

Mundo Minerals Limited

Stock Exchange Announcement – 29 March 2007

Engenho Gold Project Reaches Another Project Milestone

Mundo Minerals is pleased to advise that it has acquired a second hand ball mill for the treatment facility to be constructed at the Engenho Gold Project in Brazil. The ball mill is an ideal configuration for the proposed treatment facility and after minor refurbishment including an upgrade of the motor it is anticipated that this acquisition will result in a significant reduction in the cost of the ball mill compared to the budgeted new mill.

Importantly this acquisition, combined with the fact that the crushing facility is under construction and due for installation in July 2007 means that Mundo has all long lead time items with respect to the treatment facility ordered and in construction allowing for confidence that production will commence within budget and within the expected timeframe for initial production in the first half of 2008.

The feasibility study has been completed and will be delivered to the directors early next week for their review prior to the board meeting in April which has been convened to consider the final feasibility.

An update and key project parameters will be released to the market subsequent to this meeting.

Mundo Minerals remains committed to developing its status as an emerging gold production company and is confident that it will continue to drive a growth strategy based on opportunities in South America.

John Langford

Chief Executive Officer

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.

Approximately \$3.7 million of the IPO funds have been allocated to capital and operating expenditure required to bring the **Engenho Project**, which is located in the State of Minas Gerais in Brazil, into production within an 18-month timeframe. The Project, which has a contained resource of 1.13 million tonnes at 5.82g/t gold, was previously operated by AngloGold Ashanti Limited, which closed it in 2004 after treating some 171,257 tonnes of ore from an open pit through a conventional Carbon-in-Pulp (CIP) treatment facility.

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 Prospecção 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.