

Mundo Minerals Limited

Stock Exchange Announcement – 12 June 2007

Update on Torrecillas Project, Peru and Key Appointment

Highlights

- **Country Manager appointed to manage Mundo's operations in Peru.**
- **Planning well advanced for next phase of assessment of Torrecillas Gold Project following recent acquisition of this asset.**
- **Mundo develops strategy to conduct exploratory underground development along known vein systems at Torrecillas to determine the extent of mineralization.**
- **Contractors have visited site to tender on decline development.**
- **Decline development expected to commence within two months (subject to environmental approvals).**

Mundo Minerals Limited (ASX: **MUN** – “**Mundo**”) is pleased to announce that it has secured a highly experienced senior mining executive to take up the position of **Country Manager – Peru**, with responsibility for managing its emerging operations in the region. Mundo also today announced an update on its 100%-owned **Torrecillas Gold Project**, located in south-eastern Peru.

Mundo has appointed Mr Sergio Zuniga, a mining engineer with extensive experience in Peru, to the newly created position. Mr Zuniga has had significant experience with a number of mining projects in Peru and, consistent with Mundo Minerals' strategy of engaging senior mining personnel within the executive team, he has more than 30 years professional experience.

Mr Zuniga will commence with Mundo on 2 July 2007. Consistent with the Company's policy of incentivising its key executive team, it is proposed to issue Mr Zuniga with 400,000 options on similar performance terms to the other senior executives. These options will be exercisable over a four year period (100,000 options exercisable each year) subject to Mr Zuniga meeting his key performance indicators. The exercise price of the options will be 45 cents.

Torrecillas Update

Since the acquisition of the Torrecillas Gold Project in April, senior technical executives from Mundo including Jean-Marc Lopez (Exploration Manager – South America) and José Antonio Kurcewicz (Mining Manager – South America) have spent a considerable period of time on location at Torrecillas planning the next phase of technical assessment of this project.

As previously advised, this will include the proposed development of a decline and trial mining along the known high-grade vein systems to determine the location and extent of the mineralization within the veins.

Mundo Minerals Limited

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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:

Joe Mobilia

Company Secretary:

Paul Mason

Mining Manager – South America:

José Antonio

Kurcewicz

Exploration Manager – South America:

Jean-Marc Lopez

Project Manager – Engenho

Lafayette

Caporali

Capital Structure

Fully-Paid Shares on Issue:

99.75 million

Unlisted Options on Issue:

1.82 million

This will enable Mundo to establish a resource estimate for the Torrecillas Project, prior to committing to production. This exercise, which is expected to take between 18 months and 2 years to complete, will also provide bulk samples for metallurgical test work.

Two contractors have visited Torrecillas to review the planned development and submit tenders for the decline development. It is expected that the decline development will commence within two months subject to environmental approvals being obtained. Applications are well in progress.

Mundo has retained the services of the key mining personnel with extensive experience in mining the Torrecillas veins, including the mine geologist who has worked on the vein structures for several years as part of the small-scale mining operation conducted by the private vendors of the project. A mining engineer has also been recruited as mine manager for the Torrecillas project to manage the day to day development.

This will enable Mundo to progress the continued assessment of the Torrecillas Project supported by a substantial bank of practical mining and geological experience with respect to the existing geological vein system built up over many years.

The Torrecillas Project contains multiple narrow-veined, high-grade mineralised zones extending over the tenements. There has been low-level production over the past 20 years from one of the veins, which has yielded an average production grade for the majority of the production period of approximately 30g/t.

To support Mundo's emerging operations in Peru, an administrator has been retained and an office established in the town of Chala, near Torrecillas. It is expected that an office will be established in the capital Lima within the next month to support development of the Torrecillas Project and Mundo's longer-term growth objectives in the region.

Yours sincerely

John Langford
Chief Executive Officer

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.