

Mundo Minerals Limited

Securities Exchange Announcement – 25 March 2008

Mundo Minerals Expands and Enhances Asset Base in Brazil

Mundo Minerals Limited

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Australian Securities Exchange:

Code: MUN

Board of Directors

Non-executive Chairman:

George Jones

Chief Executive Officer:

John Langford

*Managing Director – South
America:*

Mike Schmulian

Non-executive Directors:

Brian Hurley

Barry Eldridge

Rob McKenzie

Senior Management:

*Chief Financial
Officer/Company Secretary:*

Joe Mobilia

Joint Company Secretary:

Paul Mason

*Mining Manager – South
America:*

José Antonio Kurcewicz

*Exploration Manager – South
America:*

Jean-Marc Lopez

Project Manager – Engenho

Lafayette Caporali

Country Manager –Peru

Sergio Zuniga

Capital Structure

Fully-Paid Shares on Issue:

146.39 million

Unlisted Options on Issue:

2.22 million

HIGHLIGHTS

- New joint venture announced at Nova Prata, near existing Tocantins JV tenements.
- Significant geochemical anomaly at Nova Prata provides strong initial exploration target.
- Option to acquire advanced Jaqueira Gold Project in Bahia State, north-eastern Brazil (Jacobina gold belt).
- Due diligence sampling confirms strong correlation to grades encountered from previous mining operations.
- Numerous exploration targets identified, enabling rapid assessment of project potential.
- Acquisition terms and consideration linked to exploration success.

Mundo Minerals Limited (ASX: MUN) is pleased to advise that it has completed negotiations on two new gold projects in Brazil to complement its existing asset base in South America. Both projects have the potential to enhance its existing pipeline of emerging gold production projects in Brazil and Peru and strengthen its future production profile.

Mundo Minerals has completed initial due diligence indicating the presence of advanced exploration targets on both projects which will enable the Company to undertake a short-term assessment of their potential. Significantly, both transactions have been structured to enable the Company to assess the potential of the projects before committing significant capital to acquire the assets.

Nova Prata Gold Project, Tocantins JV (Brazil)

The Tocantins Gold Joint Venture, (Mundo Minerals 51% and Gameleira Ltda 49%) has reached agreement with a private syndicate to enter into a joint venture to explore for gold on the **Nova Prata** gold tenements located on the same greenstone belts that Mundo Minerals is exploring as part of its Tocantins Gold Project Joint Venture in central Brazil.

The strategically located tenements (see Fig. 1) include significant geochemical anomalies which represent advanced exploration targets.

This will provide an opportunity for Mundo to undertake an early assessment of the potential of the Nova Prata tenements to deliver gold production.

Under the terms of the Nova Prata joint venture, the Tocantins Gold Joint Venture can earn an initial 57% equity in the joint venture tenements by spending US\$800,000 over a three year period. If production is not initiated within a period of five years of the commencement of the joint venture, the Tocantins Gold Joint Venture will relinquish a 2% equity in the joint venture annually for a maximum of three years, after which there is no further equity penalty. Should production not commence within a period of 13 years of the commencement of the joint venture, then ownership of the tenements will revert back to the original owners.

The Tocantins Gold Joint Venture can increase its equity in the Nova Prata Joint Venture to 70% by taking the project through to bank feasibility status.

The location of the Nova Prata tenements in relation to the existing Tocantins Joint Venture tenements is shown below:

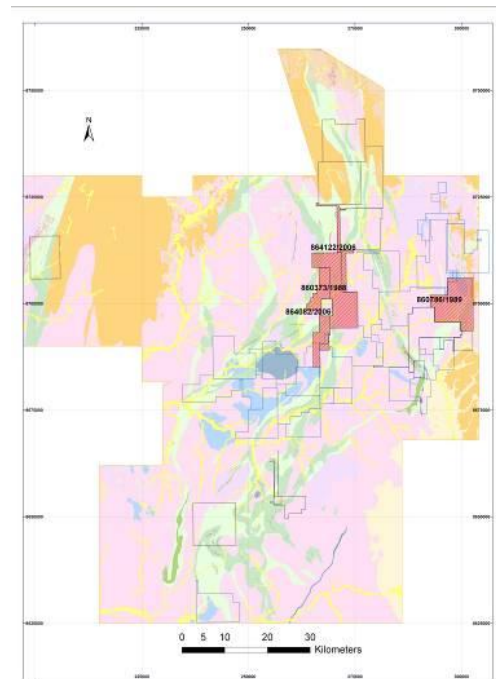
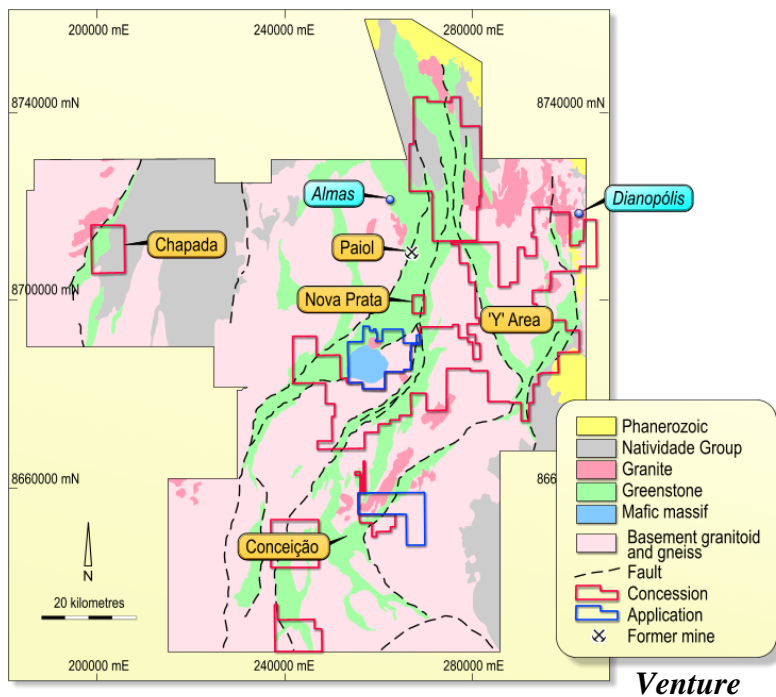


Fig. 1 Nova Prata Gold Joint Venture

Access to the tenements and the logistics associated with exploration and the potential future development of a gold project at Nova Prata is excellent, with numerous towns, sealed roads and other infrastructure including grid power being readily available to support development of a project.

An initial exploration programme is currently being developed and the Company expects to commence exploration activity at Nova Prata in the next few months.

Jaqueira Gold Project, Bahia (Brazil)

Mundo Minerals is pleased to advise that it has secured an option to acquire a portfolio of tenements comprising the **Jaqueira Gold Project**, located 330km north east of Salvador, the capital of Bahia state in north-eastern Brazil (see Fig. 2).

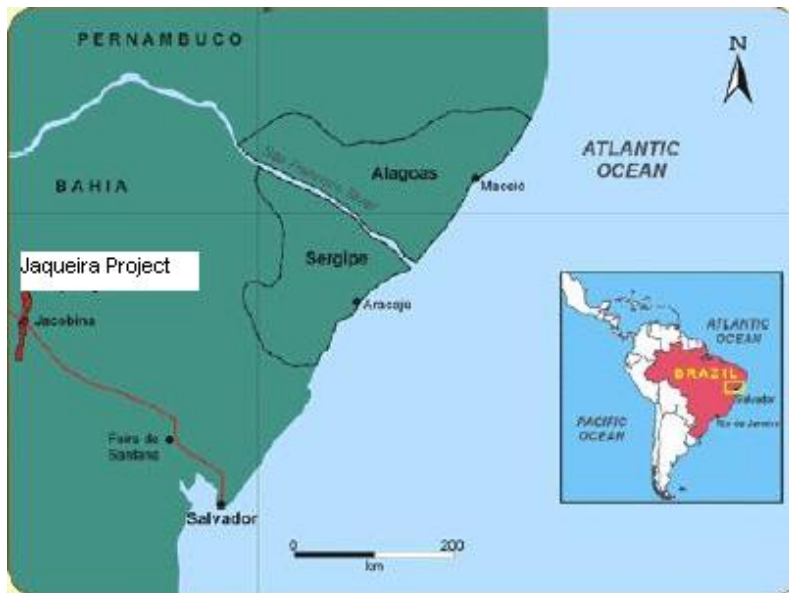


Fig. 2 Jaqueira Gold Project, Brazil

The Jaqueira Project lies in the Jacobina Gold Belt where mining activities were first initiated by the Bandeirantes in the late 17th century and Garimpeiros have been actively mining since the 1930s. Canadian gold producer Yamana Gold Inc. currently controls most of the mineral rights in the belt after acquiring them from Desert Sun in 2003. Yamana's portfolio includes the Jacobina mine, which produces approximately 100,000oz per year.

The Jacobina Gold Belt extends for approximately 155 kilometres with the regional stratigraphy comprising quartzites, metaconglomerates and schists of the Paleoproterozoic Jacobina Group which form a series of north-south, elongated, mountain ranges. The gold deposits of the belt are predominantly conglomerate-hosted, encompassing the pyritic, gold-bearing, quartz-pebble conglomerates and quartzites of the Serra do Corrego Formation.

Mundo Minerals has negotiated an option to acquire three mineral rights, including a farm, comprising the Jaqueira block and five mineral rights known as the Pindobaçu block. Previous mining activities have been conducted on both tenement blocks.

Under the terms of the option agreement Mundo Minerals is making an initial payment of BRL75,000 (approximately A\$48,000) on signing, quarterly payments after 3, 6 and 9 months of BRL25,000 (approximately A\$16,000) each and a payment of BRL75,000 after 12 months. Final quarterly payments of BRL25,000 must then be made each quarter to the end of the 36-month option period. Mundo Minerals may at any time during the initial 24-month period exercise the option to acquire the Jaqueira block by paying R7.50 (approximately A\$4.80) per ounce of gold contained in Measured and Indicated Resources defined on the block

The Company may also acquire the Pindobaçu property under the same commercial terms within the 36-month period.

The payment will be converted to a grammes per tonne gold equivalent on the date of signing the option agreement and the final payment will be based on converting the gold price at the exercise date by the agreed gram per tonne to allow for compensation upwards or downwards in movement of the price of gold during the option period. In addition, a 2.5% royalty on future gold sales is payable under the agreement.

Part of Mundo Minerals' due diligence process for the Jaqueira Project was to compare chip samples taken from the existing workings to historic production records. This indicated a strong correlation, suggesting that the tenements have strong exploration potential. The size and depth of the existing underground excavations provides further evidence of the consistency of the mineralisation in terms of grade and geometry when considering the rudimentary mining and processing techniques utilized by the miners historically.

Mundo Minerals is proposing to undertake a programme of diamond drilling during the option period to assess the resource potential of the Jaqueira tenements. Based on the historical information and the Company's initial due diligence assessment, Mundo Minerals believes that the tenements have potential to support an exploration target of up to 500,000 ounces of gold at grades that would justify an underground mining development.

Infrastructure in the region is excellent, including ready availability of power and water, and access to the project site is also very good via the *BR-324* highway. The region has an active mining industry supporting engineering and associated skills and a skilled local workforce.

Mundo Minerals expects to commence initial exploration work on this project within the next two months.

Summary

Both the Nova Prata and Jaqueria Projects represent low-risk opportunities for Mundo Minerals to further broaden its asset base in South America and enhance its pipeline of potential production assets. Both are considered to have advanced exploration potential with a good chance of developing into production assets.

With gold production scheduled to commence later this month at the 100%-owned Engenho Gold Project in Brazil and exploration and feasibility activities progressing at its other assets in Brazil and Peru, the Company is well placed to target and secure additional opportunities in Latin America.

Both transactions have been structured to enable Mundo Minerals to assess the projects rapidly and maximise its equity exposure should the project assessment be successful. The payment terms will facilitate a proper risk assessment without exposing Mundo shareholders to excessive capital payments before completing this evaluation.

Both of these projects complement Mundo Mineral's existing pipeline of three exploration and production assets, which underpin its initial objective of identifying a sustainable 250,000oz per annum production base within the next 3-4 years.

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 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 an 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 mid-tier Australian-domiciled gold production house.

Mundo is aiming to commence initial production at its flagship asset, the **Engenho Gold Project** in Brazil, by March 2008, 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.

The Engenho Project, which is located in the State of Minas Gerais in Brazil, 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's other two exploration assets in South America are the 100%-owned **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.

The Torrecillas Project comprises 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.

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.