

# Mundo Minerals Limited

Stock Exchange Announcement – 4 July 2007

## Engenho Gold Project – Exploration & Development Update

### Highlights

- Significant geochemical anomaly confirmed at Mazoca, 2km from Engenho, with strong similarities to the anomaly that generated the initial discovery.
- Confirms potential for additional ore sources on Mundo's tenements, with drilling planned for later this year.
- Earthworks completed for crusher installation at Engenho and dewatering of the open pit now underway.
- All key indicators regarding development schedule and capital forecasts continue to be within expectations.

Mundo Minerals Limited (ASX: MUN – “Mundo”) is pleased to announce an update on recent exploration and development activities at its 100%-owned **Engenho Gold Project** in Brazil, including confirmation of a significant exploration target located 2km from the existing Engenho orebody.

As announced in March, a review of exploration data inherited from the previous owner of the Engenho Project, AngloGold Ashanti, identified a significant geochemical anomaly at **Mazoca**, located approximately 2km north of Engenho. This anomaly was generated from soil and rock chip sampling in the surrounding area, which includes a number of small shafts previously operated by private miners.

Mundo has since prepared a comparison between the newly identified geochemical anomaly and the initial geochemical anomaly that generated the discovery of the Engenho resource, demonstrating that the anomalies have very similar characteristics (*see Fig. 1*).

### Mundo Minerals Limited

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#### Australian Stock Exchange:

Code: MUN

#### Board of Directors

*Non-executive*

*Chairman:*

George Jones

*Chief Executive Officer:*

John Langford

*Managing Director –*

*South America:*

Mike Schmulian

*Non-executive Directors:*

Brian Hurley

Barry Eldridge

Rob McKenzie

#### Senior Management:

*Chief Financial Officer:*

Joe Mobilia

*Company Secretary:*

Paul Mason

*Mining Manager – South*

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José Antonio

Kurcewicz

*Exploration Manager –*

*South America:*

Jean-Marc Lopez

*Project Manager –*

*Engenho*

Lafayette

Caporali

*Country Manager –Peru*

Sergio Zuniga

#### Capital Structure

Fully-Paid Shares on Issue:

99.75 million

Unlisted Options on Issue:

1.82 million

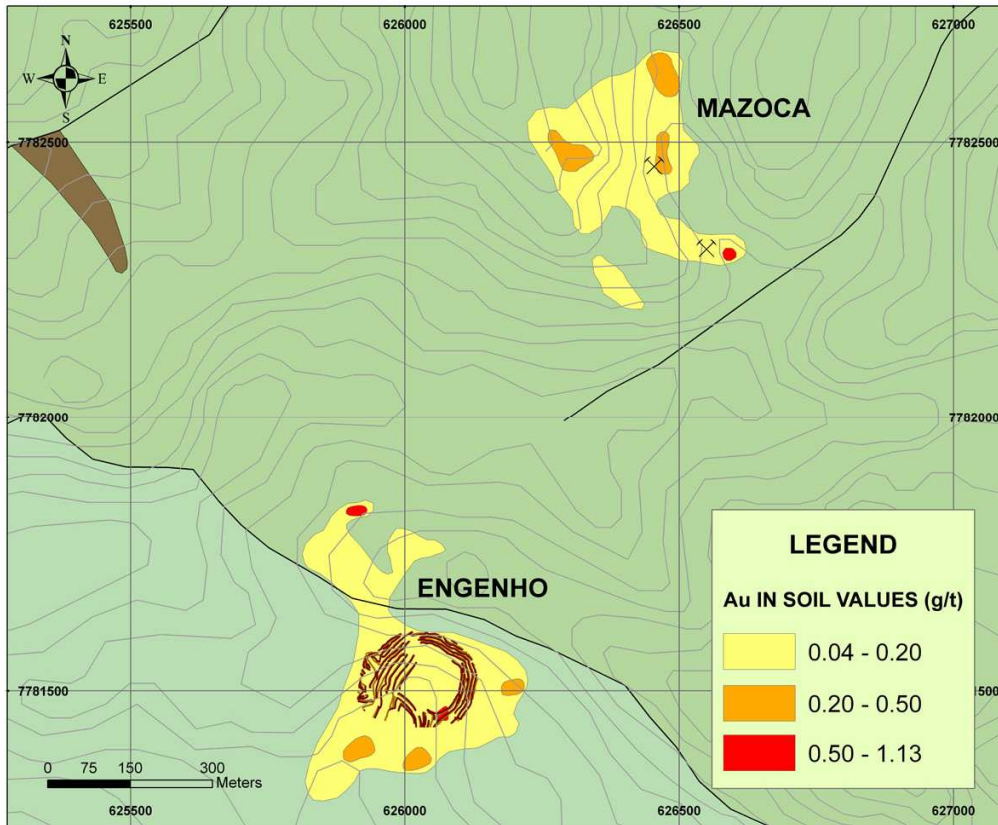


Fig. 1 Comparison of anomalies

However, at Mazoca the boundaries of the anomaly remain open to the east and west with highly anomalous gold and arsenic values extending to both the eastern and western limits of the sampled area, reinforcing its potential as an exploration target.

While drilling will be required to confirm the significance and potential of this target, the work completed by Mundo to date provides significant support for the concept of repeat ore bodies which could emerge as future additional ore production sources for the Project.

It is anticipated that drilling to test the Mazoca anomaly will commence later this year. The Company's immediate focus continues to be on the development of mine infrastructure to enable the existing Engenho ore body to deliver initial production by the second quarter of 2008.

Once the Engenho Project has been commissioned, Mundo will step up exploration to test the potential for additional ore sources within its tenements, with the longer term objective of increasing production above the initial 28-30,000oz per annum production profile.

Earthworks have now been completed at Engenho in preparation for the installation of the crusher, which is due to be delivered to site and installed during July 2007. The firm constructing the crusher has advised that it has been completed and is available for installation. Laying of concrete footings will commence in the next couple of weeks, enabling the crusher to be installed and commissioned on schedule towards the end of August. Dewatering of the open pit has commenced in anticipation of mine development commencing in October 2007. A significant portion of final contract tenders for the infrastructure development have now been received and are being assessed. No significant variations to initial capital estimates are expected.

## **Other Projects**

With respect to its other South American projects, Mundo advises that a RAB drilling program has recently commenced at the Tocantins Project in Brazil, with a further update on this project expected to be made once significant data is available.

Tenders are expected for the proposed exploration decline development at the Torrecillas Project in Peru by early July. Initial estimates indicate that the capital cost for this decline – which will enable development to proceed along the high-grade vein system – will be highly competitive and development work is expected to commence in the near future.

Yours sincerely

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

**Fig. 1 Engenho and Mazoca Geochemical Anomalies**

## **Background Information**

Mundo Minerals Limited is an 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 mid-tier Australian-domiciled gold production house.

Mundo is aiming to commence initial production at its flagship asset, the **Engenho Gold Project** in Brazil, by March 2008, 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.

The Engenho Project, which is located in the State of Minas Gerais in Brazil, 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's other two exploration assets in South America are the 100%-owned **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.

The Torrecillas Project comprises 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.

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.