



# Mundo Minerals

## Gold Operations and Development Update

*Approvals and infrastructure upgrades on track for Crista open pit in Brazil*

### Highlights:

- *Key infrastructure upgrades at the Engenho gold plant (Brazil) well advanced*
- *All documentation lodged for regulatory approvals required for development of the new Crista open pit at Engenho – final approvals pending*
- *Contractor negotiations well advanced for Crista mining and haulage road*
- *Encouraging results from initial development of ancillary veins at Torrecillas Gold Project (Peru)*
- *Excellent results from metallurgical and gravity testwork at Torrecillas*
- *Strong progress made with review of infrastructure required for Torrecillas development*
- *Regional potential for additional veins at Torrecillas enhanced*

Mundo Minerals Limited (ASX Code: **MUN**) is pleased to provide an update on key infrastructure upgrades at its 100%-owned **Engenho Gold Project** in Brazil, as well as recent progress towards developing the satellite Crista open pit, which is expected to enhance the Project's production, grade and overall economics.

The Company is also pleased to provide a progress report on the Feasibility Study on its **Torrecillas Gold Project** in Peru and encouraging recent exploration results from this emerging production asset.

### Engenho Gold Project Brazil (100% owned)

Work has progressed on upgrading the treatment facilities at Engenho to accommodate additional ore production from the Crista open pit development, located immediately north of the Engenho mine and treatment plant.

All documentation has now been lodged with the relevant authorities to obtain the necessary approvals to construct the haulage road to allow ore to be transported between the open pit and the treatment facility, which will be a total distance of approximately 4.2km. Final approvals are pending.

All land access approvals have been finalised with the relevant land owners to enable mining, construction of the haulage road and development of any other infrastructure required for the project to proceed. Commercial terms have also been agreed for the acquisition of freehold land required for the waste dump.

Tenders are being assessed and final negotiations underway for construction of the haulage road. Tenders for the mining contract are due by mid-September.

At the Engenho treatment facility, the upgraded crushing circuit has been installed, commissioned and is now operating well (*see Figures 3 and 4*). The footings for construction of the second ball mill are currently being put in place (*see Figure 2*) and refurbishment of the mill itself is well advanced.

Footings for the additional tankage have been completed (*see Figure 1*) and are awaiting fabrication of the tanks to be completed.

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**Figure 1 – Tank Foundations**



**Figure 2 – Mill Foundations being put in place**



**Figure 3 – Crusher being installed**



**Figure 4 – Crusher fully commissioned**



**Figure 5 – Second hand ball mill being refurbished**

### **Torrecillas Gold Project, Peru (100% owned)**

Mundo Minerals recently completed a major strategic review of its progress in advancing the Torrecillas Gold Project towards commercial production. Excellent progress has been made with respect to all key technical aspects associated with the Project.

#### ***Mining and Development***

In addition to trial mining along the Torrecillas vein structure, initial development work has been undertaken on the nearby 5 Noviembre and Torrechicco veins. Trial mining on the Torrecillas vein continues to deliver consistent production with the average grade of ore delivered for toll treatment mill between January 2010 and August 2010 being **17.98g/t**.

Vein development undertaken to date at 5 Noviembre has reached the initial sulphide zone (*see Figures 8 and 9*). Early assay grades range **between 5 and 17 g/t Au**, which is consistent with the assays encountered in the transition zone on each level developed at the Torrecillas vein. The ore is visually consistent with that mined at the Torrecillas vein (*see Figures 6 and 7*). While development is still at an early stage, the initial results are encouraging and consistent with the geology and structure seen during development at Torrecillas.

Work has progressed on developing the Torrechico vein by developing a shaft on the vein (see Figure 10). The sulphide zone has not yet been encountered, however the structural characteristics of the vein are as expected. Water has been encountered at the current zone of development, indicating that the sulphide zone is close.

Once the shaft has reached the target depth, development of an exploration drive will commence to enable a proper assessment of the veins, mineralisation consistency and dip to be undertaken prior to deeper drilling to enable an initial JORC resource to be calculated as part of the current Feasibility Study.



*Figure 6 – Vein mineralisation at Torrecillas*



*Figure 7 – Vein mineralisation at Torrecillas*



*Figure 8 – Underground development, 5 Noviembre*



*Figure 9 – Transition zone of mineralisation, 5 Noviembre*



*Figure 10 – Shaft development at Torrechico  
Feasibility Study Update*

Metallurgical testwork conducted on ore from the Torrecillas vein has now been completed by two independent and well credentialed laboratories. Testwork has consistently delivered recoveries ranging **between 92 and 95%**

using normal CIL treatment testing as well as initial tests using a flotation circuit. Minimal variation in recovery has been encountered using fresh or brackish water.

In addition to the initial metallurgical testwork, preliminary work on gravity testing has shown that recoveries of up to 70% can be achieved by using a gravity circuit. More testwork is required but the initial results are most encouraging with positive implications for treatment logistics and associated costing.

In terms of water supply for the processing plant, a substantial water source has been identified approximately 45km from the mine at higher altitudes, indicating that water may be sourced and delivered to the mine site with gravity feed, eliminating the need for substantial pumping. A review has been initiated on the availability of this water, access and approvals logistics. Should these investigations be successful a decision may be taken to locate the plant near the mine rather than near the coast, eliminating the need to transport ore to the coast.

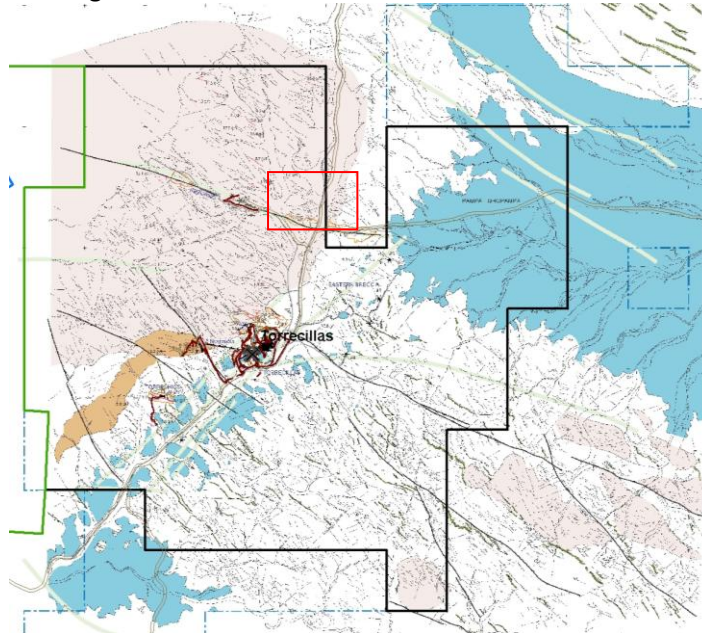
At this stage of project development, all indicators associated with the project assessment and initial Feasibility Study are encouraging.

### **Exploration**

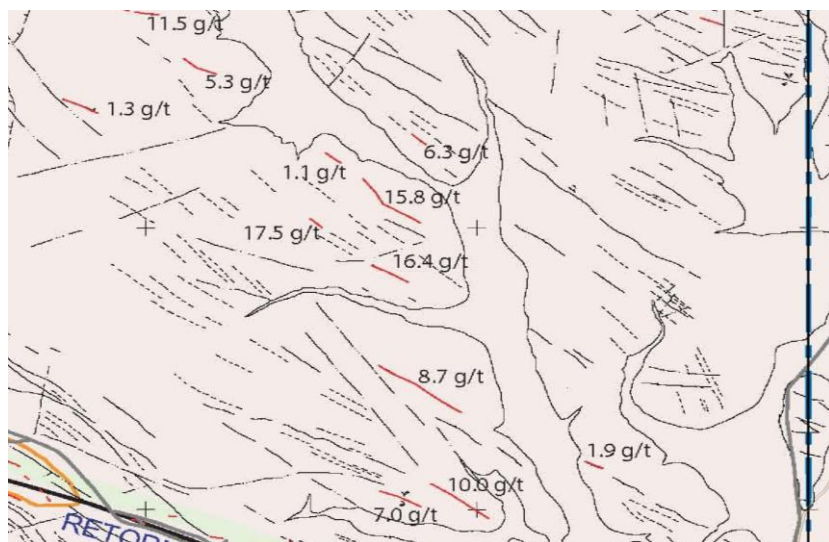
A recent review of the Torrecillas tenements and compilation of old data has identified a number of significant vein structures in addition to those currently subject to the Feasibility Study, confirming the potential of the tenements to provide strong regional exploration upside to facilitate production growth and sustainability beyond what is being assessed in the Feasibility Study.

The Company is maintaining a disciplined approach to the assessment of the primary veins currently subject to the Feasibility Study and undertake a more detailed regional assessment of these broader regional opportunities once the Torrecillas Project is generating a commercial cash flow.

In addition to the vein structures, a review of previous exploration work undertaken prior to Mundo Minerals acquiring the tenements has provided a new region of interest in the northern section of the tenements where significant rock chip samples grading up to 16g/t on the surface were identified from previous geological reports. This region will also be assessed in the future but reinforces the broader regional potential of the tenements.



**Figure 11 – Torrecillas tenement profile showing area of significant rock chip samples  
(Hampton Quibird image interpretation)**



**Figure 12 – Rock chip samples from previous exploration untested by Mundo Minerals**

**John Langford**  
Chief Executive Officer

**10 September 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 building a long-term gold business in South America with a project pipeline currently comprising four medium-size gold projects in Brazil and Peru at different stages of development.

The Engenho Gold Mine in South East Brazil has been in production for 18 months and is growing its production profile from around 25,000 ounces per annum to approximately 45,000 ounces per annum with the development of a new satellite mining centre at Crista-Olhos and a \$2.5 million plant upgrade.

The Torrecillas Project in Peru is currently producing around 9,000 ounces per annum from a high-grade trial mining operation being undertaken as part of a Definitive Feasibility Study on a potential 100,000 ounce per annum operation based on narrow vein, high-grade mining.

The Jaqueira Project in Brazil is an advanced exploration/development project and the Tocantins Joint Venture is an attractive exploration opportunity covering extensive greenstone belts in central Brazil.

With the ramp-up of production at Engenho and the development of Torrecillas, Mundo Minerals is targeting production of approximately 55,000 ounces in FY2011 growing to a sustainable level of 150,000 ounces per annum from FY2012 onwards.