Fundamental Research Corp.

Investment Analysis for Intelligent Investors

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July 9, 2007

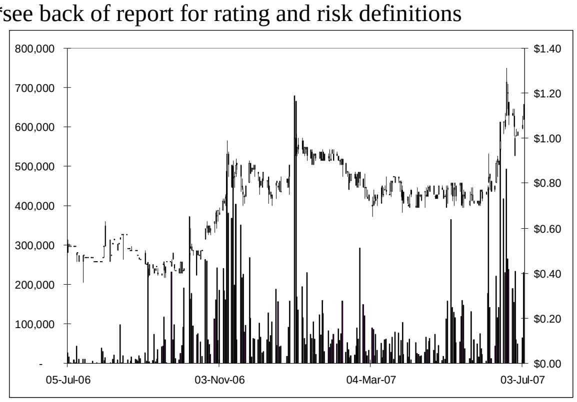
Mindoro Resources Ltd. (TSXV: MIO) – Initiating Coverage; Advanced Explorer with near term Production Potential and Blue Sky Projects

Sector/Industry: Junior Mining/Gold/Nickel/Copper **www.mindoro.com**

Market Data (as of July 9, 2007)

Current Price	C$1.15
Fair Value	C$1.45
Rating*	BUY
Risk*	5 (Highly Spec)
52 Week Range	C$0.38 – C$1.31
Shares O/S	75,401,405
Market Cap	C$86.71 mm
Current Yield	N/A
P/E	N/A
P/B	6.03
YoY Return	111.5%
YoY TSXV	22.0%

*see back of report for rating and risk definitions



Investment Highlights

- Mindoro holds a large number of exploration projects in the Philippines targeting copper, gold, and nickel.
- Their most advanced projects are Kay Tanda and Agata, both of which are being drilled. NI 43-101 compliant resource estimates for both deposits are expected in 2007.
- Agata provides near term nickel DSO shipping production potential. The company hopes to be in production in the first half of 2008.
- The company is committed to community involvement and environmental integrity. This is especially important in the Philippines.
- In the long term, the company hopes to exploit large copper-gold porphyry deposits. These deposits are attractive in the Philippines, as they have higher than average gold grades.

Risks

- Mindoro is exposed to all of the risks inherent in a junior mining company that does not have any operating mines.
- The company has a large number of projects they are attempting to advance simultaneously. We expect the company to minimize risk and dilution by joint venturing several of their projects in the future.

Key Financial Data (FYE - December 31)

(C $)	2004	2005	2006	Q1-2007
Cash	1,295,541	1,419,311	3,602,179	2,563,172
Working Capital	1,190,977	1,661,679	3,146,785	1,940,223
Mineral Assets	3,827,536	5,640,433	9,666,017	11,628,405
Total Assets	5,294,078	7,571,132	13,621,373	14,579,772
Net Loss	(1,152,519)	(1,904,007)	(1,874,551)	(371,890)
Loss per Share	(0.03)	(0.04)	(0.03)	(0.01)

Mindoro Resources has over 20 exploration projects covering more than 55,000 hectares in the Philippines. The company holds a very large land position targeting district scale epithermal and porphyry projects. They also have a 75% interest in the Agata nickel laterite project, which they hope to produce DSO ore from by 2008. The Philippines is a country of great mineral wealth that has seen a mineral exploration revival in the last 3 years.

Company Overview

Mindoro Resources is focused on new discoveries in the Philippines, a mineral rich country that has seen increased mining attention in recent years. The company targets epithermal gold and copper-gold porphyry projects in three district scale projects in the Philippines (shown below). They currently have at least 29 named prospects: 22 copper-gold porphyry prospects, 5 epithermal prospects, 1 nickel laterite prospect, and 1 massive sulfide prospect. They have received market recognition recently due to their nickel laterite project, Agata, which they hope to put into production by early 2008. We believe the company's long-term growth potential is great, and they are also poised to take advantage of the excellent nickel market in the near term with production at Agata. This year, they are focused on resource delineation and permitting at Agata and Kay Tanda, an epithermal gold project.

Source: Mindoro Resources

Corporate History & Investments

Mindoro Resources was co-founded in 1996 by the company's president, Tony Climie, and was shortly joined thereafter by executive vice president, Penny Gould. Gerhard Kirchener, the Chairman, has also served as director since 1996. The company has an advantage of being a "first mover" in the Philippines, as they were working there years before foreign interest in mineral exploration took off. The company took its name from the Philippines' Mindoro Island, a contraction of the Spanish name, "Mina de Oro" (Gold Mine). They have a strategy of developing grassroots properties to advanced stages. In the future, they may utilize the joint venture model to advance their many projects.

Institutional Holdings

The company is the first holding of the Asian Lion Fund, a spin-off of the African Lion Fund. The Australia based African Lion Fund invests in advanced exploration/development stage mining projects in Africa. The Asian Lion Fund is currently seeking investments, and made Mindoro the first investment of the fund in December 2006. One of the Asian Lion Fund's largest holders is the International Finance Corporation (IFC), the private arm of the World Bank. The Asian Lion Fund has adopted the IFC's Environmental and Social Policies. The IFC guides the Asian Lion Fund and its investments in conducting best practices in their operations. We believe the IFC's endorsement of the company's social and environmental commitment is a strong affirmation of the long-held philosophy and actions of management.

Mining Outlook: The Philippines

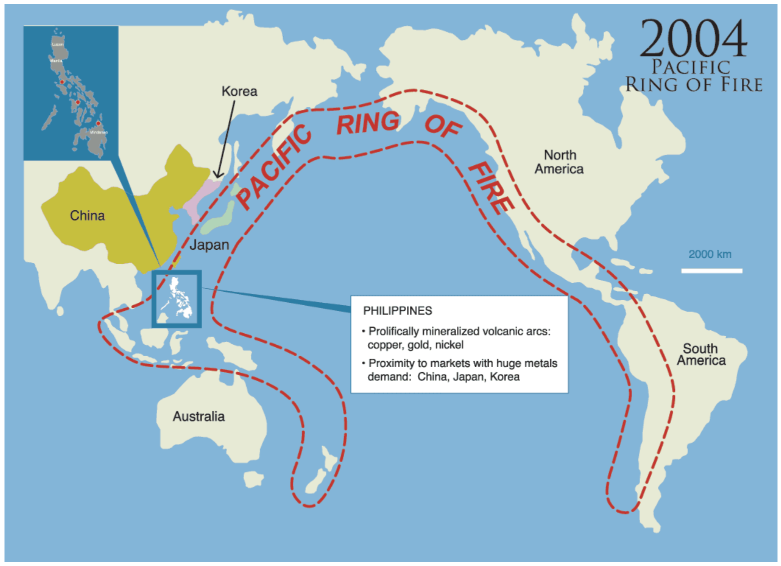
The Philippines is a developing nation with significant mineral potential. The Fraser Institute, a Canadian think tank that polls mining companies regarding the attractiveness of mining investments by country has consistently rated the Philippines high for mineral potential, but low for a number of social, environmental, and political factors. As a young country, the Philippines has experienced its share of political upheaval and corruption. In 2004, the Filipino government upheld the 1995 Supreme Court Mining Law that allows 100% ownership of mining projects by foreign companies. This has been followed by additional incentives to encourage foreign investment in mining. The president of the Philippines, Gloria Arroyo, has committed to bring the Philippines to "First World" status by 2020. She made it very clear she thinks foreign investment in mining is an important step towards economic growth in the Philippines. However, it appears there are influential portions of the general public that are quite vocal in their opposition to mining, especially with regards to foreign investment. Notably, the Catholic Church and other non-governmental organizations (NGOs) have organized anti-mining movements and called on the government to shut down mining operations. While Arroyo and the Minister of the Environment, Angelo Reyes, have made it clear that only companies that protect the environment and have good social responsibility will be welcome, bad experiences in the past have turned some against mining. Notably, the Lafayette Mine pollution event in 2006 had significant political ramifications for the mining sector. However, many local communities are encouraged by mining activity, as it generates jobs.

Mineral Tenure

The company holds Mineral Production Sharing Agreements (MPSA) at their key projects in Batangas and Surigao, including Lobo, Archangel (Kay Tanda), and Agata. This is the highest level of mineral tenure in the Philippines, and it carries the project from exploration to production. Unlike the Small Scale Mining Permits (SSMP), there is not a production cap under a MPSA. They hold a large land position under Exploration Permits. The company has begun the application for an Environmental Compliance Certificate at Agata, and plans to begin the process for Kay Tanda in 2007.

Highlight: Social & Environmental Responsibility

While the Philippines may have received a bad reputation for mining investment, as evidenced by the Fraser Institute survey, we have seen that management is committed to community involvement. We believe junior mining companies may have an advantage over majors when working in a politically risky country. We have observed that junior mining companies are more likely to hire locals, conduct community meetings and events, and generally promote goodwill with the local community. This is especially important in the Philippines, where a high population density means that no project is remote. The company has proved their philosophy through their numerous and extensive social programs. Through these projects, the company has sponsored day care centers, health care stations, and education centers. They aim to educate their local constituents about mining, and recently took the Agata residents on a tour of a nickel mine. They have funded events supporting sustainable development and empowerment of women and indigenous peoples. They also employ 40 people full time, and over 600 employees on a rotating basis through their wholly owned subsidiaries in the Philippines.

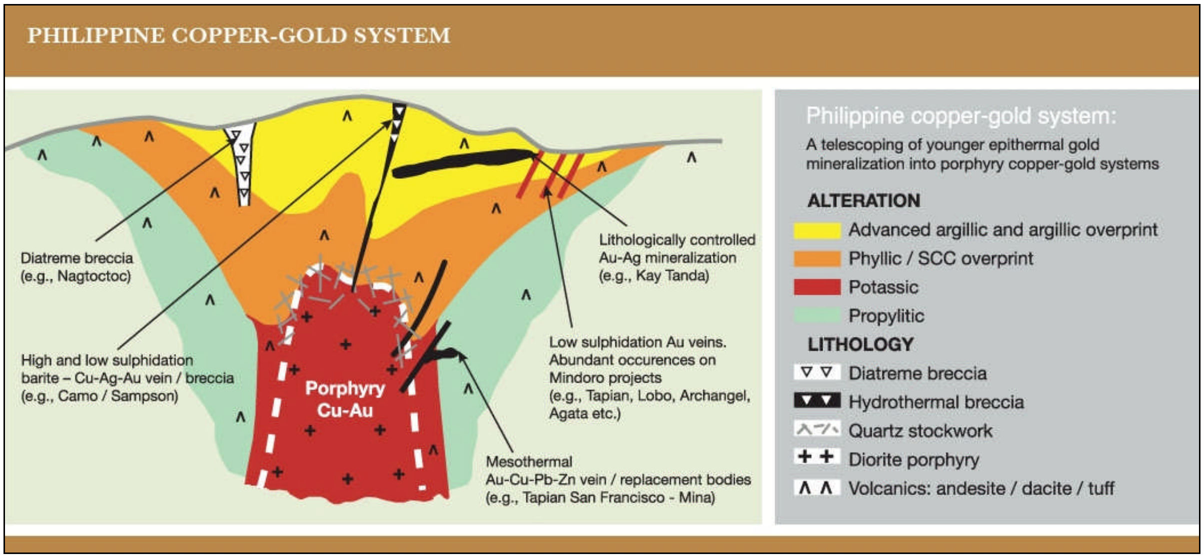


Source: Mindoro Resources

Geology and Mineralization

The Rim of Fire, as shown above, the circular feature marked by tectonic plate boundaries that encompasses the Pacific Ocean, is responsible for thousands of world-class mineral deposits throughout North America, South America, Asia and the South Pacific. The Philippines hosts large epithermal gold deposits and porphyry copper-gold deposits that were formed by this constant geologic activity. This mineral wealth has brought major mining companies, including Anglo American (LSE:AAL), Xstrata (LSE:XTA), Phelps Dodge (MX:PD) and BHP Billiton (NYSE:BHP) to the country, where they are exploring for and developing world-class deposits of multi-million ounces of gold and billions of pounds of copper. There are a number of state owned and locally based mining companies in the Philippines as well. Some large gold mines are located in the Philippines, including the former Antamok Mine (10 million ounces), which was operated by Benguet Corporation. There are numerous juniors active in the country too, due to the great exploration potential. The Philippines produces significant amounts of copper, gold, nickel, limestone, and marble.

The company has projects in three main mineralization types: gold-silver epithermal systems, copper-gold porphyry systems, and nickel laterite systems. A general overview of these three systems follows. The image below outlines the company's exploration model regarding the relationship between epithermal systems and copper-gold porphyry systems. In the Philippines, copper-gold porphyry systems have frequently eroded down to a level where the best grades can be near surface. Epithermal gold-silver systems have been imprinted on top of the upper levels of the copper-gold porphyry system. This makes epithermal systems an attractive target, as a large copper-gold porphyry system may be found near-by.



Source: Mindoro Resources

Epithermal Gold and Silver Systems are very common sources of gold and silver ore, especially in the Philippines. They are attractive exploration targets due to their high-grade mineralization, often exceeding 5 g/t gold. Epithermal gold deposits may occur over a considerable length (hundreds of meters) but are of limited vertical extent (less than 500 meters). They are found at depths of less than 1 kilometer in areas of volcanic origin, where fluids from magma mixed with other waters to form hydrothermal fluids that rise through the earth's crust, precipitating mineral deposits in cracks and fractures. These veins can be near vertical to near horizontal. These veins often have the best grades at depth, where the hottest temperatures and very enriched fluids create the best precious metal grades. This is the area where bonanza grade veins of gold and silver occur. At the top of the deposit, the veins often have lower precious metal grades, due to factors of temperature and fluid enrichment.

Copper-gold porphyry: In the Philippines, Mindoro Resources has observed that epithermal gold deposits are commonly associated with copper-gold porphyry bodies in the region. Unlike epithermal systems and copper-gold porphyry bodies in North and South America, in the Philippines, the distance between the two deposits is typically less than a few hundred meters.

Copper-gold porphyry deposits are formed from the cooling of a large intrusive magma body with dissolved metals. They are large tonnage, low-grade deposits that are exploited worldwide. It is estimated that they provide over 50% of the world's copper. Although low grade (averaging 0.5% copper and 0.38 g/t gold), they may contain huge resources due to their size of over 100 million tonnes. In the Philippines, copper-gold porphyry deposits often have higher gold grades of over 1 g/t. Many copper-gold porphyry deposits have eroded so that mineralization is near surface and can be extracted using open pit methods.

Nickel/Iron Laterite: Mindoro's management estimates there are approximately 10 nickel laterite deposits in production in the Philippines. Nickel laterites are formed through the secondary weathering of ultramafic intrusive rocks. The serpentinization process liberates and concentrates the small amounts of nickel contained within the silicate minerals in the original rock (peridotite- 0.30% Ni) into nickel and iron mineralization near or at surface. There are two main laterite horizons: the limonite, which is moderate to high nickel and high iron, and below this, the saprolite, which is moderate to high nickel and low iron.

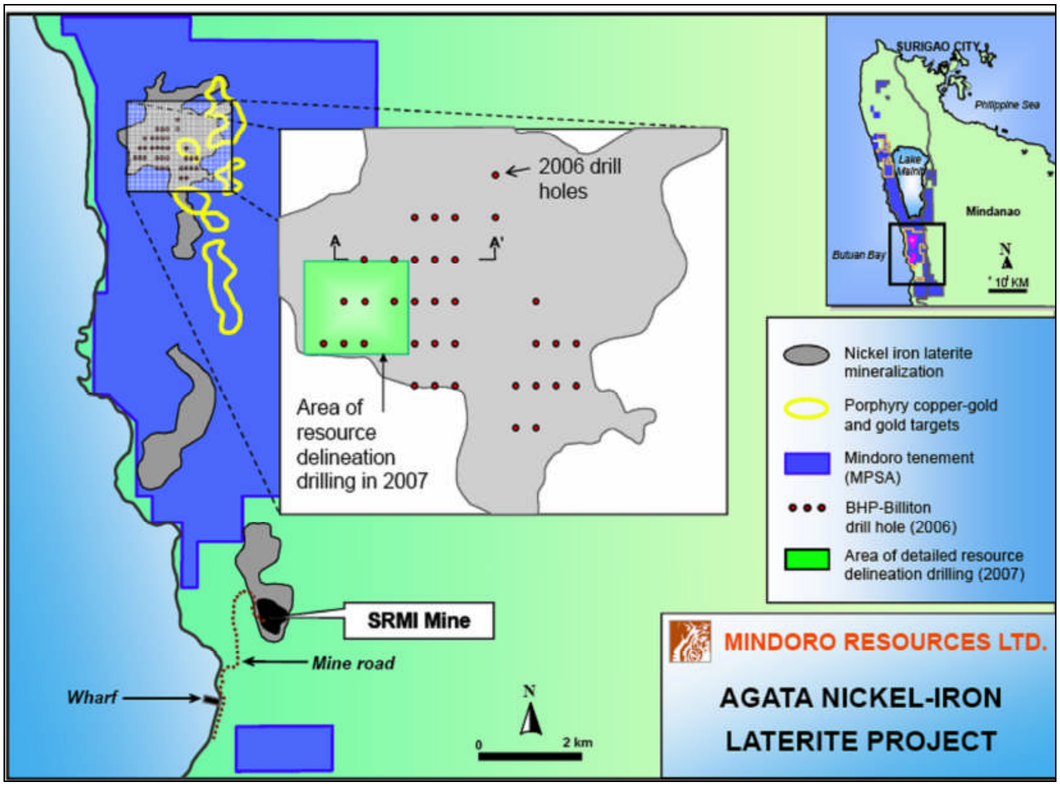
Nickel laterite deposits form some of the largest nickel deposits in the world. Historically, due to the large amount of rock processed and the complicated metallurgy, these often have larger capital costs and higher than average technical risk, as was displayed in three Australian mine failures in the 1990's. However, the processing risk for miners can be overcome by producing direct shipping ore (DSO). A discussion of DSO can be found in the Agata property section. More recently, nickel laterite ore is being processed in low technology blast or electric furnaces to produce nickel pig iron, which is used to produce stainless steel.

The largest concentrations of nickel laterite occur in areas of moderate relief where residual ultramafic regolith (the remnants of the original rock) are the thickest. The depth of the weathered rock is often a function of the degree of faulting and fracturing which allows the meteoric water to percolate down though the ultramafic rocks. The degree of major fracturing is also important as the meteoric waters are often channeled into specific areas that allow "upgrading" of the total resource through the removal of un-mineralized boulders during mining.

The geological and genetic differences between the various types of laterites are important in determining the mineralogy of the nickel and therefore the metallurgical method best used to recover the nickel, iron, and cobalt.

Properties Overview

Mindoro has over 20 active exploration projects covering thousands of hectares. Many are in very early stages. In this report, we will focus on their most advanced projects that we believe contribute the most value to the company at this time. As the company advances their other projects, we will discuss them in our updates. Therefore, in this report, we will focus on the Agata Nickel Project in the Surigao property and the Kay Tanda Gold Silver Project in the Batangas property. We will briefly discuss the company's other copper-gold porphyry and epithermal projects at Batangas, Pan de Azucar, and Surigao. **The company plans to take Agata into production next year and Kay Tanda into production in the next three years, while advancing their best copper-gold porphyry projects.**



Source: Mindoro Resources Ltd. corporate presentation

Agata Nickel Laterite Project

Property Overview: The 4,555 hectare Agata project in the Surigao district contains a number of exploration targets. At this time, the company is focusing on the nickel laterite project, which offers the potential for direct shipping ore. This is a profitable, low cost producing option that would allow the company to go into production quite quickly. The ore is sold to smelters in Korea, Japan, and China, and the company receives a percentage of the value of the nickel.

Ownership: In March 2007, the company purchased their joint venture partner's 40% interest, bringing Mindoro's total interest to 75%. The remaining 25% interest is held by Minimax Mineral Exploration Corp., a private company based in the Philippines. The company can increase to 85% at feasibility stage through an interest purchase agreement with Minimax, depending on future established mining reserves. There has been significant interest in nickel laterite projects, and Mindoro has been approached by parties interested in joint venturing the project or purchasing the product. At this time, the company has chosen to develop the project themselves. Mindoro must pay Panoro $500,000 cash upon shipment of an aggregate 1 million tonnes of nickel laterite from Agata, and a further $500,000 on the first anniversary of shipment.

Historic Exploration/Production: The property was first explored for nickel laterite mineralization in the 1970s. Several open pit bulk samples were taken. BHP Billiton (NYSE:BHP) funded drilling in 2006. Under the terms of the agreement with BHP, the company had "good faith negotiations" to sell the ore from Agata to BHP Billiton. The drilling results from the 35 holes were generally positive. Direct shipping ore consumers in

Japan, China, and Korea typically demand greater than 0.9% nickel among other requirements. The average of the 35 drilling results was 0.91% nickel, and results ranged from 0.26-2.04% nickel. The average iron and cobalt content was 28% and 0.055%, respectively.

There is an active nickel laterite mine directly south of the Agata project that is believed to be an extension of Agata nickel-iron laterite mineralization. It is operated by SR Metals, a Philippine company.

Accessibility and Infrastructure: This project is located on the northeastern island of Mindanao. It has good accessibility, as it is located right on the water. Ore can be directly loaded onto ships headed to pig iron furnaces in Korea, Japan, and China. Another advantage of proximity to water is the low capital cost associated with road building. According to management, the road will be less than 4 kilometers long.

Geology and Mineralization: The nickel laterite deposits at Agata were formed from the weathering of Cretaceous age ultramafic rocks. There are several layers of nickel bearing mineralization at Agata, each with different metallurgy, average nickel content, and consumer end use.

Direct Shipping Ore

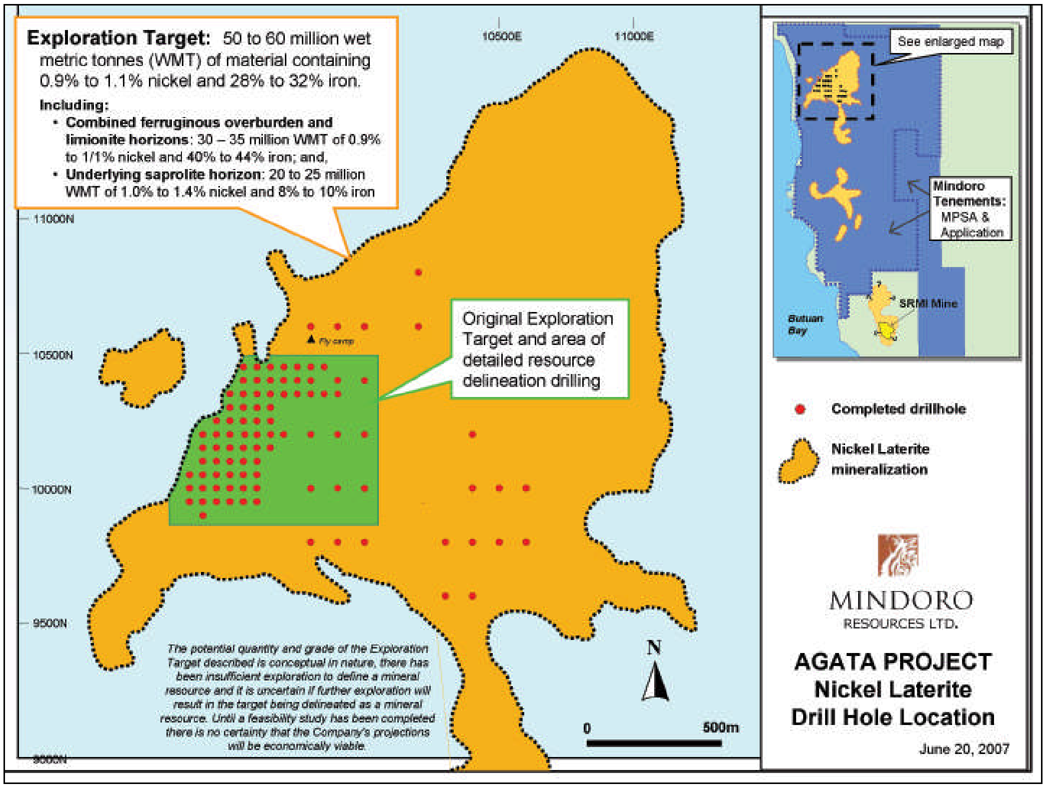
The company initially intends to produce direct shipping ore (DSO). By producing DSO, the company does not have to process ore on site, and instead, passes the ore on to end users that process the ore and reimburse Mindoro for approximately 25% of the value of nickel, depending on the nickel grade. These end users can be found in China, Japan, and Korea. Becoming a DSO producer has the following advantages:

- The projects will have low start-up capital costs as no processing plant is required and mining and equipment will be contracted out to local operators.
- Producing DSO allows the company to go into production quickly and cheaply with a fast payback period.
- The metallurgical risks often associated with nickel laterite deposits will be initially passed on to the end users and Mindoro will gain a better understanding of the operational practice with regard to grade control, blending procedures and metallurgical characteristics of the ore.

Long Term Processing Options

Although the company intends to begin by processing direct shipping ore, in the long term it may be more profitable to build a ferro-nickel processing plant on-site. Through DSO shipping, the company only receives 25% of the nickel's value. The company will likely have to seek a joint venture partner for this venture, as ferro-nickel processing plants are very expensive.

Current Developments: The company is currently conducting a drilling program to outline a NI 43-101 compliant resource. They have completed at least 95 drill holes to date, which are shown on the image below. The drilling results have all been positive, indicating the property has potential for ferro-nickel laterite production potential. They hope to delineate enough ore to provide 3-5 years of direct shipping ore at 700,000-1,000,000 tonnes/year, but drilling has indicated the potential is much greater than that. **T**he area being drilled is only approximately 10% of the nickel laterite mineralization mapped to date. We expect the company will complete a scoping study following the resource estimate.



Source: Mindoro Resources Ltd.

Resource Estimates: A NI 43-101 compliant resource estimate is expected in 2007. The Agata project had an initial exploration target on the drill defined region with a target resource in the limonite layer of 2-3.5 million tonnes grading 0.9-1.2% nickel and 40-45% iron. On June 20, 2007, the company announced an upgraded Exploration Target based on drilling to date and detailed mapping in the northern laterite region that incorporates the ferruginous overburden, limonite, and saprolite horizons. This new exploration target covers the entire Northern Nickel Laterite. **The new Exploration Target totals 50-60 million wet tonnes grading 0.9-1.1% nickel and 28-42% iron.** This includes 30-35 million tonnes in the ferruginous overburden and limonite layers, and 20-25 million tonnes of material in the saprolite layer. The ferruginous overburden has a higher iron grade of 40-44% iron. The saprolite horizon has a lower iron grade of 8-10% iron.

Kay Tanda Gold-Silver Project

Property Overview: The Kay Tanda project is a large tonnage epithermal gold and silver deposit. The company aggressively drilled the deposit in 2006, and a NI 43-101 compliant resource estimate is expected in 2007.

Ownership: The company has earned 51% in the Batangas projects to date, with the potential to earn 75% by producing a bankable feasibility study on any one deposit within the Batangas projects.

Historic Exploration/Production: The Kay Tanda project is part of the Archangel property, which has always been one of the company's top priorities. The company drilled over 150 RC and diamond holes at the Kay Tanda project in 2006 and 2007.These will form the basis for the NI 43-101 compliant resource estimate expected this year.

Accessibility and Infrastructure: The Kay Tanda property is conveniently located near water, so the company will be able to transport materials by barge with little overland hauling.

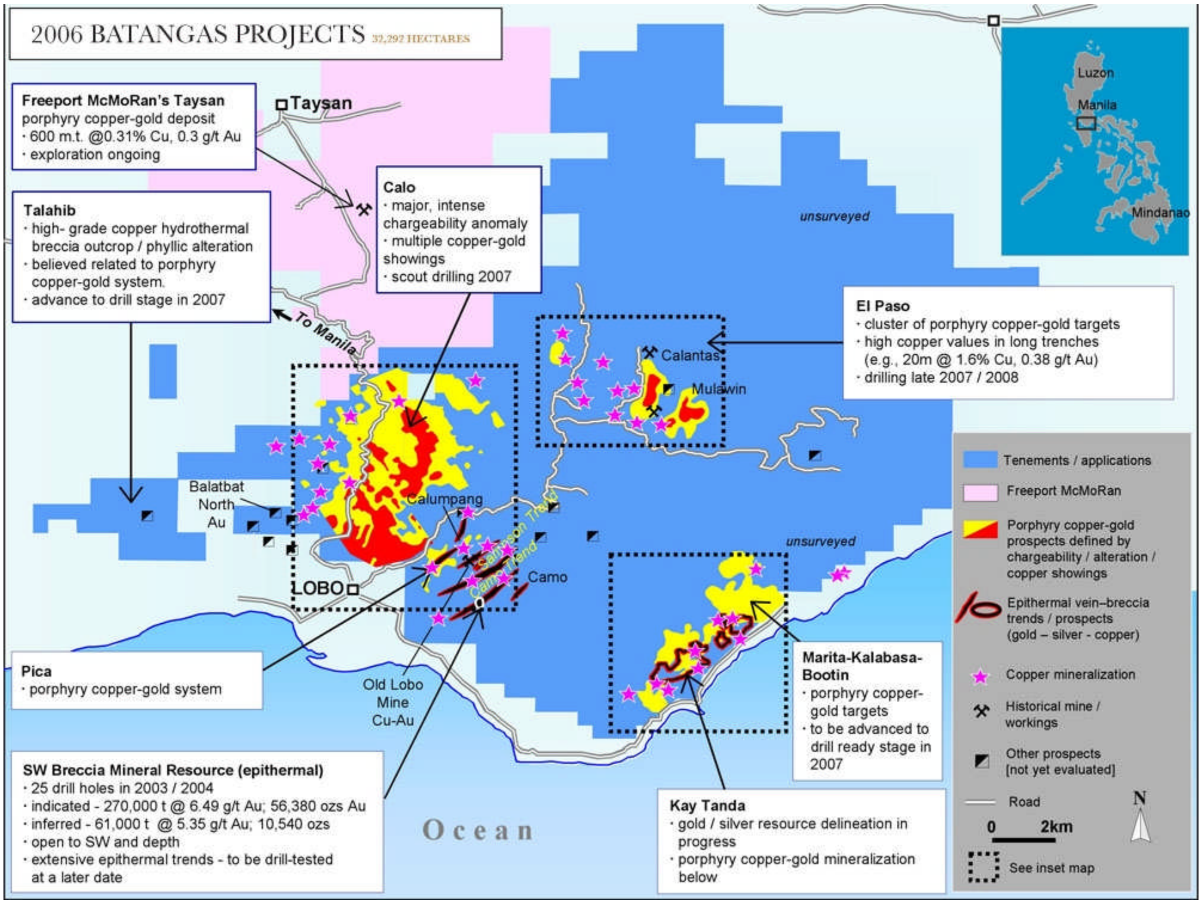
Geology and Mineralization: The Key Tanda project, as it is defined currently, is a low-grade oxidized epithermal gold project. The company has delineated mineralization in the upper 150 meters within a kilometer by kilometer area. The company believes the near surface mineralization will be amenable to low cost, open pit extraction. There is still great potential for bonanza grade, sulfide mineralization at depth. Drilling has intersected copper-gold porphyry style mineralization on the property as well.

Metallurgy: Metallurgy is a crucial aspect to the success of a mining operation at Kay Tanda. The company took a bulk sample from Kay Tanda for metallurgical testing in 2005. The bulk sample testing indicates the ore is highly amenable to heap leaching. Recovery rates for the oxide, transitional mixed oxide, and sulfide material, ranged from 70%-80% depending on grain size. They are currently testing the optimal grain size for the ore. Crushing is often the most expensive part of a processing plant. They are also testing transitional and sulfide ore found at depth to determine its amenability to heap leaching. Often, sulfides require conventional processing, which would require the construction of a conventional processing plant.

Current Developments: The company has 3 drill rigs turning currently at Kay Tanda. They continue to release positive drilling results, including many bonanza grade intercepts. The average grades are in the 0.8-1.2 g/t gold range, and there is potential to increase the overall grade through the delineation of the bonanza grade feeder zones. For a summary of drilling results, please see the appendix.

Resource Estimates: Drilling to delineate a NI 43-101 compliant resource estimate at Kay Tanda is in process. This resource estimate is expected by early August 2007.

Based on a statistical analysis performed by Golder Associates, the company's independent engineering consultant, the company has calculated an exploration target for the Kay Tanda Project. An exploration target projects a possible resource based on the limited exploration completed. At a cut-off of 0.3 g/t gold, the exploration target is from 35-40 million tonnes of open pitable ore at a grade of 0.76 to 0.80 g/t gold, and 2.4 to 2.8 g/t silver. This is a potential resource of 860,000 to 1,000,000 ounces of gold and 2.7 million to 3.6 million ounces of silver. At a higher cut-off of 0.5 g/t gold, the exploration target is from 15-20 million tonnes of open pitable ore at a grade of 1.1 to 1.4 g/t gold and 3.0-3.4 g/t silver. This is a potential resource of 530,000 to 900,000 ounces of gold and from 1.45 to 2.2 million ounces of silver.



Source: Mindoro Resources

Batangas

Property Overview: The Batangas land holdings total 32,795 hectares and should be considered as a district scale project. The company has identified at least 10 copper-gold porphyry projects and several epithermal projects. The most advanced projects are Kay Tanda, a gold-silver epithermal target in the Archangel region, the Calo porphyry copper-gold target, and the El Paso porphyry copper-gold target. The company has delineated a small NI 43-101 compliant resource estimate at SW Breccia Gold, but they do not intend to pursue the project at this time.

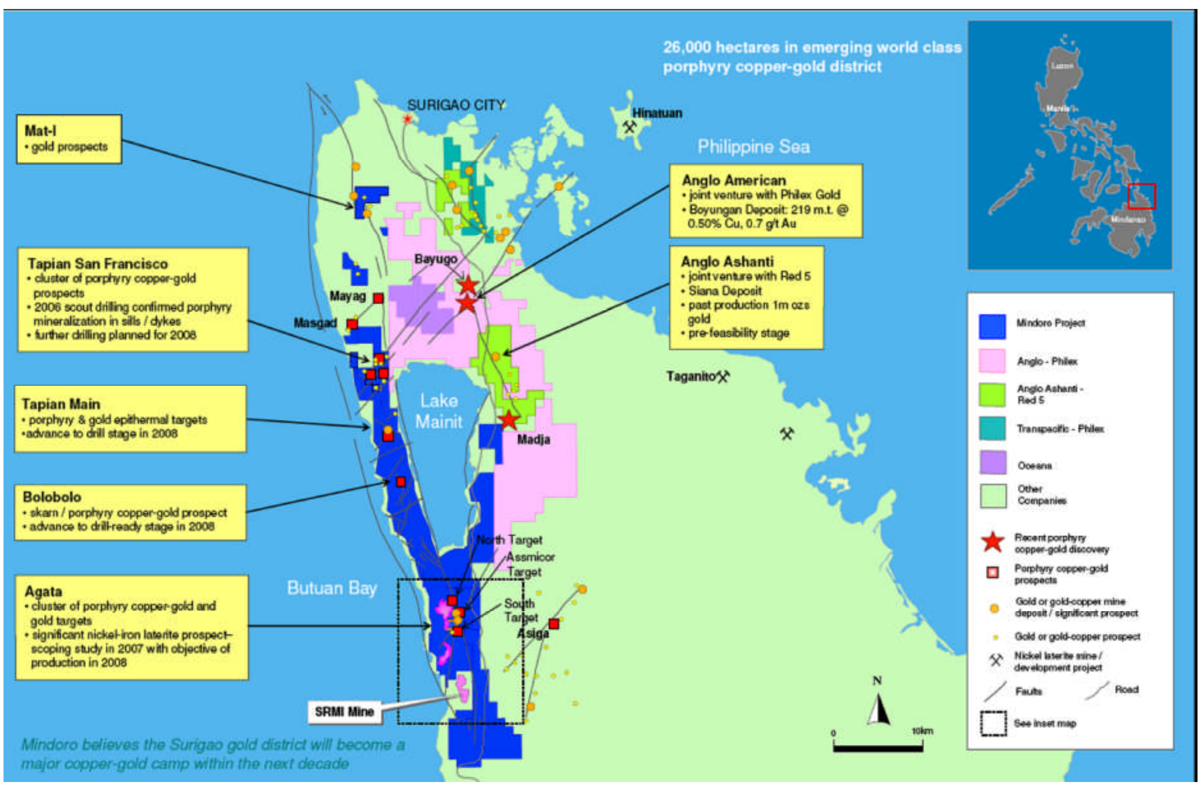
Ownership: The company entered into an option agreement to acquire an interest in the Lobo and Archangel projects from Egerton Gold Philippines Inc., a private company, in December 2000. The company has earned 51% in the Projects to date, with the potential to earn 75% on producing a bankable feasibility study on any one deposit within the Batangas group of projects. The Lobo and Archangel projects are held by an MPSA. The company has acquired a large land position under Exploration Permits as well.

Historic Exploration/Production: This project is adjacent to Phelps Dodge's 600 million tonne Taysan copper-gold porphyry deposit. Phelps Dodge is the world's second largest copper producer. The company has been exploring the property since 2000. The most recent work of note was the IP geophysics survey on Calo. The geophysical response at Calo was very strong and large. The company is drilling this anomaly currently.

Geology and Mineralization: The Batangas district is a large copper-gold porphyry/epithermal system with multiple targets.

Current Developments: The company intends to advance the Calo and El Paso copper-gold porphyry projects in 2007 and 2008. Management has indicated Calo is the best copper-gold porphyry target they have seen to date. The commencement of drilling at Calo was announced early in 2007, and 5 drill holes have been released. These holes did not intersect economic mineralization but had alteration features consistent with the outer halo of a copper-gold porphyry system. The company intends to drill at least 7 holes totaling 3,500 meters. This is a preliminary drilling program and will be widely spaced. A closely spaced Phase II drilling program is planned. Planned work at the El Paso target is subject to the receipt of an Exploration Permit.

Resource Estimates: The SW Breccia Gold deposit has an NI 43-101 compliant resource estimate of 66,920 ounces of gold indicated and inferred. The company is not pursuing the project at this time.



Source: Mindoro Resources

Surigao

Property Overview: The Surigao properties total more than 26,000 hectares. The district contains porphyry copper-gold, epithermal gold-silver, and nickel laterite projects. The priority project at this time is the Agata nickel laterite project.

Ownership: Mindoro had originally joint ventured 40% of their 75% interest to Panoro Minerals Ltd. In March 2007, the company purchased their joint venture partner's 40% interest, bringing Mindoro's total interest to 75%. The company has option agreements to purchase the remaining 25% interest from its Philippine partner at feasibility stage.

Historic Exploration/Production: The company has carried out initial drill testing of the Agata and Taipian San Francisco copper-gold porphyry targets. The Tapian Main deposit was a producing mine operated by the Tapian Surigao Gold Mine Inc. in the 1940s. They operated a 100 tpd cyanidation mill which has since been decommissioned.

The Surigao district also hosts the Boyongan and Bayogo porphyry copper-gold deposits owned by Anglo American (LSE:AAL). The Boyongan project has a resource estimate of 219 million tonnes grading 0.51% copper and 0.74 g/t gold. The Bayogo property is being drilled.

Accessibility and Infrastructure: The Surigao district covers land from the Mindanao Eastern Ridge to the coast. Land use is dominated by forest and agriculture, including coconut, bananas, and food crops.

Geology and Mineralization: The company believes the Surigao region is an emerging copper-gold district, which will become a major producer in years to come. The property is prospective for copper-gold porphyry and epithermal gold-silver deposits that are associated with the Philippine Fault. According to the Surigao Technical report, the Eastern Highlands has potential for shallow, epithermal systems, and the Western Range has potential for deeper copper-gold porphyry deposits.

Current Developments: The company is drilling the Agata nickel laterite prospect. No other work is planned at this time.

Resource Estimates: There are no resource estimates on the property at this time. A NI 43-101 compliant resource estimate is expected for the Agata nickel laterite in 2007.

Pan de Azucar

Property Overview: The Pan de Azucar project is the least advanced of the company's three district holdings. Although the company's priorities lie elsewhere at this time, the Pan de Azucar property does offer good potential.

Ownership: The company entered into an option agreement with a private Philippines company, Minimax Mineral Exploration Corp., in 1997. The company has earned a 40% interest in the property with the potential to earn 75%.

Historic Exploration/Production: The property was drilled in 2000, and 2001, with good results. The market was not good at the time and MIO did not continue with the project.

Geology and Mineralization: The target at Pan de Azucar is a massive sulfide deposit and copper-gold porphyry projects.

Current Developments: The company intends to joint venture this property. Through joint venture, the company can participate in exploration success while minimizing risk and dilution.

Resource Estimates: This project does not have any historic or NI 43-101 compliant resource estimates at this time.

Mindoro's management has strong technical experience in prospecting and exploration. They also are experienced in the Philippines, as they have been working there since 1996.

Management

Gerhard F. Kirchner, Ph.D., P.Eng. - Chairman of the Board
Dr. Kirchner has been a director of Mindoro since 1996 and became the company's Chairman in June 2004. He has 40 years of international mine development and management experience including 20 years with Uranerz Exploration and Mining Ltd. At Uranerz, Dr. Kirchner spent nine years as General Manager and 11 years as Senior Vice President. He was responsible for the Key Lake uranium discovery and the engineering and development of projects such as the Midwest uranium deposit, Eagle Point North uranium deposit, Star Lake gold deposit and the Crow Butte ISL uranium deposit.

Previous to his work with Uranerz, Dr. Kirchner spent six years developing and managing the Kamoto Mine in Kolwezi, Zaire; four years consulting on mining and civil engineering projects in several countries including Surinam, Nigeria and Congo; five years as a mine superintendent and exploration manager in Greenland where he discovered the Molybdenum Porphyry Erzberg; and three years as a project engineer on dams in Austria and Japan and road projects in Saudi Arabia.

Dr. Kirchner received a multidisciplinary education in mining engineering and economic geology and a Doctorate in Mining Sciences from the University of Leoben, Austria.

James Anthony (**"Tony") Climie, B.Sc., P.Geol. - President, CEO and Director**
Mr. Climie is a hands-on, field oriented geologist with over 35 years of international mineral exploration experience in New Zealand, Australia, Canada, United States, Africa, Central and Southeast Asia. In 1996, Mr. Climie co-founded Mindoro Resources Ltd. and has been spearheading and managing its exploration programs in the Asia-Pacific Region.

Previous to his work with Mindoro, Mr. Climie spent three years as Vice President Exploration with Uranerz Group, developing and managing international uranium, diamond and gold exploration programs. His work led to the discovery evaluation of gold deposits in Canada and the United States, including the Nike/Converse deposit in Nevada. Mr. Climie also spent two years consulting in Canada and the United States and six years as Exploration Manager of CEGB Exploration (Canada). In his seven years as Chief Geologist/Exploration Manager of AGIP Canada minerals division, Mr. Climie managed the discovery and evaluation of the Mt. Skukum gold mine in the Yukon, the Wolf Lake uranium deposit in

Saskatchewan and the Damp polymetallic deposit in the Northwest Territories. He was also instrumental in the acquisition of interest in the pre-discovery McArthur River uranium project in Saskatchewan.

Mr. Climie's other work includes four years with Noranda in Canada as Project Geologist/District Geologist where he directly participated in the discovery of the Mazenod Lake copper-cobalt deposit in the Northwest Territories; four years with Noranda in Australia, where he directly participated in discovering the Koongarra uranium deposit in the Northern Territory; two years in New Zealand with a government agency and a junior mining company.

Mr. Climie has a Bachelor of Science (Hons.) degree from Victoria University of Wellington, New Zealand.

Penny Gould, B.Ed. - Executive Vice President, CFO and Corporate Secretary
Ms. Gould has been with Mindoro since April 1996 and brings 20 years of business development and administration skills to the team. Supplementing her management experience is an education background specializing in teaching financial management, information processing, and computer software. Since 1996, Ms. Gould has played an integral role in equity offerings for Mindoro of over $12 million. As a member of the Canadian Investor Relations Institute and having completed the Canadian Securities Course, she has particular expertise in the field of regulatory corporate compliance.

Ms. Gould has a Bachelor of Education degree from the University of Alberta, Canada.

Marshall L. Farris - Director
Mr. Farris is a co-founder and Principal of Ascenta Capital Partners Inc., an investor relations consulting firm providing strategic counsel, investor relations planning, investor and media outreach and corporate communications services to Canadian public companies. In addition Mr. Farris is co-founder and Principal of Ascenta Finance Corp., a registered limited market dealer in Canada, providing corporate finance and financial consulting services to Canadian public and private companies.

During the past sixteen years, Mr. Farris has assisted numerous public and private companies with their corporate operations, capital development, investor relations, and regulatory compliance activities.

Oscar S. Reyes, B.A., M.B.A. - Director
Mr. Reyes is a distinguished and highly respected businessman with 37 years of business management experience in the Philippines. Mr. Reyes held a variety of executive positions with Shell Oil in the Philippines, including Chairman and Chief Executive Officer. Under Mr. Reyes' leadership, the large offshore Malampaya oil and gas project was brought into production in 1998.

Mr. Reyes is the former Managing Director of Shell Exploration B.V., a former Director of Philipinas Shell Petroleum Corp. and presently holds directorships in a number of major

Philippine companies, including Sun Life Prosperity Dollar Advantage Fund Inc. He is also a member of the Advisory Boards of Philippine Long Distance Telephone Co. and JG Summit Holdings.

Mr. Reyes is a member of a number of professional organizations including the Management Association of the Philippines, Financial Executives Institute of the Philippines, Canadian Chamber of Commerce of the Philippines, Philippines-British Business Council and World Energy Council (Philippines) Foundation, Inc.

Mr. Reyes has a Bachelor of Arts (Major in Economics) degree from Ateneo de Manila, the Philippines; and a Master of Business Administration from the Ateneo Graduate School of Business Administration, the Philippines.

A. Robson Garden, Q.C., B.A., LL.B. - Director
Mr. Garden, a resident of Calgary, is a senior partner in the law firm MacPherson Leslie & Tyerman and has more than 30 years' experience in his primary areas of practice: natural resources law, labour and employment law, and administrative law. . Mr. Garden has negotiated mineral exploration joint ventures on behalf of an international client as well as major construction and engineering contracts on behalf of mining company corporate clients. He has also negotiated collective agreements on behalf of a number of national clients. He has also served as an interest and rights arbitrator.

Since 1978 Mr. Garden has worked extensively with mining corporations and mining joint ventures, including serving as general counsel for Uranerz Exploration and Mining Ltd., the Canadian subsidiary of a major German mining corporation; Key Lake Mining Corporation; and Cigar Lake Mining Corporation. He has also served as corporate secretary to several corporations and mining joint ventures in Saskatchewan and regularly advises several resource-based clients in Alberta.

For the last three years Mr. Garden has served as a director of Golden Band Resources, a Canadian exploration company based in Saskatoon, Saskatchewan.

Doug Frondall, CA - Director
A graduate of the University of Saskatchewan, Doug Frondall is a Chartered Accountant, Certified Management Accountant, Certified Management Consultant and Certified Valuation Analyst with 16 years of experience in public practice. He has been a partner with Virtus Group LLP in Saskatoon, Saskatchewan since 1993 and is currently CEO of Virtus. Mr. Frondall has a professional concentration in mergers and acquisitions, business valuations and business advisory services He frequently addresses business people and professionals on tax planning, general business advisory and management consulting issues.

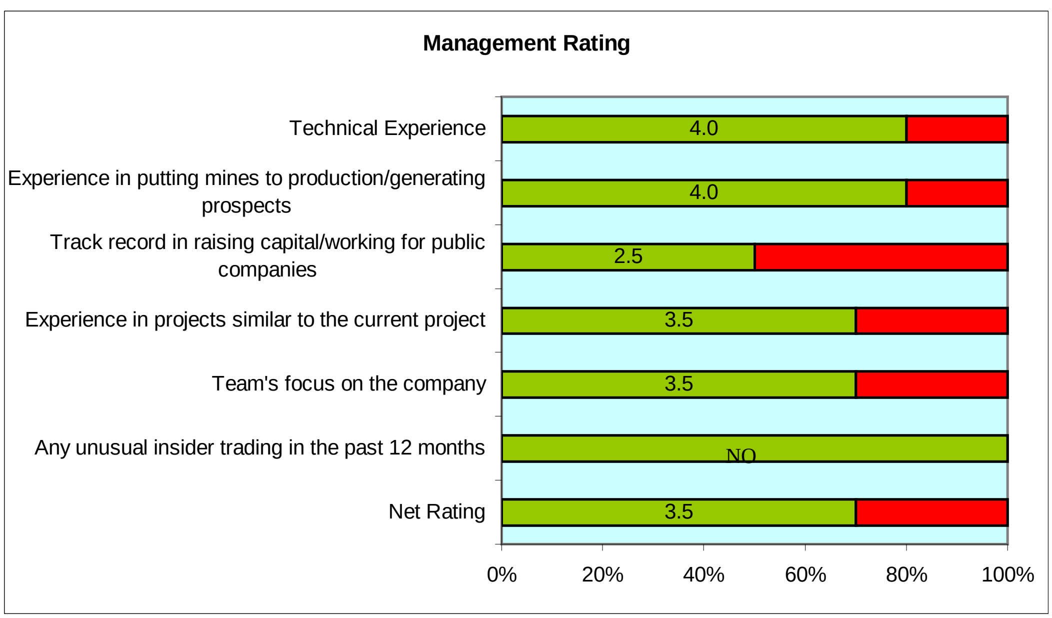
Mr. Frondall's professional membership affiliations include the Canadian and Saskatchewan Institute of Chartered Accountants, The National Association of Certified Valuation Analysts, The Canadian Association of Certified Management Consultants and the Society of Management Accountants of Saskatchewan.

Robert Sarcher, MBA - Director
Robert Sarcher received his Master of Business Administration from the Sparkassenakademie Bayern, Germany. He spent 17 years as an investment consultant with the Stadtsparkasse Augsburg bank, where he was responsible for key account clients, German market research and the investment strategy of the bank. During this time, Mr. Sarcher was a recurring a guest lecturer on investment strategies at the Sparkassenakademie Bayern.

In 1996, Mr. Sarcher started financial.de, one of the first German websites providing continuous financial news for private investors over the Internet. Today, financial.de is one of the leading independent financial news sources in Germany. He founded financial.de.AG in 1998, providing investor relations services to German and foreign companies. Mr. Sarcher has a particular expertise in financial communication with a focus on communication of capital market transactions, capital increases and crisis.

Management Rating

In this report, we introduce our management rating for Mindoro Resources. We believe that the most important aspect of a junior mining company is its management. We developed this system as a quantitative way to rate management based on a number of factors, including technical experience, the ability to raise financing, and management's time commitment to the company. We also analyzed trading records to identify for evidence of unusual trading by management. **Our net rating for Mindoro was 3.5, which we have rated above average.** We rated the company's management highly for several aspects of our rating, due to their many years of technical experience in geology and mining.



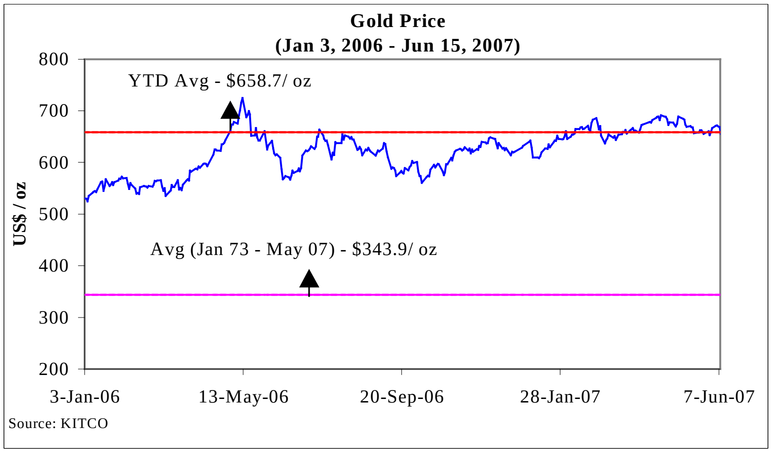
Strength of Board

The Toronto Stock Exchange recommends that the Board of Directors of every company include independent or unrelated directors who are free of any relationship or business that could materially interfere with the director's ability to act in the best interest of the company. An unrelated/independent director can be a shareholder. In this report, we introduce our strength of board rating, which uses information available from the company's annual "Management Information Circular" to ensure that the company has an independent Board of Directors, Audit Committee, and Compensation Board. This report also identifies any non-arms length transactions and management's compensation.

Mindoro's Board of Directors is made up of seven individuals: Tony Climie, Marshall Farris, Gerhard Kirchner, Oscar Reyes, A. Robson Garden, Doug Frondall, and Robert Sarcher. Tony Climie is the only related/non-independent director, as he receives compensation from the company and is a member of management. Of the board, two individuals do not hold any shares: Oscar Reyes and Doug Frondall. The Audit and Compensation Committees are made up of Gerhard Kirchner, A. Robson Garden, and Doug Frondall. Thus, these boards should be considered fully independent. Mindoro does not have any non-arms length transactions.

Outlook for Gold

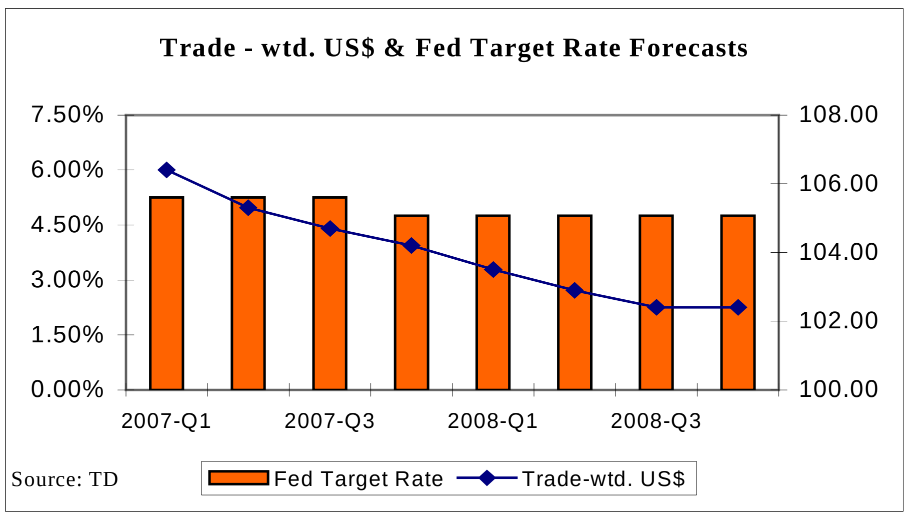
The chart below shows gold prices since January 2006. As of June 15, 2007, gold was trading at $653.10/oz, which reflects a yoy increase of 13.8%.



Prices have not dropped below the historical average price of $343.9/oz since April 2003. The next section presents our study of the macro-economic factors that affect gold prices in the long-term.

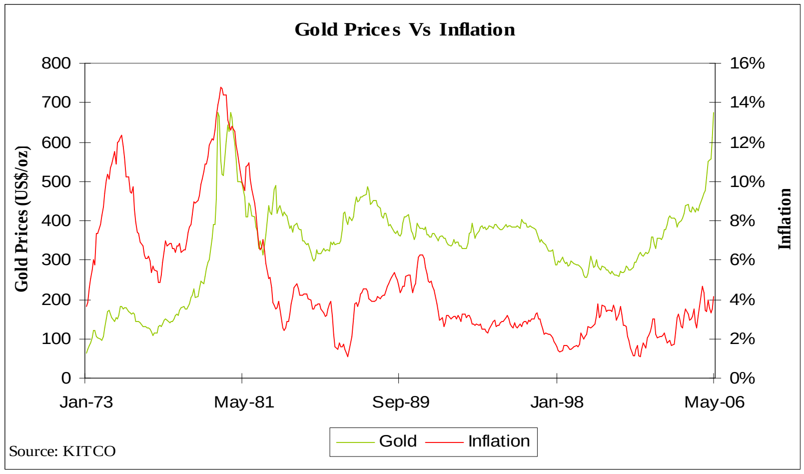
Projected depreciation of the U.S. dollar: Historically, gold prices have been negatively correlated to the U.S. dollar (shown below).

Based on rising global interest rates (U.K, Japan, Europe, Korea, and India), and a projected slowdown in the U.S. economy, the U.S. dollar is forecasted to depreciate with respect to other major global currencies. The chart below shows the forecasts of the U.S. Federal Reserve (Fed) target rates and the US$ against other major global currencies (trade – weighted US$).



As shown in the chart, the trade weighted US$ is expected to depreciate going forward (Note that the Fed is expected to cut interest rates to 4.75% by the end of 2007). The forecasted depreciation of the U.S. dollar, we believe, will support higher gold prices until the end of 2008.

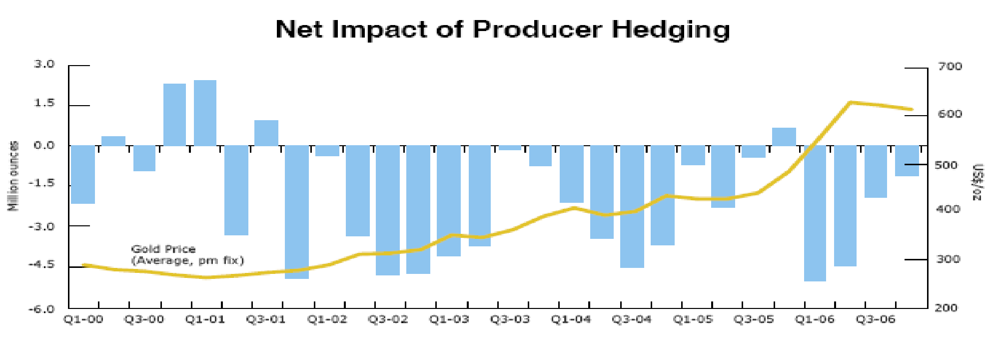
Gold –hedge against inflation and geopolitical risks: Gold is traditionally viewed as a safe-haven asset and regarded as a better hedge against the U.S. dollar and inflation than any other commodity. The chart below shows the relationship between gold prices and inflation. It can be noted from the chart that the price of gold is higher when inflation is higher.



The data indicates the risk-averse tendency of investors to move towards gold when other assets are volatile and more risky. Additionally, there is a tendency for investors to turn to gold as a capital preservation asset during times of higher global geopolitical tensions. Gold has a high value to volume ratio, which makes it easily transferable, with low transport and storage costs. Hence, we do not expect any other commodity to substitute gold as a capital preservation asset.

Solid Investment Demand: As of June 15, 2007, total ETG assets held by two major exchanges, the New York Stock Exchange (NYSE: GLD) and the London Stock Exchange (LSE: GBS), were 18.13 million ounces, which reflects a yoy increase of 28.5% and ytd increase of 4.7%. We believe that it is the steady rise in investment demand, and not physical demand, which will play a more significant role in setting gold prices going forward.

Continued Producer De-hedging: The chart below shows the increase in producer de-hedging since the beginning of the century. The chart also shows the increase in gold prices along with the increase in de-hedging.



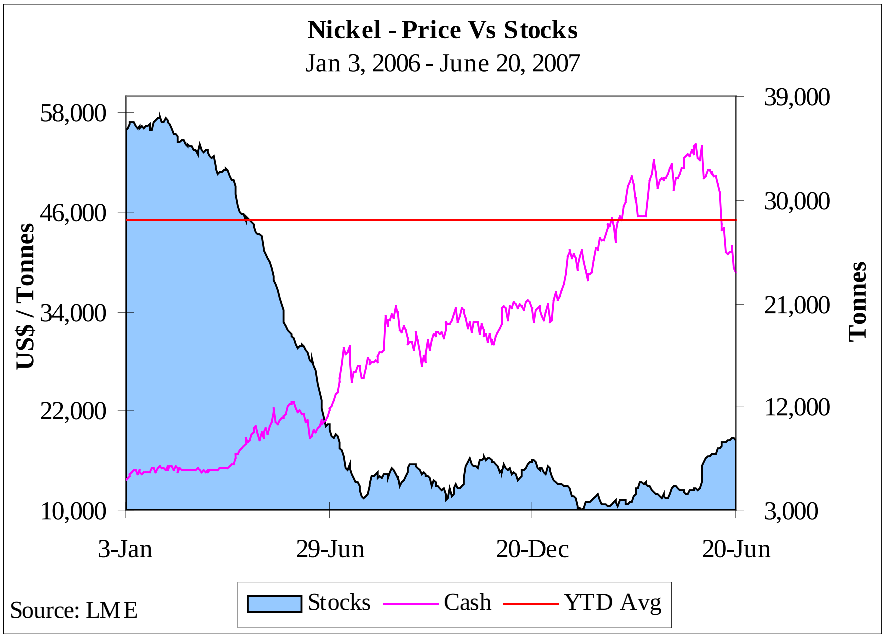
Source: GFMS

Although de-hedging cannot drive gold prices up, we believe it supports the increase in prices. We expect the trend to continue (increasing producer de-hedging), which will support gold prices going forward.

Forecast: We believe that the long-term outlook on gold prices is positive and that prices will stay high as long as gold is perceived as a capital preservation asset. Based on a forecasted depreciation of the U.S. dollar, and continued long-term demand for gold as a capital preservation asset, we believe that prices will stay above its historical average of $340/oz. The average forecasts for gold prices are $695/oz in 2007, and $750/oz in 2008.

Outlook on Nickel

Among all metals, nickel prices have experienced the highest appreciation since the beginning of 2006. Prices hit their record high of $24.54/lb in May 2007. However, prices dropped after attaining their peaks, and as of June 20, 2007, nickel was trading at $17.55/lb (cash). Current prices are still up by 13.2% since the beginning of the year.



The recent decline in prices was primarily due to an increase in inventory levels. LME stocks as of June 20, 2007, were 9,042 tonnes (compared to 5,388 tonnes a month ago), an YTD increase of 36.0%. Although stock levels have increased considerably in the past 30 days, we believe that current levels are still low. Based on global daily consumption of 3,600 tpd, current inventories will suffice for only 2 - 3 days.

Rising Demand: Stainless steel accounts for about 65% of global nickel consumption. Nickel is added to steel to make it rust-proof. Demand for nickel is driven by the strong worldwide demand for stainless steel, particularly from China. The expected growth in the Chinese manufacturing and construction industry (based on GDP growth of about 10% p.a in 2007 and 2008) is expected to keep stainless steel demand high. According to the International Stainless Steel Forum (ISSF), global stainless steel production rose by 16.7% YOY to 28.4 Mt in 2006. China’s stainless steel production rose by 68% YOY to 5.3 Mt (18.7% of global production) in 2006. Japan, the second largest stainless steel producer, increased its production by 2.3% in 2006, to 4.1 Mt. We believe that high nickel prices have not affected the demand for stainless steel. According to Goldman Sachs, stainless production in China is expected to rise by 32%, 33% and 23% in 2006, 2007, and 2008, respectively.

Tight Supply: In addition to rising demand, we believe, the expectations of a shortage in supply have led to price increases in 2006, and early 2007. Production at several major mines were lower than expected in 2006, including CVRD's Voisey's Bay Mine, Indonesia's largest nickel miner, PT International Nickel Indonesia (an Inco unit), and BHP Billiton's (NYSE: BHP) Yabulu mine in Australia. Two major projects, Inco Ltd.'s (now CVRD) Goro project in New Caledonia, and BHP Billiton's Ravensthorpe project in Australia, are now expected to start production later than expected. The possibility of a workers' strike at Xstrata's Sudbury mine has also contributed to the recent rise in prices.

Nickel supplies are not expected to meet demand in 2007. Several projects are lined up to commence production during 2007-2010. We believe these will be necessary to meet increasing demand and shortages. However, because the market is very tight, any delays in the commencement of production at new mines, or production stoppages in currently producing mines, would have a large impact on prices.

Forecasts: We believe that surging demand from stainless steel and low inventory levels will keep nickel prices high and volatile in 2007. Although we do not expect prices to stay at current levels in the long-term, we believe that fundamentals will support prices staying above their historical averages. The average forecasted prices for nickel are $18.49/lb in 2007, and $15.00/lb in 2008.

Financial Analysis and Valuation

The table below shows Mindoro's cash and liquidity position at the end of Q1-2007 (ended March 2007). Cash and working capital at the end of Q1-2007 were $2.56 million and $1.94 million, respectively, compared to $3.60 million and $3.15 million at the end of FY2006 (ended December 2006).

	2004	2005	2006	Q1-2007
Cash	1,295,541	1,419,311	3,602,179	2,563,172
Working Capital	1,190,977	1,661,679	3,146,785	1,940,223
Current Ratio	6.1	9.2	5.9	3.4
LT Debt / Assets	-	-	-	-
Cash from financing activities	2,395,626	2,728,714	7,198,122	1,145,140
Burn Rate (including exploration costs)	(116,405)	(217,079)	(417,938)	(728,382)

Recent Financing: In June 2007, the company completed a private placement by issuing 4.08 million units at a unit price of $0.70, and raised $2.85 million. Each unit consists of one common share and one-half common share purchase warrant (exercise price of $1.00 per share in the first year and $1.25 per share in the second year).

In the first 3 months of FY2007, the company had a net loss of $0.37 million (eps: -$0.01) versus $0.44 million (eps: -$0.01) in the comparable period in the previous year. We estimate the company had a burn rate (sum of negative cash flows from operating and investing activities) of $0.73 million per month in the first 3 months of FY2007, compared to $0.42 million per month in FY2006 (12-month period).

Stock Options and Warrants: At the end of May 2007, the company had 3.93 million stock options outstanding with a weighted average exercise price of $0.57 and weighted average time to maturity of 2.90 years. The company also had 7.11 million warrants outstanding with exercise price ranging between $0.70 - $1.25, and expiry dates between December 2007 – May 2009.

We believe the value of the company should exclusively come from the three most advanced projects in its portfolio of assets at this time - the Agata Nickel Laterite and Batangas (Kay Tanda and SW Breccia) Projects. We valued the projects using a discounted cash flow (DCF) method. The tables below show a summary of the valuation models.

Agata Nickel Laterite Project	
Resource (in tonnes)	7,000,000
Nickel Grade	0.9% - 1.2%
Contained Nickel (in lbs)	148,150,639
Production Commencement	mid 2008
Nickel Ore Shipped (tonnes p.a.)	700,000
Mine Life (in years)	10
Nickel Price Forecasts	$US12/lb in 2008-10, US$10/lb in 2011 - 12; US$8/lb - 2012+
Shipping and Selling Costs	2.5% of Revenues
Operating Costs - extraction (US$/tonne)	$10.0
Capital Costs - in $mm	$3.00
Discount Rate	12%
Net Present Value	$107,525,679
Mindoro's Share (75%)	**$80,644,259**
No. of Shares (diluted)	77,907,494
Value per share	**$1.04**

Batangas Project (Kay Tanda and SW Breccia)		
	Kay Tanda	**SW Breccia**
Resource (in tonnes)	17,500,000	300,500
Gold Grade (gpt)	1.22	6.29
Silver Grade (gpt)	3.20	
Recovery (Gold)	75.0%	75.0%
Recovery (Silver)	40.0%	
Recovered Gold (in troy oz)	514,814	45,602
Recovered Silver (in troy oz)	720,177	
Production Commencement	2011	
Mill Processing (tpd)	5,000	
Mine Life (in years)	11.0	
Long-term Gold Price (in US$)	$550	
Long-term Silver Price (in US$)	$11	
Average Operating Costs ($/tonne)	$5.0	
Capital Costs (incl. purchase costs) - in $mm	$40.00	
Discount Rate	12%	
Net Present Value	$35,029,533	
Mindoro's Share (75%)	**$26,272,150**	
No. of Shares (diluted)	77,907,494	
Value per share	**$0.34**	

Our DCF valuation on the Agata Nickel Laterite Project is $1.04 per share, and the total valuation on the Batangas Projects (Kay Tanda and SW Breccia) is $0.34 per share. The table below shows a summary of the combined valuation of the projects.

Valuation Summary	
	Value per share
Agata Nickel Laterite Project	$1.04
Batangas Project (Kay Tanda and SW Breccia)	$0.34
Working Capital	$0.06
Total value per share	**$1.43**

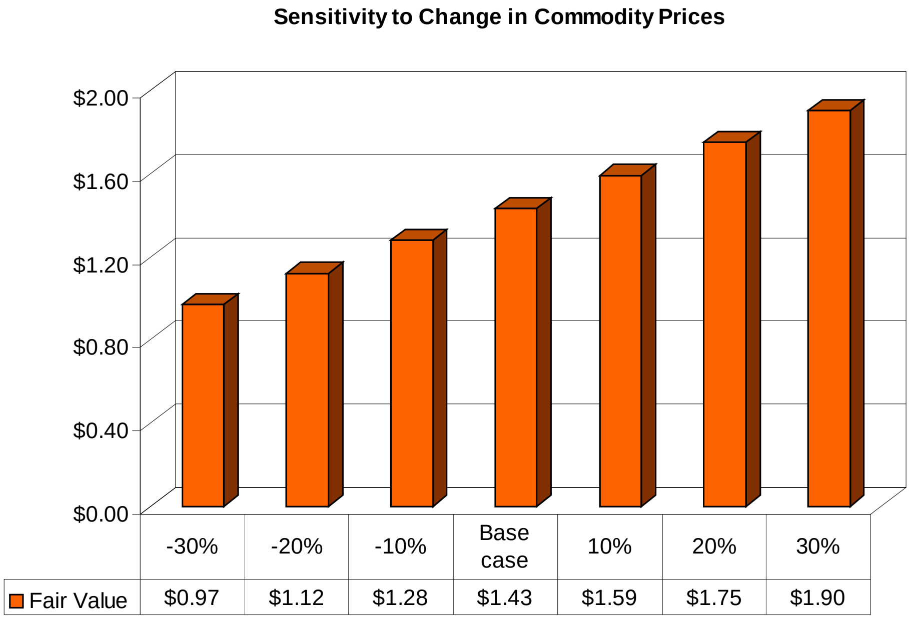
Resource estimates used for valuation:

Agata Nickel Laterite Project: The valuation model assumes that the company will be able to delineate enough ore to provide 10 years of DSO at 700,000 tonnes/year.

Kay Tanda Project: We have used the exploration target (17.5 million tonnes at a grade of 1.22 g/t gold and 3.2 g/t silver), calculated by Golder Associates, with the higher cut-off of 0.5 g/t gold, for conservatism.

SW Breccia: We have used a resource estimate of 300,500 tonnes (indicated + half of inferred), with a grade of 6.29 g/t gold. We have assumed that the resource at SW Breccia will be processed at Kay Tanda in the later stages of production at Kay Tanda.

Sensitivity of fair value to changes in commodity prices: The fair value of the company depends heavily on commodity prices. The chart below shows the sensitivity of the company's fair value to changes in commodity prices.



As shown in the chart, the fair value of the company ranges between \$0.97 - \$1.90, as commodity prices change by ±30%.

We believe Mindoro is poised to take advantage of their advanced properties by developing them in the next few years. They also have good long-term growth potential, as they have a number of interesting copper-porphyry targets on their district scale projects. Mindoro is well managed, with notable experience in navigating the political and social issues specific to the Philippines. This is a significant advantage for the company. Their key projects are fully permitted under a Mineral Production Sharing Agreement (MPSA).

Ratings

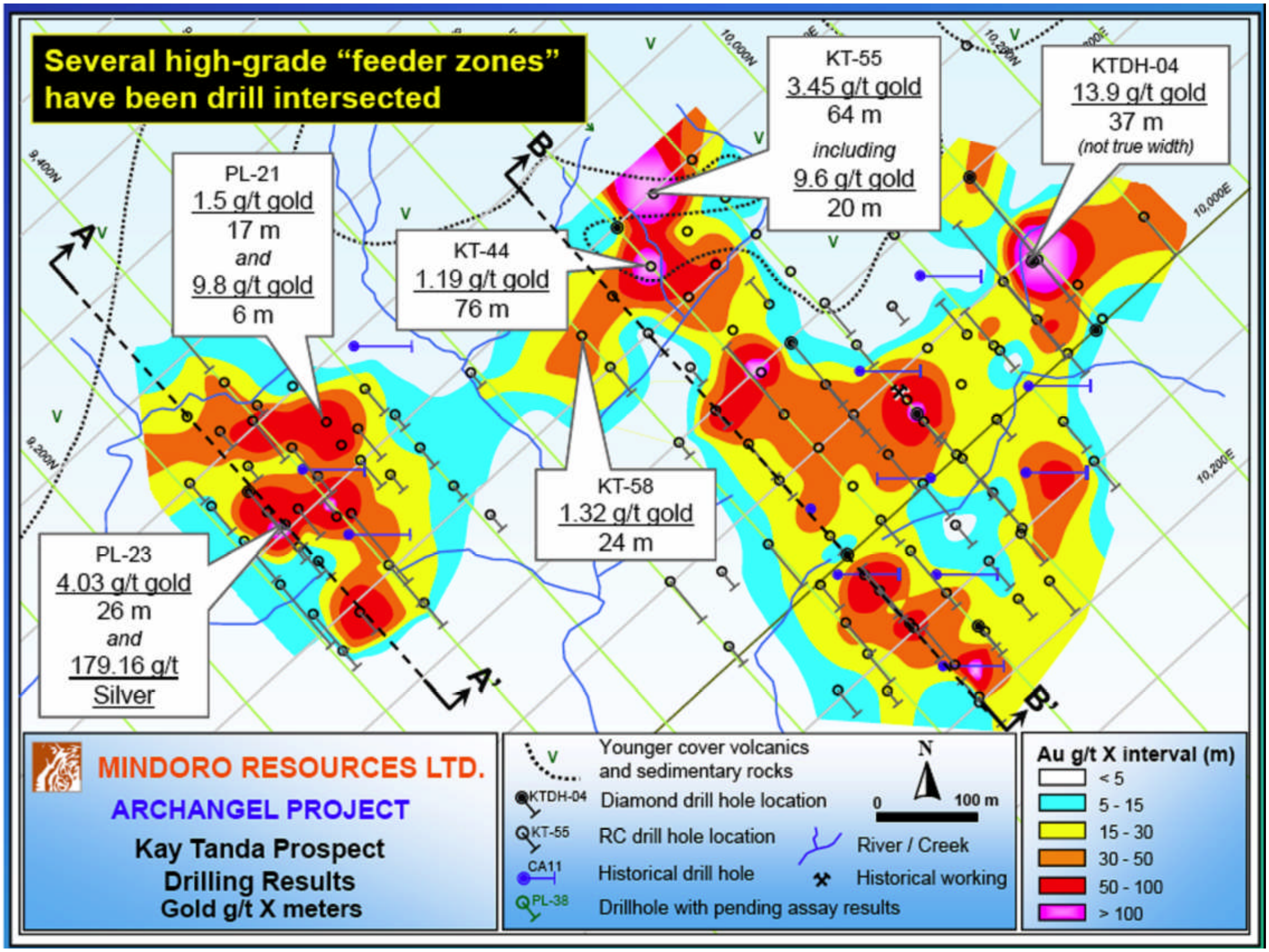
Based on our valuation models and analysis of the company's projects, we initiate coverage on Mindoro Resources Ltd with a BUY rating and a fair value estimate of $1.45 per share. Our fair value estimate reflects an upside potential of 31.8% from current price levels. We believe the stock could move closer to our fair value estimate as the company releases a 43-101 compliant report on the Kay Tanda project (expected in summer 2007).

Risks

The following risks, though not exhaustive, may cause our estimates to differ from actual results:

- The company has not defined any NI 43-101 compliant resource estimates and does not currently have any operating mines.
- The success of drilling, expansion and determination of favorable resource estimates are important long-term success factors for the company.
- The company is subject to dilution risk as they attempt to advance a number of projects simultaneously.
- The value of the company depends on commodity prices.
- The success of the company is subject to political and sovereign risk.

Appendix



A summary of drilling results at Kay Tanda.
Source: Mindoro Resources Ltd.

Fundamental Research Corp. Equity Rating Scale:
Buy – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk
Hold – Annual expected rate of return is between 5% and 12%
Sell – Annual expected rate of return is below 5% or the expected return is not commensurate with risk
Suspended or Rating N/A— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

Fundamental Research Corp. Risk Rating Scale:
1 (Low Risk) - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

2 (Below Average Risk) - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

4 (Speculative) - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

5 (Highly Speculative) - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues, and may rely on external funding. These stocks are considered highly speculative.

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The distribution of FRC's ratings are as follows: BUY (85%), HOLD (7%), SELL (4%), SUSPEND (4%).
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