

**Mundo Minerals Limited**  
**Annual General Meeting 24 November 2009**  
**Chairman's Address**

**OPENING**

Good morning and welcome to the 2009 Annual General Meeting of shareholders for Mundo Minerals Limited.

My name is Barry Eldridge and I would like to take this opportunity to introduce my fellow directors and executives of the Company.

You have met the chief executive officer of the company, John Langford, who has just completed his presentation of the activities of the company; other directors present are Brian Hurley and Rob McKenzie. Also present is our company secretary, Joe Mobilia, and the Chief Operating Officer, Andrew Law.

I also welcome John Sibenaler who is representing our Auditor Deloitte Touche Tohmatsu.

I don't intend to spend time today reflecting on the external economic activities over the past 12 months or so. I have no doubt you are well aware of what has happened and have access to the same commentary we have. What I do want to do briefly is reflect on Mundo Minerals activities over the past year, what we have achieved and what we expect the next 12 months to deliver. John has provided a more detailed review in his presentation.

You will be aware that we have recently announced some funding support from our major shareholder Anglo Pacific Group. I will discuss the rationale behind this shortly but first my brief overview of what we have achieved in developing the assets. I will also reaffirm observations in John's presentation regarding events that have transpired over the last few weeks that have had a substantial impact on the value of your shares.

### **Engenho Gold Project Brazil**

As you are aware this project is in production and has reached a stable level of production. We have for some time now achieved reliability with respect to ore development and tonnes we have been delivering from the mine. Our planning compared to what we have been achieving through the mill is providing acceptable reconciliations and metallurgically we continue to achieve an average of around 94% recovery which is excellent.

We have missed some production targets which is unacceptable. I can assure you that we have the team very focused on performance and we are focused on ensuring that all short term targets are achieved so they convert to longer term positive performance.

The assets are in good condition, we do have a dedicated and professional team working with us and frankly where targets have been missed, while not trying to make excuses, we have either had an external issue affecting a period's production or we missed the specific target by a small amount.

However, missing these targets does have a cumulative effect and we do not find them acceptable. The team has been working to ensure that issues that affected our production are appropriately addressed.

We are experiencing strong exploration success around our Engenho tenements which provides excellent encouragement for production growth in the near term. We are expecting to increase ounces produced from Engenho to approximately 40,000 ounces during the 2010 calendar year and close to 50,000 in 2011. This is from what we are seeing at Engenho and the new Crista deposit that we hope to have in production mid next year.

The Engenho tenements continue to show strong potential to yield multiple resources and we have a dedicated team looking at this.

Engenho was initially acquired to provide a cash flow to develop other assets but is in its own right developing into a significant strategic asset for your company.

### **Torrecillas Gold Project Peru**

This is continuing to be a most interesting asset for Mundo. We have been developing along one of the vein structures on our tenement holdings in Peru and conducting trial mining activities there. We are pleased with the progress made and continue to average in excess of 20g/t through the toll treatment facility we are using in Peru to treat our ore at this stage.

I am positive you will agree that to average this grade from mining – albeit trial mining – is impressive.

This year should be a watershed year with respect to this project. We will continue current activities as well as undertake development work on two of the other vein structures and move forward with the feasibility study.

Subject to continued success, we expect that we should be in a position to finalise the study and commit to this project late in the 2010 calendar year with the aim of delivering initial commercial production late 2011.

The strategy is to deliver ore through the mill at approximately 15 g/t and establish a sustainable production profile heading towards 100,000 ounces per annum.

We have completed an initial high level scoping study which suggests capital costs should be around US\$35m with operating cash costs of less than US\$400 per ounce. This is a scoping study and will be refined as the project progresses during the year but we have used a reputable engineering group in Peru to prepare the study based on other projects with similar characteristics.

### **Jaqueira Gold Project Brazil**

We have an option over this project and have been looking forward to drilling for some time. The initial drilling programme commenced in September and is expected to continue through until February 2010. Should this programme prove the potential of the dolerite dykes we are testing then we believe that Jaqueira has strong potential to become the third production asset for Mundo Minerals and we look forward to watching how this project develops.

## **Tocantins Gold Project Brazil**

This project is our grass roots exploration project. It is a joint venture in which we have the opportunity to earn up to 80% in the project. During the year we have established interesting exploration targets but frankly we have not focused so much on this project so there is less to update you about Tocantins.

This does not reflect the fact that we are losing interest in this project or have downgraded its potential. The reality is we have only been able to do so much during the period and the success we have been having around Engenho and Torrecillas as well as the potential at Jaqueira have simply meant we have had to prioritise our asset development.

Tocantins is a major greenstone belt and requires systematic exploration. We will continue to do this and expect an increasing focus here during the next 12 months.

## **Our Team**

I would also like to express my appreciation to the Mundo team including my fellow directors and the operating team who have shown a great commitment to developing the company during the year. It is an impressive team and we look forward to working with them for a long period to come. We have achieved a lot this year and have realigned our skills to the ongoing development of the assets.

This year we welcomed Andrew Law as Chief Operating Officer. Andrew has done an excellent job in mentoring the broader operating team and has made a substantial contribution to the asset development.

We said farewell to Mike Schmulian as a director and executive of Mundo. Mike contributed to the initial establishment of the assets and team and we most certainly wish Mike well with his future endeavours. Upon Mike retiring from Mundo, we appointed Jean Marc Lopez to be our resident South American representative. Jean Marc has been responsible for developing our exploration assets and has also made a substantial contribution to our asset development.

### **Funding Support**

We have recently announced a funding support from our major shareholder Anglo Pacific group. This is a London based group who have been long term supporters of Mundo Minerals and continue to take a proactive and positive role in supporting the company meeting its emerging growth strategy.

There has been market speculation that Mundo would raise money at a substantial discount to the market value of shares as is the case with many current equity raisings. The facility that was announced yesterday is a convertible note facility which is convertible either at a 23% premium to the share price when the facility was negotiated – compared with the normal 20-30% discount which applies to most equity issues – or is convertible to a royalty as John has outlined.

From a board point of view we remain excited about delivering this growth strategy and while we have had some issues in the last 12 months, we have also achieved a substantial amount in developing the potential of the company assets. This funding will allow us to continue our progressive drive towards becoming a significant gold producer. It also removes external speculation about how the company will fund its shorter term asset development programme.

By realigning the liquidity of the company, your company will be well positioned to drive an aggressive growth strategy with assets that we believe have major potential to deliver the 150,000+ ounce annual production strategy that we have always focused on.

During the next year we expect with the assistance of the funding facility to achieve the following:

- Enhance the production base from the Engenho Gold Project including bringing Crista into production;
- Complete the feasibility at Torrecillas and commit to full time production;
- Properly assess the Jaqueira Gold Project;
- Continue to assess the potential of the Tocantins greenstone belt;  
and
- Focus on delivering strong operating profits and further enhancing the financial strength of the company.

It has been a busy year but I can ensure you the next one will be busier and our team are motivated to continue to drive the future development of your assets.

### **Recent Analyst Reports**

We are aware that a report was recently released by the Fat Prophets group recommending investors sell their shares in Mundo Minerals. They did express concern about the ability of the company to fund asset development and that they expected an equity raising. It is true, we have addressed this matter and, yes, they did have a valid point about how we would fund our growth strategy.

I am not sure how they have created value for shareholders by recommending that they sell, given most equity raisings – should we have gone down this path – create a buying opportunity at an opportunistic price for shareholders if the shareholders are allowed to participate, however that is their judgement. I guess they did have an effect of assisting in driving price pressure on the share price which creates better value for those shareholders who bought in recent times but I am not sure they have created value for those who took the recommendation.

Notwithstanding this, as an analyst they are entitled to form a view and communicate this to their clients. We are just sorry for the angst caused to many shareholders. We have tried to answer shareholders' queries as they have arisen subject to disclosure constraints we are subject to.

The Fat Prophets report states that we as a company claim a resource base of 3.5 million ounces but have not reported a JORC compliant resource. Mundo Minerals has never claimed a resource base of 3.5 million ounces. We have in the past provided guidance regarding the potential of the various assets but clearly stated that this was subject to ongoing project assessment and exploration success.

Mundo has been drilling where appropriate, and developing or trial mining which provides excellent information for project assessment. At this stage of our assessment all assets continue to provide excellent potential and in many cases are exceeding expectations. We will continue to conduct our project assessment and drive towards delivering our growth strategy.

The report states that the Mundo plan is to increase the Engenho project production to 40,000 ounces in 2010 and 50,000 ounces in 2011. This is exactly the plan we anticipate delivering to.

The report states that the plan for Torrecillas is to start production at 40,000 ounces and build to 100,000 ounces. We expect to commence at a production rate higher than 40,000 ounces and exceed this expectation. This is supported by the actual development work we have done to date and productivity we are seeing from the veins.

We note that the analyst from Fat Prophets who had previously formed a view regarding the potential of Mundo Minerals as a growth stock is no longer with Fat Prophets. Recent discussions with him confirm his positive attitude to the company. We are not aware who the current analyst is but we

note that no contact was made with the company or any Mundo representative prior to this report being released.

It is now appropriate that as a company we focus on our asset development and are confident in delivering on our stated strategies.

At the end of the meeting and John and I will be happy to answer any questions you may wish to put forward if we have not already covered matters you wished to have addressed. All directors will be available at the end of the meeting to join you for a coffee and further have any discussion you may wish.

## **AGENDA ITEMS**

I will now move to the formal part of the meeting:

All shareholders were distributed with a notice of meeting and where requested, a copy of the annual report. Additional copies of the annual report are available should anyone wish to collect one from the table outside. With your permission we will take the notice as read.

An attendance register is located on the table at the front door. If anyone has not signed it, I would ask that you do so prior to leaving today.

Proxies have been received from shareholders with respect to the resolutions to be put to shareholders today. A summary of proxies will be read when we consider the resolutions.

## **Annual Financial Report**

A copy of the Annual Financial report has been sent to shareholders who requested it and is available on our website and has been lodged with the ASX.

A vote on the reports or statements is not required however all shareholders have the opportunity to ask questions of the Directors or Auditors.

Before we take questions from those present today, a number of questions were sent to us by shareholders through the mail and I would like ask our CEO Mr Langford respond to them.

The following questions were received from Debra Ann West.

Q1. Please advise if a Capital Raising will be sought soon to bring other projects on line sooner rather than later or will future funds be sought elsewhere. (ie Bank Loans or say AGF) ?

**A1. We have recently announced a convertible note facility from our major shareholder. At this stage there is no decision to undertake an equity raising.**

Q2. Are current projects and cost still on track and are resource estimates still as previously identified?

A2. Yes they are and at this stage of our project assessment we believe that the potential to be delivered from each of our assets is largely on track with what we expected.

Q3. Is hedging Gold Production a possibility?

A3. At this point in time the board has not taken a view that it is appropriate to hedge our gold production. Feedback from investors is that they prefer to have an exposure to the gold price. Our focus must be on delivering gold as efficiently as we can.

Q4. Why has the share price remained relatively buoyant given the price of gold has risen substantially of late?

A4. We suspect the question was incorrectly worded and was meant to be phrased in the negative. We have addressed this but to restate our view; we believe that the market has been concerned about our ability to deliver on the potential of our assets from existing cash flows. The funding from Anglo Pacific Group addresses this. In addition the price has been adversely affected from the recent analyst report and the effect of the outflow of shares by largely smaller retail investors which have had a somewhat self fulfilling effect of continuing to drive negative market sentiment.

Q5. Is or has any other company showed an interest in taking over the Company or any of its projects?

A5. At various times companies look at all types of opportunities and proposals. Should Mundo receive any proposal that is appropriate to be provided for shareholder consideration this will be done. At the time of this

meeting Mundo Minerals is not involved in any discussions with external parties.

The following questions were received from Denis and Cheryl Burnham.

Q1. Why don't you send a "Reply Paid" envelope for return of this form?

A1. We will most definitely give this suggestion appropriate consideration and it may be worth considering.

Q2. Why don't you print this sheet as a "Tear Off" or separate from the booklet?

A2. Again we will take this feedback on board and consider it next time.

Q3. When will you become a profitable company and give us some return on our investment?

A3. Budgets are being completed at the moment and will be presented to the board early in January. Current indications are that the 2010 calendar year will be a highly successful year but we must complete the budgeting process before we can finalise our expectations. Regarding the return to investors, we have a focused approach to developing our assets and we expect that there will be a solid growth in shareholder value over the next couple of years as the company advances towards the targeted production of 150,000 ounces per annum.

The following questions were received from David and Rita Stewart.

Q1. Where is the next opportunity for growth and development for the company shareholders?

A1. I think we have addressed this question.

The following questions were received from Michael John Farrell.

Q1. Is the company concerned by its current cash position?

A1. We have been managing our cash closely to date while continuing to advance our asset development. We have recently announced an initiative from our major shareholder which will inject in the short term \$5 million which will provide an excellent buffer.

Q2. Is a capital raising or share issue likely in the next 3 months?

A2. We have covered our current strategy regarding funding in the announcement made yesterday and refer people to the presentation made today or the announcement.

Q3. Will the company meet its gold production forecast for 2009?

A3. We have previously announced that in 2009 we will have missed our estimated production forecasts. We have however prepared our estimated forecasts for 2010 and Engenho is expected to deliver about 40,000 ounces and close to 50,000 ounces in 2011. From our trial mining we will get about 8,500 ounces from the trial mining at Torrecillas. This is on track with what we had always expected from the projects.

Are there any further questions to the Directors?

Are there any questions to Auditors?

**Resolution 1 - Re-Election of Robert McKenzie as a Director**

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That Robert McKenzie, being a director of the company who retires by rotation under rule 11.3 of the company's constitution, and being eligible, is re-elected as a director of the company"*

Does anyone have any questions about this resolution?

*Details of Proxies*

68 Proxies received representing 19,198,582 shares.

Votes for - 18,304,891

Votes against - 35,000

Abstain - 858,691

I would ask someone to propose the resolution.

I now put the resolution to the meeting.

All those in favour raise your hand.

All Against raise your hand.

I declare the motion carried (lost)

## **Resolution 2 – Adoption of Remuneration Report**

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That the remuneration report contained in the Directors' Report for the year period ending 30 June 2009 be adopted by the company"*

Please note that in accordance with the Corporations Act the vote on this resolution is advisory only and does not bind the Directors or the Company.

Does anyone have any questions about this resolution?

### *Details of Proxies*

68 Proxies received representing 19,198,582 shares.

Votes for - 18,130,791

Votes against - 169,100

Abstain - 898,691

I would ask someone to propose the resolution.

I now put the resolution to the meeting.

All those in favour raise your hand.

All Against raise your hand.

I declare the motion carried (lost)

## **QUESTIONS**

Before I close the meeting, are there any additional questions anyone has that you wish us to address.

## **CLOSURE**

That is the end of the formal part of the meeting and I will now formally declare the meeting closed.

I thank you for attending this meeting and I hope we have addressed all matters you wished to discuss.

Barry Eldridge

Chairman