

# Mundo Minerals Limited

Stock Exchange Announcement – 5 January 2007

## Appointment of Chief Financial Officer

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Mundo Minerals is pleased to advise that Mr Joe Mobilia has been appointed joint Company Secretary and Chief Financial Officer for Mundo Minerals Limited. Mr Mobilia commences with Mundo Minerals on 12 February 2007 and will be responsible for managing the financial affairs of the company including implementing appropriate financial controls and reporting for the companies resource operations as they progress to production status.

The development of the Engenho Gold Project will progress rapidly in 2007 with the aim of producing initial gold in the second quarter of the 2008 calendar year. It is therefore essential that Mundo Minerals has an appropriately experienced finance executive to ensure appropriate reporting and controls are implemented and that effective financial management is initiated.

Mr Mobilia is currently employed by Barrick Gold Corporation and has extensive experience in financial management in the resources sector.

As part of Mr Mobilia's remuneration package, it has been agreed to issue him with 400,000 options to subscribe for shares in Mundo Minerals Limited under the Employee Share Option Plan. This is consistent with incentives offered to other executives in the Mundo Minerals management team. The exercise price of the options has been set at 30 cents per share.

As with the rest of the management team, Mr Mobilia has agreed to specific key performance indicators which will determine his ability to exercise options.

Mr Mobilia's appointment completes the immediate recruitment of the executive management team for Mundo Minerals at this stage.

**John Langford**  
**Chief Executive Officer**

## **Background Information**

Mundo Minerals Limited is a newly established Australian gold company focused on the exploration and development of a portfolio of advanced, high-quality gold assets in South America with the potential to position the Company as a substantial new mid-tier Australian-domiciled gold production house.

Mundo is aiming to commence initial production at its flagship asset, the **Engenho Gold Project** in Brazil, within 18 months, laying the foundations for its growth strategy as a mid-tier Australian-domiciled producer focused on small-to-medium sized high-grade ore bodies in South America.

Approximately \$3.7 million of the IPO funds have been allocated to capital and operating expenditure required to bring the **Engenho Project**, which is located in the State of Minas Gerais in Brazil, into production within an 18-month timeframe. The Project, which has a contained resource of 1.13 million tonnes at 5.82g/t gold, was previously operated by AngloGold Ashanti Limited, which closed it in 2004 after treating some 171,257 tonnes of ore from an open pit through a conventional Carbon-in-Pulp (CIP) treatment facility.

Mundo intends to establish a CIP treatment facility near the Engenho ore body, with estimates from Brazilian manufacturers and contractors indicating that the capital cost of a plant with a 150,000tpa treatment capacity would be approximately US\$7.5 million.

A total of approximately \$7.6 million of the IPO funds will be allocated towards exploration and acquisition costs associated with Mundo's other two assets, the **Torrecillas Gold Project** in Peru and the **Tocantins Gold Project** in Brazil. These projects have the potential to yield multiple resources to underpin the Company's long-term growth.

At Torrecillas, Mundo has negotiated an option to explore some 9,000ha of tenements with a history of high-grade gold production in south-eastern Peru, a region which hosts a number of small-to-medium sized gold mines, including the Area, Capitana, Arirahua, Alcapay and Laytaruma operations – each of which have a production range of 25,000 – 80,000oz per annum. Under the option agreement, Mundo has a period of 14 months from 1 February 2006 to prove a minimum resource of 150,000 ounces of gold at 12 g/t. It can exercise the option and acquire a 100% interest in the tenements by paying a maximum of US\$2.25 million.

The Tocantins Project is a joint venture where the Company has agreed to spend US\$1.3M to earn a 51% interest in tenements controlled by Gamaleira Prospecção E Geologia Ltda (a Brazilian joint venture between AngloGold Ashanti and IAMGOLD Corporation). Mundo can increase this equity to 80% by taking any gold resource to a bankable feasibility study. The Tocantins tenements are located in a highly prospective region which includes three greenstone belts with the potential to contain multiple mid-size gold deposits.

Mundo's IPO brings to the Australian market one of the most accomplished and high profile senior management teams assembled in the resource sector in recent times. Mr Langford, who headed up the corporate finance division for Deloitte in Western Australia for 10 years, has extensive experience in the Australian resource sector and is well-known as a Director of Palace Securities Pty Ltd, the company that owns the Diggers & Dealers Mining Forum.

Joining him on the Mundo Minerals Board is a high-profile group of resource industry leaders including non-executive Chairman, Mr George Jones, Brazilian-based Executive Director, Mr Michael Schmulian, Australian mining executives, Mr Brian Hurley and Mr Barry Eldridge, and well-known Perth lawyer, Mr Rob McKenzie.