

The logo for Mundo Minerals, featuring the company name in a bold, serif font with a gold-to-yellow gradient, set against a dark blue background. To the left of the logo is a small inset image showing an industrial mining site at night with bright lights and structures.

Mundo Minerals

March 2011 Project Development and Operations Update

Next phase of asset development gathering momentum following \$10-15M capital raising

Highlights:

- **Consistent gold grades of >18g/t Au** continue to be delivered from **trial mining at Torrecillas (Peru)**.
 - **Significant progress being achieved in trials of new ground-support techniques** and the use of **consolidated back-fill to support stope development at Torrecillas**.
 - **Major new IP geophysical program** to commence shortly to test the **extent and direction of the high-grade vein structures**.
 - Preparations underway for **underground drilling at the Torrecillas and 5 Noviembre Veins**, to enable an initial JORC resource to be calculated as part of the current Feasibility Study.
 - **Operational efficiencies being identified the Engenho Gold Mine in Brazil** and review of planning for the new **Crista open pit well advanced**, in anticipation of development commencing.
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International gold producer Mundo Minerals Limited (ASX code: MUN) is pleased to provide an update on its project development activities and gold operations in Peru and Brazil.

The Company is currently preparing for the next phase of asset development following its recently announced \$10-15 million capital raising, with a progress review recently completed on its **Torrecillas Gold Project** in Peru and an operational review underway at the **Engenho Gold Project** in Brazil.

Progress at all assets continues to support the Company's stated objectives in building a sustainable production base targeting annualized gold output of 150,000 ounces in the near term.

Torrecillas Gold Project, Peru (100% owned)

Trial mining at Torrecillas continues to achieve **grades in excess of 18 g/t monthly** and is delivering consistent production according to expectations. Development and trial mining is continuing to progress as part of the ongoing assessment of the vein structures.

Work has also been continuing to trial ground-support techniques to deliver productivity gains in development. Current ground support has relied on timber support structures which, while effective, are time-consuming to install and not the most efficient ground-support method from a productivity perspective.

Timbering has been appropriate during the trial mining phase but more efficient support systems are essential to achieve the level of productivity required for commercial production.

Recent trials using bolts, meshing and timber jackpots have been successful and time efficiencies of up to 60% have been achieved in delivering ground support without compromising safety.

An example of these ground support methods is shown in the photo below.



Figure 1 - Jackpots and meshing

Testing is about to commence on using consolidated back-fill to provide ground support in stopes – a system that pumps a mixture of slurry comprising river bed material and concrete to provide a stable fill for voids created by stoping, providing long-term stability for the mine. The process is similar to concrete pumping used in the construction industry.

The equipment required to trial this system has been delivered to site and piping will be installed in the next few weeks which will allow the trials to commence. There is an abundance of material around the mine area available for long-term use within 500 metres of the existing mine. Laboratory testing of this material has provided positive results.

Successful trials using this method will substantially enhance productivity in mining rates expected in the Feasibility Study.

Additional seismic work to identify water sources for the mining operations has identified four separate water sources providing significant flexibility in terms of water access. Pump testing of the water sources will be undertaken in the near term.

Work to date on the Feasibility Study including availability of power, road access, water and general infrastructure is supporting the initial expectations from the Scoping Study.

Company has engaged Fugro Limited to conduct a programme of IP (Induced Polarization) tests on the known vein structures with the aim of further enhancing the Company's understanding of the extent and direction of the vein structures. If the IP work is successful, it will enable the Company to undertake directional development work along the vein structures, realising further efficiency gains. This work commenced on 21 March 2011.

Work is progressing to establish drilling access for proposed underground drilling at the Torrecillas Vein to allow deeper resource assessment to be completed and an initial JORC compliant resource to be calculated as part of the Feasibility Study. Work is also advanced in final planning for drill testing the 5 Noviembre vein with drilling expected to commence soon after the final part of the current equity raising is completed.

Engenho Gold Project, Brazil (100%-owned)

Mundo Minerals has previously advised that the new operational management team at Engenho has commenced a detailed review of the existing underground mining operations. While this process is still at an early stage, efficiencies have been identified in mine planning and development strategies, treatment efficiencies have been

implemented and recoveries of more than 95% are regularly being achieved (up from 93.5%) with a strong focus identifying and achieving maintenance efficiencies.

These should ultimately drive lower cash operating costs, although some initial time is required to be invested in delivering the efficiencies. A restructure of operating personnel has resulted in a team that is performance-focused and motivated to maximize efficiencies from the mining operations.

A review of all planning for the proposed Crista open pit mine, located immediately north of the Engenho treatment plant, is currently being undertaken to ensure that the Company is well positioned to commence work to advance the Crista mine as soon as final approvals have been received.

The Company continues to work with authorities in resolving current outstanding matters associated with a proposed regional national park (as outlined to the market previously) and Mundo understands that a positive resolution should be achieved in the near term. An announcement will be made as soon as an official outcome is notified.

Planning has been completed for drilling to commence at the emerging Olhos resource, with approvals for the initial drilling currently being prepared and drilling contractors identified to allow drilling to commence. The Olhos drilling program is expected to commence towards the end of April 2011.

John Langford
Chief Executive Officer

24 March 2011

Competent Person's Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Armando Massucatto who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Massucatto is employed by Mundo Minerals Limited and is the Company Exploration Manager. Mr Massucatto 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 Massucatto consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.