

Securities Exchange Announcement – 14 January 2010

Production Resumes at Engenho Gold Mine

Mundo Minerals Limited (ASX code: **MUN**) advises that production through the mill will resume tomorrow (15 January) at its Engenho Gold Mine in Brazil following successful completion of initial repair work to the breach in the tailings dam.

The resumption of production is in line with the expected timeframe previously set out by Mundo.

Initial work focused on isolating the affected portion of the dam by building a retaining wall and lining it to allow the unaffected area of the tailings dam to be used while the damaged area was properly assessed and repaired.

This work was undertaken by contractors and mine personnel using waste material from underground and a clay source from the ROM (run-of-mine) pad for the primary wall structure. This was fully lined and the dam repair strategy has been approved by the relevant authorities.

Work to repair the damaged portion of the dam has now commenced, again with full approval of the authorities, and should be completed in the next few weeks providing full access to the tailings dam again.

The Directors of Mundo Minerals have been impressed with the commitment shown by the Company's operations team to managing this issue. They have been extremely diligent in their efforts to resume production. Importantly, the hazard training provided to them by the Company was quickly and thoroughly implemented, minimising any environmental damage.

Contamination management strategies were initiated within half an hour of the breach being identified and intensified chemical levels were quickly reduced to environmentally acceptable levels.

The authorities and community leaders were kept well informed and they have since complimented the Company and its people on the management of the situation.

During the production downtime, the Company also took the opportunity to review all mill maintenance issues including the proposed installation of a replacement pinion on the mill prior to resumption of milling. Due to delays on delivery of this item, this will now be completed following resumption of production but should only involve a one-day shut-down.

Drilling has been completed at the Crista satellite deposit immediately north of Engenho and all data has been delivered to the mining geologists, allowing block modelling to be completed and mine planning to be undertaken. This is within the expected schedule.

Initial exploration drilling at the Jaqueira Project in Brazil was suspended over Christmas while production and cash flows were interrupted. No assays have been received to date but the dyke structures have been intersected in the two holes completed.

John Langford
Chief Executive Officer

14 January 2010

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Australian Stock Exchange

Code: MUN

Board of Directors

Non-executive Chairman
Barry Eldridge

Chief Executive Officer
John Langford

Non-executive Directors
Brian Hurley
Rob McKenzie

Senior Management

Chief Operating Officer
Andrew Law

Country Manager – South America /
Exploration Manager
Jean-Marc Lopez

Chief Financial
Officer/Company Secretary
Joe Mobilia

Joint Company Secretary
Paul Mason

Country Manager –Peru
Sergio Zuniga

Capital Structure

Fully-Paid Shares on Issue
146.99 million

Unlisted Options on Issue
5.20 million

Competent Person's Statement

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. Mr Lopez consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

About Mundo Minerals

Mundo Minerals is an Australian-domiciled international gold company with a portfolio of medium- sized gold projects in South America. Currently, the Company has four projects at different stages of development – three (including its first production asset) in Brazil and one in Peru.

Mundo Minerals' corporate strategy is based on the development of a sustainable production base of more than 250,000 ounces of gold per annum in the medium term. The Board has assessed all of the assets within the Mundo portfolio, at their current stage of development, as having strong potential to deliver a sustainable production base.

The Engenho Gold Project, which is located in the State of Minas Gerais in Brazil, is forecast to produce at an initial annualised rate of approximately 30,000 ounces per annum. Mundo's other assets in South America include the 100%-owned **Torrecillas Gold Project** in Peru, and the **Tocantins Gold Project** and **Jaqueira Gold Project** in Brazil. These projects have the potential to yield multiple resources to underpin the Company's long-term growth.

The Board is pragmatic in its approach to developing the corporate asset base and all projects will be developed according to robust commercial parameters.