MINDORO
RESOURCES LTD

Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine months ended September 30, 2013

(Expressed in Canadian Dollars)

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

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

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

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

Dated November 13, 2013

MINDORO
RESOURCES LTD

Condensed Consolidated Interim Statements of Financial Position

Unaudited

(Expressed in Canadian Dollars)

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

Going concern (Note 1)

Subsequent events (Note 16)

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

"signed"
Larry Nagy, Director

"signed"
A. Robson Garden, Director

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

MINDORO
RESOURCES LTD

Condensed Consolidated Interim Statements of Comprehensive Loss

Unaudited

(Expressed in Canadian Dollars)

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

Condensed Consolidated Interim Statements of Changes in Equity

Unaudited

(Expressed in Canadian Dollars)

MINDORO RESOURCES LTD

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

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

Condensed Consolidated Interim Statements of Cash Flows

Unaudited

(Expressed in Canadian Dollars)

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

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

1. GOING CONCERN

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

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

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

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

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

2. NATURE OF OPERATIONS

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

(A) BASIS OF PRESENTATION

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

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

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

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

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

(B) BASIS OF CONSOLIDATION

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

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

(C) FOREIGN CURRENCIES

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

Functional and presentation currency

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

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

Transactions and balances

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

(D) CASH AND CASH EQUIVALENTS

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

(E) TRADE RECEIVABLES

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

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

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

(F) EXPLORATION AND EVALUATION ASSETS

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

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

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

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

(G) PROPERTY AND EQUIPMENT

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

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

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

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

Estimated useful life of property and equipment

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

(H) IMPAIRMENT OF ASSETS

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

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

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

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

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

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

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

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

(J) TRADE PAYABLES

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

(K) PROVISIONS

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

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

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

(L) EMPLOYEE BENEFITS

Short-term obligations

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

Other long-term employee benefit obligations

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

(M) CONTRIBUTED EQUITY

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

(N) SHARE BASED PAYMENT TRANSACTIONS

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

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

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

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

(O) INCOME TAXES

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

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

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable

future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

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

(P) SEGMENT REPORTING

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

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

(Q) LOSS PER SHARE

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

(R) DEFINED BENEFIT RETIREMENT OBLIGATION

MRL Nickel has an unfunded, defined benefit retirement obligation under Philippines employment legislation covering the retirement, separation, death and disability benefits of all its eligible employees. The Company has adopted the following policies:

i. The cost of the accrued benefit obligations for pensions earned by employees is actuarially determined using the projected unit credit method prorated on service and management's best estimate of salary escalation, retirement ages and other actuarial factors.
ii. Past service costs from obligation amendments are deferred and amortized on a straight-line basis over the average remaining service period of employees active at the date of the amendment.
iii. Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The excess of the net accumulated actuarial gains (losses) over 10 percent of the greater of the accrued benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees.
iv. When a restructuring of a benefit obligation gives rise to both a curtailment and a settlement of obligations, the curtailment is accounted for prior to the settlement.

(S) SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

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

Exploration and evaluation assets

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

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

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

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

(T) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Adoption of new and amended Accounting Standards

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

(i) IFRS 10 Consolidated Financial Statements

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

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

(ii) IFRS 11 Joint Arrangements

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

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

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

(iii) IFRS 12 Disclosure of interests in Other Entities

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

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

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

(iv) IFRS 13 Fair Value Measurement

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

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

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

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

(v) IAS 34, Interim Financial Reporting

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

Fair value measurements

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

- Level 1 – fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

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

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

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

Future Accounting Policies

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

(i) IFRS 9 Financial Instruments,

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

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

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

(U) COMPARATIVE PERIODS

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

4. FINANCIAL RISK MANAGEMENT

Capital management

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

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

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

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

Foreign exchange risk

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

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

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

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

Credit risk

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

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

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

Accounts payable and accrued liabilities are due within twelve months of the balance sheet date.

Interest rate risk

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

The Company had $105,000 in cash and cash equivalents at September 30, 2013 (December 31, 2012 - $619,000), on which it earns variable rates of interest, and is therefore subject to a certain amount of interest rate risk, deemed to be acceptable by the Company.

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

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

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

5. RESTRICTED CASH

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

6. INVESTMENT HELD FOR DISTRIBUTION

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

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

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

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

(a) In January 2013, pursuant to a private placement Red Mountain issued 8,512,000 fully paid ordinary shares for $0.129 (A$0.125) per share;

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

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

Prior to June 25, 2013, the Company had accumulated ($1,040,000) in translation reserves on the investment in Red Mountain as a result of depreciation of the Australian dollar to 0.9721 CAD per AUD from 1.0363 CAD per AUD at acquisition. Therefore, the translation reserve has been recycled as a foreign exchange loss of $1,040.000 in the current period;

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

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

7. EXPLORATION AND EVALUATION ASSETS

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

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

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

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

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

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

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

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

TVI JOINT VENTURES

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

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

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

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

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

8. PROPERTY AND EQUIPMENT

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

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

9. NOTES PAYABLE

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

(a) The Company and TVI have signed a secured promissory note whereby TVI may lend the Company up to $1.3 million in a series of drawdowns. The note will be payable 12 months from the first draw down and will pay interest equal to the greater of 15% and TVI's cost of capital raised for this purpose. The Company has also agreed to pay up to $45,000 in legal and other costs incurred by TVI to facilitate the loan. The note is secured by Mindoro's interest in its wholly owned subsidiary, MRL Nickel Philippines Inc.

(b) Since the fourth quarter of 2011, the payment of non-executive directors' fees ("Directors Fees") for board and committee work have been suspended until the financial condition of the Company improves. In 2013, the Company re-instated Directors Fees on the condition that they should be accrued along with interest of 8% per annum until such time that the financial condition of the Company is improved.

(c) In June 2013, the Company has entered into a management consulting agreement with an executive director of the Company whereby the director shall earn $6,500 per month for their services, but that $4,000 per month shall be deferred without interest until such time that the financial condition of the Company is improved.

10. CONTINGENT LIABILITY

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

11. SHARE CAPITAL

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

(a) A total of 6,630,000 Stock Options with a weighted average exercise price of $0.24 per option expired in the first nine months of 2013.

(b) In October 2012, pursuant to a private placement, the Company issued 24,000,000 common shares to TVI at a price of $0.05 for gross proceeds of $1,200,000.

(c) In September 2012, pursuant to a private placement, the Company issued 18,779,353 common shares to TVI at a price of $0.05 for gross proceeds of $938,968.

(d) In March 2012, pursuant to a private placement, the Company issued 2,464,729 common shares at a price of $0.12 for gross proceeds of $294,534.

(e) In January 2012, pursuant to a private placement, the Company issued 12,519,957 common shares at a price of $0.12 for gross proceeds of $1,517,991. The Company received $135,000 for this private placement prior to December 31, 2011, which was recorded as share obligations on the December 31, 2011 statement of financial position.

(f) A total of 7,500 Agents Warrants expired during 2012 with an exercise price of $0.31 per warrant;

(g) A total of 2,502,000 Stock Options with a weighted average exercise price of $0.639 per option expired in 2012.

12. WARRANTS

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

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

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

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

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13. EQUITY SETTLED OPTIONS

Expiry date	Exercise price $	**December 31, 2012**	Vested	Granted	Exercised	Expired/ cancelled	**September 30, 2013**
Jul 03, 2013	0.290	**1,930,000**	-	-	-	(1,930,000)	**-**
Jul 28, 2013	0.208	**3,800,000**	-	-	-	(3,800,000)	**-**
Sep 22, 2013	0.310	**700,000**	-	-	-	(700,000)	**-**
Oct 04, 2013	0.300	**500,000**	-	-	-	-	**500,000**
Oct 30, 2013	0.130	**50,000**	-	-	-	-	**50,000**
Dec 26, 2013	0.290	**100,000**	-	-	-	-	**100,000**
Jan 13, 2014	0.180	**100,000**	-	-	-	-	**100,000**
Feb 11, 2014	0.360	**550,000**	-	-	-	-	**550,000**
Apr 20, 2014	0.260	**300,000**	-	-	-	-	**300,000**
Aug 04, 2014	0.130	**2,165,000**	-	-	-	(200,000)	**1,965,000**
Aug 18, 2014	0.250	**500,000**	-	-	-	-	**500,000**
Jan 12, 2015	0.125	**200,000**	-	-	-	-	**200,000**
Mar 15, 2015	0.190	**1,450,000**	-	-	-	-	**1,450,000**
Jul 04, 2015	0.100	**250,000**	-	-	-	-	**250,000**
Options outstanding and exercisable		**12,595,000**	-	-	-	(6,630,000)	**5,965,000**
Weighted average exercise price ($)		**0.221**	**-**	**-**	**-**	**0.240**	**0.199**

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

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

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

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

14. CASH SETTLED OPTIONS

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

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

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

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

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

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

15. RELATED PARTY TRANSACTIONS

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

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

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

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

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

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

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

16. SUBSEQUENT EVENTS

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

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