

Mundo Minerals Limited

Stock Exchange Announcement – 20 November 2006

54% Increase in Engenho Gold Resource – South America

KEY POINTS

- **Upgraded mineral resource of 1.8 million tonnes at 5.59g/t Au (326,500oz) announced following review of all data and remodelling of the Engenho ore body.**
- **Approximately 171,000 tonnes of ore grading 5.5g/t Au delineated in the existing open pit wall. This material will largely be accessible without significant development cost, providing initial ore feed for most of the first year's production.**
- **Mine planning is now underway and will continue in conjunction with mine and environmental approvals, targeting initial production within 18 months.**

Mundo Minerals Limited (ASX: MUN – “Mundo”) is pleased to advise that it has completed a review of all geological data associated with its 100%-owned **Engenho Gold Project**, located in the State of Minas Gerais in Brazil, including a remodelling of the ore resource which has resulted in a substantial increase in contained gold.

The initial mineral resource for Engenho included in Mundo's recent Prospectus was 1.13 million tonnes at 5.82 g/t containing 211,600 ounces of gold (using a 4 g cut-off).

The resource model has subsequently been revised based on all available geological and analytical data for the project. This process included re-inputting in-pit sampling information to the model based on the interpretation of 10 metre-spaced slices at right angles to the dip of the orebody, to provide a more reliable interpretation of the ore geometry. All mineral resource estimates have been prepared in accordance with the JORC Code (2004).

This more detailed geological interpretation has generated a revised mineral resource estimate of **1,361,100 tonnes at 6.27 g/t for 274,300 ounces of gold, representing an increase in contained gold of 30%** at a 4 g/t cut-off, based on a like-for-like comparison with the resource estimate used in the Prospectus.

Using a 3 g/t cut-off, the upgraded resource has been estimated at **1,816,900 tonnes at 5.59 g/t for 326,500 ounces of gold, representing an increase of 54%** compared with the resource estimate used in the Prospectus (which predated the remodelling at a 4 g/t cut-off).

The resource estimate categories are summarised below, together with a comparison of the original resource with the upgraded resource estimates using a 4g/t cut-off and 3g/t cut-off respectively:

Initial mineral resource estimate as per the Prospectus:

Class	Tonnes (t)	Au (g/t)	oz
Measured	491,000	6.80	107,300
Indicated	337,000	5.68	61,600
Inferred	302,000	4.40	42,700
Total	1,130,000	5.82	211,600

Mineral resource estimate based on remodelling:

Using 4 g/t cut-off:

Class	Tonnes (t)	Au (g/t)	oz
Measured	527,200	6.64	112,500
Indicated	271,200	5.78	50,400
Inferred	562,700	6.16	111,400
Total	1,361,100	6.27	274,300

Using 3g/t cut-off:

Class	Tonnes (t)	Au (g/t)	oz
Measured	827,700	5.51	146,600
Indicated	379,500	5.17	63,100
Inferred	609,700	5.96	116,800
Total	1,816,900	5.59	326,500

Significantly, the change in cut-off grade from 4g/t to 3g/t does not result in a significant reduction in average grade compared with the earlier mineral resource estimates for the Engenho Project. Initial studies indicate that the optimal economic cut-off grade for the Engenho ore body will be between the 3 and 4 g/t, with a resultant significant increase in gold production and cash flows in comparison with earlier estimates.

Consequently, all future mineral resource estimates and comments will refer to the 3 g/t cut-off estimate, as this more closely reflects the geological model which will form the basis for mine planning.

Mine planning is now being undertaken and will continue in conjunction with mine and environmental approvals and subsequent development of on-site CIP treatment facilities. Initial gold production at Engenho is expected to commence in approximately 18 months.

Approximately 170,000 tonnes of ore was previously mined from the Engenho orebody from a small open pit. Average gold recoveries of 93% were achieved through traditional CIP processing similar to that proposed to treat the balance of the orebody.

As a result of the remodelling of the Engenho mineral resource, a significant portion of mineralisation comprising some 171,000 tonnes of ore grading 5.5g/t Au has been delineated within the existing open pit wall.

This material will largely be accessible in the early stages of mining without significant development costs being incurred. Based on the initial anticipated mining rate for the Engenho Gold Project of approximately 150,000 tonnes per annum, this easily accessible material is expected to contribute most of the first year's production.

The balance of the ore body will be developed and mined from underground using a decline.

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."