



RESEARCH

TOLHURST

Mundo Minerals MUN

Short Term (<12m)

Long Term (>12m)

Last Price	Price Target	Risk Rating	Date	Sector
\$0.33	\$0.45	High	20 Mar 2007	Gold

Project Update – excellent progress across the board

Event

Project Update shows all three key projects have progressed significantly.

Impact

The excellent progress made to date should give investors confidence in this recently listed company, particularly given the high quality of the projects held.

Response

Final feasibility study for the Engenho gold project in Brazil, (the most advanced project held by Mundo) is on schedule to be presented to the board in mid April 2007, with site works scheduled to commence shortly thereafter.

In addition further reviews of the old Anglo drill data has revealed the presence of a significant exploration target within easy truckable distance of the planned plant at Engenho (2kms away). A gold anomaly has been identified here, which is approximately 300m long and 50-100m wide.

Commercial assessment of the high grade Torrecillas gold project in Peru is close to completion, and is on track for a decision to be made on whether or not to proceed with the project by the April 15 2007 deadline.

The RAB drilling is due to recommence at the Tocantins gold project in Brazil shortly. This is the least advanced project held.. but has significant exploration upside potential given its location on a major greenstone belt.

Given the delays in receiving assays results back from local laboratories, Mundo has taken the decision to establish an assay laboratory at the Engenho Gold project. This will be used for internal exploration assays, and also production assays once production commences at Engenho. External assay laboratories will be used to check significant assays.

Outcome

- Mundo remains one of our preferred exploration companies, with an enviable portfolio of assets, and projects varying from development (Engenho), advanced exploration (Torrecillas) and grass roots (Tocantins).
- The company has made significant progress over the brief time it has been listed.
- We currently have a valuation of \$0.41 on the company, with no value attributed to either Tocantins or Torrecillas, thus we see significant upside potential in this valuation

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Analyst Cathy Moises

Market Stats

Market Capitalisation	\$m	\$20
Shares Outstanding	m	65.5
12 Month Price Range		\$0.25 - \$0.39
Monthly Turnover	\$m	0.8
Monthly Volume	m	2.8
Monthly T'over (of total)	%	4.3%

Fundamentals

	2006A	2007E	2008E	2009E	
Net Profit	\$m	-	-2.2	-3.2	1.7
EPS	¢	-	-2.2	-3.2	1.7
EPS Growth	%	-	-	-	492.7
PE	x	-	-15.1	-10.2	19.4
DPS	¢	-	0.0	0.0	0.0
Yield	%	-	0.0%	0.0%	0.0%
Gross Yield	%				
Franking	%	0	0	0	0
P/CF	x	-	48.0	48.3	4.0

Forecast Returns

	% Return
Forecast Price Appreciation	36.0
Expected Dividend Yield	0.0
Total Forecast Return	36.0

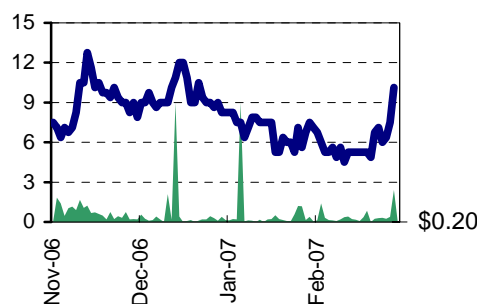
Significant Shareholders

Nil

Management

Management	Position
Mr George Jones	Chairman
Mr John Langford	MD/CEO
Mr Brian Hurley	Director
Mr Barry Eldridge	Director
Mr Robert McKenzie	Director
Mr Michael Schmullian	Director

Share Price Chart – 1 Year



Map of latest drill results. Source Bolnisi Gold

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Mundo Minerals: Reserves and Resources

RESOURCES (in addition to reserves)	Tonnes m	Grade g/t	% copper	Gold k Oz	Copper k t
Engenho	1.8	5.59		327	
Total	1.8	5.64		327	

Mundo Minerals: Valuation Summary (All numbers in A\$ unless stated otherwise)

VALUATION SUMMARY	
Operations	NPV (\$M)
Engenho	31.4
Exploration	3.0
Sub Total Operations	34.4
Investments	0.0
Financial	
Forward sales	0.0
Cash	12.3
Total Borrowings	0.0
Corporate/Other	-5.3
Sub Total Financial	7.0
Total Valuation, \$m	41.3
Valuation per share	\$0.41

Commodity Price Assumptions		2006E	2007E	2008E	2009E	2010E
Gold Price	(US\$/oz)	630.0	639.2	527.8	500.0	500.0
Silver Price	(US\$/oz)	12.0	13.2	11.0	10.5	10.5

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Last Price \$0.33 Price Target \$0.45 Risk Rating High Date 20 Mar 2007 Sector Gold

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Mundo Minerals: Financial Summary (All numbers in A\$ unless stated otherwise)

PROJECT METRICS	2006a	2007E	2008E	2009E	2010E	PROFIT & LOSS (\$M)	2006a	2007E	2008E	2009E	2010E
Engenho						Sales	-	0.0	0.0	18.4	18.4
Ore Milled	(k t)	0.0	0.0	0.0	180.0	180.0	Fwd Prem	-	0.0	0.0	0.0
Head Grade - Au	(g/t)	0.0	0.0	0.0	5.2	5.2	Interest Rec.	-	0.3	0.2	0.1
Recovery - Au	(%)	0%	0%	0%	93%	93%	Other Income	-	0.0	0.0	0.0
Production - Au	(k oz)	0.0	0.0	0.0	28.0	28.0	Total Revenue	-	0.3	0.2	18.5
Cash Cost	(\$/t)	0	0	0	53	53		-	0	0	0
Cash Cost	(A\$/oz)	0	0	0	341	343	Operating Costs	-	0.0	0.0	9.5
Total Cost	(A\$/oz)	0	0	0	460	462	Royalty	-	0.0	0.0	0.8
							Exploration W/loff	-	1.4	1.9	2.0
							Operating Costs	-	1.4	1.9	12.3
								-	0.0	0.0	0.0
							Dep/Amtz	-	0.0	0.0	2.5
							Interest Exp.	-	0.0	0.5	1.0
							Corporate	-	1.0	1.0	1.0
							Other	-	0.0	0.0	0.0
							Total Costs	-	2.4	3.4	16.8
								-	0	0	0
							Pre-Tax Profit	-	-2.2	-3.2	1.7
							Tax Provision	-	0.0	0.0	0.0
							Net Profit	-	-2.2	-3.2	1.7
							Minorities	-	0.0	0.0	0.0
							Attrib Net Profit	-	-2.2	-3.2	1.7
							Abnormal	-	0.0	0.0	0.0
							Reported profit	-	-2.2	-3.2	1.7
							BALANCE SHEET (\$M)	2006a	2007E	2008E	2009E
							Current Assets				
							Cash	-	7.4	5.2	4.2
							Receivables	-	0.0	0.0	0.0
							Inventories	-	0.0	0.0	0.0
							Other	-	0.0	0.0	0.0
							Total	-	7.4	5.2	4.2
							Non-Current Assets				
							PP&E	-	8.7	22.2	20.8
							Explor.&Development	-	0.1	0.1	0.1
							Intangibles	-	0.0	0.0	0.0
							Inventories	-	0.0	0.0	0.0
							Investments	-	0.0	0.0	0.0
							Receivables	-	0.0	0.0	0.0
							Other	-	0.0	0.0	0.0
							Total	-	8.8	22.3	21.0
							Total Assets	-	16.2	27.5	25.2
							Current Liabilities				
							Borrowings	-	0.0	0.0	0.0
							Creditors	-	0.1	0.1	0.1
							Provisions	-	0.0	0.0	0.0
							Other	-	0.0	0.0	0.0
							Total	-	0.1	0.1	0.1
							Non-Current Liabilities				
							Borrowings	-	0.0	14.5	10.5
							Creditors	-	0.0	0.0	0.0
							Provisions	-	0.0	0.0	0.0
							Other	-	0.0	0.0	0.0
							Total	-	0.0	14.5	10.5
							Total Liabilities	-	0.1	14.6	10.6
							Net Assets	-	16.1	12.9	14.6
							Shareholders Equity				
							Share Capital	-	18.2	18.2	18.2
							Reserves	-	0.0	0.0	0.0
							Retained Profits	-	-2.1	-5.3	-3.6
							Shareholders equity				
							attrib to LVR	-	16.1	12.9	14.6
							Outside Equity Interest	-	0.0	0.0	0.0
							Total Shareholders				
							Equity	-	16.1	12.9	14.6

Source

e: The Company, Tolhurst Research

Disclosure of Interest

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Explanation of Tolhurst's Recommendation and Risk Rating system:

Recommendations are assessments of each Tolhurst Analyst's view of potential total returns over Short Term and/or Long Term time horizons. A Short Term time horizon is less than 12 months; a Long Term time horizon is greater than 12 months.

Expected total Return is measured as (capital gain (or loss) + dividend)/purchase price

We have divided our recommendations into five main categories:

Buy: Expected Total Return more than 20%.

Accumulate: Expected Total Return between 5% - 20%

Hold: Expected Total Return between -5% and 5%

Sell: Expected Total Return less than -5%

Risk Ratings:

Risk is a subjective assessment of overall risk within a company including price volatility and earnings variability, external liquidity, and size. We divide our risk into three categories:

High: Company typically has high price volatility and earnings variability, low external liquidity and has a small market capitalisation.

Medium: Company typically has moderate price volatility and earnings variability, external liquidity and a medium size market capitalisation.

Low: Company typically has low price volatility and earnings variability, high external liquidity and is a large size market capitalisation.

Analyst verification

I verify that I, <your name here>, have prepared this research report accurately and that any financial forecasts and recommendations that are expressed are solely my own personal opinions. In addition, I certify that no part of my compensation is or will be directly or indirectly tied to the specific recommendation or financial forecasts expressed in this report.

This report has been reviewed by peers within the research department.

Tolhurst Ltd ("Tolhurst") acted as the underwriter to Mundo Mineral's Initial Public Offer ("IPO") and for these services Tolhurst received an underwriting fee of 4% of the underwritten amount of \$15 million and a management fee equal to 1% of the funds raised by the IPO.

Tolhurst also assisted Mundo Minerals in its seed capital raising in July 2006 for which it received fees totalling \$175,000. A director of Tolhurst, Mr M Wigzell, also acquired seed capital in March 2006 at an average price of 6.7 cents per share. Mr Wigzell along with other representatives of Tolhurst received sub-underwriting fees in the IPO and Mr Wigzell also received an introduction fee from Tolhurst Noall.