MINDORO
RESOURCES LTD

Management's Discussion and Analysis

For the three months ended March 31, 2017

As reported on May 30, 2017

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

Table of Contents

CAUTION FORWARD LOOKING INFORMATION

This Management Discussion & Analysis contains certain forward-looking statements relating to, but not limited to, Mindoro's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as 'anticipate', 'believe', 'expect', 'goal', 'plan', 'intend', 'estimate', 'may' and 'will' or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future outcomes, or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects, and timing of commencement of operations and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and other factors. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from those expressed or implied.

Shareholders and potential investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. Mindoro undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

Statements relating to mineral reserve and resource estimates are expressions of judgment, based on knowledge and experience and may require revision based on actual production experience. Such estimates are necessarily imprecise and depend to some extent on statistical inferences and other assumptions, such as metal prices, cut-off grades and operating costs, which may prove to be inaccurate. Information provided relating to projected costs, capital expenditure, production profiles, and timelines are expressions of judgment only and no assurances can be given that actual costs, production profiles or timelines will not differ materially from the estimates contained in this announcement.

TECHNICAL DISCLOSURES

Mike Bue, BSc. Eng, M. Eng, P. Eng, an independent Technical Advisor, has acted as the Qualified Person in compliance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") reporting requirements by virtue of his membership in the Professional Engineers of Ontario and Canadian Institute of Mining and Metallurgy. Mr. Bue has approved the scientific or technical information contained in this document and has confirmed compliance with NI 43-101 requirements.

1. COMPANY PROFILE AND STRATEGY

During the three months ended March 31, 2017 (the "period"), Mindoro Resources Ltd. ("Mindoro" or the "Company") continued to monitor operations at the Agata Nickel Laterite Direct Shipping Oro ("DSO") project operated by TVI Resource Development (Phils.) Inc. ("TVIRD"). The Company also worked to obtain financing to fund its acquisition of Minimax Mineral Exploration Corporation's ("Minimax") 25% interest in the Agata and Tapian San Francisco projects, as well as Mindoro's ongoing general and administrative expenditures. The Company has continuing discussions with Minimax, Panoro Minerals Ltd. ("Panoro"), and other parties to renegotiate terms of outstanding payables.

This Management's Discussion and Analysis ("MD&A") presents the operating results and financial status of the Company for the three months ended March 31, 2017, and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2016 ("Annual Financial Statements"). The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in Canadian Dollars. The information in this MD&A is current as of May 30, 2017.

The Company trades on the TSX Venture Exchange and Frankfurt Exchange as MIO and OLM, respectively. On July 6, 2016, the TSX Venture Exchange halted Mindoro's shares from trading for failure to pay its annual sustaining fees. On July 26, 2016, the Exchange proceeded to suspend the Company without further notice. On September 2, 2016, TSXV issued a bulletin reclassifying the Company to Tier 2. On May 26, 2017, Mindoro paid its 2016 and 2017 annual sustaining fess and is working on the completion of requirements to support its full reinstatement application with the Exchange. The Company's securities remain to be suspended as of reporting date.

Additional information related to the Company is available on SEDAR at www.sedar.com, and on the Company's website at www.mindoro.com.

2. OVERVIEW FOR THE THREE MONTHS ENDED MARCH 31, 2017

AGATA MINING VENTURES INC. ("AMVI")

Agata Mining Ventures Inc. ("AMVI"), a company held by Mindoro's Philippine subsidiary, MRL Nickel Philippines, Inc. and TVI Resource Development (Phils.) Inc. ("TVIRD") as operator under a joint venture agreement, recorded sales of $5,356,000 and a net loss of $639,000 for the period ending March 31, 2017. Mindoro recorded $255,000 loss with respect to the 40% interest MRL Nickel Philippines, Inc. holds in the Agata nickel laterite project. The joint venture agreements require that at least 50% of AMVI's unrestricted retained earnings be distributed to shareholders as dividends on a quarterly basis. As at March 31, 2017, AMVI had accumulated losses of $2,737,000. Therefore, no dividends have been declared.

AMVI commenced operations in October 2014 and has completed 102 shipments of nickel laterite DSO as at the end of March 2017. Subsequent to March 31, 2017, additional 6 shipments with a total of 321,280 wet metric tonnes were shipped.

On September 27, 2016, AMVI has been listed among 20 mining firms "recommended for suspension" in an announcement made by Department of Environment and Natural Resources ("DENR"). The announcement was the result of a nationwide audit of 41 metallic mines which called for the assessment of all mining companies on the basis of laws related to mine environmental management, safety and health, social development, mining tenement and compliance with the Clean Air, Clean Water, Hazardous Waste and Solid Waste Acts. AMVI submitted proof of compliance on the alleged infractions and on February 2, 2017, AMVI received its confirmation that it has passed the DENR audit. AMVI, together with eleven other mining companies, were allowed to continue, several firms were ordered to close, while some were still under suspension.

(Expressed in Canadian Dollars)

FINANCIAL

Net loss of $382,000 in the 1st quarter of 2017, includes the Company's proportionate share of the net loss of the Company's equity investment in AMVI, compared to a net loss of $310,000 in the same period of 2016.

The Company borrowed $500,000 from TVIRD pursuant to the terms of a secured promissory note on December 12, 2014. This agreement was intended as a bridge financing while negotiating for a larger financing arrangement with TVIRD and its shareholders. The note was originally due on January 31, 2015, but the term has been subsequently extended until a financing agreement is completed. The note accrues interest equal to 8% per annum and is secured by Mindoro's interest in its wholly owned subsidiary, MRL Nickel Philippines, Inc.

In 2015, TVIRD advanced additional funds totalling $296,000 to the Company on the same terms as the original note and an additional bridge loan of $715,000 in 2016. As at March 31, 2017, total funds borrowed amounted to $1,901,000, inclusive of interests.

At March 31, 2017, the cash balance was $223,000 and has a working capital deficit of $7,606,000, excluding warrants liabilities, compared with a cash balance of $93,000 and working capital deficit of $7,542,000 at December 31, 2016.

3. ACTIVITIES FOR THE THREE MONTHS ENDED MARCH 31, 2017

Table 1

January	Set up of new HSBCnet online banking ID
February	Press Release on AMVI passing the DENR audit
	Approval of MNP Audit Service Plan
	Change of Mailing Address
Mar	Approval of Budget
	Release of $217,528 bridge loan from TVIRD
	Panoro renegotiation of loan terms

4. MILESTONE TARGETTED FOR 2017

Table 2

MILESTONE	STATUS
Renegotiate the terms of the contractual obligations with Minimax and Panoro	Renegotiation on-going
Continue shipments of medium-nickel/low-iron and high-iron/low-nickel DSO	Seven (7) DSO shipments containing an aggregate 363,680 wet metric tonnes were made for the period January to March, 2017
Investigate opportunities to direct ship the abundant limestone at Agata.	Feasibility studies are on-going
Secure additional financing	Borrowed $217,528 in Q1 2017 from TVIRD under secured promissory note Negotiations with TVIRD for larger financing arrangement are ongoing at the reporting date

5. FINANCIAL ANALYSIS

TABLE 1: SUMMARY OF QUARTERLY RESULTS

	2015-Q1 $000	2015-Q2 $000	2015-Q3 $000	2015-Q4 $000	2016-Q1 $000	2016-Q2 $000	2016-Q3 $000	2016-Q4 $000	2017-Q1 $000
Total revenue	-	-	-	-	-	-	-	-	-
General and administrative expenses	(62)	(116)	(161)	(9)	(31)	(42)	(65)	(103)	(28)
Salaries and employee benefits	(103)	(115)	(66)	(114)	(75)	(65)	(61)	(17)	(64)
Interest expense	(72)	(67)	(72)	(69)	(56)	(73)	(71)	(88)	(72)
Stock based compensation	-	-	-	-	-	-	-	-	-
Share of equity earnings (losses) of associate	(1,085)	1,063	781	(1,868)	(298)	(557)	217	1,089	(255)
Depreciation and amortization	-	-	(1)	-	-	-	(1)	-	-
Provision for doubtful accounts	-	-	-	-	-	-	-	(7)	-
Provision for impairment of investment	-	-	-	-	-	-	-	(313)	-
Impairment of exploration and evaluation assets	-	-	-	(51)	-	(1)	(1)	(4,078)	-
Operating Loss	(1,322)	765	481	(2,111)	(460)	(738)	18	(3,517)	(419)
Finance income	-	1	-	-	-	-	-		-
Remeasurement of warrants liability	39	599	136	(17)	-	(4)	52	55	-
Gain on sale of Red Mountain shares	-	-	30	-	-	-	-	-	-
Gain on reversal of Batangas provision	27	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-
Mining Asset Impairment	-	-	-	-	(1)	-	-	1	-
Impairment of investment held for distribution	-	-	-	-	-	-	-	-	-
Gain on curtailment of defined benefit	-	-	-	-	-	-	-	-	-
Foreign exchange	56	(68)	(217)	(32)	151	(126)	(141)	(241)	37
Income (loss) before income taxes	(1,200)	1,297	430	(2,160)	(310)	(868)	(71)	(3,702)	(382)
Income taxes	(1)	-	-	-	-	-		(8)	
Net income (loss) for the period	(1,201)	1,297	430	(2,160)	(310)	(868)	(71)	(3,710)	(382)
Basic and diluted net income (loss) per share ($)	(0)	0	0	(0)	(0)	(0)	(0)	(0)	(0)

NET INCOME AND LOSSES

The Company recognized a net loss of $382,000 in the first quarter of 2017, compared to a net loss of $310,000 in the same period of 2016. The recorded net loss reflected the recognition of the Company's 40% share in AMVI's net loss ($639,000) for the period ending March 31, 2017. The loss increase was reflected in the interest expense and foreign exchange translation compared to the same period of 2016

TABLE 2: GENERAL AND ADMINISTRATION EXPENSES

	For the three months ended, March 31	
	2017 $000	2016 $000
Legal	3	2
Insurance	6	1
Accounting and audit fees	0	8
Transfer agent fees	5	2
Advertising & Promotion	1	-
Travel	5	2
Documentary Stamp Tax and bank charges	3	-
Office Costs	6	16
GENERAL & ADMINISTRATIVE COSTS	**28**	**31**

Further commentary on the net loss in the first quarter of 2017 with respective comparatives:

- In the first quarter of 2017, general and administrative expenses ($28,000) were lower than in 2016 ($31,000). The Company spent more on legal, insurance, transfer agent fees, advertising and promotion, travel, and documentary stamp taxes, and spent less on accounting and audit fees and office costs. All other expenses are relatively unchanged.

- Office costs was significantly lower in the 1st quarter of 2017 as compared to the same period in 2016 brought about by reduction in the office space while the accounting & audit fees recorded in Q1 of 2016 as compared to nil in 2017 was due to unbilled audit fees.

- The Company incurred lower salaries and employee benefits charges in the current period due to lower compensation package from the new management team including the recovery through the use of Mindoro personnel by AMVI in its operations compared to the same period of 2016.

- Interest expense in Q1 2017 was higher by $16,000 due mostly to forex translation on the Minimax loan, foreign exchange gain on the other hand was lower in the current period as against gain recorded on the same period last year due to intercompany loan charges.

CASH FLOWS

During the first quarter of 2017, the Company used $90,000 in cash from operating activities, significantly lower compared to $205,000 of the same period in 2016. This was contributed by an increase in the exchange differences not affecting cash of $113,000 in the current quarter compared to negative $45,000 in the first quarter of 2016.

EXPLORATION AND EVALUATION ASSETS

TABLE 3: DETAILED EXPENDITURE ON EXPLORATION AND EVALUATION ASSETS

	Agata $000	**Tapian San Francisco** $000	**Pan de Azucar** $000	**Total** **$000**
December 31, 2014	**3,752**	**42**	**-**	**3,794**
Exploration	4	5	1	10
Recoveries from associate	(4)	-	(1)	(5)
Impairment of exploration and evaluation assets	-	(51)	-	(51)
Currency translation	509	4	-	513
December 31, 2015	**4,261**	**-**	**-**	**4,261**
Exploration	8	3	-	11
Impairment of exploration and evaluation assets	(4,077)	(3)	-	(4,080)
JV Recoveries	(74)			(74)
Currency translation	(118)	-	-	(118)
March 31, 2017	**0**	**-**	**-**	**0**

In 2016, the Company impaired the exploration and evaluation assets with respect to the Agata processing project joint ventures in a total amount of $4,261,000 as API has not yet commenced commercial operations.

6. DISCUSSION OF PROJECTS

AGATA NICKEL LATERITE PROJECT

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

- US$80,000 advanced in 2013 and initially recorded as exploration and evaluation assets;

- US$60,000 paid upon signing the Amended Option Agreements;

- US$60,000 paid 60 days from the date of signing; and

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

i. Title to Minimax's shares in AMJV will be transferred to Mindoro on a pro-rata basis with each installment payment. However, immediately upon exercise Mindoro will receive all the economic benefits, rights and obligations attached to Minimax's interest. Therefore, the Company considers itself to have a 40% participating interest in AMVI.

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

   Mindoro failed to make the first and second installment payments due on November 15, 2015 and November 15, 2016, respectively due to fewer than expected shipments of laterite in the first year of mining operations and significantly lower sales prices due to the broad decline in metals prices, including nickel and iron, since the end of 2014. Mindoro and Minimax are continuing their discussions to renegotiate the payment terms of the US$4 million dollar purchase price in a manner that better reflects current market conditions. As such no adjustment has been made to Mindoro's interest in AMVI for the 1st Quarter.

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

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

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

From November 2014 to April 2015, AMVI undertook a large-scale 16,768-meter drill program aimed at upgrading and increasing the resources previously disclosed in April 2013.

During the current period as of March 31, 2017, the project has completed 7 shipments totalling 363,680 wet metric tonnes of nickel laterite DSO. Subsequent to the current period, AMVI has shipped an additional 6 shipments of nickel laterite for gross volume of 321,280 wet metric tonnes.

AGATA LIMESTONE PROJECT

Based on a December 20, 2011 Agata technical report (available on SEDAR and Mindoro's website), the massive recrystallized limestone deposits at Agata, which are held by AMVI, are of very high purity levels of CaCO3 (calcium carbonate). Five holes drilled into the limestone by Mindoro in 2011 outlined a large area of approximately 400 by 800 meters and yielded intercepts with a weighted average of 60.5 meters of 98.9% CaCO3. The number of holes drilled is not sufficient to classify a mineral resource.

From November 2014 to April 2015 AMVI carried out a 17-hole drill program on the property and results had confirmed the presence of a high-purity recrystallized limestone deposit covering an area of 600 meters by 650 meters.

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

AGATA NICKEL PROCESSING PROJECT

The Agata Nickel Processing Project is held by Agata Processing, Inc. ("API"), a company in which TVIRD has the right to earn a 60% interest from Mindoro by expending a minimum of US$2 million and delivering a DFS. As at December 31, 2014, TVIRD had completed its minimum expenditure requirement and has earned 45% of the shares in API, subject to completing the DFS. As at October 16, 2015, a PMRC compliant DFS was completed by API which would result in TVIRD earning a total of 60% interest of API shares. The DFS was not done to NI 43-101 standards and therefore the results have not been disclosed in Canada or filed on SEDAR.

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

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

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

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

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

In 2016, the Company impaired the option to purchase contract with respect to the Agata processing project joint ventures in a total amount of $4,261,000 as this company has not yet commenced commercial operations.

PAN DE AZUCAR PYRITE PROJECT

The Pan de Azucar MPSA covers approximately 535 hectares on Pan de Azucar Island and adjacent Panay Island. Mindoro has a 75% direct and indirect interest in both the PDA Mining and PDA Processing Joint Ventures with the remaining 25% held by Minimax. TVIRD had the option to earn a 60% interest in each of the PDA Mining Joint Venture and PDA Processing Joint Venture by making, in addition to other commitments, minimum expenditures of $500,000 prior to December 31, 2014, and keeping the project in good standing by filing a Declaration of Mining Project Feasibility ("DMPF") with the DENR before February 2015. As at March 31, 2017, TVIRD had not met its minimum expenditure commitments, nor had it completed a DMPF by February 2015. However, Minimax subsequently filed an extension of the exploration period and last July, 2016, MGB-CO granted Minimax 1 year within which to file the DMPF. The Company fully impaired Pan de Azucar in 2014.

As described in the Company's news release of February 8, 2012, the Pan de Azucar pyrite project located on the Island of Panay is a drill-defined exploration target, which comprises a pyrite-rich mineralized horizon of between 10 and 40 metres in thickness and dipping at a shallow 10 to 15 degrees. The mineralized horizon is exposed at the surface. Mindoro has drilled 30 holes into the mineralized horizon, showing a potential quantity of 8 million to 12.7 million dry metric tonnes with a grade range of 35% to 40% sulphur (70% to 90% pyrite). The potential quantity and grade has been determined by averaging the intercepts from the drill assays and is conceptual in nature, because there has been insufficient exploration to define a mineral resource (including number of holes drilled) and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

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

No technical work was carried out during the period.

TAPIAN SAN FRANCISCO COPPER-GOLD

Mindoro earned a 75% direct and indirect interest in the Tapian San Francisco Project pursuant to the terms of a Memorandum of Agreement with Minimax.

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

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

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

iii. During the processing of ore originating from only the Tapian Project, Minimax will receive a 0.5% gross smelter royalty from 100% of the net sales originating from only the Tapian San Francisco Project or the amount of One Hundred Thousand US Dollars (US$100,000), whichever is higher.

Mindoro failed to make the payment due on August 15, 2015 due to fewer than expected shipments of laterite in the first year of mining operations and significantly lower sales prices due to the broad decline in metal prices, including nickel and iron, since the end of 2014. Mindoro and Minimax are in discussion to renegotiate the payment terms of the 2014 Option Agreement.

In 2016, the Company and the holder of the MPSA, Mindanao Gold Resources, Inc. has finalized a settlement and mutual release agreement whereby recognizing the uncertainty of litigation and its associated expenses, the parties have agreed to resolve and settle the same. The settlement and mutual release agreement will bind the Company to relinquish a Mineral Production Sharing Agreement (MPSA), and two (2) Exploration Permit Applications (EPAs) back to its holders. The Company has agreed to pay a one million Philippine Peso or $28,000.00 to the tenement holders to compensate for certain obligations which were not met prior to the termination of the option agreement. As at March 31, 2017, no payment has been made as the Company has yet to pool its funds to settle the same. The recorded provision of $319,000 (US$275,000) in trade and other payables for the unpaid payments pertaining to this option agreement will remain in the books of the Company until payment has been made. Mindoro, has, therefore, terminated the agreements and handed back the MPSA and the two EPAs to the tenement holders. The EP and one EPA, which are under the name of Minimax have been retained.

Mindoro and Minimax continue their discussion pertaining to the Tapian San Francisco Project now comprising only of 1 Exploration Permit (EP) and 1 Exploration Permit Application (EPA)

APICAL

Apical is an APSA that Mindoro has a 15% interest in by way of an incorporated joint venture with Medusa Mining Corp. and Minimax, which Mindoro is free-carried to production on narrow vein exploration targets or to the completion of a bankable feasibility study on large volume exploration targets. Apmedoro Mining Corp. ("Apmedoro") was incorporated by the joint venture to hold this project.

7. EVENTS AFTER THE REPORTING PERIOD

Subsequent to March 31, 2017, AMVI completed six (6) shipments of an aggregate 321,280 wet metric tonnes of nickel laterite in April.

On May 26, 2017, Mindoro paid its 2016 and 2017 annual sustaining fess and is working on the completion of requirements to support its full reinstatement application with the Exchange. The Company's securities remain to be suspended as of reporting date.

8. TRANSACTIONS BETWEEN RELATED PARTIES

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

	Country of Incorporation	Classification	% Ownership at Mar. 31, 2017	% Ownership at Dec. 31, 2016
MRL Nickel Philippines Inc	Philippines	Active subsidiary	100%	100%
El Paso Corp	Philippines	Inactive subsidiary	100%	100%
Talahib Corp	Philippines	Inactive subsidiary	100%	100%
Batangas Metals and Mining Corp	Philippines	Inactive subsidiary	100%	100%
Agata Mining Ventures Inc	Philippines	Investment in associate	40%	40%

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

The Company has a total borrowings of $1,901,000 from TVIRD as of March 31, 2017. Prime Resources Holdings Inc. ("PRHI") owns 68% of TVIRD and 25.42% of Mindoro. TVIP owns 30% of TVIRD and 14% of Mindoro. From May 7, 2015 until September 1, 2015, the Interim Chairman of Mindoro's board was also the Chairman, President, and CEO of TVIP and Chairman of TVIRD, and the Interim CEO of Mindoro was also a vice president of TVIP.

At March 31, 2017, the Company had reimbursable expenses payable to TVIP in the amount of $80,000 for travel and legal expenses incurred by Mindoro's former Interim Chairman and Interim CEO related to the June 12, 2015 AGM.

The Company has recorded debts payable to current and former non-executive directors totalling $133,000 on which it accrues 8% interest per annum. The balance at March 31, 2017 includes $2,000 of accrued interest. Four current non-executive directors were paid $25,000 in 2016, representing 20% of the outstanding Directors' Fees and interest due to them. No payment was made as at March 31, 2017.

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

	March 31, 2017 $000	March 31, 2016 $000
Short-term employee benefits	37	42
Key management compensation	**37**	**42**

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

9. SIGNIFICANT ACCOUNTING POLICIES

CRITICAL ACCOUNTING JUDGEMENTS APPLIED IN THE COMPANY'S ACCOUNTING POLICIES

GOING CONCERN

Due to the financial condition of the Company at March 31, 2017 and the contractual obligations and commitments that are outstanding, judgment has been exercised in applying the assumption that the Company will continue as a going concern for the foreseeable future. Refer to Note 1 of the Interim Financial Statements for further disclosure.

EXPLORATION AND EVALUATION ASSETS

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

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

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

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

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Interim Financial Statements follow the same accounting policies and methods of application as the audited consolidated financial statements for the year ended December 31, 2016.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Certain new accounting standards and interpretations have been published that are not mandatory for 2017 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

IFRS 2 Share-based Payment (Amendment)

In June 2016, the International Accounting Standards Board (IASB) issued amendments to IFRS 2 to clarify how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:

The effects of vesting and non-vesting conditions on measurement of cash-settled share-based payments; Share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018. The impact of adoption of the amendment has not been determined.

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

On July 24, 2014 the IASB issued the complete IFRS 9. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight. The impact of adoption of the amendment has not yet been determined.

(Expressed in Canadian Dollars)

IFRS 15 Revenue From Contracts With Customers

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

Early adoption of the new standard is permitted. The standard may be applied retrospectively or using a modified retrospective approach. This standard is effective for reporting period beginning on or after January 1, 2018. The Company has not yet evaluated the impact of adopting IFRS 15 on the financial statements.

IAS 12 Income Taxes (Amendment)

In January 2016, the International Accounting Standards Board (IASB) issued amendments to IAS 12 which were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (ASB) in April 2016. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value.

The amendments clarify the following aspects around the recognition of deferred tax assets for unrealised losses: -

- Decreases in the carrying amount of a fixed-rate debt instrument for which the principal is paid on maturity give rise to a deductible temporary difference if the debt instrument is measured at fair value and its tax base remains at cost.

- An entity's estimate of future taxable profit may include amounts from assets it expects to recover in excess of their carrying amounts if there is sufficient evidence that it is probable the entity will achieve this. An entity's estimate of future taxable profit excludes tax deductions resulting from the reversal of deductible temporary differences.

- An entity assesses whether to recognize the tax effect of a deductible temporary difference as a deferred tax asset in combination with other deferred tax assets. If tax law restricts the utilization of tax losses so that an entity can only deduct tax losses against income of a specified type(s) (e.g. if it can deduct capital losses only against capital gains), the entity must still recognize a deferred tax asset in combination with other deferred tax assets, but only with deferred tax assets of the appropriate type.

These amendments are effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted.

10. OUTSTANDING SHARE DATA

TABLE 4

Issued - Common shares	Common shares	Stock Options	Purchase Warrants
December 31, 2014	297,437,399	1,900,000	61,826,578
Expired	-	- 1,900,000	- 19,047,225
March 31, 2017	**297,437,399**	**-**	**42,779,353**

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

11. LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2017, the Company held cash on hand of $223,000 (2016 - $93,000), current assets totalled $462,000 (2016 - $383,000) and current liabilities, excluding warrants liabilities which would not result in an outflow of cash, totalled $8,068,000, (2016 - $7,925,000) which resulted in a working capital deficiency of $7,606,000 (2016 - $7,542,000).

The Company also has a commitment to Panoro in the amount of $1,000,000, recognized in two $500,000 payments, the first and final instalment became due in August 2015 and August, 2016, respectively. The company has continuing discussions with Panoro, and other parties to renegotiate terms of outstanding payables.

In the short term, the Company will continue to us the funds from the loan extension by TVIRD thru a secured promissory note fund payment of immediate operating costs while it seeks other financing alternatives so that it may continue as a going concern.

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

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

12. FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

FAIR VALUE ESTIMATION OF FINANCIAL INSTRUMENTS

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

FAIR VALUE MEASUREMENTS IN THE STATEMENT OF FINANCIAL POSITION

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

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

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

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

Financial instruments measured at fair value on a recurring basis were presented in the Company's statement of financial position as of March 31, 2017 as follows:

TABLE 5

	Fair value measurement using:			
	31-Mar-17	Level 1 inputs	Level 2 inputs	Level 3 inputs
	$000	$000	$000	$000
Assets				
Option to purchase contracts	-	-	-	-
Investment in associate	8,194	-	8,194	-
	8,194	**-**	**8194**	**-**
Liabilities				
Installment payments to Minimax	5,130	-	5,130	-
Warrants Liability	-	-	-	-
	5,130	**-**	**5,130**	-

FINANCIAL RISK FACTORS

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

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

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

There has been no change with respect to the overall capital risk management strategy during the three months ended March 31, 2017.

FOREIGN EXCHANGE RISK:

Business is transacted by the Company in Philippine Pesos, United States Dollars, Australian Dollars, and Canadian Dollars. Fluctuations in exchange rates may have a significant effect on the cash flows of the Company. Future changes in exchange rates could materially affect the Company's results in either a positive or a negative direction. The Company was exposed to foreign exchange risk through its cash and cash equivalents, trade and other receivables, financial assets available for sale, trade and other payables, and installment payments to Minimax.

CREDIT RISK:

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

LIQUIDITY RISK:

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. The Company's liquidity risk is primarily attributable to its trade and other payables, borrowings and installment payments to Minimax.

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

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

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

INTEREST RATE RISK:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is primarily exposed to interest rate risk through its borrowings and installment payments to Minimax.

13. RISKS AND UNCERTAINTIES

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

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

In October 2014, the Agata DSO project began production and TVIRD earned its 60% interest in AMVI, the joint venture vehicle. The Company anticipates that the Agata project will generate positive cash flow from operations that will be distributed to the shareholders of AMVI and fund Mindoro's operations in the long term; however, the Company does not control the timing of future distributions and there is no certainty that sufficient distributions will be received before the Company's obligations are due.

The Company has borrowed $1,901,000 from TVIRD pursuant to the terms of a secured promissory note. This agreement is intended as a short term financing while the parties negotiate a larger financing arrangement. The note was originally due on January 31, 2015, but was subsequently extended. The note accrues interest equal to 8% per annum and is secured by Mindoro's interest in its wholly owned subsidiary, MRL Nickel Philippines, Inc. Interest incurred on the loan is recorded as interest expense in the Company's net loss for the year. Negotiations for a larger financing with TVIRD remain ongoing. TVIRD has extended the maturity date for the secured promissory note in the past, but is under no obligation to continue to extend the term of that loan.

In the fourth quarter of 2014, the Company exercised its option to acquire Minimax's 25% interest in AMVI for US$4 million payable in five annual installments commencing in October 2015. The Company used a present value measurement technique using a 4.2% discount rate to determine the value of the installment payments as at June 30, 2015. The measurement difference has been recorded as interest expense in 2014. Mindoro failed to make the first and second US$800,000 payments to Minimax on November 15, 2015 & November 15, 2016, respectively, but is in discussions with Minimax to renegotiate the payment terms of that agreement to better reflect current market conditions. However, if those negotiations are not successful, the Company will have to return to Minimax any shares that were transferred to the Company prior to the failure to the default.

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

The Company has secured a strategic partner, TVIRD, to advance the Agata Nickel project. While the Company considers the partnership to add value to existing shareholders, there are risks associated with a cornerstone strategic partner, including the potential for future dilution of interest in the projects and changes in management.

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

On October 28, 2016, AMVI received from the Department of Environment and Natural Resources (DENR) its findings of the Mine Audit conducted on August 13-17, 2016. AMVI responded to the Audit Team's findings and recommendations in its letter to the Secretary of DENR last November 4, 2016. In an announcement made by the Department of Environment and Natural Resources (DENR) on February 2, 2017, AMVI received its confirmation of passing the DENR audit. Several firms were ordered to close, while some are still under suspension. AMVI, together with eleven (11) other mining firms were allowed to continue.

Emerging from MO 2016-01 are certain risks faced by Mindoro, including, but not limited to:

- Suspension and/or the imposition of penalties against AMVI. However, AMVI has been operating with the ambit of current mining, environmental and social development regulations. In fact, in the two consecutive years since it began operations, it received the Titanium Award, awarded by the Philippine Mineral Safety and Environmental Association in recognition of AMVI's satisfactory safety, and health management and community development in the conduct of its mining operations..

- Several drafts, independent members' bills, referred to as "Alternative Mining Acts" have been presented for discussion in the Philippine House of Representatives and the Senate. While these bills will undergo rigorous debates in both Chambers, in the event that they were to be passed into law by Congress, or have significant elements of them adopted as law, they would further impair the fiscal regime and regulatory framework under which the mining industry operates in the country.

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

There are continuing risks that communities or local politicians could withdraw support for AMVI's mining operations. However, AMVI's management believes the risk of the withdrawal of community support is low.

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

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

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

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

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

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

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

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