

The Managing Director of South American gold producer Mundo Minerals has paid tribute to the role that **Partners in Performance** has played in helping reduce costs at one of its operations in Brazil.

Speaking in the company's *Inside Briefing* magazine, Mr Ashley Pattison explained how Mundo Minerals restructured its Engenho gold operations leading to a 25% reduction in the operating costs in just 12 months.

"In terms of management philosophy, I should also add that the new management team is placing far greater emphasis on utilising highly skilled, recognised independent consultants to oversee key aspects of the Company's activities," Mr Pattison explained. "We have already done this through the introduction of **Partners in Performance** in Brazil to help us streamline the Engenho operations and cut costs. And we will do this in Peru with the introduction of SRK and Ausenco to calculate the JORC resource estimate for Torrecillas and complete the Definitive Feasibility Study. I believe this is a key change for the Company moving forward."

Mr Pattison, who was promoted to the position of MD in April 2011, added: "Our optimisation program in Brazil in conjunction with Partners in Performance has been in place now for seven weeks and has delivered tangible production and cost improvements. More importantly, the program has implemented a solid foundation for the Brazilian management team to run the Engenho operation into the future and provided them with more effective management tools. Our strategy today remains focused on Engenho covering all overhead costs in Brazil until such time that we can realise the benefits and efficiencies of mining and processing ore from the new Crista open pit."

Production at Engenho during the June Quarter: "has remained challenging, as has now been the case for the last nine months. While the management team has done a fantastic job in reducing costs (now some 25% lower compared with the September 2010 Quarter), grade deterioration in the mine and poor equipment availability has resulted in production targets being lowered by 20-30% from this operation. We have addressed these issues by making changes to our senior maintenance team and adding a second 10-tonne load haul dump machine."

Mundo Minerals, which has a current market capitalisation of \$27m, has gone through a number of recent management and personnel changes that are now re-shaping the company. Mr Pattison went on to explain how he planned to assemble a quality management team in Australia and South America with the right blend of skills and experience to achieve the firm's long-term objectives.

"Firstly, while we've always had – and will continue to have – a small corporate head office in Perth, we need to have the right financial and corporate capabilities in place as the company grows and brings additional mines on stream in South America," Mr Pattison added.

Mundo Minerals has also developed a definitive timetable for the expansion of the new Crista open cut mine at Engenho and plans to accelerate production once mining starts. The company also plans to drill out the nearby Olhos prospect in an effort to create a third source of ore at Engenho, Mr Pattison added.