

Securities Exchange Announcement – 23 November 2009

AngloPacific Group agrees A\$5million funding for Mundo Minerals

HIGHLIGHTS

- Major shareholder AngloPacific Group to provide \$5M convertible note facility to support the Company's growth strategies, subject to due diligence
- Funds raised will underpin the continued development of Mundo Minerals' asset base to achieve sustainable annual production of 150,000oz pa by 2011
- The Engenho Gold Mine in Brazil is planned to deliver sustainable profitability and cash flow and aid the development of all of the Company's other gold assets in South America

Gold producer Mundo Minerals Limited (ASX code: **MUN** – "Mundo") is pleased to announce that its major shareholder, the UK-based AngloPacific Group PLC (LSE code: APF – Anglo), has agreed to inject a further **\$5 million** into the Company through a convertible note to support the ongoing development of the Company's South American gold assets.

The funds will mainly be used to increase production at the Company's Engenho Gold Mine in Brazil to a targeted level of 48,000oz per annum by 2011 and to underpin additional project assessment work and a final Feasibility Study on the development of its Torrecillas Gold Project in Peru.

The funds will also strengthen the Company's balance sheet, ensuring that it is able to effectively develop its strong pipeline of South American gold assets in a timely and efficient manner.

"This is a significant show of support from our major shareholder which will put us on a stronger footing to realise our corporate objectives of becoming a 150,000oz a year producer in the medium term," said Mundo Minerals' Managing Director, Mr John Langford.

"AngloPacific Group has been a long-term and proactive supporter of the Company's growth strategies and the sort of shareholder which an emerging gold producer is fortunate to have on the register.

"The funds raised will be used to help achieve our short-term objective of expanding production by bringing the Crista satellite deposit into production at Engenho and developing commercial production at the high-grade Torrecillas Project in Peru," he continued.

"At the same time, it will ensure that the strong cash flows that will be generated by the Engenho Mine later next year can then be utilised to further strengthen the Company's balance sheet and underpin the exploration and development of some of our other quality assets such as Jaqueira and Tocantins in Brazil.

"Mundo Minerals has a deep pipeline of quality gold assets in South America and the additional funding provided by AngloPacific will enable us to realise the potential of these assets, in particular the promising assets that have been developed at Crista and Torrecillas over the past 12 months," he added.

Mundo Minerals
Limited

A.C.N 117 790 897

Head Office

45 Ventnor Avenue

West Perth WA 6005

T: +61-8 9429 8889

E: john.langford@mundominerals.com

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

Details of Facility

Subject to site visits and customary due diligence to be undertaken in the next week by an Executive Director of AngloPacific Group, it is proposed that Mundo Minerals be provided with a \$5 million convertible facility on the following terms:

- The facility will be provided to Mundo Minerals subsequent to the due diligence visit to Brazil and Peru.
- The facility is convertible either into shares in Mundo Minerals at an exercise price of 32 cents per share representing a 23% premium to the share price at the date on which the terms of the convertible note were agreed, or a royalty from the Torrecillas Gold Project in Peru at the rate of 3% of revenues produced from the Torrecillas Gold Project, or the note is repayable by 31 December 2012 at the election of AngloPacific Group.
- Should the share price of Mundo Minerals ordinary shares trade at 75 cents or above for a consecutive three month period before 31 December 2012 then the obligation to repay the debt is forfeited and AngloPacific Group must elect to either convert to shares or take the royalty stream from gold production from Torrecillas.
- Interest payable on the note is 8.5% pa.
- Security for the facility will be a second ranking charge over the assets comprising the Engenho Gold Project in Brazil.
- In consideration for providing the facility, Mundo Minerals will issue AngloPacific Group 1 million options to acquire shares in Mundo Minerals at 35 cents per share at any time until 30 June 2011.
- The conversion of the note to equity and exercise of the options will be subject to shareholder approval which will be sought at a meeting to be convened early in 2010.

Rationale for Funding

Mundo has a pipeline of emerging gold assets in Brazil and Peru which have all been assessed as having the potential to deliver sustainable production. Mundo has outlined the potential of these assets in regular reports to the ASX and has a clear strategy of continuing to develop the asset base to achieve a sustainable annual production profile in excess of 150,000 ounces of gold in the near to medium term.

The Company's focus will primarily be on continuing to develop the production profile around the Engenho Gold Project in Brazil, ongoing assessment and development of the Torrecillas Gold Project in Peru, and assessment of the potential of the Jaqueira Gold Project in Brazil. Details of these assets are available in previous Company Announcements and in the presentation accompanying this announcement.

Mundo is currently producing gold from the Engenho Project in Brazil and from trial mining in Peru, generating surplus cash flow which has to date been utilised to fund the continued development of the Company's broader corporate asset base.

In order to underpin a more focussed assessment and development process, the Directors have taken the view that it is appropriate to enhance the liquidity of the company and allow a more robust timeframe to be pursued in terms of asset development and delivery of the enhanced production profile.

The capital injection provided by the convertible note will enable the Company to realise the value of its assets at a faster pace than would otherwise be possible from existing cash flows and to accumulate the cash generated from existing production to continue to strengthen the Company's balance sheet.

While it has been a deliberate corporate strategy to manage the asset development from existing resources until specific milestones have been achieved with respect to better understanding the potential of the assets, it is apparent that for proper shareholder value to be realised the Company needs to have sufficient liquidity and balance sheet strength to properly manage this emerging asset base.

Outcomes expected over next 12 months

Following a review by the Board and senior management team, the following corporate objectives have been agreed as the Company's core focus during the next 12-18 month period which should establish Mundo Minerals with a sustainable production target of 150-200,000 ounces per annum and a continued solid growth strategy: These objectives are to:

- increase the production profile from the Engenho Gold Project for the 2010 calendar year to approximately 40,000 ounces and to 48,000 ounces for the 2011 calendar year;

- finalise project assessment at Torrecillas and deliver a Feasibility Study to the Board in third Quarter of 2010, allowing for a commitment to full production to be achieved late 2011 with annualised production approaching 100,000 ounces per annum;
- complete assessment of the Jaqueira Gold Project in Brazil to allow this project to emerge as the third production asset for Mundo Minerals in South America, subject to exploration success;
- continue to develop an excellent safety culture at all projects Mundo Minerals is involved with; and
- further enhance the management skills of the Mundo executive and management team.

John Langford
Chief Executive Officer

23 November 2009

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.