 Minimax debt due to Mindoro; and

iii. During the processing of ore originating from only the Tapian Project, Minimax will receive a 0.5% gross smelter royalty from 100% of the net sales originating from only the Tapian San Francisco Project or the amount of One Hundred Thousand US Dollars (US$100,000.00), whichever is higher.

The Tapian San Francisco Option also contains a 60 day "Restructure Period" during which time, with the consent of both parties, certain terms of the amended option agreement may be modified if more favourable tax structures are identified.

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 exploration and evaluation assets. In 2014, royalty payments amounted to $Nil (2013 - $Nil).

Management of the Company reviews exploration costs to ensure deferred expenditures included only costs and projects that are eligible for capitalization.

5.1 TVIRD JOINT VENTURES

On September 25, 2012, the Company and TVIRD 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. These agreements were subsequently amended in June 2013. Details of the amended joint ventures are as follows:

<u>Agata Mining Joint Venture ("AMJV"):</u> TVIRD 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 Tapian San Francisco Tenements ("TSF tenements"). As at June 30, 2014, TVIRD has met its expenditure commitments on the AMJV, however it has yet to reach commercial production on the project. As TVIRD makes expenditures in the AMJV, it receives shares of the joint venture company which are placed in escrow until such time as it fully meets its earn in commitments. TVIRD will retain no interest in the AMJV if it withdraws prior to commencing a mining operation.

<u>Agata Processing Joint Venture (APJV):</u> TVIRD 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. As at June 30, 2014, TVIRD has met its expenditure commitments on the APJV, however it has yet to complete a DFS on the project. As TVIRD makes expenditures in the APJV, it receives shares of the joint venture company which are placed in escrow until such time as it fully meets its earn in commitments. TVIRD will retain no interest in the APJV if it withdraws prior to completing the DFS. Mindoro is required to transfer its rights, titles, and obligations related to the tenements to the joint venture company. However, as at June 30, 2014, these transfers remain incomplete and subject to approval of the Philippines Mines and Geosciences Bureau ("MGB").

<u>Pan de Azucar Mining Joint Venture ("PMJV"):</u> TVIRD 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 MGB on the Pan de Azucar MPSA. To exercise the option, TVIRD must maintain the tenements in good standing including applying for a DMPF with the DENR in 2014, 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. TVIRD will retain no interest in the PMJV if it withdraws prior to commencing a Mining operation.

Pan de Azucar Processing Joint Venture (“PPJV”): TVIRD has the exclusive right and option to earn 51% of the PPJV 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, TVIRD 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%. To exercise these options, TVIRD has committed to maintain the tenements in good standing including applying for a DMPF with the DENR in 2014, and must spend a minimum of $500,000 before withdrawing from the project. Mindoro is required to transfer its rights and obligations related to Pan de Azucar MPSA to the joint venture company. However, as at June 30, 2014, these transfers remain incomplete and subject to approval of the MGB.

5.2 IMPAIRMENT

In 2013, Mindoro recorded an impairment of the Agata and Surigao Regional projects exploration and evaluation assets of $9,979,000. The Company has calculated the recoverable value of these projects based on the estimated costs that TVIRD will need to incur in order to earn its 60% interests in the AMJV and APJV, which implies a fair value of Mindoro’s interest in the projects. The Company anticipates that final approval to transfer the Company’s rights, obligations, and titles related to the Agata and Surigao regional tenements will be granted by the MGB in 2014 and at that time, the Company will record its carrying value of these projects as investments in the joint venture companies rather than exploration and evaluation assets.

6. PROPERTY AND EQUIPMENT

	Office equipment & furnishings $000	Computer software & hardware $000	Vehicles $000	Field equipment $000	Building & leasehold improvements $000	Total $000
Cost						
December 31, 2012	105	239	125	55	223	**747**
Disposals	(22)	(20)	(33)	-	(223)	**(298)**
Translation adjustment	(1)	(3)	(2)	(1)	-	**(7)**
December 31, 2013	82	216	90	54	-	**442**
Disposals	(33)	(80)	(50)	(51)	-	**(214)**
Translation adjustment	-	5	2	1	-	**8**
June 30, 2014	**49**	**141**	**42**	**4**	**-**	**236**
Accumulated depreciation						
December 31, 2012	88	228	117	55	221	**709**
Depreciation	6	6	8	-	1	**21**
Disposals	(12)	(17)	(33)	-	(222)	**(284)**
Translation adjustment	(2)	(3)	(2)	(1)	-	**(8)**
December 31, 2013	80	214	90	54	-	**438**
Depreciation	1	2	-	-	-	**3**
Disposals	(33)	(80)	(50)	(51)	-	**(214)**
Translation adjustment	1	4	2	1	-	**8**
June 30, 2014	**49**	**140**	**42**	**4**	**-**	**235**
Net book value at:						
December 31, 2012	17	11	8	-	2	**38**
December 31, 2013	2	2	-	-	-	**4**
June 30, 2014	**-**	**1**	**-**	**-**	**-**	**1**

7. INVESTMENT IN ASSOCIATES

As discussed in notes 8 and 19 of the 2013 annual audited consolidated financial statements, property and equipment with a net book value of $199,000 was reclassified as investments in associates in 2012. The Company transferred this property and equipment to the joint venture companies as part of its obligations under the terms of the APJV and PPJV, which provide TVIRD and the joint venture vehicles with the exclusive use of these assets for the exploration and development of the Agata and PDA projects.

The Company has determined that upon entering into the TVIRD joint ventures in 2012, several items of property and equipment owned by its subsidiary no longer met the definition of property and equipment because the Company had provided the joint venture with exclusive access and usage to explore and evaluate the Agata and PDA projects.

8. BORROWINGS

8.1 SHORT TERM NOTES AND OTHER LOANS

	TVI Pacific Inc	Directors fees	Management fees	Total
	$000	$000	$000	**$000**
Note	*(a)*	*(b)*	*(c)*	
December 31, 2012	**-**	**-**	**-**	**-**
Principal drawn	358	59	32	**449**
Interest accrued	23	2	-	**25**
December 31, 2013	**381**	**61**	**32**	**474**
Repayments	(399)	(44)	(37)	**(480)**
Principal drawn	-	27	5	**32**
Interest accrued	18	3	-	**21**
June 30, 2014	**-**	**47**	**-**	**47**

(a) The Company and TVIP signed a secured promissory note in June 2013 whereby TVIP may, but was not obligated to, lend the Company up to $1.3 million in a series of drawdowns. The note will be repayable June 24, 2014, and accrued interest equal to 15%. The note was secured by Mindoro's interest in its wholly owned subsidiary, MRL Nickel Philippines Inc. On April 29, 2014, the Company repaid the outstanding principal and accrued interest on this loan.

(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 Board approved the re-instatement of 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. In April 2014, the Company paid $44,000 of accrued Directors Fees and interest payable to current independent non-executive directors. However, fees and accrued interest remain payable to one non-independent, non-executive director, and to two former non-executive directors of Mindoro.

(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 her services, but that $4,000 per month shall be deferred without interest until such time that the financial condition of the Company is improved. In March 2014, this debt was repaid and fees were no longer being deferred.

8.2 LONG TERM LOANS

In December 2013, the Company closed a private placement of loans aggregating $175,000 maturing in December 2015 and bearing interest at a rate of 15% per annum to be paid quarterly commencing March 31, 2014. The Company also issued an aggregate 600,000 common shares to the lenders for entering into the loan agreements. The Company has allocated $9,000 of the loan proceeds as share capital. In the first half of 2014, the Company incurred $15,000 of interest expense and paid $8,000 of accrued interest to the lenders. Subsequent to June 30, 2014, the Company paid an additional $7,000 of accrued interest to the lenders (note 15).

One director of the Company has participated in the loan financing for $25,000. The Company has also reserved 100,000 common shares for issue to the director as a bonus for entering into the loan agreement and recorded a share obligation of $1,000 on the balance sheet. Pursuant to ASX listing rules, the Company must obtain shareholder approval prior to the issue of securities to a director of the Company. The Company has not yet obtained shareholder approval.

9. SHARE CAPITAL

	Number of shares	Share capital $000
At December 31, 2012	296,837,399	52,864
Impact of change in parent's functional currency	-	(464)
Private placement	600,000	3
At December 31, 2013	297,437,399	52,403
Private placement issue costs not previously recognized	-	(3)
At June 30, 2014	**297,437,399**	**52,400**

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.

(a) In December 2013, pursuant to a private placement of loans, the Company issued 600,000 common shares to lenders for entering into the loan agreements. The Company has allocated $3,000 of the loan proceeds as share capital, net of share issuance costs of $6,000. The Company has also reserved 100,000 common shares for issue to one director for entering into the loan agreement and recorded a share obligation of $1,000 on the balance sheet. Pursuant to ASX listing rules, the Company must obtain shareholder approval prior to the issue of securities to a director of the Company.

10. OTHER RESERVES

	Note	Employee benefit reserve $000	Warrants reserve $000	Currency reserve $000	Other comprehensive income $000	Transactions with NCI $000	Other reserves $000
December 31, 2013		**5,120**	**5,912**	**856**	**(400)**	**-**	**11,488**
Remeasurement of financial assets available for sale	*4*	-	-	-	358	-	**358**
Translation adjustments		-	-	229	-	-	**229**
June 30, 2014		**5,120**	**5,912**	**1,085**	**(42)**	**-**	**12,075**
December 31, 2012		**5,162**	**5,961**	**324**	**(196)**	**-**	**11,251**
Translation adjustments		-	-	21	-	-	**21**
Proceeds from Red Mountain share issuance		-	-	-	-	165	**165**
Loss of control of Red Mountain		-	-	-	-	(165)	**(165)**
June 30, 2013		**5,162**	**5,961**	**345**	**(196)**	**-**	**11,272**

(Expressed in Canadian Dollars unless otherwise noted)

11. WARRANTS

The following table summarizes information about Common Share purchase warrants outstanding and exercisable as at June 30, 2014:

Expiry date	Exercise price $	December 31, 2013	Granted	Exercised	Expired	June 30, 2014
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 classified as either equity or liability and are recorded as an increase to warrants reserve or warrants liability respectively and a decrease to share capital as an issue cost of each private placement. There were no warrants issued in the first half of 2014 or in 2013. Warrants issued in 2012 had a fair value of $1,825,000 on their grant date and were classified as financial liabilities since their exercise price was denominated in a currency other than the Company's functional currency at the time of initial recognition. All warrants issued before 2012 have been classified as equity.

The fair value of warrants classified as liabilities outstanding on the balance sheet date was $688,000 or $0.016 per warrant (2013 – $490,000 or $0.011 per warrant). A remeasurement loss of $198,000 (2013 – gain of $597,000) has been recognised in the statement of loss and comprehensive loss for the period. The fair value was estimated using the Black-Scholes option-pricing model based on the following assumptions:

	June 30, 2014	December 31, 2013
Risk Free Interest Rate	1.31%	1.51%
Expected Life	3.26 years	3.76 years
Expected Volatility	143%	126%
Expected Dividend	-	-
Expected Forfeitures	-	-

(Expressed in Canadian Dollars unless otherwise noted)

12. EQUITY SETTLED OPTIONS

Expiry date	Exercise price $	**December 31, 2013**	Vested	Granted	Exercised	Expired	**June 30, 2014**
Feb 11, 2014	0.360	**550,000**	-	-	-	(550,000)	**-**
Apr 20, 2014	0.260	**300,000**	-	-	-	(300,000)	**-**
Aug 04, 2014	0.130	**1,535,000**	-	-	-	-	**1,535,000**
Aug 18, 2014	0.250	**450,000**	-	-	-	-	**450,000**
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		**4,735,000**	-	-	-	(850,000)	**3,885,000**
Weighted average exercise price ($)		**0.193**	**-**	**-**	**-**	**0.325**	**0.164**

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 half of 2014 or in 2013.

13. CASH SETTLED OPTIONS

Expiry date	Exercise price $	**December 31, 2013**	Vested	Granted	Exercised	Expired	**June 30, 2014**
Aug 18, 2014	0.250	**900,000**	-	-	-	-	**900,000**
Options outstanding and exercisable		**900,000**	-	-	-	-	**900,000**
Weighted average exercise price ($)		**0.250**	**-**	**-**	**-**	**-**	**0.250**

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.

(Expressed in Canadian Dollars unless otherwise noted)

No cash settled options were issued in the first half of 2014 or in 2013.

The fair value of outstanding cash settled options outstanding on the balance sheet date was less than $0.001 per option (2013 – $0.001). The fair value was estimated using the Black-Scholes option-pricing model based on the following assumptions:

	June 30, 2014	December 31, 2013
Risk Free Interest Rate	1.03%	1.07%
Expected Life	0.13 years	0.63 years
Expected Volatility	188%	170%
Expected Dividend	-	-
Expected Forfeitures	-	-

14. RELATED PARTY TRANSACTIONS

These Interim Financial Statements include the financial statements of Mindoro and the following significant subsidiaries and investments:

	Country of Incorporation	**Classification**	**% Ownership at Jun. 30, 2014**	**% Ownership at Dec. 31, 2013**
MRL Nickel Philippines Inc	Philippines	Active subsidiary	**100%**	100%
El Paso Corp	Philippines	Inactive subsidiary	**100%**	100%
Talahib Corp	Philippines	Inactive subsidiary	**100%**	100%
Batangas Metals and Mining Corp	Philippines	Inactive subsidiary	**100%**	100%
Red Mountain Mining Ltd	Australia	Financial Asset	**1%**	21%
Agata Mining Ventures Inc	Philippines	Investment in associate	**17%**	17%
Agata Processing Inc	Philippines	Investment in associate	**22%**	22%
Pan de Azucar Mining Ventures Inc	Philippines	Investment in associate	**40%**	40%
Pan de Azucar Processing Inc	Philippines	Investment in associate	**40%**	40%
Apmedoro Mining Corp	Philippines	Investment in associate	**15%**	15%

MRL Nickel owns equity interests in four joint venture companies related to the TVIRD joint ventures, and one joint company related to a Medusa Mining joint venture, which have been accounted for using the equity method.

TVIP has a 14% interest in Mindoro. In the first half of 2014, the Company recorded recoveries from the joint ventures with TVIRD, a Philippines Affiliate TVIP, of $43,000. As described in note 8.1, the Company repaid a $399,000 loan from TVI on April 29, 2014.

The Company has recorded debts payable to current and former non-executive directors totalling $47,000 on which it accrues 8% interest per annum (note 8.1). The balance at June 30, 2014 includes $4,000 of accrued interest. In the period, the Company paid accrued fees and interest totalling $44,000.

The Company repaid a note payable to an executive director totalling $32,000 in the first half of 2014 (note 8.1).

In December 2013, a director of the Company participated in a private placement of loans for $25,000. The loan is due in December 2015 and pays interest at a rate equal to 15% per annum on a quarterly basis commencing March 31, 2014. The Company has reserved 100,000 common shares for issue to the director for entering into the loan agreement and recorded a share obligation of $1,000 on the balance sheet. Pursuant to ASX listing rules, the Company must obtain shareholder approval prior to the issue of securities to a director of the Company (Note 8.2).

The following remuneration has been paid or is payable to directors and officers of the Company. Movements in stock based compensation relate to the remeasurements of the Company's cash settled options.

	June 30	
	2014	2013
	$000	$000
Salaries and directors fees	**244**	192
Stock based compensation	**(1)**	(5)
Key management compensation	**243**	187

15. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the quarter on August 15, the Company announced that it has signed three agreements to acquire an additional 25% interest in the Agata and Tapian San Francisco Projects. As described in Note 5, the Company previously had the right to acquire the remaining 25% economic interest in the Agata Project based on gold and copper production scenarios. The new agreements have been renegotiated to be more applicable to the economic scenario of high-iron nickel laterite DSO and Nickel Processing operations.

Under the Amended Option Agreements, Mindoro may purchase Minimax's 25% interest in each of the Agata Mining and Agata Processing Joint Ventures for the following consideration:

Agata Mining Option:

i. US$60,000 payment upon signing the Amended Option Agreements.

ii. US$60,000 to be paid 60 days from the date of signing;

iii. US$250,000 to be paid on the 15th day of the 6th month after the first shipment of DSO; and

iv. US$4,000,000 paid in five annual installments of US$800,000 to Minimax commencing on the 15th day of the 12th month after the first shipment of the DSO.

v. Title to Minimax's shares in the Agata Mining Joint Venture will be transferred to Mindoro on a pro-rata basis with each installment payment. However, Mindoro will immediately upon exercise, receive all the economic benefits, rights and obligations attached to Minimax's interest. The Agata Mining Option will automatically be exercised upon conclusion of the Restructure Period, as described below.

vi. In the event that Mindoro fails to make any of the installment payments, Mindoro must return any Agata Mining Joint Venture shares previously transferred by Minimax. Minimax will retain any installment payments made to date and Mindoro will retain any dividends already received from the Agata Mining Joint Venture.

Agata Processing Option:

i. Consideration in the amount of $5.5 million will be used to offset an existing $5.5 million Minimax debt due to MRL;

ii. During the processing of ore originating only from the Agata Project, Minimax will receive a 0.5% Net Smelter Returns (NSR) royalty during the lifetime of the processing operations, levied on 100% of production (the NSR does not apply to revenue generated from DSO operations);

iii. The Agata Processing Option will be automatically exercised upon payment of the second installment pursuant to the Agata Mining Option.

Both the Agata Mining and Agata Processing Agreement contain a 60 day "Restructure Period" during which time, with the consent of both parties, the schedule of installment payments and allocation of debt between Amended Option Agreements may be modified if more favourable tax structures are identified.

Mindoro and Minimax will also undertake during the Restructure Period to negotiate further compensation for Minimax in the event that resources currently allocated for processing by the Agata Processing Joint Venture are instead commercialized as DSO material by the Agata Mining Joint Venture.

Tapian San Francisco Option:

Mindoro may also purchase Minimax's 25% interest in the Tapian San Francisco Project, bringing Mindoro's total direct and indirect interest in the project to 100%, for the following consideration:

i. US$120,000 to be paid on the 15th day of the 9th month after the first shipment of DSO;

ii. Consideration in the amount of $678,000 will be used to offset an existing $678,000 Minimax debt due to Mindoro; and

iii. During the processing of ore originating from only the Tapian San Francisco Project, Minimax will receive a 0.5% gross smelter royalty from 100% of the net sales originating from only the Tapian San Francisco Project or the amount of One Hundred Thousand US Dollars (US$100,000.00), whichever is higher.

The Tapian San Francisco Option also contains a 60 day "Restructure Period" during which time, with the consent of both parties, certain terms of the amended option agreement may be modified if more favourable tax structures are identified.