

MUNDO MINERALS JUNE QTR 09: IMPROVEMENT IN OPERATIONAL PERFORMANCE HAS TARGETS MET

Operational	Jun Qtr	Mar Qtr	Change
Production (oz) #	6,100	5,588	9%
Head Grade (g/t)			
Average Price Received (A\$/oz)	1,205	1,369	-12%
Total Cash Cost (A\$/oz) *	698	778	-10%
Gross Margin (A\$/oz)	507	591	-14%
Other Investment Activities			
Capital Expenditure (A\$/oz)	98	107	
Exploration/Evaluation (A\$/oz)	27	20	
Total Other Investment (A\$/oz)	125	127	
Corporate Expenditure			
Net Finance Cost (Revenue) (A\$/oz)	4	2	
General Administration (A\$/oz)	190	207	
Total Corporate Costs (A\$/oz)	194	209	7%
Cash Surplus (Deficit) (A\$/oz)	188	255	-26%
Balance Sheet Performance			
Cash Balance (A\$m)	1.2	1.4	-15%
Interest Bearing Loans (A\$m)	5.8	6.0	-2%
Hedging Liability (A\$m)	-	-	
Share Capital			
Shares Outstanding (m)	146.8	146.4	-0.3%
Director Holdings	18.6	18.7	-0.4%
Director Holdings (%)	12.69%	12.78%	-0.7%
Share Price (A\$) (End of Qtr)	0.385	0.41	-6%

Estimate based on monthly production bar chart.

* Includes development costs.

Operational

- Mundo Minerals (MUN) has had a fairly robust June quarter with production at Engenho increasing 9% to 6,100 oz and the total cash cost declining 10% to A\$698/oz. The cash cost for the months of May and June were reportedly A\$650/oz. Fully developed ore, as at the end of June 09, included 45,300 tonnes of stoping ore representing 5,170 oz. This compared favorably with the 36,243 tonnes for 4,000 oz as at 31 March 09.

- A 30-tonne truck was rented during the quarter to test the effectiveness of using a larger tonnage truck in the mine. Current testing has confirmed the effectiveness of using the larger trucks and an efficiency study is expected to be completed next month based on 2 trucks acquired on a rent/buy arrangement.
- Trial mining continued at Torrecillas in Peru with focus on 13 Level. Development along this level is confirming what was encountered on the 12 Level with continuity established. Trial mining continued to be stable with an average grade of greater than 23g/t achieved and production of approximately 1,350 oz. Production is expected to increase in future months, as will expenditure on testing the other veins to allow a full feasibility study to be completed by mid 2010.
- The average gold price received during the quarter declined 13% to A\$1,205/oz. Gross margins thereby fell 14%.

Investment

- Planned capital expenditure during the quarter included a lift in the tailings dam height and an expansion for the ROM (run-of-mine) pad. This work is due to be completed by the end of August. The expansion of the ROM pad will allow larger stockpiles to be maintained on the surface, facilitating better blending of the ore sources and more effective grade distribution through the mill. Additional space will also be provided for ore sources expected to be delivered to the mill during the next 12 months (such as Crista). Capital expenditure declined marginally during the quarter to A\$98/oz.
- Exploration for the quarter concentrated on Crista (1.6 km north of Engenho) with an initial 6-hole diamond drilling program. Highlights include:
 - 9.5m @ 4.71 g/t from 42m
 - 5.2m @ 15.02g/t from 49m
 - 3.3m @ 12.49g/t from 61.5m
 - 0.7m @ 17.7g/t from 58m.

Additional drilling has been approved to delineate an initial resource for Crista, enabling mining to commence in 2010. Mundo plans to assess the Crista resource firstly to a depth of 80m. After an initial open pit, it is envisaged that extraction of ore will be achieved through underground development.

- Anomalous gold through trenching at Olhos North has provided encouraging results:
 - 2.4m @ 2.02g/t
 - 6m @ 11.38 g/t
 - 3.6m @ 3.27 g/t
 - 3.65m @ 5.68 g/t
 - 11m @ 2.2g/t

Corporate

- Administration costs for the quarter declined on a per oz basis thanks predominantly to the higher production rate achieved.

Cash Surplus/Deficit

- The cash surplus for the quarter declined 26% to A\$188/oz due primarily to the drop in the average gold price received.

Balance Sheet

- The cash balance for the June quarter declined marginally to \$1.2m. A\$153,000 worth of gold is held at the refinery. Another A\$186,000 was repaid in borrowings.
- Brazilian regulatory authorities have recently approved the sale of indirect tax credits allowable under certain conditions in Brazil. It's expected this sale will realize A\$650,000 for Mundo. The company reports all projected expenditures for the next period are fully funded from expected future cash flows from mining operations.

Share Capital

- Share capital and directors holdings remained steady for the quarter.
- The share price fell marginally over the quarter to \$0.385.

Closing Comments

Mundo appears to be tracking according to plan with production steadily increasing and cash costs moderating. Exploration at Crista has been successful to date and it will be interesting to see what the follow up program uncovers. Cash continues to be tight, but Engenho remains cash flow positive and the A\$650,000 tax credit will be a welcome boost over the short term.

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