

11th April 2012

Company Announcements Office
Australian Securities Exchange
20 Bridge St
Sydney NSW 2000



Mundo disposes of Brazilian subsidiary

Mundo Minerals Limited (ASX Code: MUN) (Mundo Australia or Mundo) advises that it has signed a conditional binding term sheet with a group of Brazilian high net worth individuals to dispose of its wholly-owned Brazilian subsidiary Mundo Mineracao Ltda (Mundo Brazil).

The subsidiary's net asset deficiency at the time of disposal, after substantial asset impairment charges recognised as at 31 December 2011, was approximately R\$15.8M (A\$8.4M). In light of this, the gross consideration for disposal of the subsidiary is US\$1.

Under the terms of sale, Mundo Australia is also required to transfer to the purchaser loans made by Mundo Australia to Mundo Brazil over the past 10 months. These loans total approximately A\$3.29 million.

On completion of the sale, Mundo will no longer has an interest in any of its assets in Brazil, including the Engenho, Olhos and Tocantins Joint Venture projects in Brazil.

However, Mundo retains ownership of its Peruvian subsidiary, Mundo Minerales SAC, which in turn holds 100 per cent of the Torecillas Gold Project.

Under the terms of the agreement, the purchaser has been granted a 60-day exclusivity period to complete all due diligence enquiries and complete the proposed transaction.

On completion, the purchaser will:

1. Assume all assets and liabilities of Mundo Brazil, including assuming all responsibility for the current Court-supervised reorganization of Mundo Brazil, and will be obliged to pay, or cause Mundo Brazil, to pay in full all of Mundo Brazil's debts (except the A\$3.29 million debt transferred by Mundo Australia).
2. Be solely responsible for the management of Mundo Brazil and the provision of working capital from the completion date to support the day-to-day requirements of this entity whilst on care and maintenance; and

3. Indemnify Mundo Australia for any claims arising from Brazil against Mundo Australia. As at the date of the term sheet execution, there are no notified claims against Mundo Australia arising from Brazil.

Mundo Brazil retains all rights under the term sheet to liquidate Mundo Brazil should the need arise during the exclusivity period, as long as notice of this intention is provided to the purchaser in accordance with the terms of the agreement.

Yours sincerely,

Ashley Pattison
Managing Director
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