

The logo for Mundo Minerals Ltd features the company name in a bold, serif font. The letters are filled with a yellow-to-gold gradient and have a dark outline. The logo is set against a dark blue rectangular background. To the left of the logo, there is a small, square inset image showing an industrial mining or processing facility at night, with bright lights illuminating the structures and equipment.

Mundo Minerals Ltd

30 July 2010

Mr C Bill
Advisers, Issuers (Perth)
ASX Market Supervision Pty Ltd
2 The Esplanade
Perth WA 6000

Sent via fax: (08) 9221 2020

Dear Cameron,

RE: APPENDIX 5B

We refer to your letter dated 29 July 2010 and respond to your questions as follow:

- 1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities for the next quarter. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?*

No. As included in our Appendix 5B, it is the Company's intention to sell approximately 6,400 ounces of gold from Engenho and 1,800 ounces of gold from Torrecillas during the September Quarter. Based on yesterday's gold price of \$1,167.20 and an AUD:USD foreign exchange rate of \$0.89 cents, this equates to approximately \$10,753,977 in cash flow from gold sales in the September 2010 quarter.

We note that forecast cash outflows in our Appendix 5B totaled \$10,353,000 including all capital development, operating costs, exploration costs and administration costs. When combined with our cash at 30 June 2010 of \$3,515,000, the Company has sufficient funds to cover the outgoings.

- 2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?*

No. We note that the negative operating cash flows you have referred to includes all exploration and capital development expenditure. These cash outflows, at this point of our production profile are discretionary and can be reduced should a negative event occur that differed from the Company's expectations.

- 3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?*

Refer to the responses for questions 1 and 2. No other action or steps are required.

It is however advised that the Company is considering offers from our existing financiers which have been pre-approved which if accepted will add to the Company's working capital facilities. It is noted that the current terms of these facilities includes no hedging, conversion rights, royalty requirements or any other

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form of diluting factors. As this agreement has not been finalized, the Company would have disclosed this when binding terms were in place.

4. *Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?*

Yes, the company is in compliance with the listing rules and in particular, listing rule 3.1.

5. *Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.*

As set out in our response to Question 1 and 2, we believe that based on all information available to us today that the Company will be cash flow positive from operations in the September Quarter and has more than sufficient working capital to meet its financial obligations. We therefore consider our financial position adequate and do not intend to enter into commitments that cannot be funded.

Should you have any additional questions, please call me on (08) 9429 8895.

Yours Sincerely,

Mundo Minerals Limited

Ashley Pattison
Company Secretary