

Mundo Minerals Limited

Securities Exchange Announcement – 1 May 2008

Engenho Gold Production Commences

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/Company*

Secretary:

Joe Mobilia

Joint Company Secretary:

Paul Mason

*Mining Manager – South
America:*

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:

146.39 million

Unlisted Options on Issue:

2.22 million

Further to its recent March 2008 Quarterly Report, Mundo Minerals Limited (ASX: **MUN**) is pleased to advise that construction of the treatment facility at its 100%-owned **Engenho Gold Project** in Brazil has been completed and the plant has commenced processing initial stockpiled ore.

This milestone effectively completes Mundo Minerals' transition to a gold production company and establishes the Company on the path to self-sufficiency through the emerging cash flow expected from ongoing mining operations at Engenho.

John Langford
Chief Executive Officer

Background Information

Mundo Minerals Limited is an Australian-domiciled international gold company focused on the exploration and development of a portfolio of advanced, high-quality gold assets in South America.

Mundo is aiming to commence initial production at its flagship asset, the **Engenho Gold Project** in Brazil, by April 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 A\$13 million 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.

The Engenho Project is forecast to produce at an initial annualised rate of 34,000 ounces at a forecast cash operating cost of A\$325/ounce. This will generate forecast earnings before interest, tax, depreciation and amortisation (EBITDA) of A\$17 million per annum, based on a US\$750/ounce gold price.

Mundo's other assets in South America include 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. An exploration decline is currently being developed to assess the high-grade, narrow vein gold mineralization at Torrecillas.

The Tocantins Project is a joint venture between Mundo (51% interest) and Gamaleira Prospeccao E Geologia Ltda (a Brazilian joint venture between AngloGold Ashanti and IAMGOLD Corporation) (49%). 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.

Exploration to date has identified significant zones of gold mineralization at Conceição, within the Tocantins Joint Venture. Mundo Minerals has also secured a strategic new gold exploration project at Nova Prata as part of the Tocantins Joint Venture, and is assessing an advanced gold production opportunity at the Jaqueira Project in Bahia State, Brazil.

