

Securities Exchange Announcement – 4 March 2009

## Market Update and Financial Guidance – March 2009

### HIGHLIGHTS

- Engenho Gold Mine in Brazil achieves key production parameters during first two months of calendar 2009
- Financial contribution from Engenho exceeding expectations in current strong gold price environment
- Three scenarios developed for expected financial performance in calendar 2009 with Project EBITDA ranging from **A\$15.7M** to **A\$20.9M** using different exchange rates and gold prices
- Corporate EBITDA in the range from **A\$12.58M** to **A\$18.5M** and Net Profit after Tax from **A\$6.9M** to **A\$12.9M** under financial scenarios analysed
- Torrecillas Gold Project in Peru continues to yield excellent results and generate positive cash flow

**Mundo Minerals Limited (ASX: MUN) is pleased to provide an update on recent progress at its Engenho and Torrecillas Gold Projects in South America, including expected financial performance for calendar year 2009 based on a recent management review.**

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

Further to the update provided in the December 2008 Quarterly Report, the Company is pleased to advise that the Engenho Gold Project has met all key production parameters for the first two months of the 2009 calendar year, with gold sales being made on a regular basis.

Mine development is proceeding well and the treatment facility continues to operate within expected operating parameters.

This positive operational performance reflects the benefits of the strong focus during the fourth Quarter of calendar 2008 on ensuring sufficient development of the main Galeria underground orebody to enable a sustainable production base to be achieved from January 2009 onwards.

Following resolution of the short-term issues associated with the reinterpretation of the upper Bola ore body (as reported last year), the Company is now in a position to manage the operations in accordance with its long-term production schedule.

In response to questions regarding the financial performance of the Engenho Project – particularly in the current strong gold price environment – Mundo Minerals has completed a detailed review of several possible scenarios in terms of expected financial performance during the 2009 calendar year.

While the Company intends to continue to utilise Quarterly Reports to update the market on its operational progress, the Board considers it appropriate to make a separate release in this instance given that the market had previously been advised of underperformance at the

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#### Australian Stock Exchange

Code: MUN

#### Board of Directors

Non-executive Chairman  
Barry Eldridge

Chief Executive Officer  
John Langford

Managing Director – South America  
Mike Schmulian

Non-executive Directors  
Brian Hurley  
Rob McKenzie

#### Senior Management

Chief Operating Officer  
Andrew Law

Chief Financial  
Officer/Company Secretary  
Joe Mobilia

Joint Company Secretary  
Paul Mason

Exploration Manager – South America  
Jean-Marc Lopez

Country Manager –Peru  
Sergio Zuniga

#### Capital Structure

Fully-Paid Shares on Issue  
146.39 million

Unlisted Options on Issue  
2.9 million

Engenho Gold Project in the early stages of production.

Three commodity price scenarios were analysed when updating the financial parameters associated with the Company's business. It is important to note that these scenarios are subject to fluctuations in commodity prices and exchange rates. Updates relating to variations to production profiles or cost structures will be made in Quarterly Reports released to the ASX, in accordance with the Company's normal reporting regime.

Mundo Minerals provides financial estimates for the calendar year ended 31 December 2009 as this coincides with the South American fiscal year and budget timeframes. The three scenarios considered were:

- *Scenario 1: Gold price of US\$840 per ounce, Australian/US exchange rate of 70 cents, Brazilian Real / Australian exchange rate of 1.500;*
- *Scenario 2: Gold price of US\$943 per ounce to 30 June reducing to US\$870 per ounce for the second six months of the calendar year, Australian/US exchange rate of 64 cents, Brazilian Real/ Australian exchange rate of 1.471;*
- *Scenario 3: Gold price of US\$943 per ounce for the 12 months ended 31 December 2009, Australian/US exchange rate of 64 cents, Brazilian Real/ Australian exchange rate of 1.471 (US\$943 was the spot price on the day the analysis was undertaken.)*

The forecast gold production from Engenho used for the analysis has been assumed at **30,000 ounces** per annum, as disclosed in the December 2008 Quarterly Report and which remains expected to be achieved. Small-scale production of approximately 5,000 ounces of gold for the year has been assumed from the Torrecillas Gold Project in Peru.

Operating costs in all cases have been based on historical performance for the projects to date, with no allowance made for operational efficiencies, but have been adjusted for anticipated cost increases in wages and materials in the Company's budget reviews. This includes general overhead costs that affect the corporate EBITDA calculations where expected future costs have been budgeted.

The Company's focus to date has been on ensuring that the production profile is achievable with an increased focus on realising cost efficiencies to be made in the near future. Cost reviews include anticipated future costs in Brazil, Peru and Australia.

As indicated in the December 2008 Quarterly Report, the production profile from Engenho is essentially separated into two halves as development allows ore to be extracted from the principal Galeria underground ore body from July 2009.

The Engenho Mine comprises two underground ore bodies, Bola and Galeria. Bola, which is a lower grade ore body, accounts for most of the ore mined to date. With access to the higher grade Galeria ore body achieved in mid-December 2008, approximately 50% of the total ore to be mined between January and June 2009 will come from the Galeria ore body. After this, Galeria will account for the majority of ore mined.

As a result, the monthly production profile between January and June 2009 is expected to be between 2,000 and 2,400 ounces per month, increasing between July and December 2009 to between 2,500 and 2,800 ounces per month.

The profile of these two ore bodies is shown in the schematic representations of the reserve interpretation in Figures 1 and 2 below (Bola shown in yellow and Galeria in blue):

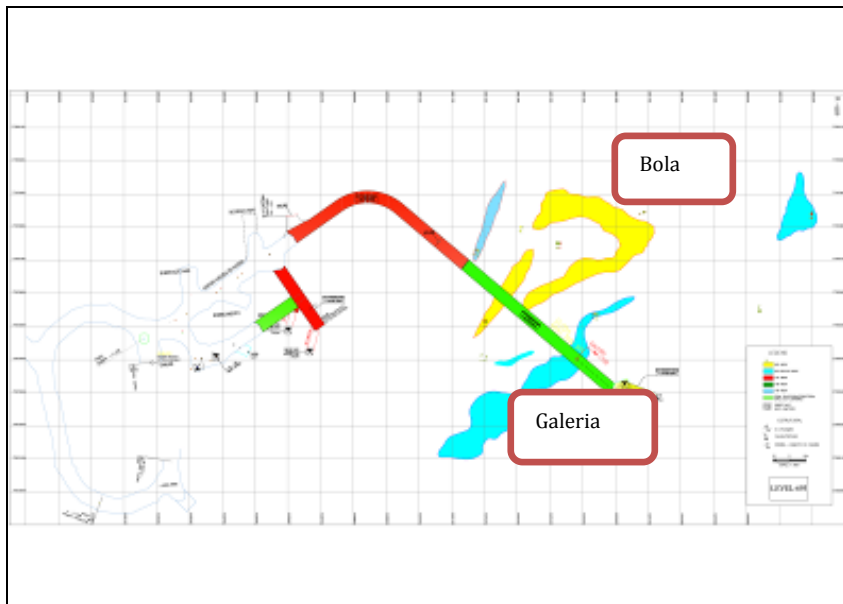


Figure 1 – Schematic showing the 693 Level currently being developed

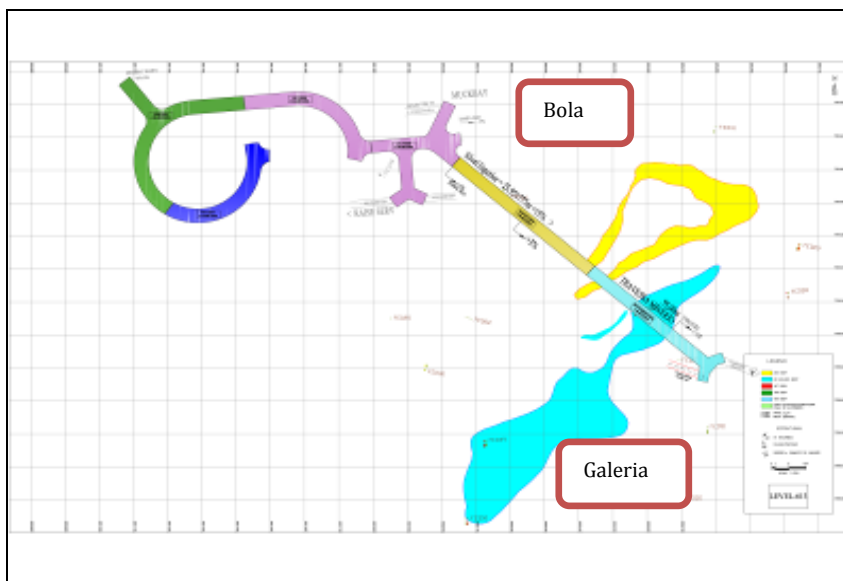


Figure 2 – Schematic of the 613 Level, to be developed in the second half of 2009

The key financial parameters of the Engenho Project as well as expected corporate financial performance for the three scenarios are summarised below:

	Scenario 1 A\$m	Scenario 2 A\$m	Scenario 3 A\$m
Engenho Revenue	34.54	38.39	40.1
Cash Outlays exc prim dev	18.85	19.22	19.2
Engenho EBITDA	15.69	19.17	20.9
Depn/Amort	4.19	4.27	4.3
Engenho Profit	11.50	14.90	16.6

Corporate EBITDA	12.58	16.52	18.5
Corporate Profit after tax	6.98	10.84	12.9

*Note: This analysis is based on the assumptions outlined previously in this update. Investors should be aware that fluctuations in commodity prices and exchange rates will have an effect on these assumptions. Similarly there may be changes in operating costs and the production profile as are experienced with all resource projects which will have an impact on the expected financial performance of the Company.*

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

Mundo Minerals also advises that promising results continue to be received from the Torrecillas Gold Project in Peru, where development of the mineralisation along the main Torrecillas vein structure is continuing where previous small-scale mining operations had been conducted.

Current development along the main footwall vein has yielded approximately 98 metres of mineralised vein exposed in development averaging 36 g/t over a 0.9 metre width. Cross-cutting and underground drilling to test the hangingwall vein have outlined 50 metres of vein averaging 15-20 g/t (partial results) over a 0.5 metre width.

While production derived from the ongoing project assessment activities at Torrecillas is small, ore is treated at a nearby toll treatment facility and it is expected that production activities for 2009 will largely self-fund all the planned activities for Peru during the calendar year.

The average grade of ore delivered to the toll treatment facility in January 2009 was 25.1g/t Au. Average grade for ore delivered to the treatment facility in February from assays received to date indicate that the ore grade for February will be around 31g/t Au. The grade will fluctuate each month but the results of development to date are most encouraging.

Ongoing project assessment will continue during the 2009 calendar year.

**John Langford**  
**Chief Executive Officer**

**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's 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.

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**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.