

Mundo Minerals Limited

Stock Exchange Announcement – 21 March 2007

March 2007 Project Update

HIGHLIGHTS

- **Final feasibility study for Engenho gold project to be presented to the board mid April 2007**
- **Firm order placed for crusher**
- **Site works due to commence April 2007**
- **Significant exploration target located 2km from existing ore body on Mundo tenements**
- **Commercial assessment on Torrecillas gold project in Peru nearing completion**
- **Drilling programme about to recommence at Tocantins gold project in Brazil**

Mundo Minerals advises that the final feasibility study is nearing completion and is due to be presented to the board mid April 2007 where it is anticipated that final board approval will be obtained to commence development of the project allowing initial gold production to occur on or before the budgeted timeframe of May 2008. A comprehensive summary of the economics of the project will be released to the market after formal approval has been obtained from the board of Mundo Minerals.

In anticipation of formal approval and in line with the project critical path, a formal order was placed for the crusher on 8 March 2007 allowing for delivery in July 2007. Mundo Minerals continues to assess a number of second hand ball mills. Numerous alternatives have been presented to Mundo and the company is confident that a suitable second hand ball mill will be procured in the near future.

It is expected that site works for the crusher and ancillary equipment will commence late April 2007 allowing for completion in time for delivery of the crusher in July 2007.

It is anticipated that initial ore development will commence around October 2007 as part of the critical path of having sufficient ore stockpiled for initial production in the first half of 2008.

A review of available data on the Engenho tenements has revealed interesting geological data from abandoned underground workings at Mazoca, approximately 2 km north of the Engenho ore body. Results are from underground channel sampling and a soil sampling programme in the surrounding area. Underground channel results are in the range of 1 to 77g/t over generally narrow widths (0.3 to 0.5m) whilst the soil survey defines a co-incident gold and arsenic anomaly immediately to the north of the underground workings. The gold anomaly, as defined by the 0.3g/t contour, is approximately 300m long and 50-100m wide, containing values up to 0.48g/t, contained within a more extensive arsenic anomaly. A preliminary exploration plan is being developed.

A review of the commercial assessment of the Company's Torrecillas gold project in Peru is also nearing completion and will also be presented to the board mid April allowing for a decision to be made whether to exercise the option to acquire the Torrecillas tenements within the 15 April 2007 deadline. A review of the results of the assessment will be made to the market after the April board meeting.

It is expected that RAB drilling to test a number of anomalies on the Tocantins project will recommence in April 2007. In order to assist with information flow of data to the geological team in the field, Mundo is establishing an assay laboratory at the Engenho Gold project. This laboratory, which is nearing completion, will be used for internal exploration assays until production commences at Engenho, at which stage the laboratory will be used for both mine and exploration assays. The company will continue to use independent assay laboratories to check significant assays.

Tocantins is a major greenstone belt and a geological assessment of the numerous targets on the tenements will be an ongoing and systematic approach.

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.