

Mundo Minerals Limited

Stock Exchange Announcement

Project Progress Report November 2007

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:

146.39million

Unlisted Options on Issue:

2.22 million

HIGHLIGHTS

- Commencement of mining at Engenho Gold Project
- Infrastructure well advanced to enable initial production from March 2008
- Capital budget remains significantly below budget
- Full project team employed or identified
- Exploration commenced on broader Engenho tenements
- Decline at Torrecillas gold project in Peru and underground development along vein structure makes significant progress
- Infrastructure at Torrecillas upgraded
- Second diamond drill secured to enhance exploration at the Conceição project at Tocantins gold project in Brazil

Engenho Gold Project – Brazil (100% - owned)

Mundo Minerals advises that commencement of formal mining commenced on 9 November 2007 with the first cut being taken (see figure 2). The open pit has been refurbished and access completed to allow for development of the decline. (See figure 1)



Figure 1 Refurbishment of open pit



Figure 2 First Cut for Decline

Mine development will continue continuously with access to initial ore located in the open pit wall being undertaken coincidentally with ongoing development of the main decline. There is approximately 170,000 tonne of ore in the open pit wall left from previous mining operations. This will provide initial mill feed while development of the main decline is developed to access the general ore body.

Ore will be stockpiled to allow for mill feed to be available when the plant is anticipated to be commissioned in March 2007. This will allow production to commence at full production as soon as commissioning is completed during March 2008.

All major components of the treatment plant have either been completed or commissioned and Mundo Minerals is pleased to advise that it is anticipated that the capital costs associated with developing the Engenho gold project will be completed significantly below the initial budget of A\$15m.

The tailings dam will be completed within two weeks, the crusher is now fully installed, power has been delivered to site, office accommodation is well advanced and rolled steel has been delivered to site allowing for construction of the tankage. Refurbishment of the ball mill is advanced allowing for this to be delivered to site in early January 2008.

Mundo Minerals has previously advised that most of the executive team had been employed. Employment of the remaining management team has been concluded and all mining personnel have been employed or identified and will be employed as the project requires the personnel.

Mundo Minerals has also previously advised that it had identified a gold anomaly similar to the Engenho anomaly in close proximity to Engenho on the tenements Mundo owns and it was anticipated that testing of this anomaly would commence early in 2008. A broader review of the tenements has enhanced the potential of the Engenho tenements from an exploration perspective and Mundo has committed to a broader exploration strategy in addition to testing the Mazoca anomaly. While it remains a priority to test the Mazoca anomaly early in 2008, Mundo advises that a geological team has commenced field work to review the general tenements to allow a comprehensive exploration programme to commence in 2008. The directors have approved a specific exploration programme for these tenements.

Torrecillas Gold Project – Peru (100% owned)

Development of the exploration decline designed to access the vein system and allow development to test and expose the mineralised structures is continuing to achieve strong progress. It is anticipated that the initial vein structure should be intersected within four months. At the same time it is proposed to continue development along the vein structures from existing underground workings allowing access to the vein structure from two structures.



Figure 3 Decline Portal, Mundo mining managers and contractors

This will recommence in the next couple of weeks after commissioning of a new haulage system that has been acquired by Mundo Minerals. A general review of infrastructure has been completed and minor capital expenditure has been undertaken to ensure efficiencies in the mine development as well as upgrade infrastructure available to the mining team. Significant benefits in moral and a strong commitment to Mundo Minerals has been achieved.

Initial testing of ore in Germany to test the ores response to ore sorting has been finalized and indications are that the ore from Torrecillas responds well to mechanical ore sorting, This should allow the company to implement greater bulk mining techniques with associated economies. Further testing of mining techniques and benefits of ore sorting will continue during the next stage of project assessment.

Tocantins Gold Project – Brazil (Mundo earning 51%)

Mundo Minerals has previously advised significant RAB drill results from the Conceição gold anomaly at the Tocantins gold project in Brazil. In the last quarterly report it was announced that the Company had commenced a diamond drilling programme to further enhance the testing of the mineralisation over the 3km anomaly outlined from the RAB drilling and that a 6000 m diamond drilling programme had been commissioned.

Mundo advises that it has commissioned a second diamond rig to assist in the drilling of this highly prospective anomaly and that this initial drilling is expected to continue over the next 6-8 months.

John Langford
Chief Executive Officer

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 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.