Management's Discussion and Analysis

Three and Nine Months Ended September 30, 2011

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

1. GENERAL

This discussion and analysis of the financial position and results of operations of Mindoro Resources Ltd (the "Company" or "Mindoro") is prepared as at November 2, 2011, and should be read in conjunction with the unaudited consolidated financial statements for the nine months ended September 30, 2011. The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") - Interim Financial Reporting. A reconciliation of the previously disclosed comparative period's financial statements prepared in accordance with Canadian generally accepted accounting principles is set out in Note 10 to the condensed financial statements. All amounts are expressed in thousands of Canadian dollars, unless otherwise indicated.

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

Additional information related to the Company can be found on SEDAR at www.sedar.com or on the Company's website www.mindoro.com.

2. CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

Statements contained in this document that are not historical facts are regarded as forward-looking statements. These statements may involve risk, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause such differences, without being limited to the following, include: volatility and sensitivity to market metal prices; impact of change in foreign currency exchange rates and interest rates; unexpected variations in geological conditions of a property or erroneous geological data; environmental risks including increased regulatory constraints; unexpected adverse mining conditions; adverse political conditions and changes in government regulations and policies. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this document. The Company will not necessarily update forward-looking statements unless the Company is required to by applicable securities laws.

3. NATURE OF OPERATIONS

The Company's principal activity is the acquisition, exploration and development of mineral properties in the Philippines.

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

The Company's registered office is Suite 2200, 10235 – 101 Street NW, Edmonton, Alberta, Canada, T5J 3G1. The Company's executive office is Level 2 10-16 Queen Street, Melbourne, Victoria, Australia, 3000

4. OVERVIEW FOR QUARTER ENDED SEPTEMBER 30, 2011

FINANCE

As of September 30, 2011, the Company's cash position was $3.9 million compared with $8.0 million as at June 30, 2011. Working capital at September 30, 2011, was $2.8 million as compared to $7.4 million at June 30, 2011.

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

The Company is progressing a two stage development strategy including a direct and thermally upgraded shipping ore operation followed by a low operating-cost nickel processing operation based on established acid leaching technology. On November 2, 2011 the Company announced the results from the stage 1 development scoping and marketing study and stage 2 development pre-feasibility study both completed during October 2011. Further, the Company announced the engagement of Deloitte Corporate Finance as an advisor to coordinate the process to secure a strategic partner to advance and finance the development of the Agata project.

Nickel Resource Increase from Regional Exploration Targets

On September 16, 2011, the Company announced an increase in Measured and Indicated Resource estimate to 42.76 million tonnes @ 1.10% nickel, representing an increase of 10.1 million tonnes or 31% compared to the September 2010 resource estimate. In addition, the total Inferred Resource increased by 0.75million tonnes to 2.435 million tonnes @ 0.99% nickel. The increase is significant as it provides the opportunity for early production based on high-iron limonite as well as additional mine life beyond the 15 year stage 2 acid leach project described in the March 2011 preliminary economic assessment (PEA).

The company has drilled a total of 748 holes for an 8,428 meters program that systematically tested regional nickel targets. Five target areas, of a total ten identified targets, have been tested to date: Tapian (East), Canaga, Bolobolo, Karihatag and Agata South. Infill drilling has been completed at Bolobolo, Karihatag and Agata South targets to 50m x 50m centers, sufficient drilling density for indicated resource estimation.

Total mineral resource estimates are tabulated below:

Classification	Horizon	Tonnes ('000) t	Ni %	Co %	Fe %	Al %	Mg %	SiO_2 %
Measured & Indicated	Limonite	13,508	0.89	0.10	45	3.8	1.3	7.0
	Saprolite	29,254	1.07	0.03	12	0.7	16.9	40.0
	Total	**42,761**	**1.01**	**0.05**	**22**	**1.7**	**12.0**	**29.0**
Inferred	Limonite	683	0.81	0.09	40	4.8	1.8	13.7
	Saprolite	1,753	1.06	0.03	12	0.7	16.6	40.0
	Total	**2,435**	**0.99**	**0.04**	**20**	**1.9**	**12.4**	**33.0**

The mineral resource estimates were produced by Mark Gifford MSc (Hons), who is a Fellow of the Australian Institute of Mining and Metallurgy (FAusIMM) and an independent qualified person as defined by NI 43-101, in conjunction with Quantitative Group Pty Ltd (QG) in Perth, Australia. A total of 1,080 drill core holes for 16,500 metres of drill core were used for the resource estimate. The resource estimation method applied was Ordinary Kriging, a very robust and proven methodology with regards to lateritic nickel deposits. Cut-off grades applied to the resource were 0.5% nickel within the Limonite zone and 0.8% nickel within the Saprolite zone.

Further information is available in the press release dated September 16, 2011, available on Mindoro's website.

Mapped laterite exploration targets not yet drill-tested include San Jose, Tapian Central (Mamatfa), Tapian West (Corplex), Villariza and Mat-I. Drilling will continue as access to these areas is improved. The remaining Exploration Target for these areas is under review and subject to initial drilling to determine thickness.

Agata Nickel Project Stage 1 Direct Shipping Ore and Thermal Upgrading Scoping Study

Stage 1 is based on direct shipping of ore (DSO) production and the potential to produce a high-value, thermally upgraded nickel-iron concentrate to significantly enhance the economics. During the third quarter a stage 1 development scoping and marketing study was completed based on the results of thermal upgrading testing conducted by SGS Lakefield Oretest Pty Ltd in Perth as released by Mindoro on 28 July 2011. The testing indicated sintering-partial reduction upgrades of over 25% (1.25 times) on a dry basis for both nickel and iron. On this basis the ferruginous laterite at the top of the profile, grading approximately 48% iron, 0.7% nickel could upgrade to 62% iron, 0.8% nickel dry sinter product.

In addition, crushing and magnetic separation tests demonstrated significant upgrades to both nickel and iron, indicating the potential to upgrade limonite ore at 1% nickel, 43% iron to a magnetic concentrate product containing 3 -4% nickel, 65% iron.

The scoping study on production of thermally-upgraded products from the Agata resource indicates that, for a capital cost of US$88 million, 600,000 tonnes per annum (tpa) of thermally upgraded high-iron sinter product could be produced at a cash operating cost of approximately US$31.50 per tonne of upgraded product (excluding mining costs). The study also highlighted potential to produce a high-value nickel-iron concentrate via magnetic separation as a possible nickel-pig-iron substitute.

The marketing section of the scoping study highlighted a strengthened Direct Shipping Ore (DSO) market, including the emergence of the high-iron laterite as an iron-ore substitute and increased pricing for both limonite and high-grade saprolite for nickel pig-iron production. The improved market and pricing for DSO products should result in enhanced DSO economics relative to the PEA released March 2011 (US$8 million capital cost).

Further, the marketing study highlighted two opportunities for thermally upgraded products:

i) The market for high-iron (low-nickel) direct shipping ore products has continued to improve to supply small blast-furnace nickel pig-iron producers that would sell to series 200 stainless steel producers. There is an opportunity to produce an upgraded sintered version of this product, with the right blend of fluxes and have the product briquetted prior to shipment to minimize physical degradation and moisture take-up.

ii) The second opportunity is to produce a sintered and magnetically upgraded limonite product, grading ≥4% nickel and >65% iron, that may be used by some Chinese stainless steelmakers as an alternative to nickel pig iron (NPI). Due to incomplete reduction, this product would be sold at a discount to its nickel pig-iron equivalent which at 4% Ni is priced at around US$925/tonne landed (China) price. Operating costs based on a 175k tpa yield would still be <$150/t of concentrate product. Therefore, even at a substantial discount to the equivalent nickel pig-iron price there is potential to generate a substantial margin improvement over direct shipping of unprocessed ores.

On the basis of the studies' positive results Mindoro plans to pursue feasibility and permitting of DSO and pilot scale thermal-upgrading prior to advancing hydrometallurgical processing options to pilot-scale testing and feasibility study, subject to strategic partner financing.

Further details on the scoping study can be obtained from the press release of November 2 available on Mindoro's website.

A NI 43-101 Technical Report will be filed on SEDAR within 45 days of November 2, 2011.

Agata Nickel Project Stage 2 Hydrometallurgical Processing Project Pre-Feasibility Study

On April 21, 2011 the Company announced that it had commenced the Agata Nickel Project Pre-feasibility study. The study was based on the PEA released on March 29 2011. The project model for the pre-feasibility study is based on a high pressure acid leach (HPAL)-atmospheric leach-saprolite neutralization flow sheet processing 1.8 million tonnes of ore per annum which, in turn, produces up to 17,200 tonnes of nickel per annum in mixed hydroxide intermediate nickel product for 20 years.

Ausenco Services Pty Ltd (Ausenco) was awarded the contract to complete the process plant and utilities engineering study and Ausenco-Vector, also part of the Ausenco group, was awarded the infrastructure and environment part of the study.

Mindoro also made two key appointments to support and manage the pre-feasibility study: Boyd Willis of Boyd Willis Hydromet Consulting was appointed to the position of Agata Nickel Project Study Manager and Jake Foronda was appointed to the position of the Philippines based Agata Nickel Project Manager. Both Mr. Willis and Mr. Foronda have over 30 years of relevant experience.

The Pre-feasibility study and economic assessment of the hydrometallurgical processing project confirms a low operating cost, long-life, high-value project as summarized below (currency is US dollars):

- Mineral Reserve: 33.72 million tonnes at 1.03% nickel, 0.05% cobalt
- Minimum 20 year mine life, 17,200 Ni tpa in mixed hydroxide product
- Initial capital, including an overall 14% contingency, no project contingency: $940 million
- Cash operating cost including cobalt and power generation credit of $2.60/nickel lb
- Post tax and 8% discounted NPV at a base case nickel price of $10/lb of $384 million

The Mineral Reserves estimate was produced following a review of PFS processing and administration operating costs and metallurgical recoveries, and geotechnical considerations, and is based on open pit optimizations and designs by Dallas Cox of Crystal Sun Consulting Limited (CSC), an accredited AusIMM Chartered Professional (CP) under the Discipline of Mining, reflecting the economic parameters in the PFS.

Further details on the Pre-feasibility study can be obtained from the press release of November 2 available on Mindoro's website.

The Pre-feasibility Study has been prepared under the direction of Ruth Sherrit, an independent qualified person as defined by National Instrument 43-101 (Canada). Ms. Sherrit has 19 years of experience as a Metallurgist. Ms. Sherrit has authorised the technical information detailed in this release.

A NI 43-101 technical report will be posted on SEDAR within 45 days of November 2, 2011.

COPPER GOLD EXPLORATION

Pan de Azucar (75% economic interest)

At the Pan de Azucar prospect located near Panay Island, central Philippines, the company completed a drilling program to further evaluate the potential of the Valderama massive pyritic sulphide body where promising gold, copper, silver and zinc values were intersected by Mindoro in two previous drill programs.

Drilling tested the shallow northerly plunging massive sulphide body on 50m to 100m spaced drill sections to shallow depth. Encouraging results from drilling completed during the quarter ended September 30, 2011 include: PDA-28: 3.9 m @ 5.3% copper, 0.78 g/t gold, 55.7 g/t silver, 5.11% zinc from 9.2 m and 54.8 m of 1.17% copper, 0.77 g/t gold, 11.52 g/t silver from 20.75 m and PDA-33: 38.5 metres of 1.04g/t gold and 0.74% copper from 14.7 metres depth. Drill hole PDA-33 has provided metallurgical samples for a testing program that is underway and will include flotation copper-zinc concentration tests as well as roasting tests for acid production and subsequent leaching tests to extract gold.

The current Phase 3 drill program at Pan de Azucar comprised of 16 drill holes over 1,804 metres and work is underway on a NI 43-101 resource estimate on the sulphide sulphur-iron resource due for completion in the fourth quarter. As shown in the table below, intersections reported to date include a wide range of gold and copper grades and it is likely that further drilling will be needed to define the higher-grade areas before upgrading the resource estimate to include a copper-gold resource in addition to sulphur and iron.

The massive pyritic sulphide body remains open and there is strong evidence, including the intersection of porphyry mineralisation in hole PDA-27, supporting a porphyry copper-gold system nearby.

The most significant results from the Phase 3 drill program are summarized in the following table:

Hole No.	From (m)	To (m)	Run (m)	Au g/t	Cu %	Ag g/t	Zn %	Fe %	S %
PDA-18	35.60	94.90	59.30	0.90	0.45	3.45	0.45	38.00	39.00
Including	*35.60*	*61.20*	*25.60*	*1.26*	*0.58*	*3.79*	*0.14*	*46.00*	*47.00*
PDA-19	71.00	94.00	23.00	0.43	0.10	1.85	-	35.00	36.00
PDA-20	1.60	33.30	31.70	1.15	0.48	6.12	-	32.00	28.00
Including	*1.60*	*17.70*	*16.10*	*2.11*	*0.78*	*7.89*	-	*39.00*	*29.00*
PDA-21	2.80	42.00	39.20	1.00	1.89	15.71	2.02	40.00	38.00
Including	*18.10*	*35.10*	*17.00*	*0.94*	*3.16*	*24.39*	*4.17*	*40.00*	*42.00*
PDA-22	10.00	23.00	13.00	0.62	2.53	8.61	0.58	40.00	40.00
Including	*38.10*	*85.60*	*47.50*	*0.75*	-	*1.01*	-	*44.00*	*41.00*
PDA-23	81.70	119.00	37.30	0.27	-	-	-	41.00	40.00
PDA-24	132.80	144.50	11.70	-	-	-	-	29.00	24.00
PDA-25	11.10	87.10	76.00	0.64	0.38	4.54	0.13	39.00	34.00
Including	*11.10*	*19.90*	*8.80*	*1.65*	*0.26*	*23.48*	-	*32.00*	*0.00*
	23.10	*40.00*	*16.90*	*0.59*	*1.01*	*3.06*	*0.42*	*37.00*	*36.00*
PDA-26	93.80	96.00	2.20	0.29	-	1.29	-	41.00	39.00
PDA-27	146.30	151.00	4.70	0.04	0.26	-	-	-	-
Including	*150.10*	*151.00*	*0.90*	-	*1.03*	*2.70*	-	-	-
PDA-28	9.20	13.10	3.90	0.78	5.30	55.31	5.11	38.00	39.00
PDA-28	20.75	75.55	54.80	0.77	1.17	11.52	0.68	40.00	34.00
Including	*20.75*	*34.75*	*14.00*	*1.14*	*2.60*	*20.14*	*0.93*	*45.00*	*35.00*
PDA-33	14.70	53.20	38.50	1.04	0.74	-	-	-	-

Further information on the Pan de Azucar project and the current drill program is available in Mindoro's news releases from July 20 and August 23.

Batangas – Archangel, Lobo, El Paso and Talahib (100% economic interest)

At Batangas, Luzon, Gold Fields Ltd. withdrew from the joint venture farm-in arrangement with Mindoro effective August 1 2011. See note 6 of the condensed financial statements for more information on the financial impact of Gold Fields withdrawal. Gold Fields work focused on reconnaissance drilling of porphyry copper gold targets at El Paso and Lobo and all results have now been posted on Mindoro's website. Gold Fields withdrawal allowed Mindoro to commence drilling to expand the Southwest Breccia (SWB) gold resource (see below). The withdrawal also allows for future work on testing other targets within the five kilometer strike of mapped epithermal veins at Lobo, in addition to evaluating other porphyry copper-gold prospects at Lobo, Calo, Talahib and the El Paso porphyry copper-gold prospects.

Lobo Project – SWB Gold Resource (100% economic interest)

In September, Mindoro commenced a drill program to infill and extend the SWB high-grade gold shoot at Lobo 2011 with the objective of upgrading the resource and to provide samples for metallurgical testing. SWB is located on the Camo Trend, part of a greater than five km system of mapped epithermal vein-breccia trends, of which only a small fraction has been drill tested. Previous drilling on the Lobo project resulted in the definition of a modest, high grade, resource estimate, reported by Mindoro in 2004.

The following is a summary of drill results received to date from the current program:

Hole ID	From (m)	To (m)	Run (m)	Au g/t	Ag g/t
LB58-11	17.80	26.85	9.05	**6.56**	0.91
including	20.*85*	*25.85*	*5.00*	***11.27***	*0.86*
	1.50	*3.00*	*1.50*	***6.55***	*1.20*
LB59-11	10.90	13.90	3.00	**4.59**	1.67
Including	*10.90*	*12.90*	*2.00*	***6.58***	*1.90*
LB60-11	28.80	37.80	9.00	**2.14**	DTF
Including	*32.80*	*34.80*	*2.00*	***6.06***	*DTF*

Five further holes have been completed during the fourth quarter, including a deeper hole of 138m to test the extension of the gold shoot. Results for these holes are expected before the end of November 2011.

In addition previous data on the five km Lobo epithermal vein trends will be compiled for further drill targeting.

Archangel Project - Kay Tanda Gold Resource (Batangas, Luzon) (100% economic interest)

Mindoro has outlined a cluster of epithermal gold-silver and porphyry copper-gold prospects along a six km trend on the Archangel Project. The initial focus was the near-surface Kay Tanda epithermal gold-silver resource, which comprises just a small part of the overall six km mineralized trend.

In March 2010, Mindoro released the following NI 43-101-compliant resource estimate for Kay Tanda, based on more than 200 drill holes and using a cut-off of 0.3 g/t gold for oxide and 0.5 g/t gold for transition and sulphide material:

- **Measured and Indicated**: 9.879 million tonnes at 1.06 g/t gold and 4.50 g/t silver containing 337,500 ounces gold and 1,427,800 ounces silver; and

- **Inferred**: 3.74 million tonnes at 0.81 g/t gold and 1.75 g/t silver containing 97,200 ounces gold and 210,800 ounces silver.

Drilling below the shallow resource encountered at least five steeply-dipping, higher-grade "feeder" zones including intercepts of 61 meters at 5.12 g/t gold from 3 meters in KTDH-20, 64 meters at 3.45 g/t gold from 96 meters in KTRC-55 and 26 meters at 4.03 g/t gold and 179.16 g/t silver from surface in PLRC-23. These structures are not included in the resource estimates above due to insufficient drill definition.

During the third quarter of 2011 Mindoro evaluated the potential of these interpreted higher-grade feeder zones and identified drill targets for testing in the fourth quarter of 2011.

MILESTONES TARGETED F0R 2011

Agata Nickel Development Project:

- Agata-Surigao regional resource upgrade stage 1, based on results of drilling to July 2011 – delivered September.
- Agata Stage 1: Scoping Study and Preliminary Economic Assessment of nickel-iron sinter project – delivered November.
- Agata Stage 2: Pre-feasibility study on the low operating-cost hydrometallurgical processing project – delivered November.

Copper Gold Exploration:

- Pan de Azucar: Maiden resource for sulphur-iron, then copper-gold and preliminary metallurgy – due December.
- Batangas; Lobo (SWB) and Archangel: initial drilling to define and extend high-grade gold resources – due December.

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

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

5. RESULTS OF OPERATIONS

Summary of Quarterly Results

	*Dec. 31, 2009**	*Mar. 31, 2010*	*Jun. 30, 2010*	*Sep. 30, 2010*	*Dec. 31, 2010*	*Mar. 31, 2011*	*Jun. 30, 2011*	*Sep. 30, 2011*
Revenue ($000s)	-	-	-	-	-	-	-	-
Loss for the quarter ($000s)	272	(625)	(584)	(1,721)	(401)	(830)	(802)	(1,278)
Loss per share ($)	0.003	(0.005)	(0.004)	(0.012)	(0.002)	(0.004)	(0.004)	(0.006)

**As reported under Canadian Generally Accepted Accounting Principles which the Company was not required to restate upon adoption of IFRS.*

Selected Cash Flows Information

(Unaudited)	*3 months ended September 30, 2011 $000*	*3 months ended September 30, 2010 $000*	*9 months ended September 30, 2011 $000*	*9 months ended September 30, 2010 $000*
Operating activities	(798)	(755)	(2,238)	(1,954)
Investing activities	(3,432)	(1,476)	(7,430)	(2,744)
Cash balances			3,933	2,794

Results for the three months ended September 30, 2011 vs. 2010

The net loss for the third quarter of 2011 was $1,278,000 compared to a loss of $1,721,000 in 2010. On 29 July 2011, the Company announced organizational changes which included the closure of the Edmonton, Canada office and relocation of associated functions to Melbourne, Australia and Manila, Philippines. One time expenses associated with severance and relocation costs amounted to $350,000 in the quarter. These amounts are reflected in employee benefits expense and general and administration expenses respectively. As a result of these organizational changes, the Company believes it will realize efficiency gains in future quarters. Significant expenses in the third quarter of 2010 were stock based compensation of $660,000 on the grant of options to executives, directors and consultants compared to $150,000 for the same period in 2011.

Investing activities for the third quarter of 2011 were $3,432,00, compared to $1,476,000 in 2010, reflecting the advancement of the Agata nickel project into pre-feasibility and the recommencement of copper gold exploration on the Pan de Azucar project and gold exploration on the Southwest Breccia project.

Results for the nine months ended September 30, 2011 vs. 2010

The net loss for the period was $2,908,000 compared to a loss of $2,930,000 in 2010. The current period reflects the organizational changes mentioned above and the opening of the Melbourne, Australia office in the second half of 2010. The Company expects to realize organizational efficiencies in future quarters as a result of the changes in July 2011. There continues to be a high level of corporate activity associated with advancing the Agata nickel project and recommencing copper gold exploration at Pan de Azucar and Southwest Breccia.

Employee benefits expense in the first nine months of 2011 is $1,409,000 compared to $732,000 in 2010, resulting from severance payments to Canadian based staff who left the Company as a result of the Edmonton office closure, the appointment of additional executives and, annual increases in salaries to reflect market conditions.

Investing activities for the first nine months of 2011 were $7,430,000, compared to $2,744,000 in 2010, reflecting the advancement of the Agata nickel project into pre-feasibility, exploration activities on regional targets and the recommencement of exploration on the Pan de Azucar and Southwest Breccia projects.

The higher cash balance at September 30, 2011 of $3,933,000 compared to 2,794,000 in September 30, 2010 is a result of the equity raising in the second half of 2010 and the exercise of purchase warrants in March 2011.

6. CAPITAL STRUCTURE

Authorized:
Unlimited number of Common Shares
Unlimited number of Preferred Shares

Issued - Common shares	*Note*	**Number**
Balance, December 31, 2010		206,289,497
Issued pursuant to private placements		
Issued upon exercise of stock options	*b*	200,000
Issued upon exercise of purchase warrants	*c,d*	22,566,381
Balance, September 30, 2011		**229,055,878**
Common share purchase warrants		
Balance, December 31, 2010		50,935,989
Exercised	*c,d*	(22,566,381)
Forfeited/expired	*e*	(9,314,883)
Balance, September 30, 2011		**19,054,725**
Stock options		
Balance, December 31, 2010		14,547,000
Issued	*a*	950,000
Exercised	*b*	(200,000)
Forfeited/expired	*f*	(450,000)
Balance, September 30, 2011		**14,847,000**

(a) In January 2011, the Company approved the grant of 100,000 Stock Options exercisable at $0.29 per share to a project consultant. In April 2011 the Company approved the grants of 300,000 Stock Options to two project consultants exercisable at $0.26 per share. In August 2011, the Company approved the grant of 550,000 Stock Options to employees of the Company and its subsidiary exercisable at $0.25 per share.

(b) In February 2011, 200,000 Stock Options were exercised at an exercise price of $0.13 per option. The Company issued 200,000 Common Shares for net proceeds of $26,000. Stock-based compensation costs amounting to $21,422 were re-classified to share capital upon exercise of these options.

(c) In February 2011, 69,700 Agent's Warrants were exercised at an exercise price of $0.18 per warrant. The Company issued 69,700 Common Shares for net proceeds of $12,546. The fair value of the Agent's Warrants, in the amount of $6,915 was also credited to share capital.

(d) In March 2011, 21,000,000 Purchase Warrants were exercised at an exercise price of $0.15 per warrant. The Company issued 21,000,000 Common Shares for net proceeds of $3,149,512. The fair value of the Purchase Warrants, in the amount of $1,138,314, was also credited to share capital. In March 2011, 1,496,681 Agent's Warrants were exercised at an exercise price of $0.15 per warrant. The Company issued 1,496,681 Common Shares for net proceeds of $224,502. The fair value of the Agent's Warrants, in the amount of $167,613, was also credited to share capital.

(e) A total of 9,313,233 Purchase Warrants expired during the period with an exercise price of $0.30 per warrant; a total of 1,650 Agent's Warrants expired with an exercise price of $0.18 per warrant.

(f) A total of 300,000 Stock Options exercisable at $0.60 per option and 150,000 Stock Options exercisable at $0.26 per option expired in the period.

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

Number of Warrants	Exercise Price	Expiry Date
7,500	$0.31	July 9, 2012
5,881,632	$0.31	July 9, 2015
13,165,593	$0.31	July 22, 2015
19,054,725		

The following table summarizes the information about Stock Options outstanding at September 30, 2011:

	Outstanding			Exercisable		
Range of Exercise Prices	Outstanding	Weighted Average Years Remaining	Weighted Average Exercise Price	Exercisable	Weighted Average Years Remaining	Weighted Average Exercise Price
$0.00 to $0.19	4,165,000	3.06	$ 0.15	4,165,000	3.06	$ 0.15
$0.20 to $0.39	9,030,000	1.97	0.26	8,905,000	1.97	0.26
$0.80 to $1.00	1,652,000	0.69	0.84	1,652,000	0.69	0.84
Total	**14,847,000**	**2.13**	**$ 0.29**	**14,722,000**	**2.13**	**$ 0.29**

Share Data as of November 2, 2011

A total of 229,055,878 Common Shares was issued and outstanding as of November 2, 2011.

7. SCHEDULE OF DEFERRED EXPLORATION EXPENDITURES

(Shown in Thousands of Dollars)	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**
General Exploration	39	(150)	23	(3)	12	16	17	-	(46)
Salaries & Benefits	73	179	18	1	5	9	42	-	327
Consulting & Professional Fees	1,263	59	13	-	4	3	18	-	1,360
Legal & Accounting	36	-	-	-	-	1	-	-	37
JV Partner's Sharein Costs	223	8	-	-	-	-	-	-	231
Camp, Road Construction	35	29	14	-	5	-	11	-	94
Travel	131	30	19	-	13	3	11	-	207
Geology, Geophysics	289	77	141	-	38	-	-	-	545
Drilling	234	248	66	-	-	-	12	-	560
Mapping, Sampling	25	12	9	-	-	-	-	-	46
Acquistion Costs	56	547	39	-	15	-	15	-	672
Community, Environmental	109	47	9	-	3	6	8	-	182
Royalty Deposits Paid	-	-	-	-	-	-	-	11	11
Unrealized Exchange Gain (Loss)	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**
General Exploration	175	65	7	61	1	11	52	-	372
Salaries & Benefits	254	124	8	120	2	17	108	-	633
Consulting & Professional Fees	2,785	94	-	73	-	-	56	-	3,008
Legal & Accounting	58	63	-	-	3	-	1	-	125
Camp, Road Construction	42	11	2	83	-	-	6	-	144
Travel	195	16	5	92	2	5	65	-	380
Geology, Geophysics	500	127	31	354	4	-	73	-	1,089
Drilling	492	227	1	638	-	-	350	-	1,708
Mapping, Sampling	77	13	3	113	-	-	2	-	208
Acquistion Costs	212	(144)	33	64	12	-	5	-	182
Community, Environmental	205	93	5	103	-	76	51	-	533
Royalty Deposits Paid	-	-	-	-	-	-	-	18	18
Impairment	-	-	(1,140)	(1,572)	(231)	-	-	(8)	(2,951)
Unrealized Exchange Gain (Loss)	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**

8. FINANCIAL INSTRUMENTS

Fair value

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

Risk management

The Company may be exposed to risks of varying degrees associated with its financial instruments. The Company has not used derivative instruments, nor has it designated any hedging relationships to manage these risks. There has been no change to how the Company manages each of the below risks from the prior period. The principal risks to which the company is exposed are described below.

Interest rate risk

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

The Company had $3.9 million in cash at September 30, 2011, on which it earns variable rates of interest, and is therefore subject to a certain amount of interest rate risk. The majority of the Company’s cash is in Australian dollars where the consensus forecasts for interest rates are neutral to a small decrease.

Credit risk

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

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

Foreign currency risk

Business is transacted by the Company in three currencies. Fluctuations in exchange rates may have a significant effect on the cash flows of the Company. Future changes in exchange rates could materially affect the Company's results in either a positive or negative direction.

At September 30, 2011 and December 31, 2010, the Company is exposed to currency risk through the following assets and liabilities in Philippine Pesos and Australian Dollars. The Company has not hedged its exposure to currency fluctuations, although there is a natural hedge for expenditure commitments in both currencies:

	September 30, 2011		December 31, 2010	
	Philippine Pesos	Australian Dollar	Philippine Pesos	Australian Dollar
Cash	14,703	2,863	10,084	7,326
Amounts receivable	3,156	148	3,250	71
Accounts payable	(40,857)	(201)	(14,093)	(164)
Net exposure	**(22,998)**	**2,810**	(759)	7,233
Exchange rate (CAD/FCU)	0.02376	1.01230	0.02345	1.01800
Exposure in thousands of Canadian Dollars	**(546)**	**2,845**	(18)	7,363

Based on net exposures as at September 30, 2011, and assuming all other variables remain constant, a 1% fluctuation in the exchange rate between the Canadian dollar and the Philippine peso would affect Mindoro's net loss by $5,000. A 1% fluctuation in the exchange rate between the Canadian dollar and Australian dollar would affect the Company's net loss by $28,000.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due.

The Company's working capital (current assets less current liabilities) at September 30, 2011 is $2.8 million. The Company manages liquidity risk through management of its capital as disclosed in Section 9. The financial statements have been prepared on the basis of going concern. 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 will seek to raise additional capital to expand its exploration operations and further develop its existing assets in an appropriate timeframe.

9. CAPITAL DISCLOSURE & MANAGEMENT OF CAPITAL RISK

The Company's objectives in managing its capital are to maintain adequate levels of funding to support development and exploration activities on its mineral projects. In order to maintain or adjust its capital, the Company, upon approval from its Board of Directors, may undertake a private placement or any other activity deemed appropriate under the specific circumstances. The Board of Directors of the Company reviews and approves any material transactions out of the ordinary course of business, including proposals on joint ventures, acquisitions or other major investments or divestitures, as well as capital and operating budgets. There can be no assurance that the Company will be able to obtain sufficient capital in the case of operating cash deficits.

The Company may, from time to time, invest in short-term and liquid financial instruments held with major financial institutions.

10. OFF-BALANCE SHEET ARRANGEMENTS

To the best of management's knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the company.

11. EVENTS SUBSEQUENT TO SEPTEMBER 30, 2011

There are no matters or events subsequent to balance date to report that have not been included in this MD&A and, which may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

12. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

With effect from January 1, 2011 the Company adopted International Financial Reporting Standards ("IFRS"). The balance sheet was converted as at January 1, 2010 to establish opening balances to support the comparative information as at and for the period ended December 31, 2010 included in the 2011 financial statements. The impact of the adoption and reporting of IFRS is disclosed in the September 30, 2011 unaudited interim consolidated financial statements.

Critical Accounting 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 Group 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.

Accounting policies effective for future periods

IFRS 1 - "Exemption for severe hyperinflation and removal of fixed dates"

Amended to create additional exemptions (i) for when an entity that has been subject to severe hyperinflation resumes presenting or presents for the first time, financial statements in accordance with IFRS, and (ii) to eliminate references to fixed dates for one exception and one exemption, both dealing with financial assets and liabilities. Effective for annual periods beginning on or after July 1, 2011. This standard is not expected to have an impact on the Company.

IFRS 7 – "Financial instruments" – disclosures

Amended to require additional disclosures in respect of risk exposures arising from transferred financial assets. Effective for annual periods beginning on/after July 1, 2011. Not expected to have a material effect on the Company.

IAS12 – "Deferred tax accounting for investment property at fair value"

Amended to introduce an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. Effective for annual periods beginning on or after January 1, 2012. Not expected to have an impact on the Company as there are no investment properties.

IFRS 9 – "Financial instruments - classification and measurement"

This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. Effective for years beginning on/after January 1, 2013. The company has not assessed the impact of this new standard.

IFRS 9 – "Financial instruments – classification and measurement"

Updated to include guidance on financial liabilities and derecognition of financial instruments. Effective for years beginning on/after January 1, 2013. The company has not assessed the impact of this new standard.

13. RISK AND UNCERTAINTIES

The Company is engaged in the exploration and development of mineral properties. These activities involve a high degree of risk which, even with a combination of experience, knowledge and careful evaluation, may not be overcome. Consequently, no assurance can be given that commercial quantities of minerals will be successfully found or produced.

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many common risks to new and developing enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a positive return on shareholders' investment.

The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties or the Company no longer being able to operate.

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

The Company's property interests are located in relatively remote, less developed areas and the availability of infrastructure such as surface access, skilled labour, fuel and power at an economic cost, cannot be assured. These are integral requirements for exploration, development and production facilities on mineral properties. Power may need to be generated on site.

Continued strong market conditions for resource commodities over the past year has seen an increased global demand for mining professionals, equipment and related goods and services needed by the mining community.

The mineral industry is intensely competitive in all its phases. The Company competes with many other mineral exploration companies who have greater financial resources and technical capacity.

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

14. INTERNAL CONTROL OVER FINANCIAL REPORTING

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

15. DISCLOSURE CONTROLS AND PROCEDURES

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

The Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the Company's disclosure controls and procedures as at September 30, 2011. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as at September 30, 2011 to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, would be made known to them by others within those entities.

16. TRENDS

Trends in the industry can materially affect how well any junior exploration company is performing. Growth in the demand for metals in developed economies such as Europe and North America has declined but has remained strong in developing Asian countries such as China and to a lesser extent India. Under current economic conditions, the Company's future development highly depends on its ability to continue to raise the financing necessary to complete the exploration and development of those projects and the existence of economically recoverable reserves within its projects.