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May 14, 2004

To Our Shareholders:

During the first quarter of 2004, Mundoro Mining Inc. advanced the exploration work initiated in late 2003 in the Zone 1 area on its Maoling Project in northeastern China. A total of 14 holes were drilled in Zone 1 using three drills for a combined length of approximately 3,534 metres. This represents the amount of drilling completed from in mid February (after the Chinese New Year holiday) to the end of the quarter. Logging and sampling of the holes lags well behind drilling and as of the end of the quarter, with samples from four of the new holes enroute to the assay laboratory, no assay data were available from this new drilling.

Assay results from seven holes drilled prior to year end 2003, were released during the quarter. Drilling inside the Zone 1 resource envelope intersected grades and thicknesses in line with those predicted by the grade block model as reported in the project's technical report. Holes drilled to test the eastern boundary of Zone 1 and to investigate potential footwall extensions intersected mineralization outside the currently used resource envelope on two lines in the northern half of Zone 1. This bodes well for the chances of increasing the overall number of ounces in Zone 1 when the new resource estimate that will be completed later in the year.

We contracted AMEC Americas Ltd. to conduct the pre-feasibility study on Zone 1. Within the first quarter AMEC had installed environmental monitoring equipment on site that is now collecting data that will be used in the pre-feasibility study. Plans were being formulated for taking metallurgical samples and for a program to obtain oriented core for geotechnical analysis of Zone 1.

We also made some progress in the area of corporate communications during the quarter. For the first time your Company had a display booth established at the investors exchange at the Prospectors and Developers Association Convention in Toronto which was well received. Two additional mining analysts initiated coverage of Mundoro with target prices well above the average price for the quarter. Another major development was the move from the TSX-V to the TSX for Mundoro's shares in early March. Through these activities Mundoro's profile is gradually being raised in the investment community. First quarter share trading volume was 3,878,209 (average daily volume of 57,032) and the average daily closing price was \$2.69.

MUNDORO MINING INC.
MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS
For the First Quarter Ended March 31, 2004 (Amended)

The following discussion and analysis is to be read in conjunction with the unaudited Consolidated Financial Statements for March 31, 200 and 2003. Note: all dollar amounts are in Canadian dollars unless otherwise indicated.

DESCRIPTION OF BUSINESS

Mundoro Mining Inc. (the “Company”) is a Yukon registered company involved in the acquisition, exploration and development of mineral resource properties internationally. Its current focus is the advanced exploration stage Maoling Gold Project in Liaoning Province, China in which it first became involved in 1999.

1. OVERVIEW

During the first quarter of 2004, the Company continued its aggressive drilling program at the Zone 1 deposit of the Maoling Gold Project and contracted AMEC to begin a pre-feasibility study on the Zone 1 deposit. A weather station and flow gauges were installed at Maoling to begin the collection of site-specific environmental data that will be used in the pre-feasibility study. The Company also moved its public listing from the TSX-V to the senior board TSX stock exchange and began a coordinated effort to raise its profile in the investing community.

2. RESULTS OF OPERATIONS

Highlights of the first quarter 2004 operations include the following:

- The consolidated loss for the quarter under Canadian GAAP was \$1,047,586 or \$0.04 per share compared with a loss of \$0.02 per share for the comparable quarter in 2003. Mineral exploration expenditures increased \$511,212 over the comparable quarter in 2003.
- A capital gain of \$158,700 was realized on the sale of \$5.5 million government bonds.
- Share capital increased by \$145,312 through the exercise of agents' warrants.
- Equipment and vehicle acquired amounting to \$174,924.
- The Company ended the quarter with \$11,556,590 in cash and marketable securities.

Further details of the results of operations for first quarter 2004 and 2003 are summarized in the following tables along with related comments on the change:

Income	3 Months Ended March 31		
	<u>2004</u>	<u>2003</u>	<u>Change</u>
Interest income	\$123,902	\$290	\$123,612
Gain on sale of bonds	<u>\$158,700</u>	-	<u>\$158,700</u>
Total	<u>\$282,602</u>	<u>\$290</u>	<u>\$282,312</u>

The significant income for the quarter reflects the cash management of the funds received from the public offering in late November 2003, and the gain on the sale of \$5.5 million of government bonds.

Mineral Exploration Costs

3 Months Ended March 31

	<u>2004</u>	<u>2003</u>	<u>Change</u>
Mineral exploration costs	\$658,386	\$147,174	\$511,212

The level of direct exploration activity on the property in 2004 of \$658,386 for the quarter reflects a continuation of the increased drilling activity commenced late in the 2003 fiscal year. During the first quarter of 2004 there were three drilling rigs in operation on the site.

The Company continues to follow the practice of expensing all exploration costs until a body of commercial ore is defined on the project.

Administrative Expenses

3 Months Ended March 31

	<u>2004</u>	<u>2003</u>	<u>Change</u>
Expenses:			
General and administrative	\$ 55,442	\$ 37,600	\$ 17,842
Management and consulting fees	\$ 125,012	\$ 55,864	\$ 69,148
Travel and corporate communications	\$ 48,234	\$ 15,875	\$ 32,359
Directors fees	\$ 25,000	\$ -	\$ 25,000
Exhibitions and conventions	\$ 17,048	\$ -	\$ 17,048
Amortization	\$ 2,551	\$ 1,258	\$ 1,293
Professional fees (legal and audit)	\$ 54,601	\$ 11,708	\$ 42,893
Salaries and employee benefits	\$ 56,369	\$ 24,317	\$ 32,052
Stock-based compensation	\$ 199,636	\$ -	\$ 199,636
Listing fee – TSX	\$ 78,250	\$ -	\$ 78,250
Transfer and filing fees	\$ 31,028	\$ -	\$ 31,028
Exchange loss (gain)	\$ <u>(21,369)</u>	\$ <u>4,257</u>	\$ <u>(25,626)</u>
Total	\$ 671,802	\$ 150,879	\$ 520,923

Expenses increased significantly in all categories in 2004 compared to 2003 as indicated above. The overriding reasons were the change in the Company's status from a private to a public entity in November 2003 and the implementation of a more aggressive exploration and support program for the property. These entailed new expenses such as the one-time TSX Listing fee of \$78,250, and the transfer and filing fees of \$31,028, compliance related activities and further attention to corporate governance issues. Further, the Company commenced a program to increase its profile in the investing community by attending industry exhibitions and conventions of \$17,048.

Management and consulting fees of \$125,012 increased from \$55,864 in 2003. The increased responsibilities involved in being a public company, together with additional services such as corporate communications, have contributed to this increase.

Travel and corporate communications of \$48,234 was also significantly increased from \$15,875 in 2003. The increase related to new activities mentioned above, including the costs of attending the TSX listing

ceremony and related meetings in Toronto, attendance at conventions, and Board of Directors meeting. Increased administrative travel was also incurred in China reflecting the increased project activity.

Directors' fees were instituted January 1, 2004 in keeping with corporate governance practices. For the first quarter directors fees in aggregate amounted to \$25,000 and included a quarterly retainer along with meeting fees.

The Professional fees of \$54,601 significantly increased from \$11,708 in 2003, largely due to increases in audit and accounting costs. The external audit services have increased with the level of business activity of the company and its public company status. The audit costs include a portion of the year-end audit costs not covered by the accrual at December 31, 2003. Also, a portion of the audit fees incurred were of a non-recurring nature.

The salaries and employee benefits of \$56,369 increased from \$24,317 in 2003 due to the appointment of a full time manager of corporate communications in January 2004, and a geologist (formerly on contract) who became an employee on January 1, 2004. These arrangements provide a full time infrastructure to support the Company's development activity.

Stock-based compensation of \$199,636 represents the fair value of stock options outstanding as at March 31, 2004, including a 50,000 stock option granted in the February to an employee of the Company. This value was determined according to the *Black-Scholes Option Pricing Model*. The Company charged this value to operations and recorded an increase in contributed surplus.

Related party transactions for the first quarter of 2004 amounted to \$103,016 including the directors fees (\$25,000) noted above and technical project management fees (\$13,300). The balance of \$64,716 represents management fees to senior management, as compared to \$42,480 in 2003.

Loss for the Period

3 Months Ended March 31

	<u>2004</u>	<u>2003</u>	<u>Change</u>
(Loss) for the quarter	\$(1,047,586)	\$(297,763)	\$(749,823)
(Loss) per share	(\$0.04)	(\$0.02)	

Aggregate losses from 2001 through March 31, 2004 reflect not only the expenditures made on the project and the development of a Chinese joint venture company but also the increasing costs of taking a company public and dealing with the compliance and other activities as a public entity. The value generated for the losses incurred is reflected in the fact that the Company has sufficient funds (working capital of \$11,324,004 March 31, 2004) to assess a large scale project properly that has the potential to make a significant return on the investments made in the Company.

3. FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital as at March 31, 2004 was \$11,324,004, a reduction of \$875,011 from December 31, 2003. The decrease in working capital was attributed to financing of operations and the acquisition of capital assets, partially offset by the exercise of share purchase warrants.

	<u>2004</u> <u>March 31</u>	<u>2003</u> <u>December 31</u>	<u>Change</u>
Working capital	\$11,324,004	\$12,199,015	\$(875,011)
Total Assets	\$12,101,638	\$12,389,322	\$(287,684)

	<u>3 Months Ended March 31</u>		<u>Change</u>
	<u>2004</u>	<u>2003</u>	
Cash flow from financing activities	\$145,312	\$189,435	\$(44,123)

The proceeds from issuance of shares for the first quarter of 2004 of \$145,312 represents warrants exercised by one of the agents involved with the initial public offering. Share subscriptions of \$375,000 had been received prior to December 31, 2003; however, the shares were actually issued in January 2004.

4. RISKS AND UNCERTAINTIES

Exploration Risk

The Company's only current property is the Maoling Property and while this property contains defined mineral resources it is currently without a known body of commercial ore. Furthermore, there are no guarantees that the Company's future exploration and testing activities will result in the definition of a body of commercial ore on this property.

Title to Properties

A legal title opinion has been rendered on the Maoling Property that supports the Company's position. However, there is no guarantee that challenges to title will not be made in the future.

Financial Capability and Additional Financing

The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for further exploration and development of its projects. Although the Company has been successful in the past in financing its activities through the sale of equity securities there can be no assurance that it will be able to obtain sufficient financing in the future to execute its business plan with respect to the Maoling Project.

Fluctuating Prices

The Company's revenues, if any, are expected to be in large part derived from the sale of gold and possibly other metals. The price of gold and other commodities has fluctuated widely in recent years and is affected by factors beyond the control of the Company including, but not limited to, international economic and political trends, currency exchange fluctuations, economic inflation and expectations for the level of economic inflation in the consuming economies, interest rates, global and local economic health and trends, speculative activities and changes in the supply of gold due to new mine developments, mine closures as well as advances in various production and use technologies of gold. All of these factors will have impacts on the viability of the Company's exploration projects that are impossible to predict with certainty.

Environment

Both the exploration and production phases of the Company's operations will be subject to environmental protection regulations in the jurisdictions in which it operates. Globally, environmental legislation is

evolving towards stricter standards and enforcement, more stringent environmental impact assessments of new mining projects and increasing liability exposure for companies and their directors and officers. The Company announced recently that it plans to hold discussions with local officials who have expressed concern with the environmental impact which mining operations might have in the Maoling area. There is no assurance that future environmental regulations will not adversely affect the Company's operations.

Political Conditions

Regardless of the economic viability of the Company's property interests factors such as political instability, terrorism, expropriation by governments or the imposition of new regulations or tax laws may prevent or restrict mining of some or all of the Corporation's deposits. All of the Company's property interests are located in China and if a dispute arises between the Company and its joint venture partners the Company cannot rely on western legal standards in defending or advancing its interests.

Currency Exchange Rates

The Company maintains its accounts in US dollar, Canadian dollar and Renminbi (RMB) denominations. The government of China has maintained the exchange rate between the RMB and the US dollar as a constant over the past few years and thus exchange rates between the Canadian dollar and the RMB have fluctuated in tandem with the changing exchange rates between the US and Canadian dollars. There is no guarantee that this situation will remain static in the future and possible future uncoupling of the RMB from the US dollar could materially affect the Company's financial position and results.

5. 2004 OUTLOOK

In management's view, the Company's cash position is adequate to meet planned exploration and delineation activity at Maoling, to raise the profile of the Company through planned corporate communications activity as well as to meet ongoing obligations as they become due.

MUNDORO MINING INC.

Consolidated Financial Statements
(Expressed in Canadian Dollars)

March 31, 2004 and 2003

Unaudited – Prepared by Management

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MUNDORO MINING INC.

Consolidated Balance Sheets
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

	March 31 2004	December 31 2003
ASSETS		
Current assets		
Cash and cash equivalents	\$ 9,364,590	\$ 4,078,637
Marketable securities, at cost (market - \$2,191,020)	2,192,000	8,070,550
Other receivables	206,504	107,432
Prepaid expenses and deposits	61,681	28,213
	11,824,775	12,284,832
Mineral interests (Note 2)	100	100
Equipment and vehicles (Note 3)	276,763	104,390
	\$ 12,101,638	\$ 12,389,322
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 500,771	\$ 85,817
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	18,498,282	17,977,970
Shares subscribed	-	375,000
Contributed surplus	626,859	427,223
Deficit	(7,524,274)	(6,476,688)
	11,600,867	12,303,505
	\$ 12,101,638	\$ 12,389,322

Approved by the Directors: "Frank H. Cerie"
Frank H. Cerie

 "Colin H. McAleenan"
Colin H. McAleenan

MUNDORO MINING INC.

Consolidated Statements of Operations and Deficit
Quarters Ended March 31, 2004 and 2003
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

	2004	2003
Income		
Interest income	\$ 123,902	\$ 290
Gain on sale of bonds	158,700	-
	282,602	290
Mineral exploration costs	658,386	147,174
Administrative expenses		
Accounting and audit	27,132	2,271
Amortization	2,551	1,258
Directors fees	25,000	-
Exhibitions and conventions	17,048	-
Media, promotion and government relations	14,253	1,056
Legal	27,469	9,437
Listing fee – TSX	78,250	-
Management and consulting fees	125,012	55,864
Office, insurance, rent and sundry	41,189	36,389
Salaries and benefits	56,369	24,317
Stock-based compensation	199,636	-
Transfer and filing fees	31,028	155
Travel and corporate communications	48,234	15,875
Foreign exchange loss (gain)	(21,369)	4,257
	671,802	150,879
Loss for the period	(1,047,586)	(297,763)
Deficit, beginning of period	(6,476,688)	(4,446,894)
Deficit, end of period	\$ (7,524,274)	\$ (4,744,657)
Loss per share - basic and diluted	\$ (0.04)	\$ (0.02)
Weighted average number of common shares outstanding – basic and diluted	25,513,847	12,895,195

MUNDORO MINING INC.

Consolidated Statements of Cash Flows
Quarters Ended March 31, 2004 and 2003
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

	2004	2003
Cash flows from (used in) operating activities		
Loss for the period	\$ (1,047,586)	\$ (297,763)
Adjustments for items not involving cash:		
- amortization	2,551	1,258
- stock-based compensation	199,636	-
	(845,399)	(296,505)
Change in non-cash working capital:		
- other receivables	(99,072)	(6,213)
- prepaid expenses and deposits	(33,468)	15,987
- accounts payable and accrued liabilities	414,954	21,971
	(562,985)	(264,760)
Cash flows from financing activities		
Proceeds from issuance and subscription of shares	145,312	189,435
Cash flows from (used in) investing activities		
Sale of marketable securities	5,878,550	-
Acquisition of equipment and vehicles	(174,924)	(180)
	5,703,626	(180)
Increase (decrease) in cash and cash equivalents	5,285,953	(75,505)
Cash and cash equivalents, beginning of period	4,078,637	276,971
Cash and cash equivalents, end of period	\$ 9,364,590	\$ 201,466

MUNDORO MINING INC.

Notes to Consolidated Financial Statements
March 31, 2004 and 2003
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

1. Basis of Presentation

These interim consolidated financial statements have been prepared using the same accounting policies and methods of their application as the most recent annual consolidated financial statements of the Company. These interim consolidated financial statements do not include all disclosures normally provided in the annual consolidated financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2003. In management's opinion, all adjustments necessary for fair presentation have been included in these interim consolidated financial statements. Interim results are not necessarily indicative of the results expected for the fiscal year. Certain comparative figures have been reclassified to conform to the current period's presentation.

2. Mineral Interests

The Company follows the practice of expensing all exploration costs until proven mineral reserves have been established.

On June 10, 2001, the Company entered into a Cooperative Joint Venture Agreement with Liaoning Aidi Resources Company Ltd. ("Aidi"), a company incorporated under the Business Law of Liaoning Province, China. Pursuant to the Cooperative Joint Venture Agreement, the Company is required to fund all work on a mining project ("Maoling Project") while Aidi's contribution consists of all the work completed to date on the project as well as the exploration license for the Maoling area.

The Company has made registered capital contributions of US\$1.84 million (\$2,572,487 in Canadian dollars) and has satisfied its funding obligation.

The initial three-year term of the Exploration License for the Maoling Property has been extended for an additional two (2) years, expiring on November 5, 2005.

MUNDORO MINING INC.

Notes to Consolidated Financial Statements
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3. Equipment and Vehicles

	March 31 2004	December 31 2003
Cost:		
Computers	\$ 52,916	\$ 31,629
Furniture and fixtures	15,892	15,892
Office and technical equipment	87,330	20,990
Vehicles	143,593	52,703
Leasehold improvements	2,822	2,822
	302,553	124,036
Less: Accumulated amortization	(25,790)	(19,646)
Net book value	\$ 276,763	\$ 104,390

4. Share Capital

(a) Authorized: Unlimited number of common shares without par value.

(b) Issued:

	Shares	Amount
Balance, December 31, 2003	25,131,873	\$17,977,970
Issued pursuant to Over-Allotment Option	300,000	375,000
Issued pursuant to special warrants	116,250	145,312
Balance, March 31, 2004	25,548,123	\$18,498,282

(c) 93,750 of the shares issued are held in court. The release of these shares is subject to the outcome of the legal proceeding.

MUNDORO MINING INC.

Notes to Consolidated Financial Statements
 March 31, 2004 and 2003
 Unaudited – Prepared by Management
 (Expressed in Canadian Dollars)

4. Share Capital (continued)

(d) Stock Options

A summary of the status of options granted under the Company's 2001 and 2003 plans are presented below. No options have been exercised during the period.

	Shares	Weighted Average Exercise Price
Options outstanding at December 31, 2003	2,422,500	\$ 0.83
Granted	50,000	\$ 2.73
Options outstanding at March 31, 2004	2,472,500	\$ 0.86

Options Outstanding				Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (yr)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$0.21 - \$0.31	1,062,500	3.13	\$0.22	1,062,500	\$0.22
\$1.25 - \$1.92	1,360,000	4.62	\$1.30	906,667	\$1.30
\$2.73	50,000	4.85	\$2.73	16,667	\$2.73
	2,472,500	3.98	\$0.86	1,985,883	\$0.73

In 2003, the Company adopted the fair value method of accounting for all stock-based payments to employees and directors. For all options issued to employees and directors in fiscal 2004, the company recognized compensation cost and a related credit to contributed surplus over the vesting period of the options. Under this method, the company charged \$199,636 stock based compensation to operations. The fair value of all options granted in the period has been estimated using the *Black-Scholes Option Pricing Model* with the following weighted-average assumptions:

	2004
Risk-free interest rate	4.22%
Dividend yield	0%
Volatility	52%
Average expected lives	4 years

MUNDORO MINING INC.

Notes to Consolidated Financial Statements
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(Expressed in Canadian Dollars)

4. Share Capital (continued)

(d) Stock Options (continued)

Option pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessarily provide reliable measure of the fair value of the Company's stock options.

(e) Warrants outstanding as at March 31, 2004:

<u>Number Of Warrants</u>	<u>Exercise Price Per Warrant</u>	<u>Expiry Date</u>
1,598,353	\$1.25 (1 st year)	June 15, 2005
	\$1.87 (2 nd year)	June 15, 2006
159,835	\$0.31	June 16, 2005
50,000	\$1.25	June 16, 2005
<u>933,750</u>	<u>\$1.25</u>	<u>November 25, 2005</u>
2,741,938		

Each warrant entitles the holder to acquire one common share of the Company.

5. Related Party Transactions

The Company incurred the following expenses to certain directors or companies controlled by certain directors of the Company:

	<u>March 31 2004</u>	<u>March 31 2003</u>
Directors fees	\$ 25,000	\$ -
Project management	13,300	9,191
Management fees	64,716	42,480
	<u>\$103,016</u>	<u>\$ 51,671</u>

6. Non-cash Financing Activities

For the period ended March 31, 2003, the Company issued 20,100 shares for service totaling \$10,197 for management services.

MUNDORO MINING INC.

Notes to Consolidated Financial Statements
March 31, 2004 and 2003
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7. Geographical Information

The Company's business is considered as operating in one segment and the geographical division of the total assets of the Company is as follows:

	March 31 2004	December 31 2003
Canada	\$11,165,712	\$11,270,800
China	935,926	1,118,522
	<u>\$12,101,638</u>	<u>\$12,389,322</u>