

MUNDO MINERALS LIMITED
ABN 97 117 790 897

NOTICE OF GENERAL MEETING

PROXY FORM

and

EXPLANATORY MEMORANDUM

DATE OF MEETING

Friday, 24 August 2007

TIME OF MEETING

11 am WST

PLACE OF MEETING

Duxton Hotel
1 St Georges Terrace Perth WA

This Notice of General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

MUNDO MINERALS LIMITED
ABN 97 117 790 897

NOTICE OF GENERAL MEETING

Notice is hereby given of a General Meeting of Mundo Minerals Limited (“the Company”) to be held at the Duxton Hotel, 1 St Georges Tce, Perth, Western Australia Western Australia on Friday, 24 August 2007 at 11am WST for the purpose of transacting the following business.

An Explanatory Memorandum containing information in relation to each of the following Resolutions accompanies this Notice of Meeting.

Please note terms used in the Resolutions contained in the Notice of Meeting have the same meaning as set out in the glossary of the Explanatory Memorandum accompanying this Notice.

A G E N D A

BUSINESS:

Resolution 1 – Ratification of First Placement of up to 14,400,000 Shares

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, the Company ratifies the allotment and issue of up to 14,400,000 Shares at an issue price of 50 cents each, on the terms and conditions as more particularly described in the Explanatory Memorandum accompanying this Notice of Meeting."

The Company will disregard any votes cast on this Resolution 1 by any person who participated in the issue and any person, or any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
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Resolution 2 –Approval of Issue of Shares under Second Placement

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 7.1 and all other purposes, the Company approves and authorises the Directors to allot and issue up to 21,600,000 Shares at an issue price of 50 cents each, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of General Meeting."

The Company will disregard any votes cast on Resolution 2 by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, or any associate of those persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By order of the Board

G.Mobilia
Company Secretary

23 July 2007

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PROXIES

- Votes at the General Meeting may be given personally or by proxy, attorney or representative.
- A Shareholder entitled to attend and vote at the above meeting may appoint not more than two proxies to attend and vote at this meeting. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights.
- A proxy may but need not be a Shareholder of the Company.
- The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorised in writing or, if such appointor is a corporation, either under seal or under hand of an officer of his attorney duly authorised.
- The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged by person, post, courier or facsimile and reach the Registered Office of the Company at least 48 hours prior to the meeting. For the convenience of Shareholders a Proxy Form is enclosed.

ENTITLEMENT TO VOTE

For the purposes of section 1074E(2) of the Corporations Act and regulation 7.11.37 of the Corporations Regulations, the Company determines that members holding ordinary shares at 5.00 pm WST on 22 August 2007 will be entitled to attend and vote at the General Meeting.

CORPORATIONS

A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with, or presented to the Company before the meeting.

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MUNDO MINERALS LIMITED
ABN 97 117 790 897

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for Shareholders in connection with the business to be conducted at a General Meeting of Mundo Minerals Limited ("**Company**") to be held at Duxton Hotel, 1 St Georges Tce, Perth, Western Australia, Western Australia on Friday, 24 August 2007 at 11am WST.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of General Meeting.

The Directors recommend that Shareholders read this Explanatory Memorandum before determining whether or not to support the Resolutions.

Background to the Resolutions

On 18 July 2007, the Company announced that it had agreed to place up to 14,400,000 Shares at an issue price of 50 cents each to sophisticated investors and/or professional investors. The First Placement is expected to raise \$7,200,000 before brokerage costs of 4%.

Resolution 2 seeks Shareholder approval for a Second Placement to issue up to 21,600,000 Shares at an issue price of 50 cents each to sophisticated investors and/or professional investors. The Second Placement is expected to raise \$10,800,000 before brokerage costs of 4%.

Further, the Company announced that in conjunction with the First Placement and Second Placement ("**Placements**"), it would be offering eligible Shareholders the opportunity to acquire up to \$5,000 worth of additional Shares in the Company via a Share Purchase Plan ("**SPP**") at an issue price of 50 cents each, being the same price for Shares offered under the Placements. The Company wishes to raise a maximum of \$5,320,000 pursuant to the SPP.

Funds raised under the Placements and the SPP, together with the existing cash reserves of the Company, will be utilised to:

- Fund all capital requirements for the development of the Company's Engenho Gold project located in the State of Minas Gerais in Brazil. The Company is aiming to commence initial production from Engenho Gold project by March 2008. This will lay the Company's 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;
- Commence the next phase of project assessment at Torrecillas Gold Project in Peru. This will include the proposed development of a decline and trial mining along the known high-grade vein systems to determine the location and extent of the mineralization within the veins. This will enable the Company to establish a resource estimate for Torrecillas Gold Project, prior to committing to production. Torrecillas Gold Project comprises some 9,000 hectares 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 – 80,000 oz per annum. Additionally, Torrecillas Gold Project contains multiple narrow-veined, high-grade mineralised zones extending over the tenements. There has been low level production over the past 20 years from one of the veins, which has yielded an average production grade for the majority of production period of approximately 30g/t; and

- Continue the drilling programme to further enhance significant mineralised anomaly at Tocantins Gold Project in central Brazil. Tocantins Gold Project is a joint venture where the Company has agreed to spend US \$1.3 million to earn a 51% interest in tenements controlled by Gamaleira Prospeccao E Geologica Ltd (a Brazilian joint venture between AngloGold Ashanti and IAMGOLD Corporation). The Company can increase this equity to 80% by taking any gold resource to a bankable feasibility study. Tocantins Gold Project's tenements are located in a highly prospective region which includes three greenstone belts with the potential to contain multiple mid-size gold deposits. In addition to delineating gold resources at the more advanced prospects such as that located at Conceição East, the Company also plans to assess the broader tenement area of Tocantins to identify areas with strong potential to yield additional resources and provide multiple and sustainable production assets.

Resolution 1 – Ratification of First Placement of up to 14,400,000 Shares

On 18 July 2007, the Company announced that it had agreed to place up to 14,400,000 Shares at an issue price of 50 cents each to sophisticated investors and/or professional investors pursuant to section 708 of the Corporations Act to raise \$7,200,000 before brokerage costs of 4%.

All of these Shares were issued and allotted prior to the date of this Notice.

Listing Rule 7.4

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior Shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of such ratification is to restore a company's maximum discretionary power to issue further shares up to 15% of the issued capital of the company without requiring Shareholder approval.

The purpose of Resolution 1 is to seek Shareholder approval to ratify the issue of up to 14,400,000 Shares in order to maximise the number of Shares that can be issued without requiring further Shareholder approval under Listing Rule 7.1.

The following information is provided to Shareholders for the purpose of Listing Rule 7.5:

- (a) not more than 14,400,000 Shares will be allotted;
- (b) the issue price of the Shares is 50 cents each;
- (c) the Shares are fully paid ordinary shares which rank equally with all other fully paid ordinary shares on issue;

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- (d) the Shares will be allotted and issued to various sophisticated investors and/or professional investors, each of them unrelated parties to the Company; and
 - (e) the funds raised will be used, together with the funds raised from the Second Placement and SPP, for:
 - the development of the Engenho Gold project;
 - the commencement of the next phase of assessment at the Torrecillas Gold Project; and
 - a diamond drilling programme to be undertaken to further enhance significant mineralised anomaly at the Tocantins Gold Project,further details of which are set out in the Background section of this Explanatory Memorandum.

Resolution 2 –Approval of Issue of Shares

Resolution 2 seeks Shareholder approval to the issue of up to 21,600,000 Shares at an issue price of 50 cents each. The Company proposes to issue the Shares to a number of sophisticated investors and/or professional investors yet to be determined by the Directors.

Listing Rule 7.1

Listing Rule 7.1 broadly provides, subject to certain exceptions, that Shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of a company's shares then on issue.

The Shares to be issued pursuant to Resolution 2 will exceed the 15% threshold. Accordingly, Shareholder approval under Listing Rule 7.1 is being sought.

Additional Information

The following information is provided to Shareholders for the purposes of Listing Rule 7.3:

- (a) the maximum number of Shares to be issued is 21,600,000 Shares;
- (b) the Company will allot and issue the Shares no later than three months after the date of the Meeting, or such later date as approved by ASX. The Shares will be allotted on one date;
- (c) the Shares will be issued at an issue price of 50 cents each;
- (d) the Shares to be issued are fully paid ordinary shares which will rank equally with all other existing issued ordinary fully paid shares in the capital of the Company on issue;
- (e) the allottees of the Shares will be a number of sophisticated investors and/or professional investors yet to be determined by the Directors. None of the allottees will be related parties of the Company; and

- (f) the funds raised will be used, together with the funds raised from the First Placement and SPP, for:
- the development of the Engenho Gold project;
 - the commencement of the next phase of assessment at the Torrecillas Gold Project; and
 - a diamond drilling programme to be undertaken to further enhance significant mineralised anomaly at the Tocantins Gold Project,
- further details of which are set out in the Background section of this Explanatory Memorandum.

GLOSSARY

In this Explanatory Memorandum and the Notice, the following terms have the following meanings unless the context otherwise requires:

ASIC	means Australian Securities and Investments Commission.
ASX	means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.
Board	means the board of Directors of the Company.
Company	means Mundo Minerals Limited ABN 97 117 790 897.
Corporations Act	means Corporations Act 2001 (Cth).
Corporations Regulations	means Corporations Regulations 2001.
Director	means a director of the Company.
Listing Rules	means the Listing Rules of ASX.
Notice or Notice of Meeting	means the Notice of General Meeting accompanying this Explanatory Memorandum.
First Placement	means the placement of Shares the subject of Resolution 1.
Second Placement	means the placement of Shares the subject of Resolution 2.
Resolution	means a resolution contained in the Notice.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means an ordinary Shareholder of the Company.
SPP	means the Share Purchase Plan approved by the Directors on 17 July 2007.
WST	means Australian Western Standard Time.

MUNDO MINERALS LIMITED
ABN 97 117 790 897
PROXY FORM

The Company Secretary
Mundo Minerals Limited
Registered Office Address: 45 Ventnor Avenue
WEST PERTH WA 6005
Facsimile: (08) 9429 8800

I/We (name of Shareholder)
of (address)
being a member/members of MUNDO MINERALS LIMITED hereby appoint
(name)
of (address)
and/or failing him (name)
of (address)
or failing that person then the Chairperson of the General Meeting as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be held at Duxton Hotel, 1 St Georges Tce, Perth, Western Australia on 24 August 2007 commencing at 11 am WST and at any adjournment of the meeting.

Should you so desire to direct the Proxy how to vote, you should place a cross in the appropriate box(es) below:

I/We direct my/our Proxy to vote in the following manner:

	For	Against	Abstain
Resolution 1 – Ratification of First Placement of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Approval of Issue of Shares under Second Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of all of the Resolutions, please place a mark in this box.

By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of all of the Resolutions and that votes cast by the Chair of the meeting for other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your vote on all of the Resolutions and your vote will not be counted in calculating the required majority if a poll is called on all of the Resolutions.

The Chairperson intends to vote any undirected proxies in favour of the Resolutions.

This Proxy is appointed to represent ___ % of my voting right, or if 2 proxies are appointed Proxy 1 represents ___ % and Proxy 2 represents ___ % of my total votes
My total voting right is _____ Shares

If the Shareholder(s) is an individual:

Dated: _____ 2007

Dated: _____ 2007

If the Shareholder is a company:

Affix common seal (if required by Constitution)

Director/Sole Director and Secretary
Dated: _____ 2007

Director/Secretary

INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A Shareholder entitled to attend and vote is entitled to appoint no more than two proxies to attend and vote at this General Meeting as the Shareholder's proxy. A proxy need not be a Shareholder of the Company.
 2. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the Shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the Shareholder's voting rights. Fractions shall be disregarded.
 3. The proxy form must be signed personally by the Shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed under either the common seal of the corporation or under the hand of an officer of the company or its duly authorised attorney. In the case of joint Shareholders, this proxy must be signed by at least one of the joint Shareholders, personally or by a duly authorised attorney.
 4. If a proxy is executed by an attorney of a Shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form.
 5. To be effective, forms to appoint proxies must be received by the Company no later than 48 hours before the time appointed for the holding of this General Meeting, (that is by 11 am WST on 22 August 2007) by post, facsimile or e-mail to the respective addresses stipulated in this proxy form.
 6. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
 - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way;
 - (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands;
 - (c) if the proxy is Chairperson, the proxy must vote on a poll and must vote that way; and
 - (d) if the proxy is not the Chairperson, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.
- If a proxy is also a Shareholder, the proxy can cast any votes the proxy holds as a Shareholder in any way that the proxy sees fit.
7. The Chairperson intends to vote in favour of all resolutions in relation to undirected proxies.