Mundo Minerals Limited

Stock Exchange Announcement – 9 February 2007

EXPLORATION UPDATE – ENCOURAGING INITIAL RESULTS FROM KEY SOUTH AMERICAN EXPLORATION PROJECTS

KEY POINTS

Torrecillas Gold Project, Peru

- Continuity and extent of the high-grade vein system confirmed by initial drilling.
- High-grade intercepts including **0.8m @ 8.74g/t Au**, **0.3m @ 8.71g/t**, **0.75m @ 19.42g/t** incl. **0.3m @ 37.01g/t**) received from first vein.
- Underground channel sampling returns grades including **29.72g/t Au**, **37.71g/t**, **31.43g/t**, **33.65g/t** and **23.91g/t** from the Torrecillas vein.
- Diamond drilling to continue until mid-March 2007 with a second rig commissioned.
- Option to acquire Torrecillas extended to 15 April 2007 to enable full assessment of the asset's commercial potential.

Tocantins Gold Project, Brazil

- Encouraging results from testing of the Buzina geochemical anomaly, confirming the continuity of the mineralized system. Further results awaited from drilling.
- Access to existing underground gold mines negotiated with garimpeiros, to enhance Mundo's geological understanding of the region.

Mundo Minerals Limited (ASX: **MUN** – **"Mundo Minerals"**) today announced an update on the recently commenced exploration programs at its two key exploration projects in South America, with encouraging initial drilling and sampling results received from both the **Torrecillas Project** in Peru and the **Tocantins Project** in Brazil.

Initial diamond drilling programs commenced at both projects in mid-November 2006, alongside ongoing development activities at the Company's first production asset, the Engenho Gold Project in Brazil. First production at Engenho is scheduled for May 2008 with recent development progress outlined in the Company's December 2006 Quarterly Report. Mundo Mineral's focus is on developing a portfolio advanced projects in South America with the potential to deliver sustainable production.

Torrecillas Gold Project, Peru (Option to Acquire 100%)

Mundo is pleased to advise that it has received encouraging results from initial surface drilling and underground channel sampling at the Torrecillas Gold Project, located approximately 640km south east of Lima in Peru. This program has confirmed the continuity and extent of the first of six high-grade veins to be tested, while underground channel sampling of the vein currently being mined has returned very high grades including **37g/t Au**, **31.43g/t**, **33.65g/t**, **29.72g/t** and **23.91g/t**.

Mundo Minerals has an option to acquire the privately owned Torrecillas Gold Project, which has been operated for approximately 20 years with mining to date focused on the extraction of narrow, high-grade veins. Current activities are limited to a 200m section of a single vein (the Torrecillas vein), however approximately 6 major veins have been identified at the project, with many having a strike length of approximately 2km.

Production from the Torrecillas vein has been low due to the the primitive nature of the mining techniques, although an exceptionally high average mined grade of around 30 g/t has been achieved. The principal focus of the current wide-spaced drilling program is to test the continuity of the veins in order to determine whether Mundo can achieve its target of delineating a minimum resource of 150,000oz of gold at around 12g/t Au prior to exercising the option to acquire the Project.

Of the six identified veins, drilling has been completed at the first vein – "**5 de Noviembre**" – with drilling currently underway at the **Torrecillas** vein (the location of current mining activities). Six holes were completed at 100m spacings at "5 de Noviembre", with significant assay results received from two holes:

- **0.8m at 8.74g/t**, **0.30m at 8.71g/t** and **0.30m at 5.75g/t** in hole TOD 06-03; and
- **0.75m at 19.42g/t (0.45m at 7.69g/t and 0.30m at 37.01g/t)** in TOD 03-04.

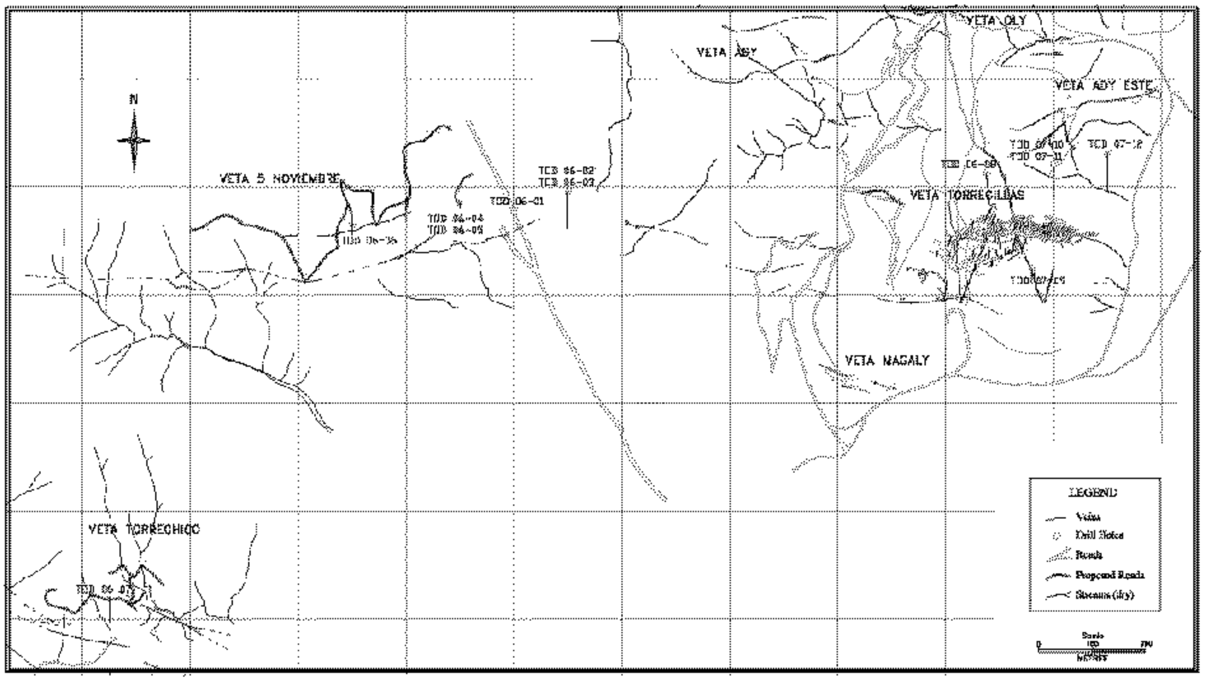
TOD 06-03 intersected the vein 200m east of the previously identified limit of the vein, confirming a substantial extension of the vein as well as highlighting the high-grade nature of the mineralization. Re-interpretation of these results suggests that hole TOD 06-01 did not reach target depth and will be re-drilled. This is also the case with TOD 06-10 at the Torrecillas vein, where drilling has now commenced.

The drill spacing was designed principally to test the continuity of the vein system, with this spacing considered unlikely to intersect economic mineralization in the majority of holes given the previously indicated strike lengths of the high-grade ore shoots from mining of approximately 25 metres.

Underground channel sampling of the exposed vein is also being carried out within the Torrecillas vein in order to enhance the Company's understanding of ore shoot geometry and grade distribution. Recent results from continuous channel sampling along the length of the vein on the lowest level (11 level) of the mine are as follows:

Sample length (m)	Vein (sample) width (m)	Grade Au (g/t)
3.0	0.30	**29.72**
3.0	0.30	**15.72**
3.0	0.30	**37.71**
2.6	0.30	**31.43**
3.0	0.60	**12.37**
2.6	0.30	**6.59**
3.0	0.30	**33.65**
1.4	0.30	**16.92**
2.7	0.30	**23.91**
3.0	0.30	**3.48**

The location of the Torrecillas vein system and location of drill holes is shown below:



Confirmatory drilling will continue at Torrecillas until mid-March 2007. While no clear conclusions or any resource estimate can be calculated from the work completed to date, the results are encouraging and have confirmed the broader potential of the high-grade vein system at the Project as outlined in the Company's Prospectus.

Mundo Minerals has an option to acquire 100% of this project for a maximum of US$2.2 million (subject to gold content). This option has been extended until 15 April 2007 to enable a full assessment of the drilling and exploration results by the Board before making a decision to acquire the Project.

The Company will apply rigorous criteria in assessing the potential of the project to deliver sustainable, low-cost production and cash flow before making a decision to proceed. If the outcome of this assessment is positive, a comprehensive development program will be announced to fast-track the asset towards production alongside the proposed Engenho Project development.

Tocantins Gold Project, Brazil (earning 51%, with an option to increase to 80%)

The Company has commenced exploration, including diamond drilling programs, to test the potential of several key prospect areas within its extensive Tocantins Project in Brazil. The results to date, from initial testing of a limited number of areas, have been encouraging and have confirmed the prospectivity of the area

The Tocantins Joint Venture area of interest is located on a largely unexplored greenstone belt similar to that of the Yilgarn in Western Australia. The strike extent of this greenstone belt is approximately 200km, or a similar distance to Kalgoorlie to Menzies in Western Australia.

Initial exploration activity has focused on the "Y" area within the Company's concession areas shown on the map below, which cover a significant portion of the greenstone belt. There has been minimal drilling undertaken on the entire greenstone belt.

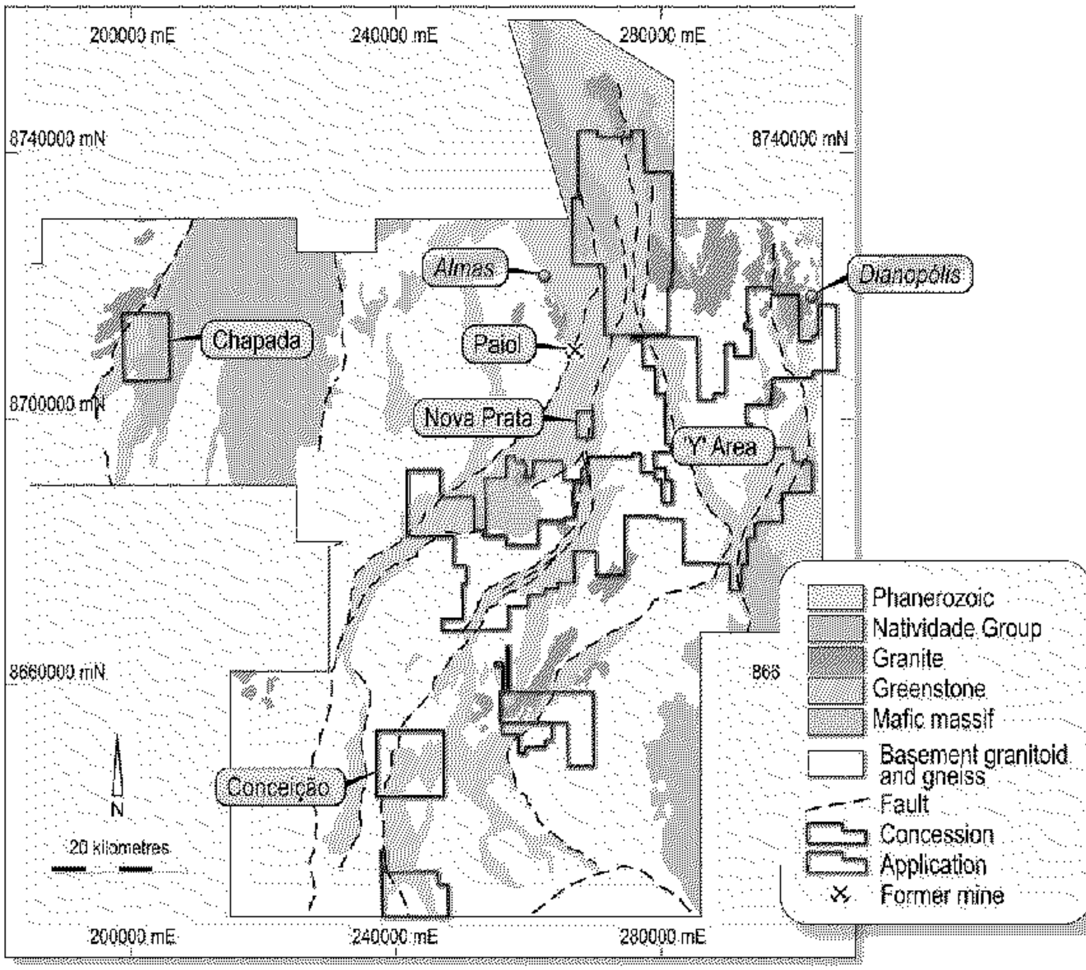


Fig.1 Tocantins Gold Project – Concession Areas and Greenstone Belts

A number of high-level exploration targets were developed from geochemical work carried out at the "Y" area prior to the establishment of the joint venture. Near-surface mining activity by garimpeiros has also provided strong evidence of the prospectivity of the region.

Mundo has received significant cooperation from the garimpeiros, including access to existing underground mines to assist in enhancing the Company's understanding of the style of mineralisation in the region.

Mundo's initial exploration programs, comprising mapping, surface channel and grab sampling, in-fill soil sampling and diamond drilling, have focused on the Buzina region.

Soil sampling has confirmed a well-defined geochemical response closely associated with the area of garimpeiro activity, with channel and grab sampling returning results in the range of **2-15g/t Au over widths of 0.2m to 0.9m**.

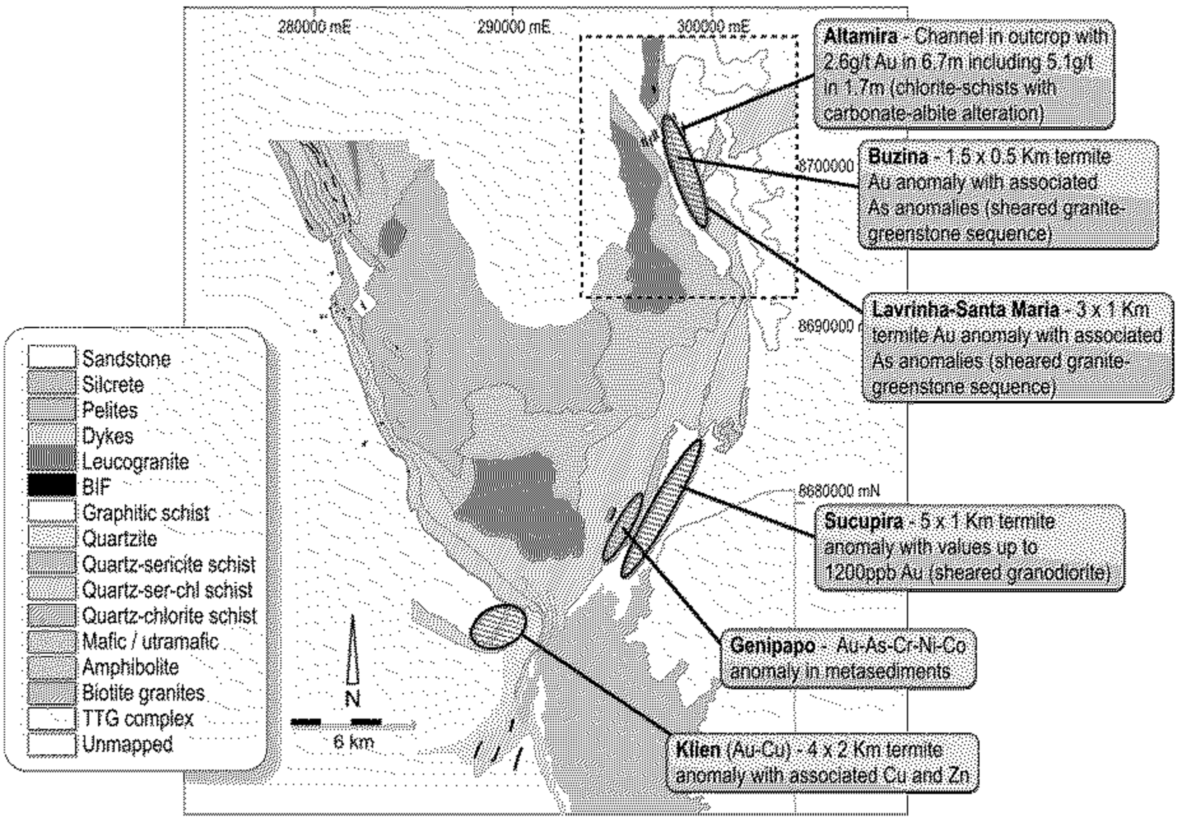


Fig. 2 Tocantins – Geochemical Anomalies, "Y" Area

A total of 11 diamond holes, totalling 1,390m have been completed to date to test this trend. Partial analytical results have been received for seven holes, with a maximum value of 2.17g/t over 0.33m returned in hole TBD 06-02. Additional results are awaited for the balance of the holes.

The majority of holes intersected strong silicification within broad zones of chlorite-carbonate alteration, particularly in the southern part of the tested area. The style of alteration and mineralisation is similar to that being mined by the garimpeiros, although the low gold grades returned to date are not consistent with the high grades (up to 20g/t) encountered by the garimpeiros. Drilling has therefore been suspended to enable detailed data analysis to be carried out. Underground mapping and sampling will also be conducted to assist with interpretation of 3D ore-shoot geometry.

At Sucupira, 12 RAB holes have been completed over the central portion of the geochemical anomaly. Results include some anomalous but sub-economic values. Further close-spaced mechanical auger drill testing is also being planned to better define the source of the surface geochemical anomalies.

Termite nest sampling at Klein has extended the anomalous area, which will be tested with RAB drilling.

Reconnaissance field work at Conceição, in the southern portion of the project area, has highlighted the favourable nature of the geological environment, comprising sheared and altered metabasalts, associated with a strong geochemical anomaly. Follow-up soil sampling and RAB drilling is planned.

The Tocantins joint venture area of interest is a vast area and exploration conducted to date has focussed on a relatively small portion of this region, with the initial results received confirming the significant prospectivity of the region.

Exploration activities will continue to gather momentum over the next few months, with the objective of delineating economic gold deposits within these large greenstone belts, which have the potential to host a similar number of projects to that seen in the greenstone belts of Western Australia.

Figure 3 below shows the extent of significant geochem anomalies to initially be tested in the joint venture area of interest as well as the extent of known gold occurrences in the area. The red spots represent significant soil geochem results while the yellow spots represent areas where there are primary occurrences of gold. This demonstrates the potential of the joint venture area of interest to host numerous potential gold deposits and justifies clearly the systematic approach being taken to assessing the geological potential of the region.

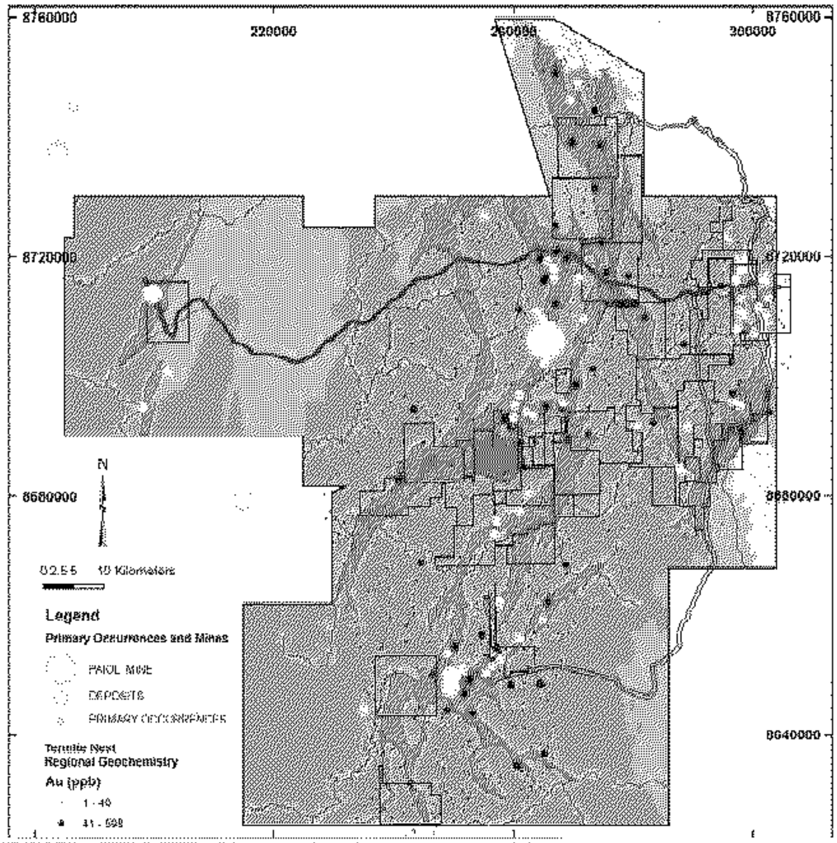


Fig. 3 Tocantins – Geochemical Anomalies, Gold Anomalies Joint Venture Area of Interest

Mundo Minerals is earning a 51% interest in the Tocantins joint venture tenements by spending US$1.3 million. The Company has the right to increase its equity in any resource found on the tenements to 80% by taking a resource through to bankable feasibility status.

John Langford
Chief Executive Officer

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."

Background Information

Mundo Minerals Limited is a newly established 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 new mid-tier Australian-domiciled gold production house.

Mundo is aiming to commence initial production at its flagship asset, the **Engenho Gold Project** in Brazil, within 18 months, 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.

Mundo intends to establish a CIP treatment facility near the Engenho ore body, with estimates from Brazilian manufacturers and contractors indicating that the capital cost of a plant with a 150,000tpa treatment capacity would be approximately US$7.5 million.

A total of approximately $7.6 million of the IPO funds will be allocated towards exploration and acquisition costs associated with Mundo's other two assets, the **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.

At Torrecillas, Mundo has negotiated an option to explore 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. Under the option agreement, Mundo has a period of 14 months from 1 February 2006 to prove a minimum resource of 150,000 ounces of gold at 12 g/t. It can exercise the option and acquire a 100% interest in the tenements by paying a maximum of US$2.25 million.

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 Prospeccao 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.

Mundo's IPO brings to the Australian market one of the most accomplished and high profile senior management teams assembled in the resource sector in recent times. Mr Langford, who headed up the corporate finance division for Deloitte in Western Australia for 10 years, has extensive experience in the Australian resource sector and is well-known as a Director of Palace Securities Pty Ltd, the company that owns the Diggers & Dealers Mining Forum.

Joining him on the Mundo Minerals Board is a high-profile group of resource industry leaders including non-executive Chairman, Mr George Jones, Brazilian-based Executive Director, Mr Michael Schmulian, Australian mining executives, Mr Brian Hurley and Mr Barry Eldridge, and well-known Perth lawyer, Mr Rob McKenzie.