



MINDORO  
RESOURCES LTD

Condensed Consolidated Interim Financial Statements  
&  
Management's Discussion and Analysis

For the three and nine months ended September 30, 2015

(Expressed in Canadian Dollars)

Suite 1250, 639 5th Avenue SW  
Calgary AB T2P 0M9  
Canada  
+1.780.413.8187

[mindoro@mindoro.com](mailto:mindoro@mindoro.com)  
[www.mindoro.com](http://www.mindoro.com)

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 nine months ended September 30, 2015

As reported on November 29, 2015

Suite 1250, 639 5<sup>th</sup> Avenue SW  
Calgary AB T2P 0M9  
Canada  
+1.780.413.8187

[mindoro@mindoro.com](mailto:mindoro@mindoro.com)  
[www.mindoro.com](http://www.mindoro.com)

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

## Table of Contents



MINDORO  
RESOURCES LTD

---

1.	Company Profile and Strategy .....	4
2.	Overview for The Three and Nine Months Ended September 30, 2015 .....	4
3.	Activities for the Nine Months Ended September 30, 2015 .....	5
4.	Milestones Targeted for 2015.....	6
5.	Financial Analysis .....	7
6.	Discussion of Projects .....	11
7.	Events After the Reporting Period .....	14
8.	Transactions Between Related Parties.....	14
9.	Significant Accounting Policies.....	15
10.	Outstanding Share Data .....	17
11.	Liquidity and Capital Resources .....	17
12.	Financial Instruments and Other Instruments .....	18
13.	Risks and Uncertainties .....	20

## Management's Discussion and Analysis

For the three and nine months ended September 30, 2015

(Expressed in Canadian Dollars unless otherwise noted)



MINDORO  
RESOURCES LTD

### 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.*



## Management's Discussion and Analysis

For the three and nine months ended September 30, 2015

(Expressed in Canadian Dollars unless otherwise noted)

### 1. COMPANY PROFILE AND STRATEGY

During the nine months ended September 30, 2015 (the "period"), Mindoro Resources Ltd. ("Mindoro" or the "Company") continued to monitor operations at Agata operated by TVI Resource Development (Phils.) Inc. ("TVIRD"). The Company also worked to obtain financing to fund its acquisition of Minimax Mineral Exploration Corporation's ("Minimax") 25% interest in the Agata and Tapian San Francisco projects, as well as Mindoro's ongoing general and administrative expenditures, and commenced discussions with Minimax, Panoro, and other parties to renegotiate terms of outstanding payables.

This Management's Discussion and Analysis ("MD&A") presents the operating results and financial status of the Company for the three and nine months ended September 30, 2015, and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements ("Interim Financial Statements") for the three and nine months ended September 30, 2015 and the audited consolidated financial statements for the year ended December 31, 2014 ("Annual Financial Statements"). The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in Canadian Dollars. The information in this MD&A is current as of November 29, 2015.

The Company trades on the TSX Venture Exchange and Frankfurt Exchange as MIO and OLM, respectively. Additional information related to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com), and on the Company's website at [www.mindoro.com](http://www.mindoro.com).

### 2. OVERVIEW FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015

#### AGATA MINING VENTURES INC. OPERATIONS

Agata Mining Ventures Inc. ("AMVI"), a company held by Mindoro's Philippine subsidiary, MRL Nickel Phils., Inc. and TVIRD, recorded revenue for the period of \$22.2 million, including \$8.3 million in the third quarter, and net income of \$1.9 million in the period including \$2.0 million in the third quarter.

The Company announced on May 19, 2015 that AMVI has completed a detailed diamond-drilling program that commenced in October 2014 consisting of in-fill and step-out drill holes on the Agata nickel laterite orebody to upgrade and increase the resources previously disclosed in April 2013.

The Company announced on June 5, 2015 that AMVI has completed an initial 17-hole drill program at the Agata limestone project.

#### BOARD AND MANAGEMENT CHANGES

On September 1, 2015, the Company announced the appointment of Mary Anne Antazo as Interim-CEO and of Aaron Principe as a non-executive director following the resignations of Luis Santos and Cliff James. Federico Zarate was also named Chairman of the Board. Previously, on May 8, 2015, the Company announced that it has accepted the resignation of Penny Gould as Chief Executive Officer and appointed Luis Jovito A Santos to the role of interim Chief Executive Officer. The Company also announced the appointment of Arturo P de los Santos to the board of directors and the appointment of existing director Clifford M James as the interim chairman of the board following the resignation of directors A Robson Garden and Lawrence Nagy.

#### FINANCIAL

Net income of \$526,000 in the first nine months of 2015, which includes the Company's share of equity income from AMVI of \$759,000 in the period, compared to net loss of \$907,000 in the same period of 2014.

Since December 2014, the Company has received \$796,000 bridge loan from TVIRD and was negotiating to issue a CDN\$2 million convertible debenture to TVIRD on similar financial terms as the interim loan, except with a two-

## Management's Discussion and Analysis

For the three and nine months ended September 30, 2015

(Expressed in Canadian Dollars unless otherwise noted)



**MINDORO**  
RESOURCES LTD

year term and a conversion feature in accordance with the rules of the TSX Venture Exchange. The maturity of the bridge loan has since been extended until negotiations are completed on the larger convertible note.

At September 30, 2015, the cash balance was \$57,000 and working capital deficit was \$4,732,000, excluding the warrants liability, compared with a cash balance of \$380,000 and a working capital deficit of \$2,746,000 at December 31, 2014.

### 3. ACTIVITIES FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

TABLE 1

<b>January</b>	Bridge loan maturity date extended AMVI made one laterite direct shipping ore ("DSO") shipment for gross proceeds of US\$615,000
<b>February</b>	AMVI made one laterite DSO shipment for gross proceeds of US\$693,000
<b>March</b>	AMVI completes three laterite DSO shipments for \$1.93 million gross proceeds
<b>April</b>	Financial results released for the year ended December 31, 2014 AMVI made three laterite DSO shipments for gross proceeds of US\$4.2 million
<b>May</b>	AMVI completed large-scale drill program at Agata Nickel laterite project Interim-CEO, Interim-Chairman, and new director appointed
<b>June</b>	Drill results of limestone deposit confirm presence of high purity limestone at Agata AMVI makes one shipment of nickel ore Partial Results and Adjournment of Annual and Special Shareholder Meeting announced
<b>July</b>	Bridge loan from TVIRD not extended, now in default AMVI makes four shipment of nickel ore PRHI ratified as control person at adjourned shareholders meeting
<b>August</b>	One millionth wet metric tonne of nickel laterite loaded at Agata triggering Panoro payments
<b>September</b>	New Interim-CEO, Interim-Chairman, and new director appointed
<b>November</b>	TVIRD extends loan and provides additional \$240,000 advance

## Management's Discussion and Analysis

For the three and nine months ended September 30, 2015

(Expressed in Canadian Dollars unless otherwise noted)



MINDORO  
RESOURCES LTD

### 4. MILESTONES TARGETED FOR 2015

TABLE 2

MILESTONE	STATUS
<b>TVIRD to complete the Agata processing optimised definitive feasibility study</b>	Completed, currently under review by Agata Processing Inc's board
<b>Continue shipments of approximately 55,000 WMT of high-iron and low-nickel (limonite) or low-iron and high-nickel (saprolite) DSO material approximately every 7 to 10 days.</b>	21 DSO shipments containing an aggregate 908,382 WMT of limonite ore and 232,601 WMT of saprolite completed as of September 30, 2015
<b>Updated NI 43-101 resource for Agata Nickel Laterite project</b>	Drill results released May 2015. TVIRD has advised the resource report will not be NI 43-101 compliant
<b>Investigate opportunities to direct ship the abundant limestone at Agata.</b>	Drilling on the limestone completed in June 2015. TVIRD has advised the resource report will not be NI 43-101 compliant. Marketing studies are on-going
<b>Secure additional financing</b>	Negotiations with TVIRD to extend the term of the existing bridge loan and increase that amount are ongoing, as are discussions with respect of a larger financing arrangement are ongoing at the reporting date Shareholders authorized the board to complete a share consolidation of up to 15:1 consolidation ratio in June 2015

## Management's Discussion and Analysis

For the three and nine months ended September 30, 2015

(Expressed in Canadian Dollars unless otherwise noted)



**MINDORO**  
RESOURCES LTD

### 5. FINANCIAL ANALYSIS

TABLE 3: SUMMARY OF QUARTERLY RESULTS

	2013-Q4	2014-Q1	2014-Q2	2014-Q3	2014-Q4	2015-Q1	2015-Q2	2015-Q3
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Total revenue	-	-	-	-	-	-	-	-
General and administrative expenses	(239)	(135)	(123)	(395)	(198)	(62)	(116)	(161)
Salaries and employee benefits	(95)	(97)	(84)	(119)	(85)	(103)	(115)	(66)
Interest expense	(16)	(22)	(13)	(9)	(39)	(72)	(67)	(72)
Stock based compensation	2	-	1	-	-	-	-	-
Share of equity earnings (losses) of associate	-	-	-	-	727	(1,085)	1,063	781
Depreciation and amortization	(1)	(2)	(1)	-	(1)	-	-	(1)
Impairment of exploration and evaluation assets	(9,979)	-	-	-	(4,303)	-	-	-
Operating Loss	(10,328)	(256)	(220)	(523)	(3,899)	(1,322)	765	481
Finance income	-	-	1	1	-	-	1	-
Remeasurement of warrants liability	152	(345)	147	(534)	362	39	599	136
Gain on sale of Red Mountain shares	-	655	178	-	-	-	-	30
Gain on reversal of Batangas provision	-	-	-	-	-	27	-	-
Impairment of investment held for distribution	(98)	-	-	-	-	-	-	-
Foreign exchange	(317)	1	(11)	(1)	13	56	(68)	(217)
Income (loss) before income taxes	(10,591)	55	95	(1,057)	(3,524)	(1,200)	1,297	430
Income taxes	(5)	-	-	-	(1)	(1)	-	-
Net income (loss) for the period	(10,596)	55	95	(1,057)	(3,525)	(1,201)	1,297	430
Basic and diluted net income (loss) per share (\$)	(0.036)	0.000	0.000	(0.004)	(0.012)	(0.004)	0.004	0.001

#### NET INCOME AND LOSSES

The Company recognised net income of \$526,000 in the first nine months of 2015, including net income of \$430,000 in the third quarter of 2015, compared to net losses of \$907,000 and \$1,054,000 in the same periods of 2014. This reflects the recognition of the Company's share of AMVI's net income (\$759,000) in the period, including Mindoro's share of AMVI's third quarter profits (\$781,000), and higher interest expense and salaries and other employee benefits compared to the same period of 2014. The Company recorded a gain in the period for the reversal of a provision related to the Company's Batangas assets that were sold in 2012 to Red Mountain Mining Ltd. General and administrative expenses were lower through the first nine months of 2015 than in the same period of 2014.

## Management's Discussion and Analysis

For the three and nine months ended September 30, 2015

(Expressed in Canadian Dollars unless otherwise noted)



**MINDORO**  
RESOURCES LTD

TABLE 4: GENERAL AND ADMINISTRATION EXPENSES

	Three months ended Sep. 30		Nine months ended Sep. 30	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Legal	87	109	129	122
Insurance	8	6	22	28
Accounting and audit fees	-	16	-	45
Listing fees	5	-	30	10
Transfer agent fees	2	3	15	25
Advertising & Promotion	2	(6)	4	9
Management fees and outsourced labour	(4)	238	-	307
Travel	17	16	37	46
Documentary Stamp Tax	7	-	27	-
Office Costs	37	10	75	61
<b>General and Administrative Costs</b>	<b>161</b>	<b>392</b>	<b>339</b>	<b>653</b>

Further commentary on net the loss in the first nine months of 2015 with respective comparatives:

- In the first nine months of 2015, general and administrative expenses (\$339,000) were lower than in the same period of 2014 (\$653,000). The Company spent more on legal fees, listing fees, and office costs in the current period than in the same period of 2014 due to management changes in May and September 2015, and costs incurred related to the AGM, but less on insurance, accounting, transfer agent fees, advertising, management fees and outsourced labour, and travel. In the period, the Company increased the amount of its provision for documentary-stamp-tax payable in the Philippines. In September 2014, the Company recognized a \$215,000 one time expense related to the termination of Mr. Climie's consulting agreement.
- The Company incurred few salaries and employee benefits charges in the current period due to the resignation of Ms. Gould as CEO. Mr. Santos did not take a salary from the Company while acting as interim-CEO, and Ms. Antazo's salary is significantly lower than previous CEO's. These reductions helped to offset a stronger Philippine Peso and decreased salaries and employee benefits recovered through the use of Mindoro personnel by AMVI in its operations compared to the same periods of 2014.
- The Company also incurred interest expense on loans and installment payments disclosed in notes 11 and 12 of the Interim Financial Statements.
- Remeasurement of the warrants liability has resulted in the recognition of a gain of \$774,000 in the first nine months of 2015, including \$136,000 in the third quarter, compared to losses of \$732,000 in the first nine months and \$534,000 in the third quarter of 2014. Fluctuations in the fair value of the warrants liability reflect the volatility in the Company's share price as the expiry date of the warrants nears.
- The Company incurred \$229,000 foreign exchange loss in the first nine months of 2015, which principally reflect fluctuations in the exchange rates for US dollars and Philippine Pesos. In the same period of 2014, the Company incurred \$11,000 of foreign exchange loss resulting from fluctuations in the exchange rates for Philippine Pesos and Australian dollars.

## Management's Discussion and Analysis

For the three and nine months ended September 30, 2015

(Expressed in Canadian Dollars unless otherwise noted)



**MINDORO**  
RESOURCES LTD

### CASH FLOWS

In the first nine months of 2015, the Company used \$508,000 in cash from operating activities compared to \$828,000 in the same period of 2014. In the third quarter, the Company used \$77,000 in cash for operating activities in 2015 compared to \$204,000 in 2014. This reflects an increase in net non-cash operating current assets and liabilities of \$267,000 in the first nine months of 2015, including an increase of \$297,000 in the third quarter, compared to an increase of \$195,000 in the first nine months of 2014, including an increase of \$318,000 in the third quarter of 2014.

In the first nine months of 2015, the Company spent \$9,000 on exploration and evaluation assets, while recovering \$5,000 from AMVI and Pan de Azucar Mining Ventures, Inc. ("PMVI"). In 2014, the Company spent \$15,000 on exploration and evaluation assets and received cost recoveries from AMVI and PMVI of \$26,000. Most of the exploration expenditures in the current period relate to technical support provided to TVIRD related to the Agata Mining Joint Venture ("AMJV").

### EXPLORATION AND EVALUATION ASSETS

TABLE 5: DETAILED EXPENDITURE ON EXPLORATION AND EVALUATION ASSETS

	Agata \$000	Tapian San Francisco \$000	Pan de Azucar \$000	Total \$000
<b>December 31, 2013</b>	<b>8,113</b>	<b>123</b>	<b>1,474</b>	<b>9,710</b>
Acquisition				-
Option and advance royalty costs	-	440	-	440
	-	440	-	440
Exploration				
General exploration	6	9	-	15
Labour	37	3	-	40
	43	12	-	55
Recoveries from associate	(52)	-	(7)	(59)
Reclassified to option to purchase contract	(87)	-	-	(87)
Reclassification to investment in associate	(2,502)	-	-	(2,502)
Impairment of exploration and evaluation assets	(2,239)	(539)	(1,525)	(4,303)
Currency translation	476	6	58	540
<b>2014 Activity</b>	<b>(4,361)</b>	<b>(81)</b>	<b>(1,474)</b>	<b>(5,916)</b>
<b>December 31, 2014</b>	<b>3,752</b>	<b>42</b>	<b>-</b>	<b>3,794</b>
Exploration				
Labour	4	4	1	9
	4	4	1	9
Recoveries from associate	(4)	-	(1)	(5)
Currency translation	385	5	-	390
<b>2015 Activity</b>	<b>385</b>	<b>9</b>	<b>-</b>	<b>394</b>
<b>September 30, 2015</b>	<b>4,137</b>	<b>51</b>	<b>-</b>	<b>4,188</b>

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 Philippines Mines and Geosciences Bureau ("MGB") in 2015 and at that time, the Company will record its carrying value of Agata in its investment in associate rather than exploration and evaluation assets.



## Management's Discussion and Analysis

For the three and nine months ended September 30, 2015

(Expressed in Canadian Dollars unless otherwise noted)

The Company fully impaired its interest in Pan de Azucar in 2014, because the exploration period under the Mineral Production Sharing Agreement ("MPSA") (9<sup>th</sup> and 10<sup>th</sup> year) should have expired in February 2015. The Company and Minimax have requested an extension of the exploration period but have not yet received a response from the MGB or Department of Environment and Natural Resources ("DENR").

### GOING CONCERN

The Company had net income of \$526,000 (September 30, 2014 – net loss of \$907,000) but operating cash outflows of \$508,000 for the nine months ending September 30, 2015 (September 30, 2014 – \$828,000). At September 30, 2015, the Company has a net working capital deficit of \$4,732,000, excluding warrants liabilities which are not settled in cash (December 31, 2014 – \$2,746,000). 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"). In 2014, the Company signed an agreement with Minimax Mineral Exploration Corporation ("Minimax") to acquire Minimax's 25% interest in shares of Agata Mining Ventures Inc. ("AMVI"), the mining entity. The contractual obligation requires annual installment payments to Minimax in the amount of US\$800,000 for the next five years. The Company also has a commitment to Panoro Minerals Ltd. ("Panoro") in the amount of \$1,000,000, recognized in two \$500,000 payments. Mindoro did not make the first payments to Minimax or Panoro due to lower than expected metals prices which has resulted in delays in receipt of dividends from AMVI. The Company has contacted both parties to discuss renegotiating the terms of those payments to better reflect the current market conditions. However, there can be no assurances that these discussions will be successful.

In 2012 the Company entered into an agreement with TVIRD where TVIRD has the right to earn a 60% interest in Agata and regional nickel projects by sole funding a DSO project to production and completing a 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. These joint venture agreements require TVIRD to finance Mindoro's mineral property annual expenditure obligations and maintain the tenements in good standing.

In October 2014, the Agata DSO project began production and TVIRD earned its 60% interest in AMVI, the joint venture vehicle. As at September 30, 2015 AMVI has completed 21 shipments of nickel laterite DSO. The Company anticipates that the Agata project will generate positive cash flow from operations and the AMVI partners could expect to receive distributions; however, the Company does not control the timing of future distributions and there is no certainty that sufficient distributions will be received before the Company's obligations are due.

In December 2014, the Company borrowed \$500,000 from TVIRD and was subsequently advanced an additional \$296,000 in 2015 pursuant to the terms of a secured promissory note. This agreement is intended as a bridge financing while negotiating a larger financing arrangement with TVIRD and its shareholders. The note was originally due on January 31, 2015, but the term was subsequently extended. The note accrues interest equal to 8% per annum and is secured by Mindoro's interest in its wholly owned subsidiary, MRL Nickel Philippines Inc.

During 2014, the Company sold the majority of its holdings in Red Mountain shares, which provided cash inflows that were used to settle obligations as they fell due throughout 2014. The Company sold its remaining shares in July 2015 for \$24,000.

At September 30, 2015, the Company had an ending cash position of \$57,000, and the Company is presently dependent on cash flows from financing activities to continue operations and fund expenses.

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 as a going concern.

## Management's Discussion and Analysis

For the three and nine months ended September 30, 2015

(Expressed in Canadian Dollars unless otherwise noted)



MINDORO  
RESOURCES LTD

The Company received \$796,000 from TVIRD under a secured promissory note and subsequent advances. Negotiations for a \$2 million convertible debenture to replace as well as to repay the secured promissory note have been delayed given the realization that it is not sufficient in and of itself to enable the Company neither to fund all aspects of its operations for the next 12 months nor to meet the current working capital deficit. 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 seeking other financing alternatives to fund the Company's operations so it may continue as a going concern. But there is no assurance that these initiatives will be successful and, until the Company begins to receive positive cash flow from AMVI distributions, 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 Company 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 and recognizes this to be a challenge and a concern in the current environment. 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 LATERITE PROJECT

The Agata nickel laterite project is a DSO operation, held by AMVI, a company controlled by TVIRD, which holds a 60% interest and is operator. Mindoro directly holds a 15% interest in AMVI and is acquiring an additional 25% interest from Minimax in exchange for the following consideration:

- US\$80,000 advanced in 2013 and initially recorded as exploration and evaluation assets;
  - US\$60,000 paid upon signing the Amended Option Agreements;
  - US\$60,000 paid 60 days from the date of signing; and
  - US\$4,000,000 to be paid in five annual installments of US\$800,000 to Minimax commencing on the 15<sup>th</sup> day of the 12<sup>th</sup> month after the first shipment of the DSO.
- i. Title to Minimax's shares in AMJV will be transferred to Mindoro on a pro-rata basis with each installment payment. However, immediately upon exercise Mindoro will receive all the economic benefits, rights and obligations attached to Minimax's interest. Therefore, the Company considers itself to have a 40% participating interest in AMVI.
  - ii. In the event that Mindoro fails to make any of the installment payments, Mindoro must return any AMJV shares previously transferred by Minimax. Minimax will retain any installment payments made to date and Mindoro will retain any dividends already received from AMJV.

Mindoro failed to make the first installment payment due on November 15, 2015 due to fewer than expected shipments of laterite in the first year of mining operations and significantly lower sales prices due to the broad decline in metals prices, including nickel and iron, since the end of 2014. Mindoro and Minimax are in discussions to renegotiate the payment terms of the US\$4 million dollar purchase price in

## Management's Discussion and Analysis

For the three and nine months ended September 30, 2015

(Expressed in Canadian Dollars unless otherwise noted)



MINDORO  
RESOURCES LTD

a manner that better reflects current market conditions. As such no adjustment has been made to Mindoro's interest in AMVI for the third quarter.

The Agata DSO Project site is located in a 4,995-hectare MPSA area located in the adjacent municipalities of Tubay, Jabonga and Santiago in Augustan del Norte province. It is accessible by approximately 1.5 hours driving time from the provincial capital of Butuan. The project mine site is located 3.5 km from AMVI's private port, which is strategically located within proximity to main markets in Asia and provides the opportunity for shipping all year round.

According to an April 10, 2013, NI 43-101 report (available on SEDAR and Mindoro's website at [www.mindoro.com](http://www.mindoro.com)) the Agata project has 33.9 million dry metric tonnes of grading 1.1% nickel and 22.5% iron in the measured and indicated resource categories and an additional 2.1 million dry metric tonnes grading 1.0% nickel and 16.3% iron in the inferred resource category.

In a subsequent NI 43-101 Feasibility Study report published on August 30, 2013 (available on SEDAR and Mindoro's website at [www.mindoro.com](http://www.mindoro.com)) the project was shown to have Proven and Probable Reserves of 9.7 million wet metric tonnes ("WMT") of nickel laterite ore with a grade of 48% Fe and 0.9% Ni. These reserves were calculated only on the high iron/low nickel ore in the nickel laterite deposit and do not indicate the full amount of both limonite and saprolite ore reserves in the deposit.

From November 2014 to April 2015, AMVI undertook a large-scale drill program aimed at upgrading and increasing the resources previously disclosed in April 2013. The results of this drill program were announced in a May 19, 2015 news release.

### AGATA LIMESTONE PROJECT

From November 2014 to April 2015 AMVI carried out a drill program on the property and results had confirmed the presence of a high-purity recrystallized limestone deposit covering an area of 600 meters by 650 meters. The results of this drill program were announced in a May 19, 2015 news release.

Mindoro previously released a NI 43-101 compliant Agata Technical Report dated December 20, 2011 (available on SEDAR and Mindoro's website) that disclosed the results of a five hole drill program. That drill program was insufficient to classify a mineral resource.

AMVI will evaluate the feasibility of commencing a limestone DSO operation or producing hydrated lime and a higher value ground calcium carbonate ("GCC") product marketable to the paper and plastics industries in Asia. Due to the project's close proximity to the causeway where materials will be shipped, potential operations will benefit from having low transport and handling costs.

### AGATA NICKEL PROCESSING PROJECT

The Agata Nickel Processing Project is held by Agata Processing, Inc. ("API"), a company in which TVIRD has the right to earn a 60% interest from Mindoro by expending a minimum of US\$2 million and delivering a DFS. As at December 31, 2014, TVIRD had completed its minimum expenditure requirement and has earned 45% of the shares in API, subject to completing the DFS. As at October 16, 2015, the DFS was completed by API subject to the approval by the Board of Directors of API, which would result in TVIRD earning a total of 60% interest of API shares.

The project is located in the middle of the current Agata nickel laterite DSO operation and in close proximity to the causeway facilities that were built to support the DSO operations, which is strategically located near main markets in Asia and provides the opportunity for shipping all year round.



## Management's Discussion and Analysis

For the three and nine months ended September 30, 2015

(Expressed in Canadian Dollars unless otherwise noted)

As announced on August 15, 2014, Mindoro has negotiated a share option agreement to acquire an additional 25% from Minimax in exchange for the following:

- 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.

### PAN DE AZUCAR PYRITE PROJECT

The Pan de Azucar MPSA covers approximately 535 hectares on Pan de Azucar Island and adjacent Panay Island. Mindoro has a 75% direct and indirect interest in both the PDA Mining and PDA Processing Joint Ventures with the remaining 25% held by Minimax. TVIRD had the option to earn a 60% interest in each of the PDA Mining Joint Venture and PDA Processing Joint Venture by making, in addition to other commitments, minimum expenditures of \$500,000 prior to December 31, 2014, and keeping the project in good standing by filing a Declaration of Mining Project Feasibility ("DMPF") with the DENR before February 2015. As at June 30, 2015, TVIRD had not met its minimum expenditure commitments, nor had it completed a DMPF by February 2015, which would subsequently result in the expiration of the MPSA. Minimax has filed a request for an extension of the MPSA; the request continues to be pending as of the current reporting date. The Company fully impaired Pan de Azucar in 2014.

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.

Currently there are no permits in place for the mining of the pyrite material.

No technical work was carried out during the period. Work was restricted to permitting.

### TAPIAN SAN FRANCISCO COPPER-GOLD

Mindoro earned a 75% direct and indirect interest in the Tapan San Francisco Project pursuant to the terms of a Memorandum of Agreement with Minimax. The Company sold its interest to Red Mountain in 2012 but the project was returned to Mindoro in 2014 in exchange for 4 million Red Mountain shares.

In August 2014, Mindoro and Minimax signed an option agreement whereby Mindoro may acquire Minimax's 25% interest in the project 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;



## Management's Discussion and Analysis

For the three and nine months ended September 30, 2015

(Expressed in Canadian Dollars unless otherwise noted)

- 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), whichever is higher.

The Tapian San Francisco Project consists of one MPSA, one Exploration Permit ("EP") and four Exploration Permit Applications ("EPA"). Pursuant to a 2013 option agreement with the permit holders of the MPSA and one EPA, the Company was required to make quarterly payments of US\$50,000 from 2014 to 2016, and, in 2017, make three quarterly payments of US\$50,000 and one quarterly payment of US\$25,000 in order to buy out the tenement. To date, Mindoro has not made these payments, nor has it made a payment of US\$75,000 that was due on December 31, 2013. In aggregate, as of September 30, 2015, the Company has accrued \$368,000 (US\$275,000) of unpaid payments pertaining to this option agreement. However, since the MPSA and the EPA are located in an area where there is a ban on issuing new mining permits it is considered highly unlikely the EPA will be approved. The MPSA was a granted mining permit; however, historical work by Mindoro significantly downgraded the potential of the tenement. Mindoro has, therefore, terminated the option agreement and handed the tenement back to the permit holders.

### APICAL

Apical is an ASPA that Mindoro has a 15% interest in by way of an incorporated joint venture with Medusa Mining Corp and Minimax, 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. Apmedoro Mining Corp ("Apmedoro") was incorporated by the joint venture to hold this project.

## 7. EVENTS AFTER THE REPORTING PERIOD

On November 11, 2015, TVIRD advanced an additional \$184,000 to the Company on the same terms as the original note. The aggregate balance of the principal borrowed from TVIRD is \$796,000.

The Company failed to pay the first installment payment due to Minimax on November 15, 2015 due to the decline in nickel laterite prices and the resulting delay in receipt of dividends from AMVI. The Company has been in discussions with Minimax to renegotiate the terms of these payments. However, there can be no assurances that these discussions will be successful.

## 8. TRANSACTIONS BETWEEN RELATED PARTIES

The Interim Financial Statements include the results of Mindoro and the following entities:

TABLE 6

	Country of Incorporation	Classification	% Ownership at	
			Sep. 30, 2015	Dec. 31, 2014
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%
Agata Mining Ventures Inc	Philippines	Investment in associate	40%	40%



## Management's Discussion and Analysis

For the three and nine months ended September 30, 2015

(Expressed in Canadian Dollars unless otherwise noted)

MRL Nickel has an investment in an associate that has been accounted for using the equity method. In 2015, the Company recorded recoveries from AMVI and Pan de Azucar Mining Ventures Inc. of \$5,000, which are operated by TVIRD.

The Company borrowed \$612,000 from TVIRD. PRHI owns 68% of TVIRD and 25% of Mindoro. TVIP owns 30% of TVIRD and 14% of Mindoro. From May 7, 2015 until September 1, 2015, the Interim Chairman of Mindoro's board is also the Chairman, President, and CEO of TVIP and Chairman of TVIRD, the Interim CEO of Mindoro is also a vice president of TVIP.

The Company repaid \$399,000 in principal and interest on a loan from TVIP in April 2014.

At September 30, 2015, the Company had reimbursable expenses payable to TVIP in the amount of \$24,000 for travel and legal expenses incurred by Mindoro's former Interim Chairman and Interim CEO related to the June 12, 2015 AGM.

The Company has recorded debts payable to current and former non-executive directors totalling \$114,000 on which it accrues 8% interest per annum. The balance at September 30, 2015 includes \$9,000 of interest accrued in the period. Three current non-executive directors were paid \$11,000 in the quarter, representing 50% of the outstanding directors fees and interest due to them.

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.

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

TABLE 7

	<b>September 30</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$000</b>	<b>\$000</b>
Short-term employee benefits	<b>202</b>	<b>228</b>
Management fees paid to related corporations	<b>52</b>	<b>349</b>
<b>Key management compensation</b>	<b>254</b>	<b>576</b>

In the first nine months of 2015, the Company incurred \$52,000 (2014 - \$39,000) in management fees for the provision of the Company's former CEO's services provided by an entity controlled by Ms. Gould.

## 9. SIGNIFICANT ACCOUNTING POLICIES

### CRITICAL ACCOUNTING JUDGEMENTS APPLIED IN THE COMPANY'S ACCOUNTING POLICIES

#### GOING CONCERN

Due to the financial condition of the Company at September 30, 2015 and the contractual obligations and 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 1 of the Interim Financial Statements for further disclosure.



## Management's Discussion and Analysis

For the three and nine months ended September 30, 2015

(Expressed in Canadian Dollars unless otherwise noted)

### 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.

### CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Interim Financial Statements follow the same accounting policies and methods of application as the audited consolidated financial statements for the year ended December 31, 2014.

### NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Certain new accounting standards and interpretations have been published that are not mandatory for 2015 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.

#### Effective for annual periods beginning on or after January 1, 2018:

##### *IFRS 9 Financial Instruments and Amendments to IFRS 7 Financial Instruments Disclosure*

IFRS 9, Financial Instruments, replaces IAS 39, Financial Instruments: Recognition and Measurement. The IFRS 9 project had three main phases, classification and measurement, impairment, and general hedging. The version of IFRS 9 issued in July 2014 represents the final version of this project. Simultaneously with its issue, IASB issued amendments to IFRS 7 Financial Instruments to reflect IFRS 9 in accordance with specific requirements of IFRS 7. Early adoption is 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.

#### Effective for annual periods beginning on or after January 1, 2017:

##### *IFRS 15 Revenue From Contracts With Customers*

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.

Early adoption of the new standard is permitted. The standard may be applied retrospectively or using a modified retrospective approach. The Company has not yet evaluated the impact of adopting IFRS 15 on the consolidated financial statements.

## Management's Discussion and Analysis

For the three and nine months ended September 30, 2015

(Expressed in Canadian Dollars unless otherwise noted)



MINDORO  
RESOURCES LTD

### 10. OUTSTANDING SHARE DATA

TABLE 8

Issued - Common shares	Common Shares	Stock Options	Purchase Warrants
December 31, 2014	297,437,399	1,900,000	61,826,578
Expired	-	(1,900,000)	(19,047,225)
<b>November 30, 2015</b>	<b>297,437,399</b>	<b>-</b>	<b>42,779,353</b>

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.

### 11. LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2015, the Company held cash and cash equivalents of \$57,000 (2014 - \$380,000), other current assets totalled \$98,000 (2014 - \$110,000) and current liabilities, excluding warrants liabilities which would not result in an outflow of cash, totalled \$4,887,000, (2014 - \$3,236,000) which resulted in a working capital deficiency of \$4,732,000 (2014 - \$2,746,000).

In the short term, the Company continues to use funds received from the secured promissory note provided by TVIRD to fund payment of immediate operating costs while it continues to negotiate with TVIRD for a larger, longer term financing arrangement and while it seeks other financing alternatives so that it may continue as a going concern.

In the long term, the Company anticipates that the Agata project will generate positive cash flow from operations and the AMVI partners could expect to receive distributions; however, the Company does not control the timing of future distributions and there is no certainty that sufficient distributions will be received before the Company's obligations are due. AMVI has advised the company that the significant decline in DSO prices has further hampered its ability to pay dividends.

The Company will seek to raise additional funds by obtaining additional borrowing facilities, the sale of new securities, obtaining the support of partners, selling investments, or selling interests in or relinquish mining tenements held by the Company. The Interim Financial Statements have been prepared in accordance with IFRS with the assumption that the Company will continue as a going concern for the foreseeable future. The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations, and the ability to raise additional capital. Specifically, the recovery of the Company's investment in associate is dependent on the ability of the Company to obtain necessary financing to pay the installment payments to Minimax as they fall due, AMVI's profitable production from Agata, or from the proceeds of AMVI's disposition. The recovery of the Company's investment exploration and evaluation assets is dependent upon the economic feasibility of a nickel processing facility at Agata, the ability of the Company to obtain necessary financing to pay the API Share Option payment due to Minimax and to fund the Company's share of the development of a Nickel Processing operation, and the establishment of future profitable production from a processing operation, or from the proceeds of the Company's disposal of its interest in the Agata Nickel Processing Project. If the Company were unable to continue as a going concern it is likely that assets would be realised at amounts significantly lower than the carrying value and the Company may not be able to satisfy all its obligations.

## Management's Discussion and Analysis

For the three and nine months ended September 30, 2015

(Expressed in Canadian Dollars unless otherwise noted)



MINDORO  
RESOURCES LTD

### 12. FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

#### FAIR VALUE ESTIMATION OF FINANCIAL INSTRUMENTS

The fair value of financial instruments traded in active markets is based on quoted prices at the financial statement date. The carrying values of cash and cash equivalents, trade and other receivables, trade and other payables, borrowings, and option to purchase contracts approximate their fair values. The Company's financial assets available for sale, investment held for distribution and warrant liabilities are measured at fair value on a recurring basis.

#### FAIR VALUE MEASUREMENTS IN THE STATEMENT OF FINANCIAL POSITION

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into a hierarchy based on the degree to which the fair value is observable.

- Level 1 – fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – fair values are based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or
- Level 3 – fair values are based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

Financial assets available for sale and the investment held for distribution are classified in Level 1 of the fair value hierarchy and are measured according to published share price information. The Company's investment in AMVI and its installment payments to Minimax are classified in level 2 of the fair value hierarchy and were initially measured using the discounted cash flow of the installment payments. The Company's warrant liabilities are classified in Level 2 of the fair value hierarchy and are measured using the Black-Scholes valuation method. The fair value disclosed for the Company's option to purchase contract was classified under Level 3.

Financial instruments measured at fair value on a recurring basis were presented in the Company's statement of financial position as of September 30, 2015 as follows:

TABLE 9

	Fair value measurement using:			
	September 30, 2015	Level 1 inputs	Level 2 inputs	Level 3 inputs
	\$000	\$000	\$000	\$000
<b>Assets</b>				
Option to purchase contracts	322	-	-	322
Investment in associate	10,520	-	10,520	-
	<b>10,842</b>	-	<b>10,520</b>	<b>322</b>
<b>Liabilities</b>				
Installment payments to Minimax	4,937	-	4,937	-
Warrants liability	86	-	86	-
	<b>5,023</b>	-	<b>5,023</b>	-

## Management's Discussion and Analysis

For the three and nine months ended September 30, 2015

(Expressed in Canadian Dollars unless otherwise noted)



MINDORO  
RESOURCES LTD

### FINANCIAL RISK FACTORS

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, the 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 nine months ended September 30, 2015 or the year ended December 31, 2014.

### FOREIGN EXCHANGE RISK:

Business is transacted by the Company in Philippine Pesos, United States Dollars, Australian Dollars, and Canadian Dollars. 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 its cash and cash equivalents, trade and other receivables, financial assets available for sale, trade and other payables, and installment payments to Minimax.

### 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.

### 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. The Company's liquidity risk is primarily attributable to its trade and other payables, borrowings and installment payments to Minimax.

The recent decrease in the price of nickel has caused delays in the ability of AMVI to provide cash dividends, thereby impacting both internal cash flow and causing delays in the ability to close anticipated project financing given the general concern of the investment community. Further declines in metal prices or their continuing at their current low levels for an extended period are likely to impact the liquidity of the Company.

The Company's borrowings include a secured promissory note payable to TVIRD, which is secured against the Company's subsidiary, MRL Nickel Philippines Inc, which in turn holds the Company's exploration and evaluation assets, and the Company's investment in associate.

Under the AMVI Share Option, in the event that Mindoro fails to make any of the installment payments to Minimax, 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. Mindoro failed to make the first installment payment due on November 15, 2015 due to fewer than expected shipments of laterite in the first year of mining operations and significantly lower sales prices due to the broad decline in metals prices, including nickel and iron, since the end of 2014. Mindoro and Minimax are in discussions to renegotiate the payment terms of the US\$4 million dollar purchase price in a manner that better reflects current market conditions. As such no adjustment has been made to Mindoro's interest in AMVI for the third quarter.



## Management's Discussion and Analysis

For the three and nine months ended September 30, 2015

(Expressed in Canadian Dollars unless otherwise noted)

### **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 is primarily exposed to interest rate risk through its borrowings and installment payments to Minimax.

### **13. 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.

In October 2014, the Agata DSO project began production and TVIRD earned its 60% interest in AMVI, the joint venture vehicle. In the first nine months of 2015, AMVI has recorded \$22 million in sales of nickel laterite and net income of \$1.9 million. The Company anticipates that the Agata project will generate positive cash flow from operations that will be distributed to the shareholders of AMVI and fund Mindoro's operations in the long term; however, the Company does not control the timing of future distributions and there is no certainty that sufficient distributions will be received before the Company's obligations are due.

The Company has borrowed \$796,000 from TVIRD pursuant to the terms of a secured promissory note. This agreement is intended as a short term financing while the parties negotiate a larger financing arrangement. The note was originally due on January 31, 2015, but was subsequently extended. The note accrues interest equal to 8% per annum and is secured by Mindoro's interest in its wholly owned subsidiary, MRL Nickel Philippines Inc. Interest incurred on the loan is recorded as interest expense in the Company's net loss for the year. Negotiations for a larger financing with TVIRD remain ongoing. TVIRD has extended the maturity date for the secured promissory note in the past, but is under no obligation to continue to extend the term of that loan.

In the fourth quarter of 2014, the Company exercised its option to acquire Minimax's 25% interest in AMVI for US\$4 million payable in five annual installments commencing in October 2015. The Company used a present value measurement technique using a 4.2% discount rate to determine the value of the installment payments as at June 30, 2015. The measurement difference has been recorded as interest expense in 2014. Mindoro failed to make the first US\$800,000 payment to Minimax on November 15, 2015, but is in discussions with Minimax to renegotiate the payment terms of that agreement to better reflect current market conditions. However, if those negotiations are not successful, the Company will have to return to Minimax any shares that were transferred to the Company prior to the failure to the default.

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. Therefore, the Company is dependent on cash flows from financing activities to continue operations and fund its expenses. Although the Company has been successful in the past in obtaining financing through the sale of equity securities and debt instruments, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties, the loss of significant assets, or the Company no longer being able to operate.



## Management's Discussion and Analysis

For the three and nine months ended September 30, 2015

(Expressed in Canadian Dollars unless otherwise noted)

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 are not limited to; 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.

On July 9, 2012, the Philippine Government introduced a new mining policy in the form of a Presidential Executive Order (Executive Order #79, or "EO 79"), which provided direction to agencies of the Administration to carry out certain directives and signaled the Government's intention to seek legislation "rationalizing existing revenue sharing schemes and mechanisms". During the intervening period, no new permits were issued and industry operated in an environment of extreme uncertainty.

The key elements of the policy, in the view of Mindoro Management, were that (a) no new mining projects would be allowed until new fiscal legislation had been passed by Congress; (b) the Government was to cause Local Government Units ("LGU") to rescind and/or not pass legislation contravening the Mining Act; (c) companies would be issued new exploration permits on the condition that they be subject to the fiscal terms passed subsequently by Congress; and (d) there would be a definitive map published of "No Go" areas that would be off limits to minerals exploration and development.

The government also committed to honour existing contracts such as those held by Mindoro, and, in fact, has approved the DMPF for the Agata project (see Mindoro's news release dated April 28, 2014).

Emerging from the above policy environment are certain risks faced by Mindoro, including, but not limited to:

- The government's intention to increase the level of taxation for all new mining projects in the Philippines in its new fiscal regime. However, the new regime will only be applied prospectively; i.e. to new projects and existing projects will be given the option of adopting the new fiscal regime. Currently, three bills proposing a variety of taxation levels on mining projects are pending in the Congressional Ways and Means Committee for deliberation in mid-2015. It remains to be seen whether any of the bills will be passed during the Congressional hearings. However, if certain bills are passed, specifically House Bill No. 5367 which proposes a 10% baseline revenue sharing agreement with the government or a 55% share of adjusted net mining revenues (whichever is higher), it would have a tremendously negative impact on the mining industry and the economics of most new mining projects.
- Government has raised the possibility of a requirement for compulsory and mandatory insurance coverage for the affected environs and communities, as well as perpetual liability for the maintenance and rehabilitation of post mining sites (i.e., setting up trust funds or heritage funds with specified uses).
- Several draft, independent members' bills, referred to as "Alternative Mining Acts" have been presented for discussion in the Philippine House of Representatives. While these bills do not currently have the support of the Administration, in the event that they were to be passed into law by Congress, or have significant elements of them adopted as law, they would further impair the fiscal regime and regulatory framework under which the mining industry operates in the country.



## Management's Discussion and Analysis

For the three and nine months ended September 30, 2015

(Expressed in Canadian Dollars unless otherwise noted)

---

Although Mindoro has obtained a title opinion with respect to its Philippine properties, there is no guarantee that title to such mining rights will not be challenged or impugned.

There are continuing risks that communities or local politicians could withdraw support for Mindoro's projects and mount protests or refuse to provide the necessary endorsements to support project titles and applications. Mindoro has been successful to date in gaining community support for its operations, and management is committed to continuing the policies of community development, sustainable development and corporate social responsibility that have been effective and rewarding to this time. Accordingly, management believes the risk of the withdrawal of community support is low.

In addition, there is a continuing, background security risk involved in any operation in the Philippines, including Mindanao — over and above the normal security risks of theft and robbery that may generally affect any mine elsewhere.

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.

Exploration for and development of precious and base metal properties involve significant financial risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of minerals or metals may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling, constructing mining and processing facilities at a site, connecting to a reliable infrastructure, developing metallurgical processes and extracting the minerals or metals. Mindoro cannot ensure that its current exploration and development programs will result in profitable commercial mining operations or replacement of current production at existing mining operations with new reserves. In addition, substantial expenses may be incurred on exploration projects that are subsequently abandoned due to poor exploration results or the inability to define reserves that can be mined economically.

The economic feasibility of development projects is based upon many factors, including but not limited to the accuracy of reserve/resource estimates; metallurgical recoveries; capital and operating costs; government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting, environmental protection; and market prices. Development projects are also subject to the successful completion of feasibility studies, issuance of necessary governmental permits and availability of adequate financing. Development projects have no operating history upon which to base estimates of future cash flow. Estimates of proven and probable reserves and cash operating costs are, to a large extent, based upon detailed geological and engineering analysis. Feasibility studies that derive estimates of capital and operating costs are based upon many factors, including anticipated tonnage and grades of minerals or metals to be mined and processed; ground and mining conditions; expected recovery rates; and anticipated social, environmental and regulatory compliance costs.

It is possible that actual costs and economic returns of current and new mining operations will differ materially from best estimates. It is not unusual for new mining operations to experience unexpected problems during the start-up phase and to require more capital than anticipated or experience higher operating costs. These uncertainties could have an adverse impact on Mindoro's future cash flows, earnings, results of operations and financial condition.

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;

## Management's Discussion and Analysis

*For the three and nine months ended September 30, 2015*

(Expressed in Canadian Dollars unless otherwise noted)

---



MINDORO  
RESOURCES LTD

and further losses may be incurred by Red Mountain that would require write-down in the value of the investment.

Current financial markets remain volatile due to uncertainties in the global economy. Commodity markets have seen substantial volatility and there were delays in obtaining required permits for certain projects. The volatility and uncertainty in the current markets could lead to difficulties in raising funds. There can be no assurance that amounts will be adequate for future financial obligations and the internal cash requirements of Mindoro.

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.



**MINDORO**  
RESOURCES LTD

**Condensed Consolidated Interim Financial Statements  
(Unaudited)**

For the three and nine months ended September 30, 2015

(Expressed in Canadian Dollars)

Suite 1250, 639 5<sup>th</sup> Avenue SW  
Calgary AB T2P 0M9  
Canada  
+1.780.413.8187

[mindoro@mindoro.com](mailto:mindoro@mindoro.com)  
[www.mindoro.com](http://www.mindoro.com)

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

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

The accompanying unaudited condensed consolidated interim financial statements of Mindoro Resources Ltd. for the interim reporting period ended September 30, 2015, 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 have not performed a review of these interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Dated November 29, 2015

## Table of Contents



MINDORO  
RESOURCES LTD

### CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position .....	1
Consolidated Statements of Loss and Comprehensive Loss .....	2
Consolidated Statement of Changes in Equity .....	3
Consolidated Statement of Cash Flows .....	4

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General Information and Going Concern .....	5
2. Summary of Significant Accounting Policies .....	6
3. Financial Risk Management .....	7
4. Significant Accounting Judgements and Estimates .....	10
5. Financial Assets Available for Sale .....	12
6. Exploration and Evaluation Assets .....	13
7. Property and Equipment .....	18
8. Option to purchase contracts .....	18
9. Investment in Associate .....	19
10. Trade and Other Payables .....	21
11. Borrowings .....	21
12. Installment Payments to Minimax .....	23
13. Commitments and Contingent Liabilities .....	23
14. Share Capital .....	24
15. Other Reserves .....	24
16. Warrants .....	24
17. Equity Settled Options .....	25
18. Cash Settled Options .....	26
19. Related Party Transactions .....	26
20. Events after the Reporting Period .....	27

## Condensed Consolidated Interim Statement of Financial Position

Unaudited

(Expressed in thousands of Canadian Dollars unless otherwise stated)



**MINDORO**  
RESOURCES LTD.

	As at Note	Sep. 30 2015	Dec. 31 2014
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		57	380
Trade and other receivables		76	58
Prepaid expenses and other current assets		22	28
Financial assets available for sale	5	-	24
		<b>155</b>	<b>490</b>
<b>Non-current assets</b>			
Exploration and evaluation assets	6	4,188	3,794
Property and equipment	7	3	-
Option to purchase contracts	8	322	291
Investment in associates	9	10,520	7,916
		<b>15,033</b>	<b>12,001</b>
<b>TOTAL ASSETS</b>		<b>15,188</b>	<b>12,491</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	2,870	1,591
Borrowings	11	947	755
Installment payments to Minimax	12	1,070	890
Warrants liability	16	86	860
		<b>4,973</b>	<b>4,096</b>
<b>Non-current liabilities</b>			
Installment payments to Minimax	12	3,867	3,241
Defined benefit retirement obligation		115	104
		<b>3,982</b>	<b>3,345</b>
<b>TOTAL LIABILITIES</b>		<b>8,955</b>	<b>7,441</b>
<b>EQUITY</b>			
Share capital	14	52,403	52,403
Share obligation	14	1	1
Other reserves	15	13,096	12,439
Accumulated losses		(59,267)	(59,793)
<b>TOTAL EQUITY</b>		<b>6,233</b>	<b>5,050</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>15,188</b>	<b>12,491</b>

Going concern (Note 1)

Commitments and contingent liabilities (Note 13)

Subsequent events (Note 20)

These condensed consolidated interim financial statements were authorised for issue by the audit committee on November 29, 2015 and are signed on its behalf.

"Signed"

Federico Zarate, Director

"Signed"

Geocel Olanday, Director

## Condensed Consolidated Interim Statement of Comprehensive Loss

Unaudited

(Expressed in thousands of Canadian Dollars unless otherwise stated)



**MINDORO**  
RESOURCES LTD.

	Note	Three months ended Sep. 30		Nine months ended Sep. 30	
		2015	2014	2015	2014
<b>Operating Expenses</b>					
General and administration expenses		(161)	(392)	(339)	(653)
Salaries and other employee benefits		(66)	(119)	(284)	(300)
Interest expense	11,12	(72)	(9)	(211)	(44)
Stock based compensation	19	-	-	-	1
Share of net income of associate	9	781	-	759	-
Depreciation and amortization	7	(1)	-	(1)	(3)
<b>Operating income (loss)</b>		<b>481</b>	<b>(520)</b>	<b>(76)</b>	<b>(999)</b>
Finance income		-	1	1	2
Remeasurement of warrants liability	16	136	(534)	774	(732)
Gain on sale of Red Mountain shares	5	30	-	30	833
Gain on reversal of Batangas provision	6	-	-	27	-
Foreign exchange gain (loss)		(217)	(1)	(229)	(11)
Net income (loss) before income tax		430	(1,054)	527	(907)
Income tax expense		-	-	(1)	-
<b>NET INCOME (LOSS)</b>		<b>430</b>	<b>(1,054)</b>	<b>526</b>	<b>(907)</b>
<b>Basic and diluted net loss per share</b>		<b>\$ 0.001</b>	<b>\$ (0.004)</b>	<b>\$ 0.002</b>	<b>\$ (0.003)</b>
Weighted average number of common shares outstanding (thousands)		<b>297,437</b>	296,837	<b>297,437</b>	297,437
<b>Net income (loss)</b>		<b>430</b>	<b>(1,054)</b>	<b>526</b>	<b>(907)</b>
<b>Other comprehensive income</b>					
Items that will not be reclassified to profit and loss					
Actuarial gains and losses	13	-	-	-	-
Share of other comprehensive loss of associate		(8)	-	(8)	-
Items that may be reclassified to profit and loss					
Remeasurement of financial assets	5	(24)	(25)	(30)	333
Exchange differences on translation of foreign operations		283	178	695	407
<b>Other comprehensive income</b>		<b>251</b>	<b>153</b>	<b>657</b>	<b>740</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b>681</b>	<b>(901)</b>	<b>1,183</b>	<b>(167)</b>

## Condensed Consolidated Interim Statement of Changes in Equity

Unaudited

(Expressed in thousands of Canadian Dollars unless otherwise stated)



**MINDORO**  
RESOURCES LTD

	Note	Attributable to owners of the parent				Total equity
		Share capital	Share obligation	Other reserves (note 15)	Accumulated losses	
<b>Balance as at Dec. 31, 2014</b>		<b>52,403</b>	<b>1</b>	<b>12,439</b>	<b>(59,793)</b>	<b>5,050</b>
Net income		-	-	-	526	526
Actuarial gains (losses)	13	-	-	-	-	-
Re-measurement of financial assets available for sale	5	-	-	(30)	-	(30)
Share of other comprehensive loss of associate		-	-	(8)	-	(8)
Translation adjustments		-	-	695	-	695
<b>Comprehensive income (loss)</b>		<b>-</b>	<b>-</b>	<b>657</b>	<b>526</b>	<b>1,183</b>
<b>Balance as at September 30, 2015</b>		<b>52,403</b>	<b>1</b>	<b>13,096</b>	<b>(59,267)</b>	<b>6,233</b>
<b>Balance as at Dec. 31, 2013</b>		<b>52,403</b>	<b>1</b>	<b>11,488</b>	<b>(55,361)</b>	<b>8,531</b>
Net loss				-	(907)	(907)
Re-measurement of financial assets available for sale	5			333	-	333
Translation adjustments				407	-	407
<b>Comprehensive income (loss)</b>		<b>-</b>	<b>-</b>	<b>740</b>	<b>(907)</b>	<b>(167)</b>
<b>Balance as at September 30, 2014</b>		<b>52,403</b>	<b>1</b>	<b>12,228</b>	<b>(56,268)</b>	<b>8,364</b>

## Condensed Consolidated Interim Statement of Cash Flows

Unaudited

(Expressed in thousands of Canadian Dollars unless otherwise stated)



**MINDORO**  
RESOURCES LTD.

	Note	Three months ended Sep. 30		Nine months ended Sep. 30	
		2015	2014	2015	2014
<b>Cash flows from operating activities</b>					
Net income (loss)		430	(1,054)	526	(907)
Items not affecting cash					
Interest expense	11,12	72	9	211	44
Stock based compensation	19	-	-	-	(1)
Share of equity earnings of associate	9	(781)	-	(759)	-
Depreciation and amortization	7	1	-	1	3
Remeasurement of warrants liability	16	(136)	534	(774)	732
Gain on sale of RMX shares	5	(30)	-	(30)	(833)
Gain on reversal of Batangas provision	6	-	-	(27)	-
Income tax benefit (expense)		-	-	1	-
Change in non-cash operating current assets and liabilities		297	318	267	195
Exchange differences not affecting cash		72	(4)	91	(3)
Interest paid	11	(1)	(7)	(14)	(58)
Income tax paid		(1)	-	(1)	-
<b>Net cash used in operating activities</b>		<b>(77)</b>	<b>(204)</b>	<b>(508)</b>	<b>(828)</b>
<b>Cash flows from investing activities</b>					
Proceeds from sale of Red Mountain shares	5	24	-	24	1,363
Expenditure on exploration and evaluation assets	6	(2)	54	(9)	(15)
Cost recoveries from associate	6	-	(17)	5	26
Recoveries from Batangas provision	6	-	-	27	-
Purchase of equipment	7	(1)	-	(3)	-
Purchase of option to purchase contract		-	(130)	-	(130)
<b>Net cash received from (used in) investing activities</b>		<b>21</b>	<b>(93)</b>	<b>44</b>	<b>1,244</b>
<b>Cash flows from financing activities</b>					
Cash received from borrowings	11	62	4	152	28
Loan repayments	11	(10)	-	(10)	(429)
<b>Net cash received from (used in) financing activities</b>		<b>52</b>	<b>4</b>	<b>142</b>	<b>(401)</b>
<b>Net change in cash and cash equivalents</b>		<b>(4)</b>	<b>(293)</b>	<b>(322)</b>	<b>15</b>
<b>Beginning cash and cash equivalents</b>		<b>62</b>	<b>507</b>	<b>380</b>	<b>198</b>
<b>Exchange gains (losses) affecting cash and cash equivalents</b>		<b>(1)</b>	<b>1</b>	<b>(1)</b>	<b>2</b>
<b>Ending cash and cash equivalents</b>		<b>57</b>	<b>215</b>	<b>57</b>	<b>215</b>

# Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ending September 30, 2015

Unaudited

(Expressed in Canadian Dollars unless otherwise stated)



MINDORO  
RESOURCES LTD.

## 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 suite 1250, 639 5th Avenue SW, Calgary, Alberta, Canada, T2P 0M9.

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 had net income of \$526,000 (September 30, 2014 – net loss of \$907,000) but operating cash outflows of \$508,000 for the nine months ending September 30, 2015 (September 30, 2014 – \$828,000). At September 30, 2015, the Company has a net working capital deficit of \$4,732,000, excluding warrants liabilities which are not settled in cash (December 31, 2014 – \$2,746,000). 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"). In 2014, the Company signed an agreement with Minimax Mineral Exploration Corporation ("Minimax") to acquire Minimax's 25% interest in shares of Agata Mining Ventures Inc. ("AMVI"), the mining entity. The contractual obligation requires annual installment payments to Minimax in the amount of US\$800,000 for the next five years (Note 12). The Company also has a commitment to Panoro Minerals Ltd. ("Panoro") in the amount of \$1,000,000, recognized in two \$500,000 payments (Note 6). Mindoro did not make the first payments to Minimax or Panoro due to lower than expected metals prices that have resulted in delays in receipt of dividends from AMVI. The Company has contacted both parties to discuss renegotiating the terms of those payments to better reflect the current market conditions. However, there can be no assurances that these discussions will be successful.

In 2012 the Company entered into an agreement with TVIRD where TVIRD has the right to earn a 60% interest in Agata and regional nickel projects by sole funding a DSO project to production and completing a 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 6). These joint venture agreements require TVIRD to finance Mindoro's mineral property annual expenditure obligations and maintain the tenements in good standing (Note 6).

In October 2014, the Agata DSO project began production and TVIRD earned its 60% interest in AMVI, the joint venture vehicle. As at September 30, 2015 AMVI has completed 21 shipments of nickel laterite DSO. The Company anticipates that the Agata project will generate positive cash flow from operations and the AMVI partners could expect to receive distributions; however, the Company does not control the timing of future distributions and there is no certainty that sufficient distributions will be received before the Company's obligations are due.

In December 2014, the Company borrowed \$500,000 from TVIRD and was subsequently advanced an additional \$296,000 in 2015 pursuant to the terms of a secured promissory note. This agreement is intended as a bridge financing while negotiating a larger financing arrangement with TVIRD and its shareholders. The note was originally due on January 31, 2015, but the term was subsequently extended. The note accrues interest equal to 8% per annum and is secured by Mindoro's interest in its wholly owned subsidiary, MRL Nickel Philippines Inc. (Note 11).

# Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ending September 30, 2015

Unaudited

(Expressed in Canadian Dollars unless otherwise stated)



MINDORO  
RESOURCES LTD

During 2014, the Company sold the majority of its holdings in Red Mountain shares, which provided cash inflows that were used to settle obligations as they fell due throughout 2014. The Company sold its remaining shares in July 2015 for \$24,000.

At September 30, 2015, the Company had an ending cash position of \$57,000, and the Company is presently dependent on cash flows from financing activities to continue operations and fund expenses.

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 as a going concern.

The Company received \$796,000 from TVIRD under a secured promissory note and subsequent advances. Negotiations for a \$2 million convertible debenture to replace as well as to repay the secured promissory note have been delayed given the realization that it is not sufficient in and of itself to enable the Company neither to fund all aspects of its operations for the next 12 months nor to meet the current working capital deficit. 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 seeking other financing alternatives to fund the Company's operations so it may continue as a going concern. But there is no assurance that these initiatives will be successful and, until the Company begins to receive positive cash flow from AMVI distributions, 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 Company 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 and recognizes this to be a challenge and a concern in the current environment. 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 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, 2014, which are available on the Company's website ([www.mindoro.com](http://www.mindoro.com)) and on SEDAR ([www.sedar.org](http://www.sedar.org)).

These Interim Financial Statements have not been reviewed by the Company's auditor.

# Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ending September 30, 2015

Unaudited

(Expressed in Canadian Dollars unless otherwise stated)



MINDORO  
RESOURCES LTD

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, 2014.

## (b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 2015 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.

### Effective for annual periods beginning on or after January 1, 2018:

*IFRS 9 Financial Instruments and Amendments to IFRS 7 Financial Instruments Disclosure*

IFRS 9, Financial Instruments, replaces IAS 39, Financial Instruments: Recognition and Measurement. The IFRS 9 project had three main phases, classification and measurement, impairment, and general hedging. The version of IFRS 9 issued in July 2014 represents the final version of this project. Simultaneously with its issue, IASB issued amendments to IFRS 7 Financial Instruments to reflect IFRS 9 in accordance with specific requirements of IFRS 7. Early adoption is 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 financial statements.

### Effective for annual periods beginning on or after January 1, 2017:

*IFRS 15 Revenue From Contracts With Customers*

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.

Early adoption of the new standard is permitted. The standard may be applied retrospectively or using a modified retrospective approach. The Company has not yet evaluated the impact of adopting IFRS 15 on the 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, the 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.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ending September 30, 2015

Unaudited

(Expressed in Canadian Dollars unless otherwise stated)



MINDORO  
RESOURCES LTD

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 nine months ended September 30, 2015.

### 3.2 FOREIGN EXCHANGE RISK

Business is transacted by the Company in Philippine Pesos ("PHP"), United States Dollars ("USD"), Australian Dollars ("AUD"), and Canadian Dollars ("CAD" or "\$"). 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 September 30, 2015 and December 31, 2014. The Company has not hedged its exposure to currency fluctuations.

	September 30, 2015			December 31, 2014		
	PHP 000	USD 000	AUD 000	PHP 000	USD 000	AUD 000
Cash and cash equivalents	671	1	4	567	1	5
Trade and other receivables	1,952	-	7	1,763	-	7
Financial assets available for sale	-	-	-	-	-	25
Trade and other payables	(20,634)	(645)	(30)	(26,525)	(645)	(30)
Installment payments to Minimax	-	(4,000)	-	-	(4,000)	-
<b>Net foreign currency exposure</b>	<b>(18,011)</b>	<b>(4,644)</b>	<b>(19)</b>	<b>(24,195)</b>	<b>(4,644)</b>	<b>7</b>
Exchange rate	0.02866	1.33940	0.94020	0.02590	1.16010	0.94790
<b>Foreign currency exposure (CAD 000)</b>	<b>(516)</b>	<b>(6,220)</b>	<b>(18)</b>	<b>(627)</b>	<b>(5,388)</b>	<b>7</b>

Based on net exposures at September 30, 2015, 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 income or loss by \$52,000 (December 31, 2014 - \$62,000). A 10% fluctuation in the exchange rate between the Canadian Dollar and the United States Dollar would affect the Company's profit or loss for the year by \$622,000 (December 31, 2014 - \$538,000). 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 \$2,000 (December 31, 2014 - \$Nil).

### 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 and the Philippines. A significant portion of the Company's accounts receivable is due from its associate, AMVI, and from government agencies in Canada and the Philippines. The resulting credit risk exposure is deemed immaterial by management of the Company.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ending September 30, 2015

Unaudited

(Expressed in Canadian Dollars unless otherwise stated)



MINDORO  
RESOURCES LTD

### 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. The recent decrease in the price of nickel has caused delays in the ability of AMVI to provide cash dividends, thereby impacting both internal cash flow and causing delays in the ability to close anticipated project financing given the general concern of the investment community. Further declines in metal prices or their continuing at their current low levels for an extended period are likely to impact the liquidity of the Company.

Trade and other payables, current borrowings, and current installment payments are due within twelve months of the balance sheet date.

The Company has the following loans as at September 30, 2015 repayable at fixed rates of interest and maturity dates on an undiscounted basis:

	Principal Outstanding \$000	Interest accrued \$000	Interest rate %	Maturity
Current secured promissory note	612	33	8.0	No fixed repayment*
Current loan	175	13	15.0	December 2015
First Minimax installment	1,072	-	0.0	November 2015
Second Minimax installment	1,072	-	0.0	November 2016
Third Minimax installment	1,072	-	0.0	November 2017
Fourth Minimax installment	1,072	-	0.0	November 2018
Fifth Minimax installment	1,072	-	0.0	November 2019

\* The Company defaulted on this loan did not repay the outstanding balance on June 30, 2015 and TVIRD initially declined to further extend the loan term. TVIRD has since advanced an additional \$240,000 to the Company and extended the term until a subsequent financing is completed.

The Company does not currently generate cash flow from operations. The Company's consolidated Interim Financial Statements are presented on a going-concern basis, which 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 \$57,000 in cash and cash equivalents at September 30, 2015 (December 31, 2014 - \$380,000), 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 September 30, 2015, the Company had borrowings totalling \$947,000 (December 31, 2014 - \$755,000) 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.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ending September 30, 2015

Unaudited

(Expressed in Canadian Dollars unless otherwise stated)



**MINDORO**  
RESOURCES LTD

	September 30, 2015		December 31, 2014	
	\$000	Weighted average effective interest rate	\$000	Weighted average effective interest rate
<b>Financial assets</b>				
Cash and cash equivalents	57	0.43%	380	0.48%
Trade and other receivables	76	0.00%	58	0.00%
Financial assets available for sale	-	0.00%	24	0.00%
	133		462	
<b>Financial Liabilities</b>				
Trade and other payables	(2,870)	0.00%	(1,591)	0.00%
Notes and loans payable (15%)	(187)	15.00%	(176)	15.00%
Borrowings (8%)	(760)	8.00%	(579)	8.00%
Installment payments to Minimax	(4,937)	4.20%	(4,131)	4.20%
	(8,754)		(6,477)	
<b>Net Exposure</b>	<b>(8,621)</b>		<b>(6,015)</b>	

At September 30, 2015, if variable 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, the loss for the period would have been \$1,000 (2014: \$4,000) higher/lower, as a result of higher/lower interest income.

At September 30, 2015, if variable interest rates accrued on installment payments to Minimax had increased/decreased by 100 basis points from the period end rates with all other variables held constant, the loss for the period would have been \$37,000 (2014: \$5,000) higher/lower, as a result of higher/lower interest expense.

#### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

##### 4.1 CRITICAL ACCOUNTING ESTIMATE AND ASSUMPTIONS

###### (a) Warrants classified as liabilities

The fair value of warrants classified as liabilities are based on several assumptions, including the risk-free interest rate, forfeiture rate, and the expected volatility of the Company's share price, which may not be indicative of future volatility. Accordingly, those amounts are subject to measurement uncertainty.

###### (b) Option to purchase contracts

The fair value of the option to purchase contract is estimated to be equal to its carrying value, but are classified as level 3 in the fair value hierarchy because they do not trade in an active market.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ending September 30, 2015

Unaudited

(Expressed in Canadian Dollars unless otherwise stated)



MINDORO  
RESOURCES LTD

### 4.2 CRITICAL ACCOUNTING JUDGMENTS APPLIED IN THE COMPANY'S ACCOUNTING POLICIES

#### (a) Going concern

Due to the financial condition of the Company at September 30, 2015 and the contractual obligations and 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 1 of the Interim Financial Statements for further disclosure.

#### (b) 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.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ending September 30, 2015

Unaudited

(Expressed in Canadian Dollars unless otherwise stated)



**MINDORO**  
RESOURCES LTD

### 5. FINANCIAL ASSETS AVAILABLE FOR SALE

During the nine months ended September 30, 2015, the Company recorded the following transactions for its investment in Red Mountain:

	Note	Financial asset \$000	Impairments / remeasurement gain (loss) \$000	Foreign exchange gain (loss) \$000
<b>December 31, 2013</b>		<b>285</b>		
Returned to Red Mountain to reacquire TSF	(a)	(69)	-	-
Sold through ASX	(b)	(1,371)	(8)	-
Remeasurement	(b)(c)	864	841	23
<b>Impact on loss</b>			<b>833</b>	<b>23</b>
Remeasurement	(c)	315	(315)	-
<b>Impact on other comprehensive loss</b>			<b>(315)</b>	-
<b>December 31, 2014</b>		<b>24</b>		
Sold through ASX	(d)	(24)	-	-
Remeasurement	(d)	-	30	-
<b>Impact on net income</b>			<b>30</b>	-
Remeasurement	(d)	-	(30)	-
<b>Impact on other comprehensive income</b>			<b>(30)</b>	-
<b>September 30, 2015</b>		<b>-</b>		

- (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 ("TSF") following their release from escrow and obtaining approval from Red Mountain shareholders (Note 6), the return of these shares settled an outstanding liability recognised in 2013;
- (b) In 2014, the Company sold 89.8 million Red Mountain shares through the facilities of the ASX for net proceeds of \$1,363,000. The Company recycled \$840,000 of accumulated other comprehensive income to net loss for the year as a remeasurements gain on the available for sale financial asset in the current period because of these sales.
- (c) Red Mountain's share price increased to \$0.004 (A\$0.004) during 2014 compared to \$0.003 (A\$0.003) at December 31, 2013, resulting in a \$315,000 gain and \$22,000 foreign exchange gain in 2014.
- (d) In July 2015, the Company sold its remaining 6.1 million Red mountain shares for \$24,000 net of brokerage fees (Note 20). The Company recycled \$30,000 of accumulated other comprehensive income to net income as a remeasurements gain on the available for sale financial asset in the current period because of these sales.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ending September 30, 2015

Unaudited

(Expressed in Canadian Dollars unless otherwise stated)



**MINDORO**  
RESOURCES LTD

### 6. EXPLORATION AND EVALUATION ASSETS

	Agata \$000	Tapián San Francisco \$000	Pan de Azúcar \$000	Total \$000
<b>December 31, 2013</b>	<b>8,113</b>	<b>123</b>	<b>1,474</b>	<b>9,710</b>
Acquisition	-	440	-	440
Exploration	43	12	-	55
Recoveries from associate	(52)	-	(7)	(59)
Reclassified to option to purchase contract	(87)	-	-	(87)
Reclassification to investment in associate	(2,502)	-	-	(2,502)
Impairment of exploration and evaluation assets	(2,239)	(539)	(1,525)	(4,303)
Currency translation	476	6	58	540
<b>December 31, 2014</b>	<b>3,752</b>	<b>42</b>	<b>-</b>	<b>3,794</b>
Exploration	4	4	1	9
Recoveries from associate	(4)	-	(1)	(5)
Currency translation	385	5	-	390
<b>September 30, 2015</b>	<b>4,137</b>	<b>51</b>	<b>-</b>	<b>4,188</b>

#### 6.1 AGATA (SURIGAO)

The Agata Project consists of one Mineral Production Sharing Agreement ("MPSA"), three Exploration Permits ("EP"), and three Exploration Permit Applications ("EPA") with a defined nickel laterite resource. Through a series of agreements with Minimax, Panoro, and local claimholders, the Company had acquired a 75% direct and indirect interest in the Agata Project prior to entering into the TVIRD and Minimax agreements detailed below.

##### (a) TVIRD Agreements

In 2012, Mindoro and Minimax entered into the following two Joint Venture Agreements with TVIRD:

##### (i) Agata Mining Option and Joint Venture Agreement ("AMJV")

TVIRD had the exclusive right and option to earn 60% of the AMJV, which includes the right to develop and mine the tenements for materials that may be mined by DSO methods, by sole funding a mining project into commercial production within three years on the Agata MPSA or Surigao Regional tenements (excluding the Tapián San Francisco Tenements ("TSF tenements")). As TVIRD made expenditures in the AMJV, it received shares of the joint venture company, AMVI, which were placed in escrow until such time as it fully met its earn-in commitments. In October 2014, having met the spending requirements and commenced production on the AMJV, TVIRD exercised the Agata Mining Joint Venture Option. Shares of AMVI that had previously been issued to TVIRD but that had been held in escrow were released to TVIRD.

In September 2014, the Philippines Mines and Geosciences Bureau ("MGB") approved an operating agreement granting AMVI the exclusive right to explore, develop and operate the Agata MPSA for the purposes of the AMJV. As a result, Mindoro has reclassified \$2,502,000 of exploration and evaluation assets related to AMVI to investment in associate (Note 9) representing Mindoro's 15% shareholding of AMVI.

Mindoro does not have joint control over the AMJV, and therefore the AMJV does not constitute a joint venture as defined in IFRS 11 *Joint Arrangements*.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ending September 30, 2015

Unaudited

(Expressed in Canadian Dollars unless otherwise stated)



MINDORO  
RESOURCES LTD

### (ii) *Agata Processing Option and Joint Venture Agreement ("APJV")*

TVIRD has the 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 DFS, including pilot-scale metallurgical testing, third-party engineering studies, and documentation, within four years. As at March 31, 2015, 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, Agata Processing Inc. ("API"), 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, 2015, these transfers remain incomplete and subject to approval of the MGB.

Upon exercise of the APJV option by TVIRD, Mindoro's interest in the APJV will be reduced to 15%.

Mindoro does not have joint control over the APJV, and therefore the APJV does not constitute a joint venture as defined in IFRS 11 *Joint Arrangements*.

### (b) **Minimax Agreements**

On August 14, 2014, the Company entered into two option to purchase contracts with Minimax to acquire Minimax's interest in AMVI and API. The Company also agreed to amend the terms of an accrued debt owed by Minimax to MRL Nickel Philippines Inc. Details of these agreements are outlined in Note 8. However, these agreements have the following impact on the Company's exploration and evaluation assets:

#### (i) *Agata Processing Share Option*

In 2014, the Company has impaired the remaining balance of Agata exploration and evaluation expenditures, which relate only to API, based on the Company's estimated fair value of its remaining interest in API through both the Agata Processing Share Option and the APJV with TVIRD (Note 6.1(e)).

#### (ii) *Debt Amending Agreement*

Pursuant to the 1997 Memorandum of Agreement (the "MOA") between Mindoro and Minimax through which Mindoro acquired its interest in the Agata, Tapan San Francisco, and Pan de Azucar projects, once the Company earned a 75% interest in a project, Mindoro would fund Minimax's share of exploration costs until a development was approved. Minimax would be required to reimburse Mindoro for its 25% share of exploration costs through deductions to its share of cash flows from the project once production commenced.

On August 14, 2014, Mindoro signed an agreement with Minimax to amend the terms of a debt due from Minimax pursuant to the 1997 MOA as described above. The amending agreement fixed the interest rate payable on the debt at 5% per annum and the balance of the principal at PHP 177,121,446 (\$4,896,000) which shall be deducted and repaid from Minimax's share of cash flows from API production except that Minimax shall have the right to receive up to US\$200,000 per annum before any debt payments are deducted.

The receivable owing from Minimax has not been recognised by the Company. At September 30, 2015, in addition to the principal noted above, Minimax owed MRL Nickel \$1,585,000,000 (PHP 55,296,482) of accrued interest that the Company has not recognized in its Interim Financial Statements because the recoverability of principal and interest remains uncertain.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ending September 30, 2015

Unaudited

(Expressed in Canadian Dollars unless otherwise stated)



MINDORO  
RESOURCES LTD

### (c) Panoro Agreement

Pursuant to the 2007 agreement whereby the Company purchased a 40% direct and indirect participating interest in the Surigao Projects, including the Agata properties, from its then joint venture partner, Panoro, Mindoro must pay Panoro:

- \$500,000 on the fifteenth day following the loading on board a ship or other conveyance for transport to a purchaser or treatment facility by Mindoro, Minimax or MRL of an aggregate one million WMT of Nickel Laterite (the "First Payment"); and
- \$500,000 on the first anniversary of the loading on board a ship or other conveyance for transport to a purchaser or treatment facility by Mindoro, Minimax or MRL of an aggregate one million WMT of Nickel Laterite (the "Second Payment").

On August 10, 2015, AMVI loaded the one millionth wet metric tonne of nickel laterite from the Agata project, which triggered payment of the first \$500,000 payment to Panoro that is due on August 28, 2015. The Company did not make that payment and is in discussion with Panoro to renegotiate the terms of those payments.

Prior to the Panoro buy-out agreement, Mindoro held a 35% participating interest in the Surigao Projects. As a result of the Panoro agreement, the Company's interest increased to 75%. However, due to the TVIRD and Minimax agreements noted above Mindoro's interest in the AMJV has been reduced to 40% and will reduce the Company's interest in the APJV to 40% if TVIRD exercises its option to acquire 60% from Mindoro and Mindoro exercises its option to acquire Minimax's 25% interest in API.

### (d) Delta Earth Moving

Pursuant to an agreement in 2011 whereby the Company terminated a Management Services Agreement with Delta Earth Moving ("Delta"), the Company has agreed to pay Delta a 1% royalty on gross smelter returns for any future production on three non-contiguous blocks in Agata South. The Company identified a nickel laterite mineral resource on Agata South indicating 5.04 million WMT of nickel laterite containing 0.86% nickel and 22% iron in its November 4, 2011 technical report. The resource is presently considered by the Company to be too small to commercialize as a DSO operation and significant additional exploration would be required before development of the resource could occur.

### (e) Impairment

In 2014, the Company recorded an impairment of exploration and evaluation asset of \$2,239,000 on the Agata Project in its net loss for the year. The Company has calculated the recoverable value of Agata based on the cost that Mindoro paid Minimax to acquire its 25% interest in the Agata projects, which implies a fair value of Mindoro's interest in the projects. This method is level 2 in the fair value hierarchy since the Minimax purchase price is in the form of installment payments over a period of five years and was therefore discounted to its present value at a rate of 4.2% per annum.

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 2015 and at that time, the Company will record its carrying value of these projects as investments in API rather than exploration and evaluation assets.

## 6.2 PAN DE AZUCAR (PANAY)

The Pan de Azucar MPSA covers approximately 535 hectares on Pan de Azucar Island and adjacent Panay Island. Mindoro has a 75% direct and indirect interest in both the PDA Mining and PDA Processing Joint Ventures with the remaining 25% held by Minimax.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ending September 30, 2015

Unaudited

(Expressed in Canadian Dollars unless otherwise stated)



MINDORO  
RESOURCES LTD

In 2012, Mindoro and Minimax entered into the following two joint venture agreements with TVIRD:

**(a) Pan de Azucar Mining Joint Venture ("PMJV")**

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 ("DMPF") 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 Department of Environment and Natural Resources before February 2015, spend a minimum of \$500,000 prior to December 31, 2014, and spend at least \$2 million within one year of receiving the DMPF. TVIRD will retain no interest in the PMJV if it withdraws prior to commencing a mining operation.

As at June 30, 2015, TVIRD had not met its minimum expenditure commitments or had it completed the DMPF, which would subsequently result in the expiration of the MPSA. Minimax has filed a request for an extension of the MPSA; the request continues to be pending as of the current reporting date.

**(b) 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 December 31, 2014, these transfers remain incomplete and subject to approval of the MGB.

As at September 30, 2015, TVIRD had not met its minimum expenditure commitment.

**(c) Impairment**

The exploration period under the MPSA (9<sup>th</sup> and 10<sup>th</sup> year) should expire in February 2015; however, the Company and Minimax have requested an extension of the exploration period but have not yet received a response from the MGB or DENR. The Company recognised an impairment loss of \$1,525,000 in 2014 and fully impaired its exploration and evaluation assets on PDA on the basis that management believes that it is more likely than not that the requested extension of the exploration period will not be granted.

### 6.3 TAPIAN SAN FRANCISCO (SURIGAO)

The Tapian San Francisco Project consists of one MPSA, one EP, and four EPAs. Mindoro earned a 75% direct and indirect interest in the Tapian San Francisco Project pursuant to the terms of an MOA with Minimax and sold its interest to Red Mountain in 2012. The project was returned to Mindoro in 2014 in exchange for 4 million Red Mountain shares (Note 5).

In August 2014, Mindoro and Minimax signed an option agreement whereby Mindoro may acquire Minimax's 25% interest in the project for the following consideration:

- US\$120,000 due on August 15, 2015;
- Consideration in the amount of \$802,000 will be used to offset an existing but unrecognised \$802,000 Minimax debt due to Mindoro; and

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ending September 30, 2015

Unaudited

(Expressed in Canadian Dollars unless otherwise stated)



MINDORO  
RESOURCES LTD

- 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), 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.

Pursuant to a 2013 option agreement with the permit holder of the MPSA and one EPA, the Company is required to make quarterly payments of US\$50,000 from 2014 to 2016 and make three quarterly payments of US\$50,000 and one quarterly payment of US\$25,000 in 2017 in order to buy out the tenement. To date, Mindoro has not made these payments, nor has it made a payment of US\$75,000 that was due on December 31, 2013. In aggregate, the Company has recorded a provision of \$319,000 (US\$275,000) in trade and other payables for the unpaid payments pertaining to this option agreement. However, since the MPSA and the EPA are located in an area where there is a ban on issuing new mining permits it is considered highly unlikely the EPA will be approved. The MPSA is already a granted mining permit; however, historical work by Mindoro significantly downgraded the potential of the tenement. Mindoro has, therefore, terminated the option agreement and handed the tenement back to the permit holders.

In 2014, the Company recognised an impairment loss on Tapian San Francisco of \$539,000 because a number of exploration periods ended and are not expected to be renewed by the MGB. The remaining carrying value relates to exploration expenditure incurred on one EP directly adjacent to the Agata Project and which shows signs of similar nickel laterite mineralization as Agata. The Company believes the remaining value represents the fair value less cost to sell and has used level 3 inputs in the fair value hierarchy to determine the recoverable value.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ending September 30, 2015

Unaudited

(Expressed in Canadian Dollars unless otherwise stated)



**MINDORO**  
RESOURCES LTD

### 7. PROPERTY AND EQUIPMENT

	Office equipment & furnishings \$000	Computer software & hardware \$000	Vehicles \$000	Field equipment \$000	Total \$000
<b>Cost</b>					
<b>December 31, 2013</b>	82	216	90	54	<b>442</b>
Disposals	(34)	(80)	(51)	(52)	<b>(217)</b>
Translation adjustment	4	11	5	3	<b>23</b>
<b>December 31, 2014</b>	52	147	44	5	<b>248</b>
Additions	-	3	-	-	<b>3</b>
Translation adjustment	5	15	5	-	<b>25</b>
<b>September 30, 2015</b>	<b>57</b>	<b>165</b>	<b>49</b>	<b>5</b>	<b>276</b>
<b>Accumulated depreciation</b>					
<b>December 31, 2013</b>	80	214	90	54	<b>438</b>
Depreciation	1	3	-	-	<b>4</b>
Disposals	(34)	(80)	(51)	(52)	<b>(217)</b>
Translation adjustment	5	10	5	3	<b>23</b>
<b>December 31, 2014</b>	52	147	44	5	<b>248</b>
Depreciation	-	1	-	-	<b>1</b>
Translation adjustment	5	14	5	-	<b>24</b>
<b>September 30, 2015</b>	<b>57</b>	<b>162</b>	<b>49</b>	<b>5</b>	<b>273</b>
<b>Net book value at:</b>					
December 31, 2013	2	2	-	-	<b>4</b>
December 31, 2014	-	-	-	-	<b>-</b>
<b>September 30, 2015</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>3</b>

### 8. OPTION TO PURCHASE CONTRACTS

On August 14, 2014, the Company entered into the following two option to purchase contracts with Minimax to acquire Minimax's interest in AMVI and API.

#### 8.1 AGATA MINING OPTION

- US\$80,000 (\$87,000) advanced for the options in 2013 and initially recorded as exploration and evaluation assets was reclassified to option to purchase contracts;
- US\$60,000 (\$65,000) paid upon signing the Amended Option Agreements;
- US\$60,000 (\$65,000) paid in December 2014;

The Company exercised the Agata Mining Option in 2014, and reclassified the aggregate \$217,000 (US\$200,000) option payments as an investment in associate.

#### 8.2 AGATA PROCESSING OPTION

- US\$250,000 (\$317,000) due on May 15, 2015; and

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ending September 30, 2015

Unaudited

(Expressed in Canadian Dollars unless otherwise stated)



MINDORO  
RESOURCES LTD

- Consideration equal to the balance of an existing unrecognised debt owing from Minimax to MRL (approximately \$6.5 million) will be used to offset the unrecognised debt (Note 6);
- 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);
- The Agata Processing Option will be automatically exercised upon payment of the second installment pursuant to the Agata Mining Option.

The Company failed to make the payment of US\$250,000 due to Minimax as required by the Agata Processing Option. The Company is in discussions with Minimax to defer payment further (Note 20).

### 9. INVESTMENT IN ASSOCIATE

The Company has the following investment in associate:

Name	Place of business	Nature of relationship	Proportion of ownership at	
			Sep. 30, 2015	Dec. 31, 2014
Agata Mining Ventures Inc	Philippines	associate	40%	40%

Mindoro owns directly a 15% interest in AMVI. The Company also has beneficial ownership over 25% of AMVI's shares registered to Minimax for which it owes US\$4 million to Minimax and will be paid in installments over five years (Note 12). 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, immediately upon exercise Mindoro was entitled to receive all the economic benefits, rights and obligations attached to Minimax's interest. The Agata Mining Option was automatically exercised upon conclusion of the Restructure Period, as described below. In the event that Mindoro fails to pay any of the installment payments to Minimax, 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.

The Company exercised the Agata Mining Option in 2014, and recorded \$3,953,000, the present value of the installment payments to acquire the AMVI shares, as an investment in associate. The Company recognized \$147,000 interest expense in the first nine months of 2015 related to the installment payments (Note 12). The aggregate \$217,000 (US\$200,000) option payments were reclassified as an investment in associate in 2014 (Note 8).

This investment in associate is measured using the equity method. AMVI's shares are not quoted on an active market.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ending September 30, 2015

Unaudited

(Expressed in Canadian Dollars unless otherwise stated)



**MINDORO**  
RESOURCES LTD

Summarized financial information for AMVI:

<b>Financial Position</b>	<b>Sep. 30</b>	<b>Dec. 31</b>
	<b>2015</b>	<b>2014</b>
	<b>\$000</b>	<b>\$000</b>
Current assets	<b>20,838</b>	20,132
Non-current assets	<b>13,571</b>	4,882
Current liabilities	<b>15,681</b>	13,373
Non-current liabilities	<b>11,519</b>	6,866
Retained earnings (deficit)	<b>1,666</b>	(279)

<b>Operations</b>	<b>September 30</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$000</b>	<b>\$000</b>
Sale of Nickel	<b>22,244</b>	-
Cost of sales	<b>(15,668)</b>	-
General and administrative expenses	<b>(5,782)</b>	(655)
Exploration costs	-	(322)
Other operating income (expenses)	<b>1,104</b>	49
Provision for income tax	-	-
Net income (loss) for the period	<b>1,897</b>	(935)
Other comprehensive income (loss)	<b>(19)</b>	-
Total comprehensive income (loss) for the period	<b>1,878</b>	(935)

The AMJV agreements (Note 6) require that at least 50% of any positive retained earnings in AMVI be distributed to shareholders as dividends on a quarterly basis. At September 30, 2015, AMVI had positive retained earnings of \$1,666,000. However, the Board of AMVI has not yet declared a dividend.

	<b>Note</b>	<b>Investment in AMVI \$000</b>
<b>December 31, 2013</b>		<b>197</b>
Reclassification from exploration and evaluation asset	6	2,502
Purchase of Minimax's interest in AMVI	6,8	4,170
Share of AMVI's net income		727
Translation adjustment		320
<b>December 31, 2014</b>		<b>7,916</b>
Share of AMVI's net income		759
Share of AMVI's other comprehensive loss		(8)
Realization of Panoro liability	13	1,000
Translation adjustment		853
<b>September 30, 2015</b>		<b>10,520</b>

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ending September 30, 2015

Unaudited

(Expressed in Canadian Dollars unless otherwise stated)



**MINDORO**  
RESOURCES LTD

### 10. TRADE AND OTHER PAYABLES

	Sep. 30 2015 \$000	Dec. 31 2014 \$000
Trade payables	1,751	476
Accrued expenses	1,007	1,016
Amounts due to governments	112	99
	<b>2,870</b>	<b>1,591</b>

Trade payables include payments due to Panoro (Notes 6 and 9), option payments due to Minimax for the purchase of the API Share Option and TSF Rights Options (Notes 6 and 8), and general and administrative payments to vendors. Accrued expenses include provisions for option payments due to tenement holders of the Tapian San Francisco project, a provision for documentary stamp taxes on intercompany loan balances, and accruals of personnel expenses, consulting, and other professional fees.

### 11. BORROWINGS

Note	TVI Resource			Management		Total \$000
	Loans \$000 (a)	Development \$000 (b)	TVI Pacific Inc \$000 (c)	Directors fees \$000 (d)	fees \$000 (e)	
<b>December 31, 2013</b>	<b>166</b>	-	<b>381</b>	<b>63</b>	<b>32</b>	<b>642</b>
Principal paid	-	-	(358)	(39)	(32)	(429)
Principal drawn	-	500	-	51	-	551
Interest expense	32	1	18	5	-	56
Interest paid	(22)	-	(41)	(2)	-	(65)
<b>December 31, 2014</b>	<b>176</b>	<b>501</b>	-	<b>78</b>	-	<b>755</b>
Principal paid	-	-	-	(10)	-	(10)
Principal drawn	-	112	-	40	-	152
Interest expense	24	33	-	7	-	64
Interest paid	(13)	-	-	(1)	-	(14)
<b>September 30, 2015</b>	<b>187</b>	<b>646</b>	-	<b>114</b>	-	<b>947</b>

(a) 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 allocated \$9,000 of the loan proceeds as share capital. In the first six months of 2015, the Company incurred \$16,000 of interest expense and paid \$13,000 of accrued interest to the lenders.

One director of the Company, who has since resigned, participated in the loan financing for \$25,000. The Company 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.

(b) The Company borrowed \$500,000 from TVIRD pursuant to the terms of a secured promissory note on December 19, 2014. This agreement is intended as a bridge financing while negotiating a larger financing

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ending September 30, 2015

Unaudited

(Expressed in Canadian Dollars unless otherwise stated)



MINDORO  
RESOURCES LTD

arrangement with TVIRD and its shareholders. The note was originally due on January 31, 2015, but the term has subsequently been extended until a subsequent financing is completed. The note accrues interest equal to 8% per annum and is secured by Mindoro's interest in its wholly owned subsidiary, MRL Nickel Philippines Inc. In addition to the principal and interest on the note, the Company will reimburse legal and other issue costs to TVIRD up to a maximum of \$30,000.

In June and August 2015, TVIRD advanced additional funds totalling \$112,000 to the Company on the same terms as the original note.

Subsequent to the period on November 11, 2015, TVIRD advanced an additional \$184,000 to the Company on the same terms as the original note (Note 20).

- (c) The Company and TVI Pacific Inc. ("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 was 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.
- (d) In 2013, following an earlier suspension of payment of non-executive directors' fees ("Directors Fees"), 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 following the disposition of the majority of the Company's Red Mountain shares, the Company paid \$41,000 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. Since the fourth quarter of 2014, the Company has again suspended payment of all directors' fees and continue to accrue interest on amounts due.

In August 2015, the Company paid 50% of the outstanding fees and accrued interest owing to current independent non-executive directors.

- (e) In June 2013, the Company 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 following the disposition of the majority of the Company's Red Mountain shares, this debt was repaid and fees were no longer being deferred.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ending September 30, 2015

Unaudited

(Expressed in Canadian Dollars unless otherwise stated)



**MINDORO**  
RESOURCES LTD

### 12. INSTALLMENT PAYMENTS TO MINIMAX

	Undiscounted installment USD 000	Undiscounted installment \$000	Discounted installment \$000	Discount rate %	Interest expense in 2015-YTD \$000	Payment due
First installment	800	1,072	1,020	4.2%	32	November 2015
Second installment	800	1,072	979	4.2%	31	November 2016
Third installment	800	1,072	940	4.2%	29	November 2017
Fourth installment	800	1,072	902	4.2%	28	November 2018
Fifth installment	800	1,072	866	4.2%	27	November 2019
	<b>4,000</b>	<b>5,360</b>	<b>4,707</b>		<b>147</b>	

The Company failed to pay the first installment payment due to Minimax on November 15, 2015 due to the decline in nickel laterite prices and the resulting delay in receipt of dividends from AMVI. The Company has been in discussions with Minimax to renegotiate the terms of these payments. However, there can be no assurances that these discussions will be successful.

### 13. COMMITMENTS AND CONTINGENT LIABILITIES

#### 13.1 PANORO AGREEMENT

Pursuant to the 2007 agreement whereby the Company purchased a 40% direct and indirect participating interest in the Surigao Projects, including the Agata properties, from its then joint venture partner, Panoro, Mindoro must pay Panoro:

- \$500,000 on the fifteenth day following the loading on board a ship or other conveyance for transport to a purchaser or treatment facility by Mindoro, Minimax or MRL of an aggregate one million WMT of Nickel Laterite (the "First Payment"); and
- \$500,000 on the first anniversary of the loading on board a ship or other conveyance for transport to a purchaser or treatment facility by Mindoro, Minimax or MRL of an aggregate one million WMT of Nickel Laterite (the "Second Payment").

The Company recognized the liability in August 2015 when AMVI loaded the one millionth wet metric tonne of nickel laterite from the Agata project, which triggered payment of the first \$500,000 payment to Panoro that was due on August 28, 2015. Mindoro has since contacted Panoro about renegotiating the terms of these payments.

Prior to the Panoro buy-out agreement in 2007, Mindoro held a 35% participating interest in the Surigao Projects.

#### 13.2 DELTA EARTH MOVING

Pursuant to an agreement in 2011 whereby the Company terminated a Management Services Agreement with Delta Earth Moving ("Delta"), the Company has agreed to pay Delta a 1% royalty on gross smelter returns for any future production on three non-contiguous blocks in Agata South. The Company identified a nickel laterite mineral resource on Agata South indicating 5.04 million WMT of nickel laterite containing 0.86% nickel and 22% iron in its November 4, 2011 technical report. The resource is presently considered by the Company to be too small to commercialize as a DSO operation and significant additional exploration would be required before development of the resource could occur.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ending September 30, 2015

Unaudited

(Expressed in Canadian Dollars unless otherwise stated)



**MINDORO**  
RESOURCES LTD

### 13.3 TAPIAN SAN FRANCISCO

Pursuant to a 2013 option agreement with the permit holder of the MPSA and one EPA, the Company is required to make quarterly payments of US\$50,000 from 2014 to 2016 and make three quarterly payments of US\$50,000 and one quarterly payment of US\$25,000 in 2017 in order to buy out the tenement. To date, Mindoro has not made these payments, nor has it made a payment of US\$75,000 that was due on December 31, 2013. In aggregate, the Company has recorded a provision of \$343,000 (US\$275,000) in trade and other payables for the unpaid payments pertaining to this agreement and is currently attempting to renegotiate the terms of the agreement.

### 14. SHARE CAPITAL

	Number of shares	Share capital \$000
December 31, 2014	297,437,399	52,403
<b>September 30, 2015</b>	<b>297,437,399</b>	<b>52,403</b>

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.

The Company has reserved 100,000 common shares for issue to one former director for entering into a December 2013 loan agreement and recorded a share obligation of \$1,000 on the balance sheet.

### 15. OTHER RESERVES

	Employee benefit reserve	Warrants reserve	Currency reserve	Accumulated other comprehensive income	Other reserves
Note	\$000	\$000	\$000	\$000	\$000
<b>December 31, 2014</b>	<b>5,120</b>	<b>5,912</b>	<b>1,499</b>	<b>(92)</b>	<b>12,439</b>
Remeasurement of financial assets available for sale	4	-	-	(30)	(30)
Share of other comprehensive income of associate				(8)	(8)
Translation adjustments	-	-	695	-	695
<b>September 30, 2015</b>	<b>5,120</b>	<b>5,912</b>	<b>2,194</b>	<b>(130)</b>	<b>13,096</b>
<b>December 31, 2013</b>	<b>5,120</b>	<b>5,912</b>	<b>856</b>	<b>(400)</b>	<b>11,488</b>
Re-measurement of financial assets available for sale	-	-	-	333	333
Translation adjustments	-	-	407	-	407
<b>September 30, 2014</b>	<b>5,120</b>	<b>5,912</b>	<b>1,263</b>	<b>(67)</b>	<b>12,228</b>

### 16. WARRANTS

The following table summarizes information about Common Share purchase warrants outstanding and exercisable as at September 30, 2015:

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ending September 30, 2015

Unaudited

(Expressed in Canadian Dollars unless otherwise stated)



**MINDORO**  
RESOURCES LTD

Expiry date	Exercise price \$	December 31	Granted	Exercised	Expired	September 30
		2014				2015
Jul 09, 2015	0.310	<b>5,881,632</b>	-	-	(5,881,632)	-
Jul 22, 2015	0.310	<b>13,165,593</b>	-	-	(13,165,593)	-
Sep 28, 2017	0.100	<b>18,779,353</b>	-	-	-	<b>18,779,353</b>
Oct 10, 2017	0.100	<b>24,000,000</b>	-	-	-	<b>24,000,000</b>
		<b>61,826,578</b>	-	-	(19,047,225)	<b>42,779,353</b>
Weighted average exercise price (\$)		<b>0.165</b>	-	-	0.310	<b>0.100</b>

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 three months of 2015 or in 2014. 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 \$86,000 or \$0.002 per warrant (2014 – \$860,000 or \$0.021 per warrant). A remeasurement gain of \$774,000 (2014 – loss of \$198,000) 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:

	September 30, 2015	December 31, 2014
Risk Free Interest Rate	0.52%	1.02%
Expected Life	2.01 years	2.76 years
Expected Volatility	177%	156%
Expected Dividend	-	-
Expected Forfeitures	-	-

### 17. EQUITY SETTLED OPTIONS

Expiry date	Exercise price \$	December 31	Vested	Granted	Exercised	Expired	September 30
		2014					2015
Jan 12, 2015	0.125	<b>200,000</b>	-	-	-	(200,000)	-
Mar 15, 2015	0.190	<b>1,450,000</b>	-	-	-	(1,450,000)	-
Jul 04, 2015	0.100	<b>250,000</b>	-	-	-	(250,000)	-
Options outstanding and exercisable		<b>1,900,000</b>	-	-	-	(1,900,000)	-
Weighted average exercise price (\$)		<b>0.171</b>	-	-	-	<b>0.171</b>	-

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

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ending September 30, 2015

Unaudited

(Expressed in Canadian Dollars unless otherwise stated)



**MINDORO**  
RESOURCES LTD

shares. The Board of Directors shall determine the terms and provisions of the equity settled options at the time of grant.

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

No equity settled options were issued in the first nine months of 2015 or in 2014.

### 18. CASH SETTLED OPTIONS

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

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

No cash settled options were issued in the first nine months of 2015 or in 2014 and all previously issued cash settled options under the plan expired in August 2014.

### 19. RELATED PARTY TRANSACTIONS

These Interim Financial Statements include the results of Mindoro and the following entities:

	Country of Incorporation	Classification	% Ownership at	
			Sep. 30, 2015	Dec. 31, 2014
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%
Agata Mining Ventures Inc	Philippines	Investment in associate	40%	40%

MRL Nickel has an investment in an associate that has been accounted for using the equity method (Note 9). In 2015, the Company recorded recoveries from AMVI and Pan de Azucar Mining Ventures Inc. of \$5,000, which are operated by TVIRD.

The Company borrowed \$612,000 from TVIRD (Note11). Prime Resources Holdings Inc. ("PRHI") owns 68% of TVIRD and 25% of Mindoro. TVIP owns 30% of TVIRD and 14% of Mindoro. From May 7, 2015 until September 1, 2015, the Interim Chairman of Mindoro's board is also the Chairman, President, and CEO of TVIP and Chairman of TVIRD, the Interim CEO of Mindoro is also a vice president of TVIP.

The Company repaid \$399,000 in principal and interest on a loan from TVIP in April 2014 (Note11).

At September 30, 2015, the Company had reimbursable expenses payable to TVIP in the amount of \$24,000 for travel and legal expenses incurred by Mindoro's former Interim Chairman and Interim CEO related to the June 12, 2015 AGM.

The Company has recorded debts payable to current and former non-executive directors totalling \$114,000 on which it accrues 8% interest per annum (Note11). The balance at September 30, 2015 includes \$9,000 of interest

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ending September 30, 2015

Unaudited

(Expressed in Canadian Dollars unless otherwise stated)



**MINDORO**  
RESOURCES LTD

accrued in the period. Three current non-executive directors were paid \$11,000 in the quarter, representing 50% of the outstanding directors fees and interest due to them.

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 (Note11).

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

	September 30	
	2015	2014
	\$000	\$000
Short-term employee benefits	202	228
Management fees paid to related corporations	52	349
<b>Key management compensation</b>	<b>254</b>	<b>576</b>

In the first nine months of 2015, the Company incurred \$52,000 (2014 - \$39,000) in management fees for the provision of the Company's former CEO's services provided by an entity controlled by Ms. Gould.

### 20. EVENTS AFTER THE REPORTING PERIOD

On November 11, 2015, TVIRD advanced an additional \$184,000 to the Company on the same terms as the original note. The aggregate balance of the principal borrowed from TVIRD is \$796,000.

The Company failed to pay the first installment payment due to Minimax on November 15, 2015 due to the decline in nickel laterite prices and the resulting delay in receipt of dividends from AMVI. The Company has been in discussions with Minimax to renegotiate the terms of these payments. However, there can be no assurances that these discussions will be successful.