MINDORO
RESOURCES LTD

Condensed Consolidated Interim Financial Statements
(Unaudited)
September 30, 2011

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

Mindoro Resources Ltd.
Canada
2200, 10235 – 101 Street NW
Edmonton, Alberta, Canada, T5J 3G1
Toll Free: 1-877-413-8187

Australia
Level 2, 10-16 Queen Street
Melbourne, Victoria 3000
Tel: +61 3 9614 5055
ARBN: 143 485 698

Email: mindoro@mindoro.com
Website: http://www.mindoro.com

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

Condensed Consolidated Interim Statements of Financial Position

(Unaudited - expressed in thousands of Canadian Dollars)

MINDORO RESOURCES LTD

	Note	September 30, 2011 $	December 31, 2010 $	January 1, 2010 $
Assets				
Current assets				
Cash and cash equivalents	*4*	**3,933**	9,974	1,024
Accounts receivable		**268**	162	134
Prepaid expenses and other current assets		**110**	77	32
		4,311	10,213	1,190
Non-current assets				
Exploration and evaluation assets	*5*	**33,574**	26,760	22,197
Property and equipment	*7*	**527**	315	189
		38,412	37,288	23,576
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities		**1,414**	794	765
Share based liability	*11*	**116**	-	-
		1,530	794	765
Non-current liabilities				
Defined benefit retirement obligation		**124**	119	86
Deferred tax liabilities		**-**	-	186
Deferred capital subscription funding		**-**	1,468	1,159
		1,654	2,381	2,196
Shareholders equity				
Share capital	*8*	**49,804**	45,057	32,381
Reserves		**12,593**	12,581	8,399
Accumulated losses		**(25,639)**	(22,731)	(19,400)
		36,758	34,907	21,380
		38,412	37,288	23,576

Going concern (Note 1)

These interim consolidated financial statements were approved for issue by the Audit Committee on November 2, 2011 and are signed on their behalf by:

"signed" A. Robson Garden
Director

"signed" Doug Frondall
Director

Condensed Consolidated Interim Statements of Comprehensive Loss

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

MINDORO RESOURCES LTD

	Note	Quarter Ended September 30, 2011 $	Quarter Ended September 30, 2010 $	Nine Months Ended September 30, 2011 $	Nine Months Ended September 30, 2010 $
Expenses					
General and administration expenses		**(692)**	(645)	**(1,628)**	(1,156)
Employee benefits expense		**(699)**	(355)	**(1,409)**	(732)
Stock based compensation		**(151)**	(658)	**(204)**	(928)
Depreciation and amortization		**(33)**	(17)	**(90)**	(40)
Expenses		**(1,575)**	(1,675)	**(3,331)**	(2,856)
Finance income		**60**	5	**231**	9
Foreign exchange gain (loss)		**43**	(51)	**(2)**	(83)
Loss on disposal of property and equipment		**(26)**	-	**(26)**	-
Extinguishment of deferred capital subscription funding	*6*	**3,171**	-	**3,171**	-
Impairment of exploration and evaluation assets	*6*	**(2,951)**	-	**(2,951)**	-
Loss before income tax		**(1,278)**	(1,721)	**(2,908)**	(2,930)
Income tax benefit (expense)		**-**	-	**-**	-
Loss for the period		**(1,278)**	(1,721)	**(2,908)**	(2,930)
Exchange differences on translation of foreign operations		**1,891**	605	**1,221**	$ 962
Total comprehensive loss for the period		**613**	(1,116)	**(1,687)**	$ (1,968)
Basic and diluted net loss per share		**$ (0.006)**	$ (0.012)	**$ (0.013)**	$ (0.022)
Weighted average number of common shares outstanding (thousands)		**229,056**	148,406	**223,980**	132,468

Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited - expressed in thousands of Canadian Dollars)

MINDORO RESOURCES LTD

	Note	Share capital	Employee benefit reserve	Warrants reserve	Currency reserve	Accumulated Loss	Shareholders' equity
		$	$	$	$	$	$
Balance, January 1, 2010		**32,381**	**4,067**	**4,332**	**-**	**(19,400)**	**21,380**
Common shares issued for:							
Private placements		3,065	-	3,172	-	-	6,237
Exercise of stock options		12	(5)	-	-	-	7
Exercise of warrants		23	-	(7)	-	-	16
Stock-based compensation		-	270	-	-	-	270
Comprehensive loss		-	-	-	962	(2,930)	(1,968)
Balance, September 30, 2010		**35,481**	**4,332**	**7,497**	**962**	**(22,330)**	**25,942**
Balance, December 31, 2010		**45,057**	**5,052**	**7,274**	**255**	**(22,731)**	**34,907**
Common shares issued for:	*8*						
Exercise of stock options		47	(21)	-	-	-	26
Exercise of warrants		4,700	-	(1,313)	-	-	3,387
Stock-based compensation		-	125	-	-	-	125
Comprehensive loss		-	-	-	1,221	(2,908)	(1,687)
Balance, September 30, 2011		**49,804**	**5,156**	**5,961**	**1,476**	**(25,639)**	**36,758**

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited - expressed in thousands of Canadian Dollars)

MINDORO RESOURCES LTD

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2011	2010	**2011**	2010
	$	$	**$**	$
Cash provided by (used in)				
Operating activities				
Loss for the period	**(1,278)**	(1,721)	**(2,908)**	(2,930)
Items not affecting cash				
Stock based compensation	**151**	658	**204**	928
Depreciation and amortization	**33**	17	**90**	40
Unrealized exchange differences	**8**	(6)	**(27)**	(27)
Loss on disposal of property and equipment	**26**	-	**26**	-
Extinguishment of deferred capital subscription funding	**(3,171)**	-	**(3,171)**	-
Impairment of exploration and evaluation assets	**2,951**	-	**2,951**	-
Other	**1**	17	**-**	4
Net change in non-cash working capital items	**481**	280	**597**	31
	(798)	(755)	**(2,238)**	(1,954)
Investing activities				
Expenditure on exploration and evaluation assets	**(3,263)**	(1,389)	**(7,059)**	(2,601)
Proceeds from disposal of equipment	**18**	-	**18**	
Purchases of equipment	**(187)**	(87)	**(389)**	(143)
	(3,432)	(1,476)	**(7,430)**	(2,744)
Financing activities				
Issue of share capital, net of issuance costs	**-**	3,823	**3,413**	6,260
Deposits held for private placement	**-**	(636)	**-**	-
Cash received for deferred capital subscription funding	**147**	157	**286**	632
Cash returned from deferred capital subscription funding	**(3)**	(160)	**(77)**	(425)
	144	3,184	**3,622**	6,467
Increase (decrease) in cash and cash equivalents	**(4,086)**	953	**(6,046)**	1,769
Effects of exchange rate changes on cash and cash equivalents	**(12)**	-	**5**	1
Cash and cash equivalents at beginning of period	**8,031**	1,841	**9,974**	1,024
Cash and cash equivalents at end of period	**3,933**	2,794	**3,933**	2,794
Supplemental information				
Cash interest received	**86**	2	**231**	9

1. GOING CONCERN

The financial statements have been prepared on a going concern basis.

The consolidated entity has incurred a net loss of $2,908 (September 30, 2010 - $2,930) and operating cash outflows of $2,238 (September 30, 2010 – $1,954). At September 30, 2011 the consolidated entity has net current assets of $2,781 (December 31, 2010 - $9,419, January 1, 2010 - $425). Mining and exploration licences held by the consolidated entity have annual expenditure obligations to maintain their 'good standing' status. The consolidated entity also has sufficient funds to meet these requirements and to meet corporate expenditure requirements to maintain its operations.

The ability of the consolidated entity to continue as a going concern is dependent on obtaining additional funding to finance ongoing exploration activities. Plans to obtain further financing include seeking parties interested in joint venture activities to develop the consolidated entity's exploration assets, raising additional funds through equity raisings and placements to existing or new key investors. The Company intends to be proactive over the upcoming period to seek to raise additional capital to expand its exploration operations and further develop its existing assets in an appropriate time frame. Until this occurs there is significant uncertainty as to whether the consolidated entity will be able to continue as a going concern and therefore, whether it will realize its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial statements.

The directors consider the consolidated entity is a going concern, but recognize that it is dependent on the raising of additional funds, the sale of interests in or relinquishment of, mining tenements held by the consolidated entity and ultimately the future profitability of the consolidated entity. The directors are of the opinion that no asset is likely to be realized for an amount less than the amount at which it is recorded in the financial statements at September 30, 2011, and that the going concern basis is appropriate. Accordingly, no adjustments have been made to the financial statements relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern with the exception of the property write down summarized within note 6.

2. NATURE OF OPERATIONS

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Mindoro and its subsidiaries. Comparative figures for the three and nine month period ended September 30, 2010 have not been reviewed or audited by an external auditor.

(A) BASIS OF PRESENTATION AND CONVERSION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company prepares its financial statements in accordance with Canadian general accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the company is reporting on this basis in these interim consolidated financial statements ("financial statements"). In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

The unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB") and using the accounting policies described herein. The Company adopted IFRS in accordance with IFRS 1, *First-time Adoption of International Financial Reporting Standards*. The first date at which IFRS was applied was January 1, 2010. In accordance with IFRS, the Company has:

- provided comparative financial information;
- applied the same accounting policies throughout all periods presented;
- retrospectively applied all effective IFRS standards as of September 30, 2011, as required; and
- applied certain optional exemptions and certain mandatory exemption as applicable for first time IFRS adopters.

Note 12 contains reconciliations and descriptions of the effect of the transition from Canadian GAAP to IFRS on equity, loss and comprehensive loss along with line-by-line reconciliations of the statement of financial position as at December 31, 2010, September 30, 2010 and January 1, 2010, and the statement of operations for the nine month period ended September 30, 2010 and the year ended December 31, 2010.

The policies applied in these financial statements are based on IFRS issued and outstanding as of the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the company's annual consolidated financial statements for the year ending December 31, 2011, could result in restatement of these financial statements, including the transition adjustments recognized on change-over to IFRS.

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

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are described in Note 2(R).

The financial statements should be read in conjunction with the company's Canadian GAAP annual financial statements for the year ended December 31, 2010 which provide further information on the Company's transition to IFRS.

(B) BASIS OF CONSOLIDATION

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

(C) FOREIGN CURRENCIES

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The consolidated financial statements are presented in Canadian dollars, which is Mindoro's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss, except when they are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(D) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts on deposit with financial institutions and amounts in term deposits with original terms to maturity of less than 90 days. At September 30, 2011 the Company had no cash equivalents (December 31, 2010 – $Nil, January 1, 2010 – $Nil).

(E) TRADE RECEIVABLES

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

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

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

(F) EXPLORATION AND EVALUATION ASSETS

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

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

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

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

(G) PROPERTY AND EQUIPMENT

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

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

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

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

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

Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated.

(H) IMPAIRMENT OF ASSETS

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

The company evaluates impairment losses for potential reversals where there are indicators that the circumstances that resulted in the impairment have reversed.

(I) TRADE PAYABLES

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

(J) PROVISIONS

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

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

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

(K) EMPLOYEE BENEFITS

Short-term obligations

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

Other long-term employee benefit obligations

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

(L) CONTRIBUTED EQUITY

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

(M) SHARE BASED PAYMENT TRANSACTIONS

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

Options issued under the Share Option Plan, which allows the Company's employees and consultants to acquire shares of the Company, are classified as equity settled share based payments. The fair value of the options granted are recognized as a stock based compensation expense with a corresponding increase in employee benefit reserve. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

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

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

(N) INCOME TAXES

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

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

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

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

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

(O) SEGMENT REPORTING

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

(P) LOSS PER SHARE

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

(Q) DEFINED BENEFIT RETIREMENT OBLIGATION

The Company's wholly-owned subsidiary, MRL Gold Phils., Inc., has an unfunded, defined benefit retirement obligation under Philippines employment legislation covering the retirement, separation, death and disability benefits of all its eligible employees. The Company has adopted the following policies:

i. The cost of the accrued benefit obligations for pensions earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of salary escalation, retirement ages and other actuarial factors.

ii. Past service costs from obligation amendments are deferred and amortized on a straight-line basis over the average remaining service period of employees active at the date of the amendment.

iii. Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The excess of the net accumulated actuarial gains (losses) over 10 percent of the greater of the accrued benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees.

iv. When a restructuring of a benefit obligation gives rise to both a curtailment and a settlement of obligations, the curtailment is accounted for prior to the settlement.

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

Exploration and evaluation assets

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

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which 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.

Estimated useful life of property and equipment

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

(S) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or the International Financial Reporting Interpretations Committee (“IFRIC”) that are not yet effective for the financial year ended December 31, 2011. The standards impacted that are applicable to the Company are as follows:

- IFRS 1 First-time Adoption of International Financial Reporting Standards, amendments regarding Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

- IFRS 7 Financial Instruments: Disclosures, amendments regarding Disclosures — Transfers of Financial Assets

- IFRS 9 Financial Instruments (New; to replace IAS 39)
- IFRS 10 Consolidated Financial Statements (New; to replace IAS 27 and SIC 12)
- IFRS 11 Joint Arrangements (New; to replace IAS 31 and SIC 13)
- IFRS 12 Disclosure of Interest in Other Entities (New; to consolidate disclosure requirements in IAS 27, 28, and 31
- IFRS 13 Fair Value Measurement (New) provides consistent guidance on the disclosure related to fair value measurement
- IAS 1 Presentation of Financial Statements, amendments regarding Presentation of Items of Other Comprehensive Income
- IAS 19 Employee Benefits, amendments regarding deferral of actuarial gains and losses
- IAS 27 Separate Financial Statements (Amended in 2011)
- IAS 28 Investments in Associates and Joint Ventures (Amended in 2011)

The Company has yet to assess the impact of these new standards on its consolidated financial statements.

4. RESTRICTED CASH

Cash and cash equivalents includes includes $Nil (December 31, 2010 - $66 , January 1, 2010 - $443) in amounts advanced by a joint venture partner to two wholly owned subsidiaries of MRL Gold Phils., Inc. The cash is restricted for use on exploration expenditures on the joint venture properties in the Batangas region during the earn-in phases of the joint venture agreements. Also included in cash and cash equivalents is $119 held in trust for a severance payment due to a former officer of the Company in the first quarter of 2012.

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

5. EXPLORATION AND EVALUATION ASSETS

	Surigao		Batangas						
	Agata	Tapian & Regional	El Paso	Lobo	Talahib	Archangel	**Pan de Azucar**	**Royalty Deposits**	**Total**
	$	$	$	$	$	$	$	$	$
January 1, 2010	**5,657**	**2,542**	**1,816**	**4,451**	**250**	**6,802**	**479**	**200**	**22,197**
Property acquistion	56	547	39	-	15	-	15	-	**672**
Exploration	2,457	539	312	(2)	80	38	119	-	**3,543**
Royalty deposits	-	-	-	-	-	-	-	11	**11**
Currency translation	107	47	26	54	3	90	7	3	**337**
December 31, 2010	**8,277**	**3,675**	**2,193**	**4,503**	**348**	**6,930**	**620**	**214**	**26,760**
Property acquistion	212	(144)	33	64	12	-	5	-	**182**
Exploration	4,783	833	62	1,637	12	109	764	-	**8,200**
Royalty deposits	-	-	-	-	-	-	-	18	**18**
Impairment	-	-	(1,140)	(1,572)	(231)	-	-	(8)	**(2,951)**
Currency translation	600	185	37	186	3	292	61	1	**1,365**
September 30, 2011	**13,872**	**4,549**	**1,185**	**4,818**	**144**	**7,331**	**1,450**	**225**	**33,574**

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

The following table summarizes Mindoro's earned mineral property interests and future commitments at September 30, 2011:

Region	*Project(s)*	*Interest Earned*	*Terms for Further Earn-In And Potential Future Commitments*
Surigao	Agata, Tapian & Regional (except Mat-I project)	75%	(i) Option to earn additional 10%: pay 0.5% of mining reserve gross value with a minimum US$5 million payment per mining reserve. (ii) Option to earn additional 15% interest by issuing Common Shares (issued in 2006), making annual cash payments (US$ 125,000 in 2011) until production, making a cash payment of 0.75% of mining reserve gross value, with a minimum payment of US$ 7.5 million upon completion of a bankable feasibility study on mining reserve, and a 1% net smelter royalty.
Surigao	Mat-I	10%	(i) The Company can earn an additional 30% interest upon completion of expenditure requirement (15 million Pesos) within two years from the execution of the Mineral Production Sharing Agreement ("MPSA"); the MPSA has not yet been approved as of this date. (ii) The Company may earn an additional 35% upon completion of the expenditure requirement (15 million Pesos) within one year. (iii) Mat I is included in option agreements for the Surigao properties and the Company can earn up to 100%
Batangas	Archangel, El Paso, Lobo and Talahib	100%	Payment due to tenement holders at the start of production will include a one-time amount of US$ 1 million applicable to the first mineral deposit to start production only, and will also be granted a 1% Net Smelter Royalty on all metals produced from the Batangas projects.
Panay	Pan de Azucar	75%	The Company has no outstanding commitments on Pan de Azucar.

Royalty Payments

Royalty payments are included in the mineral property and exploration costs. The payment amounts to the tenement holders and the related due dates are scheduled according to the terms of the executed royalty agreements. In the first nine months of 2011, royalty payments amounted to $18 (2010 - $11).

On January 7, 2011, an option agreement was signed with a Philippine company whereby the Company may acquire a 100% interest in an exploration permit application for 142 hectares adjacent to the Company's Tapian project. Upon confirmation the exploration permit is in good standing, the Philippine company will receive a cash payment of 1 million Philippine Pesos (approximately $24). Once the tenement is granted, the Philippine company will receive an additional payment of 2 million Philippine Pesos (approximately $48). The Philippine company will retain a 3% gross smelter royalty on payable nickel, cobalt and iron produced. One third of this royalty (1%) may be purchased by the Company for $US 5 million.

On February 15, 2011, an option agreement was signed with a second Philippine company whereby the Company may acquire a 100% interest in an exploration permit application for 230 hectares adjoining the above-referenced property adjacent to the Company's Tapian project. Upon confirmation the exploration permit is in good standing, the Philippine company will receive a cash payment of 1.5 million Philippine Pesos (approximately $36). Once the tenement is granted and the Company has completed a due diligence phase and exercises the option, the Philippine company will receive payment of 28 million Philippine Pesos (approximately $665).

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

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

On a quarterly basis, management of the Company reviews exploration costs to ensure deferred expenditures included only costs and projects that are eligible for capitalization.

6. JOINT VENTURE PARTNER WITHDRAWAL

On July 28, 2011 the Company was informed by a joint venture partner on the El Paso, Lobo and Talahib projects that they intend to withdraw from the joint venture agreement. As a result of the joint venture partner's withdrawal, the Company has recognized a gain of $3,171 on the reversal of the related provision for deferred capital subscription funding since a legal liability to the joint venture partner no longer exists.

The Company intends to continue exploration on the El Paso, Lobo, and Talihib projects, but current plans do not include the exploration targets that were explored by the joint venture partner and therefore, the Company has written off $2,951 capitalized expenditures that had been financed by the joint venture partner. The Company has recorded a loss of $18 on sale of equipment with a net book value of $36 to the partner for proceeds of $18.

7. PROPERTY AND EQUIPMENT

	Computer software & hardware $	Vehicles $	Field equipment $	Office equipment & furnishings $	Building & Leasehold improvements $	Total $
Cost						
January 1, 2010	227	109	39	74	78	527
Additions	30	95	30	44	10	209
Translation adjustment	2	1	-	1	1	5
December 31, 2010	259	205	69	119	89	741
Additions	60	23	52	21	233	389
Disposals	(71)	(34)	(8)	(32)	-	(145)
Translation adjustment	2	8	5	3	15	33
September 30, 2011	**250**	**202**	**118**	**111**	**337**	**1,018**
Accumulated depreciation						
January 1, 2010	147	43	26	45	77	338
Depreciation	28	27	13	11	4	83
Translation adjustment	2	1	1	-	1	5
December 31, 2010	177	71	40	56	82	426
Depreciation	48	42	19	28	16	153
Disposals	(58)	(13)	(5)	(25)	-	(101)
Translation adjustment	-	4	2	3	4	13
September 30, 2011	**167**	**104**	**56**	**62**	**102**	**491**
Net book value at:						
January 1, 2010	80	66	13	29	1	189
December 31, 2010	82	134	29	63	7	315
September 30, 2011	**83**	**98**	**62**	**49**	**235**	**527**

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

8. SHARE CAPITAL

At September 30, 2011, the authorised share capital comprised an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

9. WARRANTS

The following table summarizes information about Common share purchase warrants outstanding and exercisable as at September 30, 2011:

Expiry date	Exercise price $	**Dec 31, 2010**	Granted	Exercised	Expired/ cancelled	**Sep 30, 2011**
Feb 13, 2011	0.300	**3,105,233**	-	-	(3,105,233)	**-**
Feb 13, 2011	0.180	**71,350**	-	(69,700)	(1,650)	**-**
Mar 03, 2011	0.150	**21,000,000**	-	(21,000,000)	-	**-**
Mar 03, 2011	0.150	**1,496,681**	-	(1,496,681)	-	**-**
Aug 25, 2011	0.300	**6,208,000**	-	-	(6,208,000)	**-**
Jul 09, 2012	0.310	**7,500**	-	-	-	**7,500**
Jul 09, 2015	0.310	**5,881,632**	-	-	-	**5,881,632**
Jul 22, 2015	0.310	**13,165,593**	-	-	-	**13,165,593**
		50,935,989	-	(22,566,381)	(9,314,883)	**19,054,725**
Weighted average exercise price ($)		**0.237**	-	0.150	0.300	**0.310**

The grant date fair values of common share purchase warrants are recorded as an increase to warrants reserve and a decrease to share capital as an issue cost of each private placement. Fair value is estimated at the grant date using the Black-Scholes pricing model. There were no warrants issued in first nine months of 2011. The warrants issued in the first nine months of 2010 were valued using the following weighted average assumptions:

	2010
Risk Free Interest Rate	1.61%
Expected Life	2.67 years
Expected Volatility	131%
Expected Dividend	-

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

10. EQUITY SETTLED OPTIONS

Expiry date	Exercise price $	Dec 31, 2010	Vested	Granted	Exercised	Expired/ cancelled	Sep 30, 2011
Aug 23, 2011	0.600	**300,000**	-	-	-	(300,000)	**-**
Sep 18, 2011	0.260	**150,000**	-	-	-	(150,000)	**-**
Jun 07, 2012	0.840	**1,652,000**	-	-	-	-	**1,652,000**
Jul 03, 2013	0.290	**2,080,000**	-	-	-	-	**2,080,000**
Jul 28, 2013	0.208	**4,000,000**	-	-	-	-	**4,000,000**
Sep 22, 2013	0.310	**700,000**	-	-	-	-	**700,000**
Oct 04, 2013	0.300	**-**	375,000	-	-	-	**375,000**
Oct 04, 2013	0.340	**150,000**	-	-	-	-	**150,000**
Oct 30, 2013	0.130	**50,000**	-	-	-	-	**50,000**
Dec 26, 2013	0.290	**-**	-	100,000	-	-	**100,000**
Jan 13, 2014	0.180	**100,000**	-	-	-	-	**100,000**
Feb 11, 2014	0.360	**650,000**	-	-	-	-	**650,000**
Apr 20, 2014	0.260	**-**	-	300,000		-	**300,000**
Aug 04, 2014	0.130	**2,565,000**	-	-	(200,000)	-	**2,365,000**
Aug 18, 2014	0.250	**-**	-	550,000	-	-	**550,000**
Jan 12, 2015	0.125	**200,000**	-	-	-	-	**200,000**
Mar 15, 2015	0.190	**1,450,000**	-	-	-	-	**1,450,000**
Options exercisable		**14,047,000**	375,000	950,000	(200,000)	(450,000)	**14,722,000**
Unvested options							**-**
Oct 04, 2013	0.300	**500,000**	(375,000)				**125,000**
Options outstanding		**14,547,000**	-	950,000	(200,000)	(450,000)	**14,847,000**
Weighted average exercise price ($)		**0.299**	-	0.257	0.130	0.487	**0.293**

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 may not exceed 10 percent of the issued and outstanding common shares. The Board of Directors shall determine the terms and provisions of the equity settled options at the time of grant.

The expiry date of the equity settled options granted may 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.

The weighted average fair value of equity settled options issued in the first nine months of 2011 on the date of grant was $0.12 per option (2010 - $0.15). The fair value of equity settled options is estimated at the grant date using the Black-Scholes option pricing model based on the following ranges of assumptions:

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

	2011	2010
Risk Free Interest Rate	1.56%	2.35%
Expected Life	3.00 years	3.52 years
Expected Volatility	133%	129%
Expected Dividend	-	-
Expected Forfeitures	-	-

11. CASH SETTLED OPTIONS

On August 5, 2011, the Board of Directors approved an incentive plan to issue cash settled options. Under the incentive plan, 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. Subsequent to the approval of the incentive plan the Company issued the following cash settled options.

Expiry date	Exercise price $	**Dec 31, 2010**	Vested	Granted	Exercised	Expired/ cancelled	**Sep 30, 2011**
August 18, 2014	0.250	**-**	1,500,000	-	-		**1,500,000**
Options outstanding		**-**	1,500,000	-	-	-	**1,500,000**
Weighted average exercise price ($)		**-**	0.250	-	-	-	**0.250**

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.

The weighted average fair value of cash settled options issued subsequent to the approval of the incentive plan on the date of grant was $0.11 per option which is been recognized as a share based liability. The fair value of cash settled options is estimated at the grant date using the Black-Scholes option pricing model based on the following ranges of assumptions:

	2011
Risk Free Interest Rate	1.47%
Expected Life	3.00 years
Expected Volatility	133%
Expected Dividend	-
Expected Forfeitures	-

The fair value of outstanding cash settled options on the balance sheet date was $0.08 per option (2010 – $Nil). The fair value was estimated the using the Black-Scholes option pricing model based on the following assumptions:

	September 30, 2011
Risk Free Interest Rate	1.23%
Expected Life	2.88 years
Expected Volatility	126%
Expected Dividend	-
Expected Forfeitures	-

12. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

As stated in Note 2, these condensed consolidated financial statements include the effects of the Company's adoption of IFRS standards.

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

- in preparing the condensed consolidated interim financial statements for the nine months ended September 30, 2011;
- the comparative information for the three months ended September 30, 2010;
- the statement of financial position as at December 31, 2010; and
- the preparation of an opening IFRS statement of financial position on the Transition Date, January 1, 2010.

In preparing the opening IFRS statement of financial position, comparative information for the nine months ended September 30, 2010 and the financial statements for the year ended December 31, 2010, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP.

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

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

Business combinations

IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3 Business Combinations retrospectively to business combinations that occurred before January 1, 2010 ("the date of transition"). The Company has elected to take advantage of this election and apply IFRS 3 to business combinations that occurred on or after January 1, 2010.

Estimates

IFRS 1 includes the mandatory exception which states that a first-time adopter must not use hindsight to create or revise estimates . The estimates made by the Company under Canadian GAAP were not revised for application of IFRS except where necessary to reflect any difference in accounting policies.

Share-based payment transactions

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

IAS 27 – Consolidated and Separate Financial Statements

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

Property, plant and equipment

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

Reclassification within Equity section

IFRS requires an entity to present for each component of equity, a reconciliation between the carrying amount at the beginning and end of the period, separately disclosing each change. The Company examined its "contributed surplus" account and concluded that as at the Transition Date, $4,031 relates to "Employee benefit reserve", and $4,332 relates to "Warrants reserve".

As a result, the Company believes that a reclassification is necessary in the equity section between "Contributed surplus" and the various reserve accounts totalling $8,363.

For comparatives, as at September 2010, $12,460 "contributed surplus" account was reclassified into $4,963 "Employee benefit reserve" and $7,497 "Warrants reserve".

Furthermore, as at December 31, 2010, $12,261 "contributed surplus" account was broken down into $4,987 "Employee benefit reserve" and $7,274 "Warrants reserve".

Reconciliation of Assets, Liabilities and Equity
Expressed in thousands of Canadian Dollars

		As at January 1, 2010			As at September 30, 2010			As at December 31, 2010		
	Note	GAAP $	Effects of transition to IFRS $	IFRS $	GAAP $	Effects of transition to IFRS $	IFRS $	GAAP $	Effects of transition to IFRS $	IFRS $
Assets										
Current assets										
Cash and cash equivalents		1,024	-	1,024	2,794	-	2,794	9,974	-	9,974
Accounts receivable		134	-	134	182	-	182	162	-	162
Prepaid expenses and other current assets	*(a)*	47	(15)	32	97	(2)	95	84	(7)	77
		1,205	(15)	1,190	3,073	(2)	3,071	10,220	(7)	10,213
Non-current assets										
Mining assets	*(a)*	23,683	(1,486)	22,197	26,316	(498)	25,818	27,996	(1,236)	26,760
Property and equipment	*(a)*	195	(6)	189	278	1	279	320	(5)	315
		25,083	(1,507)	23,576	29,667	(499)	29,168	38,536	(1,248)	37,288

Reconciliation of Assets, Liabilities and Equity

Expressed in thousands of Canadian Dollars

		As at January 1, 2010			As at September 30, 2010			As at December 31, 2010		
	Note	GAAP	Effects of transition to IFRS	IFRS	GAAP	Effects of transition to IFRS	IFRS	GAAP	Effects of transition to IFRS	IFRS
		$	$	$	$	$	$	$	$	$
Liabilities										
Current liabilities										
Accounts payable and accrued liabilities		764	1	765	907	-	907	792	2	794
		764	1	765	907	-	907	792	2	794
Non-current liabilities										
Defined benefit retirement plan		86	-	86	90	-	90	119	-	119
Deferred tax liabilities		186	-	186	194	-	194	-	-	-
Deferred capital subscription funding	*(a)*	1,165	(6)	1,159	1,316	50	1,366	1,459	9	1,468
		2,201	(5)	2,196	2,507	50	2,557	2,370	11	2,381
Shareholders equity										
Share capital		32,381	-	32,381	35,480	-	35,480	45,057	-	45,057
Share obligation		-	-	-	-	-	-	-	-	-
Reserves	*(a, b)*	8,363	36	8,399	12,460	1,001	13,461	12,260	321	12,581
Accumulated loss	*(a, b)*	(17,862)	(1,538)	(19,400)	(20,780)	(1,550)	(22,330)	(21,151)	(1,580)	(22,731)
		22,882	(1,502)	21,380	27,160	(549)	26,611	36,166	(1,259)	34,907
		25,083	(1,507)	23,576	29,667	(499)	29,168	38,536	(1,248)	37,288

Reconciliation of Loss and Comprehensive Loss
Expressed in thousands of Canadian Dollars

		Nine months ended September 30, 2010			Year ended December 31, 2010		
	Note	GAAP $	Effects of transition to IFRS $	IFRS $	GAAP $	Effects of transition to IFRS $	IFRS $
Expenses							
General and administration expenses		(1,147)	(9)	(1,156)	(1,415)	(14)	(1,429)
Employee benefits expense		(732)	-	(732)	(1,218)	-	(1,218)
Stock based compensation	*(b)*	(925)	(3)	(928)	(975)	(28)	(1,003)
Depreciation and amortization		(40)	-	(40)	(54)	-	(54)
Total Expenses		(2,844)	(12)	(2,856)	(3,662)	(42)	(3,704)
Finance income		9	-	9	38	-	38
Foreign exchange gain (loss)		(83)	-	(83)	148	-	148
Loss before income tax		(2,918)	(12)	(2,930)	(3,476)	(42)	(3,518)
Income tax benefit (expense)		-	-	-	187	-	187
Loss for the period		(2,918)	(12)	(2,930)	(3,289)	(42)	(3,331)
Exchange differences on translation of foreign operations	*(a)*	-	962	962	-	255	255
Total comprehensive loss for the period		(2,918)	950	(1,968)	(3,289)	213	(3,076)

Reconciliation of Cash Flows

Expressed in thousands of Canadian Dollars

		Nine months ended September 30, 2010			Year ended December 31, 2010		
	Note	GAAP	Effects of transition to IFRS	IFRS	GAAP	Effects of transition to IFRS	IFRS
		$	$	$	$	$	$
Cash provided by (used in)							
Operating activities							
Loss for the year		(2,918)	(12)	(2,930)	(3,289)	(42)	(3,331)
Items not affecting cash							
Stock-based compensation	*(b)*	925	3	928	975	28	1,003
Depreciation and amortization		40	-	40	54	-	54
Unrealized exchange differences	*(a)*	8	(35)	(27)	-	(3)	(3)
Other		4	-	4	(211)	14	(197)
Net change in non cash working capital items	*(a)*	44	(13)	31	21	(7)	14
		(1,897)	(57)	(1,954)	(2,450)	(10)	(2,460)
Investing activities							
Payment for mining assets		(2,601)	-	(2,601)	(4,271)	-	(4,271)
Purchases of equipment		(143)	-	(143)	(209)	-	(209)
		(2,744)	-	(2,744)	(4,480)	-	(4,480)
Financing activities							
Issue of share capital, net of issuance costs		6,259	1	6,260	15,586	-	15,586
Cash received for deferrred capital subscription funding	*(a)*	577	55	632	719	15	734
Cash returned from deferrred capital subscription funding		(425)	-	(425)	(425)	-	(425)
		6,411	56	6,467	15,880	15	15,895
Increase (decrease) in cash		1,770	(1)	1,769	8,950	5	8,955
Effect of exchange rate changes on cash		-	1	1	-	(5)	(5)
Cash at beginning of period		1,024	-	1,024	1,024	-	1,024
Cash at end of period		2,794	-	2,794	9,974	-	9,974

Reconciliation of accumulated loss
Expressed in thousands of Canadian Dollars

	Note	January 1, 2010	September 30, 2010	December 31, 2010
		$	$	$
Accumulated loss under GAAP		(17,862)	(20,780)	(21,151)
Cummulative translation differences	*(a)*	(1,461)	(1,466)	(1,471)
Share based payments	*(b)*	(36)	(39)	(64)
Other		(41)	(45)	(45)
Accumulated loss under IFRS		(19,400)	(22,330)	(22,731)

Reconciliation of Comprehensive Loss
Expressed in thousands of Canadian Dollars

	Note	September 30, 2010	December 31, 2010
		$	$
Comprehensive loss under GAAP		(2,918)	(3,289)
Cummulative translation differences	*(a)*	956	255
Share based payments	*(b)*	(3)	(28)
Other		(3)	(14)
Comprehensive loss under IFRS		(1,968)	(3,076)

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

NOTES TO RECONCILIATIONS

(a) Cumulative translation differences

IFRS requires that the functional currency of each entity of the Company be determined separately. The Company has determined that as at the transition date the Canadian Dollar was the functional currency of the parent, Mindoro Resources Ltd. The functional currency of MRL Gold Phils., Inc. and its subsidiaries at the transition date was the Philippine Peso. In accordance with IFRS 1 optional exemptions, the Company elected to transfer the cumulative translation differences, recognized as a separate component of equity, to accumulated losses at the transition date. Under Canadian GAAP, MRL Gold and its subsidiaries was defined as an integrated foreign operation from the date the entities were formed to the transition date and therefore no foreign exchange translation in equity was noted. Under IFRS, MRL Gold and its subsidiaries had a Philippine Peso functional currency since the entities were formed and therefore at the transition date a currency reserve of $1,460 had accumulated. In electing to take this IFRS 1 exemption, the Company has transferred this currency reserve at the translation date to accumulated losses. The impact of this difference was not significant on the statement of cash flows.

The effect on financial position accounts are as follows:

	January 1, 2010	September 30, 2010	December 31, 2010
Current assets			
Prepaid expenses and other current assets	(15)	(2)	(7)
	(15)	(2)	(7)
Non-current assets			
Mining Assets	(1,384)	(454)	(1,126)
Property and Equipment	(6)	1	(5)
	(1,390)	(453)	(1,131)
	(1,405)	(455)	(1,138)
Non-current liabilities			
Deferred capital subscription funding	(6)	50	9
	(6)	50	9
Shareholders' equity			
Reserves	-	961	255
Accumulated losses	(1,461)	(1,466)	(1,471)
	(1,461)	(505)	(1,216)
	(1,467)	(455)	(1,207)

The effects on net and comprehensive loss are as follows:

	September 30, 2010	December 31, 2010
Currency translation differences	961	255
Increase (decrease) to comprehensive loss	961	255

(b) Share-based payments

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

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