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Lodgement of Open Briefing®

Mundo Minerals Limited
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Mundo Minerals Limited (ASX code – MUN & market capitalisation of around $60 million) is developing gold projects in Peru and Brazil. As an Australian-domiciled company, why have you chosen these regions to develop and explore? In broad terms, how do the mining industries and mineral endowments of Peru and Brazil compare with that of Australia?

CEO John Langford
Mundo Minerals chose Brazil and Peru to become an emerging gold producer because our strategy was to identify an undeveloped yet highly prospective gold region. We see Brazil as currently being similar to Australia in the late 1970s when the Australian gold industry focused on large gold producers and small alluvial, near surface mines.

Brazil's potential to develop mid-size gold assets is very significant. The Archean shield which is the geological structure associated with many of the mid-sized gold assets found in Australia is also significant in Brazil. In fact, in Brazil it is twice the size of that in Australia. In addition to this, from an exploration focus perspective, in Australia approximately US$28 per hectare has been spent exploring for gold compared to only US$2.70 having been spent in Brazil seeking new gold deposits. We believe Brazil is highly prospective, but is underexplored. We view Peru similarly.

Another reason South America is attractive is the ability to access drilling equipment and key personnel and to develop infrastructure on a timely basis. The professional skills we can access in Brazil and Peru are very comparable to those in Australia.

The approvals processes are similar to Australia's regulatory framework, but the processes in South America are more proactive and we have been able to achieve significant advancement on our projects with co-operation from authorities.

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What is the skill set and experience of the Mundo Board and senior management?

CEO John Langford
Mundo's Board has substantial corporate experience and technical skills. Our Non-Executive Chairman, George Jones, was previously Executive Chairman of Portman Limited where he developed it from a market capitalisation of around $30 million to $800 million when it was taken over by Cleveland Cliffs. He is currently also Chairman of Gindalbie Metals.

I'm a former partner of Deloitte Corporate Finance in Western Australia and have been associated with the resources sector for 20 years. The other Executive Director is Mike Schmulian, a geologist who runs our operations in South America. Formerly, Mike was with WMC and also the brownfields exploration manager for AngloGold Ashanti, responsible for South America. He is an integral part of our team.

Our Non-Executive Directors include Barry Eldridge, Brian Hurley and Rob McKenzie. Barry and Brian are well known in mining and have had considerable success in public mining companies. Rob is ex Clayton Utz and has made a significant contribution to corporate governance.

We deliberately did not send any expatriates to South America to learn the industry and culture. Mike Schmulian has lived in Brazil for 18 years and we have an exploration manager, mine manager, mining engineer, metallurgist, plant engineer and a country manager for Peru. All those guys have in excess of 20 years experience in the resources sector in South America.

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What is the status of each of your projects? Which do you consider your major project?

CEO John Langford
All our projects are moving towards an advanced stage of development. We have two projects in Brazil and one in Peru. Engenho is our most advanced gold project. It was acquired with the purpose of generating a sustainable cash flow. It's located in a major mining province near Belo Horizonte, Brazil's third largest city.

Engenho will initially produce about 30,000 ounces of gold a year at cash costs of A$344/oz. Total costs including capex will be around A$477/oz. This is a robust project at current gold prices and we see the project initially having a 10 year mine life with significant expansion potential. It is not only open at depth, but there are anomalies on the tenements that we plan to follow up.

We've just built the crusher and it should be installed by the end of August. We are also starting work on the tailings dam. We have established a metallurgical laboratory on-site, to expedite exploration results and we have acquired a second hand ball mill, which is being refurbished.

The time frame for Engenho is that we will commence mine development in October 2007 and commence production from March 2008.

Our second emerging asset is the Torrecillas Gold Project in Peru, about 640km south east of Lima. It is a fairly barren region with narrow vein, but very high grade gold deposits. It has been privately mined for 20 years at grades of about 30 g/t. Our initial exploration work indicates that the vein systems continue at depth and we believe the mine will be capable of supporting commercial production of around 50,000 ounces a year for around 10 years.

Torrecillas is at the feasibility stage and we hope to commence mining within 2 years. The drilling of the narrow veined ore structures was not appropriate to delineate a JORC resource base. The next stage is to put in a decline and develop along the ore body to open up the mineralised structures. That should take 18 months. Contractor quotes indicate that the decline will cost around US$1,000 a metre, compared with probably A$4,000-5,000 a metre in Australia.

Our third project is Tocantins in central Brazil, a joint venture earn-in agreement with IAMGOLD. The terms of the joint venture are that we can earn a 51% interest in those tenements by spending US$1.3 million. We expect to earn that 51% interest by April 2008. The benefit of this joint venture is, if we find a resource, we can actually increase our equity in the resource to 80% by taking it through to the feasibility stage.

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What is the political and social climate of Brazil and Peru? How encouraging of the mining industry are its governments?

CEO John Langford
We're very comfortable investing in Brazil and Peru with stable legislative environments not dissimilar to Australia and where the environmental regulations are well understood. Brazil and Peru are not very wealthy countries, but the infrastructure and logistics provide us with the ability to develop resource projects. Both governments are well established. Brazil has a socialist government that supports business development and is now recognised as one of the emerging superpowers in the world and Peru had democratic elections in 2006.

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You acquired Engenho for A$3.1 million from AngloGold Ashanti and you've stated that first gold production is expected in March 2008. What has been the scale and quality of the project historically?

CEO John Langford
Prior to selling the asset, AngloGold Ashanti developed a small open pit. Once it was apparent that Engenho was not going to be the scale that Anglo requires, they closed the operation. They mined 170,000 tonne of ore and that has given us a strong understanding of the continuity of the grade and the geology, but most importantly the processing of that ore gave a high recovery of 93-96%.

We will develop the balance of the ore body through underground mining and the characteristics of the ore are similar to that mined from the open pit. A key benefit is that we will not incur significant pre-production costs because we can access the ore body directly from the base of the pit. I think we only need to develop around 50-70 metres before we hit the underground ore body.

170,000 tonne of ore, nine months of production, remains in the open pit wall and this ore is accessible without any development work. It will generate early cash flows.

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What are the other major operating parameters at Engenho including capital cost, resources/reserves, production, grades, operating costs, mine life, annual operating cash flow and the project's net present value? What are your major assumptions?

CEO John Langford
The capital cost for Engenho, including infrastructure, is about A$15 million. We are comfortable that this is an achievable budget. Most of our key infrastructure items have been secured or firm prices obtained for them. Our current resource is 1.8 million tonnes at 5.8 g/t. We expect to mine at 5 g/t and produce at least 273,000 ounces of gold over a 10 year mine life, which represents a 92% conversion rate from resources to reserves. As I've already said, the average cash cost is A$344/oz with a total cost of A$477/oz.

The project has a net present value based on the existing mine plan of $48.8 million using a US$640/oz gold price and an 8% discount rate. Over the life of mine, Engenho will generate free cash flow of A$6-9 million each year.

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Is that resource at Engenho a JORC equivalent standard? What are the dimensions of the current resource and the opportunities to extend that?

CEO John Langford
The resource is JORC compliant with about 60% in the measured and indicated categories. The resource was calculated by AngloGold Ashanti to their standards and it was reconfigured by one of our consultants. Any resources we release publicly will be JORC compliant.

The resource is open at depth and our expectation, based on the geology of the region, is that the resource will continue well beyond its existing boundary. We have discovered a high level anomaly that we'll follow up and there is potential for other parallel ore bodies. The current infrastructure and ore body is located on an area of approximately 14 hectares and the tenement area is about 711 hectares, which leaves us considerable scope to increase our resource base.

We'll also undertake some mapping with an expectation that we will have a drill rig by the end of 2007. The priority though is to get Engenho into production.

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What definitional drilling on the current resource do you expect to undertake before first gold production? What are the objectives of that drilling? What resource to reserve conversion do you expect?

CEO John Langford
We don't need to undertake any drilling before we commence first production because the resources we inherited from Anglo were defined to a very robust level. They did significant work including opening up the ore body, which means we have detailed information. We've completed a large amount of modelling that will assist in our mine plan. We believe we have been quite conservative with our mine plan and we believe we will be able to comfortably deliver on those project assumptions.

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At the Torrecillas Gold Project in Peru you've stated that the regional potential resource could be in excess of 500,000 ounces. What are the terms of the option to acquire this project? Can you explain that resource potential?

CEO John Langford
We decided in April 2007 to exercise our option to acquire Torrecillas for US$2 million, which is payable in four instalments over two years.

The region has the potential for around 500,000 ounces of gold based on the extent of the mineralised vein system identified, which extends over about 7 km. We expect to have 200-250,000 ounces of gold in resource when we commence mining, but we expect the resource to eventually be larger. We've determined that drilling these narrow vein ore bodies will not be very effective to define a resource and that it will be more effective to open up the ore body through development. As we develop the decline, we will open up the mineralised structure and increase the mine life. We think 500,000 ounces of gold is a realistic target and expect the resource grade will be around 30 g/t and we will be aiming to deliver a mill grade after mine dilution (considering that these are narrow veined mineralised zones) of around 20 g/t which will make this an exceptional medium-sized mining operation.

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Mundo has the ability to earn 51% of the Tocantins Gold Project in Brazil. Why do you think the project has so much potential? What drilling or pre-drill exploration has been done in the project area?

CEO John Langford
Tocantins covers a large area of around 180,000 hectares of tenements. Under the terms of our joint venture, once we have earned our 51% from IAMGOLD we will reduce the tenement holding to 60,000 hectares. IAMGOLD has significant assets

in Africa, but their exploration budget in Brazil is not significant and that is why they were prepared to let us buy in to this potentially significant project.

There are a number of alluvial gold mines in the region that are very similar to the gold fields of Western Australia. We believe this area has the potential to deliver multiple medium–sized deposits through a disciplined exploration approach. We would hope, over time that we can get four to five operating mines out of these tenements.

Our initial drilling is starting to show some interesting early results and we will be following the recent RAB drilling with diamond drilling within the next two months. We are convinced that this region has a very strong potential to deliver a sustained and growing production base over the next three to four years.

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Can you outline your current balance sheet position? How will you fund your exploration and move into production? Who are your major shareholders?

CEO John Langford
We are debt free with about $8 million in cash. We raised $15 million in our IPO and some of that was invested in developing our assets in South America.

We are currently undertaking an equity raising of $18 million at 50 cents a share. Approximately $8 million is being raised by placement under the 15% rule and we will need shareholder approval to raise the balance. In addition, we will be implementing a share purchase plan to allow all of our shareholders to participate and acquire up to $5,000 of shares in the Company at the same price as the placement. Most of this has been placed with institutional shareholders.

The funds raised will secure the Company's future including development costs for Engenho. We would then anticipate the development of our assets will be self-funded through internal cash flow.

Our shares are held 20% by management and directors and around 55% by a number of institutions. We were very well supported early in the IPO by a number of institutions with a number holding just under 5% of the Company. A UK institution, Anglo Pacific Group, has declared its substantial shareholding in excess of 6% and will increase that shareholding when they participate in the placement.

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What are your Company-wide resource and reserve and production targets in the longer term? How might you get to those levels? What is the competition in accessing new projects in those countries?

CEO John Langford
Our strategy is to identify a sustainable production base within the next four to five years of 250,000 ounces of gold a year. We expect to increase our resource base to over 1.5 million ounces.

In four years, Engenho should be producing around 50,000 ounces of gold a year, Peru between 50,000 and 70,000 ounces of gold a year and 150,000 ounces of gold from Tocantins. This will see Mundo move to the mid-tier of world gold producers. We believe South America is a highly prospective country for mineral exploration. We have an experienced and committed management team based in South America and in addition to developing our existing assets we are extremely confident in identifying new opportunities. We will remain focused and disciplined in our approach. This is all about building a sustainable business.

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Thank you John.

For further information on Mundo Minerals Ltd visit http://www.mundominerals.com/ or contact John Langford on 08 9429 8889.

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