

Mundo Minerals Limited

Securities Exchange Announcement – 3 June 2008

Engenho Plant Commissioning Update

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

Plant Manager Engenho –

Cesar Sanz

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:

2.92 million

Mundo Minerals is pleased to provide an interim update regarding the progress of the commissioning of the treatment facilities at the Engenho Gold Project in Brazil as well as mine development.

As previously announced to the market, treatment of ore from the Engenho mine commenced on 30 April 2008. Mundo Minerals is pleased to advise that the commissioning process of the treatment facility has proceeded well and effective availability of the treatment facility since start-up including the commissioning process has been 83.3%. Total downtime since start-up on 30 April 2008 was 115 hours which includes time spent making minor adjustments to pumps, conveyors and normal commissioning processes and represents downtime not expected to be repeated during normal operations. Time lost through equipment breakdown was 3 hours. This is an excellent initial availability for any new treatment facility and all major components of the treatment facility have met or exceeded design criteria.

Mine development continues to proceed in accordance with the mine plan and full production from the mine is expected to be sustained from July 2008 in accordance with the mining schedule.

Decline development continues to exceed the development schedule and ore continues to be mined from ore in the open pit wall that was remaining from previous mining operations while decline development accesses the principal ore body below the open pit floor.

Mundo Minerals had previously advised that it expected that the first gold pour would be before the end of May 2008. An operational decision was taken to defer the stripping of the carbon for several days while gold impregnation of the carbon was optimised rather than stripping the carbon prematurely through the elution circuit which would have not maximised operational or cost efficiencies.

Carbon is currently being processed through the elution circuit allowing for the initial gold to be processed through the AngloGold Ashanti refinery during its scheduled refining cycle prior to mid June when the first Mundo gold will be produced and sold. AngloGold Ashanti are refining the gold on contract for Mundo Minerals at its Brazil refinery and provide a schedule for Mundo to deliver to.

It would have been possible to deliver a gold bar prior to this from the Engenho operations, however, this would have resulted in operational inefficiencies including affecting the technical balance of the processing circuit. Consistent with the Mundo management practise of focussing on ensuring that professional business principles are maintained, the longer term operational efficiencies were considered ahead of the more emotive benefits of delivering the initial bar of gold.

John Langford
Chief Executive Officer

Competent Person's Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Jean-Marc Lopez who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Lopez is employed by Mundo Minerals Limited and is the Company Exploration Manager. Mr Lopez has sufficient experience which is relevant to the style of mineralisation and the type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

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 US750/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.

