

Mundo Minerals - Project Development Update

Overview:

Mundo Minerals Limited (ASX code: MUN) is pleased to provide an update regarding progress being made to develop the Crista deposit in Brazil and progress to move to the next stage of development of the Torrecillas gold project in Peru.

Crista Gold Project Brazil

Mundo Minerals provided details in the recent quarterly report advising that drilling at Crista had been completed and that progress was being made towards bringing Crista to production mid 2010. The recently announced rights issue will be partly used to upgrade infrastructure to allow for the increased production profile to approximately 46,000 ounces per annum on an annualised basis from this project.

It is appropriate to provide an update as to progress that has been made towards achieving moving the asset towards production.

- A project coordinator has been recruited and has commenced work. His role is to manage the development progress and ensure all timeframes and budgets are achieved.
- All environmental studies have been completed and no issues are anticipated in gaining all necessary approvals.
- Land owner agreements are completed and the land owners are attending to any regulatory issues they need to with the relevant authorities to allow access to the land.
- Approvals have been agreed for the waste dump with the relevant land owner and final administrative processes are being completed.
- Metallurgical test work has been completed and work has commenced on the pit optimisation.
- Design work for the new ball mill, tankage, gravity circuit etc has been completed and an appropriate second hand mill has been identified and final inspections and tests are being completed before a final decision is made to acquire the unit.

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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
168.04 million

Unlisted Options on Issue
6.10 million

- Initial discussions have commenced with potential mining contractors.

Torrecillas gold project Peru

In the recent quarterly report Mundo Minerals advised that work had commenced to allow initial work to be done to test the 5 Noviembre and Torre Chico veins. An update as to progress on this project is as follows.

- Access work to 5 Noviembre is expected to be completed in the next two weeks and development and extension work on the vein structure is expected to commence in the last week of February.
- Access work to Torre Chico is expected to be completed late February and development and extension work will commence early in March.
- The initial scoping study by independent consultants has been completed.
- Environmental studies and metallurgical studies have commenced. It should be noted that the ore has been successfully treated through toll treatment facilities for 16 months and as such no issues are expected from metallurgical testing. Similarly no environmental issues are anticipated.
- Appropriate land for the treatment facilities has been identified and work has commenced to acquire this land. The land is open crown land and is available.
- Test work to determine the appropriateness of using ore sorting techniques to assist with grade control will commence in the next two weeks in Europe.

Mine production from the trial mining on the Torrecillas vein was increased in January to determine any degradation of grade from increased productivity. Grade for January was maintained at 19.41 g/t. The first two deliveries in February averaged in excess of 25 g/t.

Rights Issue

Some queries have been asked regarding the participation of the directors in the rights issue. Mr Langford has indicated he will subscribe for \$300,000 in shares, Mr Eldridge has indicated that he will subscribe for approximately \$100,000 in shares and Messrs Hurley and McKenzie have indicated that they will subscribe for all of their rights.

The record date for entitlements to the rights issue is 17 February 2010. Shareholders registered at that date will receive the entitlement to the rights issue.

John Langford
Chief Executive Officer

12 February 2010

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 **Torreillas 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.