

Mundo Minerals Limited

Stock Exchange Announcement – 12 February 2007

Spectacular High-Grade Gold Intersection at Torrecillas

KEY POINTS

- **Significant new high-grade gold intercept of 0.3m @ 96.29 g/t received from ongoing diamond drilling at Torrecillas vein system.**
 - **Re-assay returns result of 0.3m @ 97.49g/t Au, indicating presence of abundant fine gold.**
 - **All holes completed to date at Torrecillas intersect targeted vein system.**
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Further to the Exploration Update released on 9 November, Mundo Minerals Limited (ASX: **MUN** – “**Mundo Minerals**”) advises that it has received a highly significant new assay result from ongoing drilling at the **Torrecillas Gold Project** in Peru, South America. The Company has received a spectacular high-grade intercept of **0.3m @ 96.29g/t Au** from ongoing diamond drilling within the Torrecillas vein.

A re-assay of this interval returned a result of **0.3m @ 97.49g/t Au**. This provides confidence that the gold is abundant fine gold rather than a nugget effect. The spectacular high-grade result would be approximately equivalent to 1 metre grading ~1 ounce per tonne.

The latest result was from wide-spaced drilling within the Torrecillas vein (the location of current mining activities) and follows previously reported encouraging intersections from the “5 de Noviembre” vein including **0.8m @ 8.74g/t Au, 0.3m @ 8.71g/t, 0.75m @ 19.42g/t** and **0.3m @ 37.01g/t**. The drill hole is approximately 60 metres down-dip from the western end of the existing 11 level of the Torrecillas mining operation.

To date, drilling programs have tested the first two of six high-grade vein systems at Torrecillas, many of which extend over a strike length of up to 2km. The fact that all drill holes completed to date have intersected the targeted vein system is regarded as significant by the Company’s geologists, providing a high degree of confidence in the continuity of the vein system in both the Torrecillas and 5 de Noviembre veins.

As indicated in the previous release, drilling is expected to continue at Torrecillas until mid-March 2007 providing data which will enable Mundo Minerals’ Board to make an assessment of the economics of the project prior to determining whether to exercise its option to acquire the project. The high-grade assays currently being received provide ongoing support for the economic potential of the narrow vein, high-grade gold mineralisation at Torrecillas, particularly as the current wide-spaced drilling was not expected to intersect economic grades in most holes given the generally limited strike lengths of the high grade ore-shoots.

The current drilling is principally designed to test the continuity of the vein system as well as to provide comfort that, where gold mineralisation occurs, the level of confidence in the continuity of the high-grade mineralisation is high enough to support a robust economic mining operation.

Mundo Minerals notes that, subsequent to the release of the Exploration Update, the Company's Managing Director acquired 90,000 shares at 25.5 cents per share. Appropriate corporate protocols were followed prior to the acquisition of these shares, and the assay information in today's release was not available to any executive of Mundo Minerals. The assay was faxed to the Mundo Minerals' office in Brazil at approximately midday, Friday 9 February 2007, Brazil time (11 PM Fri 9 Feb WST).

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 a newly established 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 new mid-tier Australian-domiciled gold production house.

Mundo is aiming to commence initial production at its flagship asset, the **Engenho Gold Project** in Brazil, within 18 months, 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.

Mundo intends to establish a CIP treatment facility near the Engenho ore body, with estimates from Brazilian manufacturers and contractors indicating that the capital cost of a plant with a 150,000tpa treatment capacity would be approximately US\$7.5 million.

A total of approximately \$7.6 million of the IPO funds will be allocated towards exploration and acquisition costs associated with Mundo's other two assets, the **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.

At Torrecillas, Mundo has negotiated an option to explore 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. Under the option agreement, Mundo has a period of 14 months from 1 February 2006 to prove a minimum resource of 150,000 ounces of gold at 12 g/t. It can exercise the option and acquire a 100% interest in the tenements by paying a maximum of US\$2.25 million.

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.

Mundo's IPO brings to the Australian market one of the most accomplished and high profile senior management teams assembled in the resource sector in recent times. Mr Langford, who headed up the corporate finance division for Deloitte in Western Australia for 10 years, has extensive experience in the Australian resource sector and is well-known as a Director of Palace Securities Pty Ltd, the company that owns the Diggers & Dealers Mining Forum.

Joining him on the Mundo Minerals Board is a high-profile group of resource industry leaders including non-executive Chairman, Mr George Jones, Brazilian-based Executive Director, Mr Michael Schmulian, Australian mining executives, Mr Brian Hurley and Mr Barry Eldridge, and well-known Perth lawyer, Mr Rob McKenzie.