

# MUNDO MINERALS LIMITED

ABN 97 117 790 897

## PROSPECTUS

For the offer of Securities under a securities purchase plan (**SPP Offer**), pursuant to which Eligible Shareholders as at the Eligibility Date will be entitled to subscribe for up to 40,000 Shares at an issue price of \$0.125 per Share, with one free attaching Option exercisable at \$0.18 for each Share subscribed for, to raise up to \$5 million before costs.

This SPP Offer opens on Thursday, 28 April 2011 and closes at 5:00pm (WST) on Friday, 20 May 2011. Valid acceptances must be received by the Closing Date.

### **Important Notice**

This is an important document that should be read in its entirety. Please read the instructions in this document and on the accompanying Application Form regarding acceptance of the SPP Offer.

If you do not understand this document you should consult your professional adviser without delay. The Securities offered by this Prospectus should be considered speculative.

## Important Information

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### Prospectus

This Prospectus is dated 18 April 2011 and was lodged with the Australian Securities and Investment Commission (ASIC) on the same date. ASIC and the Australian Securities Exchange (ASX) take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and options over continuously quoted securities and has been prepared in accordance with section 713 of the Corporations Act.

### Electronic prospectus

This Prospectus (may be viewed in electronic form at [www.mundominerals.com](http://www.mundominerals.com) by Australian investors only. The electronic version of this Prospectus is provided for information purposes only. A paper copy of the Prospectus may be obtained free of charge on request during the Offer Period by contacting the Company. The information on [www.mundominerals.com](http://www.mundominerals.com) does not form part of this Prospectus.

No Securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

### Risk factors

Before deciding to invest in the Company, potential investors should read the entire Prospectus. In considering the prospects for the Company, potential investors should consider the assumptions underlying the prospective financial information and the risk factors that could affect the performance of the Company. Potential investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues) and seek professional advice from a stockbroker, accountant or other independent financial adviser before deciding to invest.

### Overseas Shareholders

No offer is being made to Shareholders with a registered address outside Australia or New Zealand. The distribution of this Prospectus and the Application Form (including electronic copies) outside Australia or New Zealand may be restricted by law. This Prospectus does not, and is not intended to, constitute an offer or invitation in any other place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation. If you come into possession of these documents, you should observe such restrictions and should seek your own advice about such restrictions. Please refer to Section 1.17 for further information.

### Publicly available information

Information about the Company is publicly available and can be obtained from ASIC and ASX (including

the ASX website at [www.asx.com.au](http://www.asx.com.au)). The contents of any website or ASIC or ASX filing by the Company are not incorporated into this Prospectus and do not constitute part of the SPP Offer. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in Securities or the Company.

No person is authorised to give any information or make any representation in connection with the SPP Offer which is not contained in this Prospectus. Any such extraneous information or representation may not be relied upon.

### Forward-looking statements

This Prospectus includes forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

### Accepting the SPP Offer

Applications for Securities by Eligible Shareholders may only be made on an original Application Form, as sent with this Prospectus. Please read the instructions in this Prospectus and on the accompanying Application Form regarding the acceptance of the SPP Offer. By returning an Application Form or lodging an Application Form with your stockbroker or otherwise arranging for payment for Securities in accordance with the instructions on the Application Form, you acknowledge that you have received and read this Prospectus, you have acted in accordance with the terms of the SPP Offer detailed in this Prospectus and you agree to all of the terms and conditions as detailed in this Prospectus.

### Defined terms

Capitalised terms and certain other terms used in this Prospectus are defined in the Glossary of defined terms in Section 8.

### Currency

All references in this Prospectus to "\$", "AUD" or "dollar" are references to Australian currency unless otherwise indicated.

### Reference to time

All references in this document to time relate to the time in Perth, Western Australia.

### Date of this document

This document is dated 18 April 2011.

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## Timetable

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Eligibility Date	21 April 2011
General Meeting	27 April 2011
SPP Offer opens	28 April 2011
SPP Offer closes	5:00pm on 20 May 2011
Allotment of SPP Securities	25 May 2011
Quotation and despatch of Holding Statements for SPP Securities	26 May 2011
Ordinary trading of SPP Securities commences	26 May 2011

These dates are indicative only and subject to change. The Company has the right to vary these dates without notice, including whether to close the SPP Offer early or accept late Applications, either generally or in particular cases, without notifying any recipient of this Prospectus or any Applicants. Investors who wish to submit an Application are encouraged to do so as soon as practicable after the SPP Offer opens.

## Key SPP Offer statistics

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Offer Price per Share	\$0.125
Number of Shares to be issued by the Company under the SPP Offer	40,000,000
Number of free attaching Options to be issued by the Company under the SPP Offer	40,000,000
Maximum amount raised under the SPP Offer	\$5,000,000
Total number of Shares on issue on completion of the SPP Offer*	269,581,454
Total number of Options on issue on completion of the SPP Offer*	50,350,000

\* Assumes completion and full subscription of the SPP Offer.

# 1. Details of the SPP Offer

## 1.1 Capital Raising

On 4 March 2011, Mundo Minerals Limited ABN 97 117 790 897 (**Company** or **Mundo**) announced a \$10-15 million capital raising to drive gold production and resource growth (**Capital Raising**).

The Capital Raising comprises:

<b>Tranche 1 Placement</b>	A placement of 28,200,000 Shares to institutional and sophisticated investors in Australia and the United States at a price of \$0.125 per Share to raise \$3.53 million. Subject to Shareholder approval <sup>1</sup> , the Company also proposes to issue 28,200,000 free attaching Options <sup>2</sup> to these investors on the basis of one Option granted for every Share issued.
<b>Tranche 2 Placement</b>	Subject to Shareholder approval <sup>1</sup> , a placement of 51,800,000 Shares and 51,800,000 free attaching Options <sup>2</sup> to institutional and sophisticated investors in Australia and the United States at an issue price of \$0.125 per Share to raise \$6.47 million, with one free attaching Option <sup>2</sup> granted for each Share issued.
<b>SPP Offer</b>	A securities purchase plan offer to Eligible Shareholders to raise up to \$5 million ( <b>SPP Offer</b> ) in accordance with the terms of this Prospectus. <sup>3</sup>

**Note 1:** The Company has scheduled a General Meeting of Shareholders for Wednesday, 27 April 2011 to obtain Shareholder approval. Further information relating to the General Meeting is set out in Section 1.6.

**Note 2:** All free attaching Options granted pursuant to the Tranche 1 and 2 Placements and the SPP Offer will be exercisable at \$0.18 within three years of the date of issue, and on the terms set out in Section 6.2.

**Note 3:** The conduct of the SPP Offer is conditional upon Shareholders approving all resolutions at the General Meeting. Further information relating to the General Meeting is set out in Section 1.6.

## 1.2 SPP Offer

This Prospectus invites Eligible Shareholders to subscribe for fully paid ordinary shares in the Company (**Shares**) pursuant to a Securities Purchase Plan.

Eligible Shareholders will be entitled to apply for up to \$5,000 of Shares (being a total of 40,000 Shares) at an issue price of \$0.125 per Share, with a free attaching Option exercisable at \$0.18 for each Share subscribed for, to raise up to \$5,000,000. The issue price for each Share is payable in full on application.

As at the Eligibility Date, Mundo has 229,581,454 Shares and 10,350,000 unlisted options on issue. Up to 40,000,000 Shares and 40,000,000 free attaching Options will be issued under the SPP Offer, raising up to \$5 million before costs.

Mundo will cap accepted Applications at a total of \$5,000,000. To the extent that Applications are received in excess of this amount, Applications will be scaled back and excess funds returned to Applicants. If Applications are scaled back, each Applicant will be treated equally and scaled back on a pro rata basis, based on each Application size to a minimum allocation of \$2,000 or 16,000 shares. In such circumstances, the difference between the price paid in your Application and the price for Shares issued to you under the SPP Offer will be refunded by Mundo with no interest, following the issue of the SPP Securities to Eligible Shareholders.

Shares will be fully paid and will rank equally in all respects with the Company's existing issued Shares, including as to dividends and voting rights.

### 1.3 Underwriting

The SPP Offer is not underwritten.

### 1.4 Minimum subscription

There is no minimum subscription for the SPP Offer.

### 1.5 Timetable

The SPP Offer will open for receipt of Applications on Thursday, 28 April 2011 and will close at 5pm (WST) on Friday, 20 May 2011. The full timetable for the SPP Offer is set out on page 1 of this Prospectus.

### 1.6 Shareholder approval of Capital Raising

The Company has convened a General Meeting of Shareholders, scheduled to take place on Wednesday, 27 April 2011, in order to pass the following Resolutions:

- (a) **Resolution 1:** ratification of the issue and allotment of Tranche 1 Shares;
- (b) **Resolution 2:** approval of the issue and allotment of Tranche 1 Options;
- (c) **Resolution 3:** approval of the issue and allotment of Securities under the Tranche 2 Placement;
- (d) **Resolution 4:** approval of the issue and allotment of Securities under the SPP Offer; and
- (e) **Resolution 5:** approval of the issue and allotment of Shortfall Securities to Directors.

#### Resolutions 1 to 3 (inclusive)

Listing Rule 7.1 provides that a listed company may not issue equity securities in any 12 month period which exceeds 15% of the number of issued securities of the company held at the beginning of the 12 month period, except with the prior approval of shareholders of the company in general meeting unless another exception to Listing Rule 7.1 applies.

The purpose and effect of Resolutions 1 to 3 (inclusive), if passed, will be to exempt Securities issued under the Tranche 1 and Tranche 2 Placements from the 15% limit under Listing Rule 7.1. This will restore the Company's capacity under Listing Rule 7.1 to issue further Securities representing up to 15% of the Company's issued capital in the next 12 months to raise further funds, if required.

#### Resolution 4

An exception to Listing Rule 7.1 is the issue of securities under a securities purchase plan where the number of securities to be issued is not greater than 30% of the number of fully paid ordinary securities on issue, and certain other conditions are satisfied, including the issue price of shares under the SPP being at least 80% of the average market price of shares in the 5 days on which sales in shares were recorded, either before the day on which the offer was announced or before the offer was made.

Although the issue of Securities under the SPP Offer will not represent more than 30% of the existing number of Securities on issue, issues of Shortfall Securities do not fall within the exception referred to above. In the event that there are Shortfall Securities the approval of Shareholders is sought to enable the Company to issue the Shortfall Securities without relying on the 15% placement capacity under Listing Rule 7.1.

Should Shareholder approval of the SPP Offer not be obtained, the Directors intend to issue Shortfall Securities to applicants, from the 15% placement capacity allowed by Listing Rule 7.1.

The effect of Resolution 4, if passed, will be that the Shortfall Securities issued to investors will be exempt from the 15% limit under Listing Rule 7.1, and again, will restore the Company's capacity under Listing Rule 7.1 to issue further Securities representing up to 15% of the Company's issued capital in the next 12 months.

## **Resolution 5**

The Directors will also seek Shareholder approval at the General Meeting to enable them to participate in the allocation of Shortfall Securities under the SPP Offer.

Each of the Directors is a significant Shareholder in the Company and each Director has indicated a desire to participate in the issue of Shortfall Securities, in the event that Eligible Shareholders do not subscribe to all of the SPP Offer in accordance with their Entitlement.

The nature of the SPP Offer is that by reason of the fixed maximum number of Securities that may be issued to each Shareholder, the SPP Offer will tend to dilute the percentage shareholding interests of the Company's larger Shareholders.

It is therefore considered appropriate that the Company's larger Shareholders, including Directors and their associates, who have been supportive of the Company since its inception be provided with an opportunity to maintain their percentage shareholding interests in the Company by subscribing for Shortfall Securities.

As the participation of Directors in the Shortfall constitutes a related party transaction, Shareholder approval pursuant to section 208 of the Corporations Act and Listing Rule 10.11 is required. If Shareholders do not approve Resolution 5, the Directors will be unable to participate in the Shortfall.

A copy of the notice of General Meeting has been released to ASX and can be accessed on the ASX website at [www.asx.com.au](http://www.asx.com.au).

### **1.7 Eligibility**

Each Eligible Shareholder who is registered as the holder of Shares at 5:00pm (WST) on the Eligibility Date is entitled to participate in the SPP Offer. The maximum number of Shares to which each Eligible Shareholder is entitled to subscribe is up to 40,000 Shares at the Offer Price, with up to 40,000 free attaching Options for each Share subscribed for (**Entitlement**).

### **1.8 Allowing your Entitlement to lapse**

If you elect to do nothing in respect of the SPP Offer, your Entitlement will lapse. Although you will continue to own the same number of Shares in Mundo, your percentage shareholding in Mundo will be diluted in the manner specified in Sections 3.4 and 3.5.

### **1.9 How to apply for Securities**

If you decide to subscribe for all or part of your Entitlement you must:

- (a) complete and return the Application Form and return it to the Company's Share Registry with the relevant amount in Application Monies; or
- (b) if you have an Australian financial institution account that supports BPAY®, by paying by BPAY® before 5:00pm WST on the Closing Date (see below for further details),

in accordance with the payment instructions outlined in Section 1.11 below.

If the Application Monies provided fall short of the total amount owing in respect of the number of Shares applied for in the accompanying Application Form, Mundo will treat you as having applied for the total number of Shares able to be purchased in full with the amount of Application Monies provided, despite any inconsistent amount specified in the Application Form.

#### **1.10 Application Form**

A completed Application Form cannot be withdrawn and constitutes a legally binding application for, and acceptance of, the number of Securities specified in the Application Form on the terms set out in this Prospectus.

If the Application Form is not completed correctly it may still be treated as valid. The Company's decision as to whether to treat the acceptance as valid, and how to construe, amend or complete the Application Form is final.

#### **1.11 Method of payment**

If you have elected to subscribe for Shares pursuant to the SPP Offer you may use one of the following methods to pay Application Monies owing in respect of those Shares:

##### **(a) Payment by cheque, bank draft or money order**

Should you wish to pay by cheque, money order or bank draft you should complete your Application Form in accordance with the instructions set out on that form and return the Application Form accompanied by a cheque, bank draft or money order:

- (i) in Australian currency, drawn on an Australian branch of a financial institution;
- (ii) for an amount equal to \$0.125 multiplied by the number of Shares that you are applying for; and
- (iii) made payable to "Mundo Minerals Limited – Share Account" and crossed "Not Negotiable".

Cash payments will not be accepted.

Receipts for payment will not be issued. If your cheque is dishonoured, your Application will be rejected.

Completed Application Forms, together with your Application Monies, should be returned by post to:

**Mundo Minerals Limited**  
c/- Security Transfer Registrars Pty Ltd  
770 Canning Highway  
APPLECROSS WA 6153

Completed Application Forms and must be received by no later than 5pm (WST) on the Closing Date.

##### **(b) Payment by BPAY®**

If you wish to pay by BPAY® (only available to Eligible Shareholders who hold an account with an Australian financial institution that supports BPAY®), please follow the instructions on the Application Form (which includes the Biller Code and unique Reference Number) and take note of the following:

- (i) your BPAY® payment must be received by no later than 5:00pm WST on the Closing Date;

- (ii) applicants should be aware that their own financial institution may impose earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment;
- (iii) it is the responsibility of the applicant to ensure that funds submitted through BPAY® are received by 5:00pm WST on the Closing Date; and
- (iv) if you have elected to make a payment by BPAY®, you do not need to submit your Application Form (by making a payment through BPAY® you will be taken to have made the declarations set out in the Application Form).

Any Application Monies received for more than your final allocation of Shares will be refunded. No interest will be paid on any application monies received or refunded.

#### **1.12 Application Monies**

Application Monies will be held in a trust account until the Shares are allotted to Eligible Shareholders. The trust account established by Mundo for this purpose will be solely used for handling Application Monies.

Any interest earned on Application Monies will be for the benefit of, and remains the sole property of, Mundo and will be retained by Mundo whether or not the allotment and issue of Shares takes place.

Applications and payments made under the SPP Offer may not be withdrawn once they have been received by Mundo.

#### **1.13 Shortfall**

Any Shares not subscribed for will form part of the Shortfall.

The Company reserves the right (in its sole discretion) to allocate the Shortfall in any manner that it sees fit, subject to the provisions of the Corporations Act and the Listing Rules. As indicated above in Section 1.6, the Directors may, subject to Shareholder approval, participate in the allocation of Securities forming part of the Shortfall.

#### **1.14 Issue of Securities and dispatch of Holding Statements**

Securities offered by this Prospectus are expected to be issued, and Holding Statements dispatched, on the date specified in the timetable on page 1 of this Prospectus. No issue of Securities will be made until ASX grants permission for the Official Quotation of the Securities.

The sale by the Applicant of Securities prior to the receipt of a Holding Statement is at the Applicant's own risk.

The Directors have the right to allocate the Securities offered under this Prospectus. The Company may reject any Application or allocate any Applicant fewer Securities than applied for under the SPP Offer. No Applicant under the SPP Offer has any assurance of being allocated all or any Securities applied for.

If an Application is not accepted, or is accepted in part only, the relevant part of the Application Monies will be returned without any interest.

#### **1.15 ASX quotation of Shares and Options**

Application for Official Quotation on ASX of the Securities issued pursuant to this Prospectus will be made within (7) days after the date of this Prospectus.

If the Securities offered pursuant to the SPP Offer are not admitted to Official Quotation within three (3) months after the date of this Prospectus, the Company will not allot or issue any Securities and all Application Monies received pursuant to this Prospectus will be repaid as soon as practicable, without interest.

The fact that ASX may agree to grant Official Quotation of the Securities is not to be taken in any way as an indication of the merits of the Company or the Securities.

#### **1.16 Withdrawal**

The Directors may at any time before allotment of Securities to the Applicants decide to withdraw this Prospectus and the SPP Offer, in which case the Company will return all Application Monies, without interest, within 28 days of giving notice of withdrawal.

#### **1.17 Overseas Shareholders**

The Company will not make an SPP Offer to Excluded Shareholders, being those Shareholders with a registered address outside Australia or New Zealand (**Eligible Jurisdictions**). The Company has decided that it is unreasonable to extend the Offer to Excluded Shareholders having regard to:

- (a) the number of Shareholders outside the Eligible Jurisdictions;
- (b) the number and value of Shares that would be offered to Shareholders outside the Eligible Jurisdictions; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

The Offer is being made to all Eligible Shareholders. The Company is not required to determine whether or not any registered Eligible Shareholder is holding Shares on behalf of persons who are resident outside the Eligible Jurisdictions (including nominees, custodians and trustees) or the identity or residence of any beneficial owners of Shares. Any Eligible Shareholders holding Shares on behalf of persons who are resident outside Eligible Jurisdictions are responsible for ensuring that any dealing with Shares issued under the SPP Offer do not breach the laws and regulations in the relevant overseas jurisdiction, and should seek independent professional advice and observe any applicable restrictions relating to the taking up of Entitlements or the distribution of this Prospectus or the Application Form.

The distribution of this Prospectus and the Application Form (including electronic copies) outside the Eligible Jurisdictions may be restricted by law and therefore persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

#### **United States**

Any person in the United States or any person that is, or is acting for the account or benefit of, a "U.S. person" (as defined in Regulation S under the United States Securities Act of 1933, as amended (**Securities Act**)) (**U.S. Person**), with a holding through a nominee may not participate in the SPP Offer and the nominee must not take up any Entitlement or send this Prospectus or any other materials relating to the SPP Offer into the United States or to any person that is, or is acting for the account or benefit of, a U.S. Person. The Company is not able to advise on foreign laws.

This Prospectus does not, and is not intended to, constitute an offer or invitation in the United States, or to any person acting for the account or benefit of a person in the United States, or in any other place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

## **New Zealand**

The Securities being offered under this Prospectus are also being offered to Eligible Shareholders with registered addresses in New Zealand in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand)*. This Prospectus is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

### **1.18 CHES**

The Company participates in the Clearing House Electronic Sub-register System (**CHES**). ASX Settlement, a wholly owned subsidiary of ASX, operates CHES in accordance with ASX Listing Rules and ASX Settlement Rules.

Under CHES, Applicants will not receive a certificate but will receive a statement of their holding of Securities (**CHES Statement** or **Holding Statement**).

If you are broker sponsored, ASX Settlements will send you a CHES Statement.

The CHES Statement will set out the number of Securities issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub-register, your statement will be dispatched by the Company's share register and will contain the number of Securities issued to you under this Prospectus and your security holder reference number.

A CHES Statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however a charge may be made for additional statements.

### **1.19 Privacy**

The Company and its Share Registry collects information in relation to each Applicant as provided in the Application Forms (**Information**) for the purposes of processing the Application Forms and, should the Application be successful, to administer the Applicant's Security holding in the Company (**Purposes**).

By submitting an Application Form, each Applicant agrees that the Company may use the Information for the Purposes and the Company may disclose the Information for the Purposes to the Share Registry, the Company's related bodies corporate (as that term is defined in the Corporations Act), agents, contractors and third party service providers, and to ASX, ASIC and other regulatory authorities.

The Information may also be used and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, licensed securities dealers, mail houses, and regulatory bodies including the Australian Taxation Office.

### **1.20 Taxation implications**

The Directors do not consider that it is appropriate to give potential Applicants advice regarding the taxation consequences of applying for Securities under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of potential applicants. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to potential Applicants in the SPP Offer. Potential applicants should, therefore, consult their own tax adviser in connection with the taxation implications of the SPP Offer.

## **1.21 Enquiries**

This Prospectus provides information for potential investors in the Company and should be read in its entirety.

If after reading this Prospectus you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or financial advisor.

## **2. Company overview**

### **2.1 Background to the Company**

Mundo Minerals Limited (ASX: MUN) is building a long-term gold business in South America, with a near-term focus on commencing commercial production at its Torrecillas Gold Project in Peru and increasing production from its Engenho Gold Project in Brazil (both 100% owned).

#### **Peru**

The Company's key asset, the Torrecillas Gold Project in Peru, is currently producing around 8,000 ounces per annum from a single high-grade trial mining operation being undertaken as part of a Definitive Feasibility Study on a potential production profile of 80-100,000oz per annum at an average head grade of 15 gram per tonne based on narrow vein, high-grade mining.

Strong recent progress has been made with this Definitive Feasibility Study, including positive results from metallurgical and gravity test work, encouraging results from additional development along all three high-grade vein systems that will underpin the project, and significant advances with a review of the infrastructure required for the Project.

Commercial production is expected to commence in late 2012 on all three high-grade veins.

#### **Brazil**

The Engenho Gold Project, located in south-east Brazil, has been in production for 24 months and is growing its production profile from around 25,000 ounces per annum to approximately 43,000 ounces per annum with the development of a new satellite mining centre at Crista and an upgrade to the Engenho treatment plant.

It is the Company's short term plan to have three mines operating within the tenement boundary that will all utilise an existing central processing plant.

The introduction of ore from the second mine, the Crista open pit, which is located 2km north of the treatment plant, is expected to have a material positive impact on the Company's financial performance as a result of an increase in the average milled grade and additional efficiencies arising from the introduction of a second ore source to the Engenho plant.

Mundo has also identified other substantial new zones of gold mineralisation at the nearby Olhos anomaly, strengthening the potential to develop additional open pit and underground ore sources in this area in the short term with a targeted commencement date of mining in 2013, subject to further drilling success.

Mundo also has an option to acquire the Jaqueira Project, an advanced exploration/development project in Brazil, and holds a 51% interest in the Tocantins Joint Venture, which represents an attractive large-sale exploration opportunity covering extensive greenstone belts in central Brazil.

#### **Competent person's statement**

The information in this Prospectus that relates to exploration results and mineral resources is based on information compiled by Mr Armando Massucatto who is a member of the Australasian Institute of Mining and Metallurgy. Mr Massucatto is employed by the Company as Exploration Manager.

Mr Massucatto 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 Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Massucatto consents to the inclusion in the Prospectus of the matters based on his information in the form and context in which it appears.

### **Target production statements**

The information in this Prospectus that relates to production targets refers to targets that are conceptual in nature, where there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the determination of a mineral resource. Production targets are currently conceptual in nature and relate to future production goals based on the current resources.

Feasibility studies are currently underway to advance the economic evaluations. There remains at present insufficient certainty with respect to whether economically mineable mineralisation exists to reliably estimate future production rates. These production targets are also subject to the completion of necessary feasibility studies, regulatory approvals, financing arrangements, execution of relevant agreements and timely project construction.

## **2.2 Board of Directors**

At the date of this Prospectus, the Directors of the Company are:

### **John Langford**

Chief Executive Officer

Mr Langford has significant experience in the Australian resources sector, having been involved with the development, acquisition and financing of production assets, as well as the provision of strategic advice to resource companies in his capacity both as a Non-Executive Director of listed resources companies and in his former role as a partner of Deloitte. Mr Langford led the corporate finance division of Deloitte in Western Australia for approximately 10 years, providing strategic corporate finance advice to a range of ASX listed companies. He has been a Director of a number of resources companies including Tectonic Resources Limited and Defiance Mining NL. He is currently a director of Palace Securities Pty Ltd, the company that owns the Diggers and Dealers Mining Forum.

As announced to ASX on 18 April 2011, Mr Langford intends to retire as a Director and the Company's Chief Executive Officer at the conclusion of the General Meeting to be held on 27 April 2011.

### **Barry Eldridge**

Non-Executive Chairman

Mr Eldridge has over 37 years experience as a geologist and mining engineer in the resource industry both in Australia and overseas. Following a 20 year career in the coal industry in Queensland and New South Wales, Mr Eldridge held a number of senior executive roles including with Portman Limited, North Limited, Griffin Coal Limited, Forrestania Gold Limited and was Chairman of Vulcan Minerals Limited. Mr Eldridge is currently a director of Sundance Resources Ltd, Cliffs Natural Resources Inc and is also Chairman of the annual Diggers and Dealers Mining Forum.

### **Brian Hurley**

Non-Executive Director

Brian Hurley is a Mining Engineer with more than 35 years experience in senior management and operational positions in the resources sector, including a lengthy and distinguished senior executive career with WMC, where he was General Manager of the Nickel Division. Mr Hurley has strong practical mining skills and

heads up the Company's Technical Advisory team, ensuring that appropriate disciplines are employed in developing the Company's asset base. Mr Hurley has significant experience as a Company Director.

**Robert McKenzie**

Non-Executive Director

Robert McKenzie is a lawyer specializing in corporate and commercial law. Mr McKenzie was previously a senior partner with the national law firm, Clayton Utz, and is currently one of the principals of leading Western Australian law firm McKenzie Moncrieff. He is recognized as a leader in his profession and has provided legal and strategic advice to many high profile corporate transactions in Australia. Mr McKenzie maintains a high profile within the legal, corporate and sporting communities in Western Australia. He was previously on the board of the West Coast Eagles, a football team playing in the Australian Football League.

**Ashley Pattison**

Proposed Executive Director

As announced to ASX on 18 April 2011, it is proposed that the Company will appoint Mr Pattison as an Executive Director following the conclusion of the General Meeting to be held on 27 April 2011.

Mr Pattison has significant experience in the Australian resources sector, having been involved with advising companies in the resources sector through his involvement with a major accounting firm in the Corporate Advisory and Audit sections, managing the Corporate Advisory department of an Australian stockbroking firm and acting as CEO of a mining services company in Australia. Mr Pattison was previously chief financial officer of Mundo Minerals and has a strong understanding of the assets and strategies of the company and excellent contacts in the financial and broking communities.

**2.3 Corporate governance**

The Directors monitor business affairs of the Company on behalf of the Shareholders. The Board have formally adopted corporate governance policies which are designed to encourage Directors and management to focus their attention on accountability, risk management and ethical conduct.

The Board has established the following policies and charters:

(a) Charters:

- (i) Audit Committee Charter;
- (ii) Board Charter;
- (iii) Nomination Committee Charter; and
- (iv) Remuneration Committee Charter.

(b) Policies:

- (i) Policy on Appointment of an External Auditor;
- (ii) Code of Conduct;
- (iii) Policy on Continuous Disclosure;
- (iv) Policy on Performance Evaluation;
- (v) Policy on Risk Management;
- (vi) Securities Trading Policy; and

(vii) Communication with Shareholders.

Discussion about the Company's corporate governance is contained in the Company's 2010 Annual Report available on the Company's website at [www.mundominerals.com](http://www.mundominerals.com).

Copies of the Company's corporate governance policies and charters are also available on the Company's website.

### 3. Purpose and effect of the SPP Offer

#### 3.1 Use of proceeds of the SPP Offer

The funds raised by the SPP Offer (and the Capital Raising in general) will be applied towards the continued development of Mundo's key gold assets in Peru and Brazil, including:

- (a) complete the current definitive feasibility study on the Torrecillas Gold Project in Peru, where development of a commercial high-grade gold mine is targeted to commence by the 4<sup>th</sup> quarter of 2011;
- (b) fund a major program of resource drilling at Torrecillas commencing in the 2<sup>nd</sup> quarter of 2011, targeting the finalisation of an initial JORC compliant resource;
- (c) provide additional working capital to support the development of the new Crista open pit, located 2km north of the Engenho underground mine in Brazil, and treatment facility; this new high-grade ore source is expected to enable production from Engenho to increase to 43,000oz pa from 25,000oz pa currently (sourced from the existing underground mine);
- (d) fund aggressive resource drilling at the Olhos anomaly, located adjacent to Crista, where an extensive zone of near-surface gold mineralization has been defined; and
- (e) fund resource drilling later this year at Crista to test depth extensions of the mineralization below 75m once the orientation and structure of the mineralization is better understood from initial mining activities.

Overall, the Directors believe that the funds raised pursuant to the Capital Raising will provide a stronger platform for the Company to drive its stated asset development strategy and that the financial structure of the Company will be more appropriately aligned with the potential growth requirements of the Company's assets. The funds raised will also strengthen the Company's balance sheet.

#### 3.2 Effect of the SPP Offer on capital structure

The capital structure of Mundo following completion of the SPP Offer is expected (subject to the SPP Offer being fully subscribed) to be as follows:<sup>1</sup>

Shares	Number
Shares on issue as at the Eligibility Date*	229,581,454
Maximum Shares offered under the SPP Offer	40,000,000
<b>Total Shares on issue at completion of SPP Offer</b>	<b>269,581,454</b>
Total Shares on issue at completion of Tranche 2 Shares**	321,375,177
<b>Total Shares on issue at completion of Capital Raising**</b>	<b>321,375,177</b>

\* Including the issue and allotment of the Tranche 1 Shares (completion of which was announced to ASX on 15 March 2011) and assuming no Tranche 2 Shares have been issued or allotted as at the Eligibility Date.

\*\* Assuming no Options are exercised and the SPP Offer, the Tranche 1 Placement and the Tranche 2 Placement (as the case may be) are fully subscribed.

<sup>1</sup> Excluding options.

<b>Options</b>	<b>Number</b>
Options on issue as at the Eligibility Date (currently all unlisted)	10,350,000
Maximum Options offered under the SPP Offer	40,000,000
<b>Total Options on issue upon completion of SPP Offer</b>	<b>50,350,000</b>
Total Options on issue at completion of Tranche 1 Options	28,200,000
Total Options on issue at completion of Tranche 2 Options	51,800,000
<b>Total Options on issue upon completion of Capital Raising</b>	<b>130,350,000</b>

### 3.3 Key terms of Options on issue

The number and terms of the Options on issue in the Company as at the date of this Prospectus is summarised in the table below:

<b>Class of Options</b>	<b>Number</b>
Options expiring 22.09.2015 (exercisable @ \$0.15) (unlisted)	1,000,000
Options expiring 30.06.2014 (exercisable @ \$0.20) (unlisted)	500,000
Options expiring 14.06.2015 (exercisable @ \$0.25) (unlisted)	750,000
Options expiring 22.09.2015 (exercisable @ \$0.25) (unlisted)	750,000
Options expiring 18.10.2015 (exercisable @ \$0.25) (unlisted)	300,000
Options expiring 14.06.2015 (exercisable @ \$0.30) (unlisted)	750,000
Options expiring 22.09.2015 (exercisable @ \$0.30) (unlisted)	1,500,000
Options expiring 18.10.2015 (exercisable @ \$0.30) (unlisted)	300,000
Options expiring 24.05.2011 (exercisable @ \$0.35) (unlisted)	1,000,000
Options expiring 21.05.2014 (exercisable @ \$0.40) (unlisted)	1,300,000
Options expiring 30.06.2014 (exercisable @ \$0.40) (unlisted)	500,000
Options expiring 22.09.2015 (exercisable @ \$0.40) (unlisted)	300,000
Options expiring 01.07.2012 (exercisable @ \$0.45) (unlisted)	400,000
Options expiring 30.06.2014 (exercisable @ \$0.60) (unlisted)	500,000
Options expiring 30.06.2014 (exercisable @ \$0.80) (unlisted)	500,000
<b>Total Options on issue:</b>	<b>10,350,000</b>

### 3.4 Effects of SPP Offer on control of the Company

If some Eligible Shareholders do not take up all of their Entitlement under the SPP Offer, then the shareholding interests of those Eligible Shareholders in the Company will be diluted.

The proportional interests of Excluded Shareholders may also be diluted because Excluded Shareholders are not entitled to participate in the SPP Offer.

### 3.5 Effect of Capital Raising on capital structure

The table below illustrates the effect of the Capital Raising on the Company's capital structure assuming full subscription under the Tranche 1 and 2 Placements and the SPP Offer:

Securities currently on issue	Securities already issued under the Tranche 1 Placement**	Securities issued under the Tranche 2 Placement	Securities issued under the SPP Offer	Total Securities on issue upon completion of Capital Raising***
229,581,454 Shares	28,200,000 Shares	51,800,000 Shares	40,000,000 Shares	321,375,177 Shares
10,350,000 Options*	28,200,000 Options	51,800,000 Options	40,000,000 Options	130,350,000 Options

\* All Options are currently unlisted Options.

\*\* These Securities form part of the Securities on issue, specified in column 1.

\*\*\* Assuming none of the Options issued pursuant to the Capital Raising have been exercised.

With the capital of the Company increasing by 120,000,000 Shares through the Capital Raising process, the total diluting effect on the shareholdings of existing Shareholders is 59.6%.

### 3.6 Pro-forma statement of financial position

The SPP Offer will have an effect on the Company's financial position.

Set out below is the unaudited balance sheet of the Company as at 28 February 2011 and the un-audited pro-forma balance sheet of the Company as at 28 February 2011, incorporating the effects of the SPP Offer and the Capital Raising generally (including the SPP Offer, the Tranche 1 Placement and the Tranche 2 Placement).

The balance sheet has been prepared to provide Shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 28 FEBRUARY 2011

	28/02/2011 Consolidated Actual A\$	Tranche 1 Placement (Note 1) A\$	Tranche 2 Placement (Note 2) A\$	SPP (Note 3) A\$	28/02/2011 Consolidated Pro-forma A\$
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	335	3,329	6,072	4,965	14,701
Trade and receivables	1,424				1,424
Prepayments	969				969
Inventories	2,424				2,424
<b>TOTAL CURRENT ASSETS</b>	<b>5,152</b>				<b>19,517</b>
<b>NON-CURRENT ASSETS</b>					
Other Receivables	1,201				1,201
Property, plant and equipment	17,983				17,983
Mine assets	18,111				18,111
Exploration expenditure	15,488				15,488
<b>TOTAL NON-CURRENT ASSETS</b>	<b>52,783</b>				<b>52,783</b>
<b>TOTAL ASSETS</b>	<b>57,935</b>				<b>72,300</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	3,444				3,444
Provisions	1,821				1,821
Borrowings	10,351				10,351
<b>TOTAL CURRENT LIABILITIES</b>	<b>15,616</b>				<b>15,616</b>
<b>NON-CURRENT LIABILITIES</b>					
Provisions	2,891				2,891
Borrowings	1,993				1,993
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>4,884</b>				<b>4,884</b>
<b>TOTAL LIABILITIES</b>	<b>20,499</b>				<b>20,499</b>
<b>NET ASSETS</b>	<b>37,436</b>				<b>51,801</b>
<b>EQUITY</b>					
Issued capital	48,749	3,329	6,072	4,965	63,114
Reserves	(3,228)				(3,228)
Accumulated losses	(8,085)				(8,085)
<b>TOTAL EQUITY</b>	<b>37,436</b>				<b>51,801</b>

Notes:

1. The Tranche 1 Placement was completed on 15 March 2011 with a total of 28,200,000 shares being issued under this tranche, raising net proceeds of \$3,328,750 after costs.
2. The Tranche 2 Placement is expected to be completed on Thursday 28 April 2011. It is estimated that this tranche will raise \$6,071,500 after costs.
3. It is assumed that the SPP is fully subscribed and raises \$4,965,000 after costs.

## **4. Risk factors**

### **4.1 Introduction**

Activities in the Company and its controlled entities, as in any business, are subject to risks which may impact on the Company's future performance.

Prior to deciding whether to take up their Entitlement, Eligible Shareholders should read the entire Prospectus and review announcements made by the Company to ASX (at [www.asx.com.au](http://www.asx.com.au) under the code MUN) in order to gain an appreciation of the Company, its activities, operations, financial position and prospects.

An investment in Shares should be considered speculative. Shares carry no guarantee with respect to the payment of any dividends, returns of capital or the market value of those Shares.

Shareholders should also consider the risk factors set out below which the Directors believe represent some of the general and specific risks that Shareholders should be aware of when evaluating the Company and deciding whether to increase their shareholding in the Company. The following risk factors are not intended to be an exhaustive list of all of the risk factors to which the Company is exposed.

### **4.2 Specific risks**

The following risks have been identified as being key risks specific to an investment in Mundo.

#### **Future capital requirements**

The Company's ongoing activities may require substantial further financing in the future for its business activities, in addition to amounts raised pursuant to the SPP Offer. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the current market price (or Offer Price) or may involve restrictive covenants which limit the Company's operations and business strategy.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operations and this could have a material adverse affect on the Company's activities and could affect the Company's ability to continue as a going concern.

#### **Country risk**

The Company has projects located in the Federative Republic of Brazil and the Republic of Peru, which are less developed countries than Australia with associated political, economic, legal and social risks. There can be no assurance that the systems of government and the political systems in overseas countries will remain stable. There can be no assurance that government regulations relating to foreign investment, repatriation of foreign currency, taxation and the mining industry in these countries will not be amended or replaced in the future to the detriment of the Company's business and/or projects. The Directors are unaware of any such proposals as at the date of this Prospectus.

#### **Gold price and exchange rate fluctuations**

The revenue derived through the sale of gold exposes the potential income of the Company to gold price and exchange rate risks. Gold prices fluctuate and are

affected by numerous factors beyond the control of the Company. These factors include world demand for gold, forward selling by producers and the level of production costs in major gold-producing regions. Moreover, gold prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, gold.

Furthermore, the international price of gold is denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian and South American currencies, exposing the Company to the fluctuations and volatility of the rates of exchange between the United States dollar, the Australian dollar and South American currencies as determined in international markets.

#### **4.3 Mining industry risks**

Mineral exploration and mining may be hampered by circumstances beyond the control of the Company and are speculative operations which by their nature subject to a number of inherent risks, including the following:

##### **Exploration risks**

The success of the Company depends on the delineation of economically minable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.

Exploration on the Company's existing exploration and mining tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the exploration and mining tenements.

##### **Resource estimates**

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. These estimates were appropriate when made, but may change significantly when new information becomes available.

There are risks associated with such estimates. Resource estimates are necessarily imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to resource estimates could affect the Company's future plans and ultimately its financial performance and value.

##### **Ability to exploit successful discoveries**

It may not always be possible for the Company to exploit successful discoveries which may be made in areas in which the Company has an interest. Such exploitation would involve obtaining the necessary licences or clearances from relevant authorities that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploitation may require participation of other companies whose interests and objectives may not be the same as the Company's.

##### **Mining and development risks**

Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management.

Mining and development operations can be hampered by force majeure circumstances, environmental considerations and cost overruns for unforeseen events.

### **Title risks**

Interests in tenements in the Federative Republic of Brazil and the Republic of Peru are governed by legislation in their respective jurisdictions and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

### **Environmental risks**

The operations and activities of the Company in Federative Republic of Brazil and the Republic of Peru are subject to environmental laws and regulations of those countries. As with most exploration projects and mining operations, the Company's operations and activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company attempts to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws.

### **Joint venture parties, agents and contractors**

There is a risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

### **Competition**

The Company competes with other companies, including major mining companies in Australia and internationally. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Company can compete effectively with these companies.

### **Key personnel**

Recruiting and retaining qualified personnel are important to the Company's success. The number of persons skilled in the exploration and development of mining properties is limited and competition for such persons is strong.

### **Other**

Other risk factors include those normally found in conducting business, including litigation resulting from the breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk and other matters that may interfere with the business or trade of Mundo.

## **4.4 General investment risks**

### **Stock market conditions**

As with all stock market investments, there are risks associated with an investment in the Company. Share prices may rise or fall and the price of Shares might trade below or above the Offer Price for the Shares.

General factors that may affect the market price of Shares include economic conditions in both Australia and internationally, investor sentiment and local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

### **Liquidity risk**

There can be no guarantee that there will continue to be an active market for Shares or that the price of Shares will increase. There may be relatively few buyers or sellers of Shares on ASX at any given time. This may affect the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the Offer Price paid under the SPP Offer.

### **Securities investment risk**

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of the Company's performance.

## 5. Continuous disclosure documents

### 5.1 Continuous disclosure obligations

This is a Prospectus for the offer of continuously quoted securities (as defined in the Corporations Act) of the Company and is issued pursuant to section 713 of the Corporations Act as a transaction specific prospectus. Accordingly, this Prospectus does not contain the same level of disclosure as an initial public offering Prospectus.

The Company is a "disclosing entity" for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. As a listed company, the Company is subject to the ASX Listing Rules which require it to immediately notify ASX of any information concerning the Company of which it is or becomes aware and which a reasonable person would expect to have a material effect on the price or value of Shares, subject to certain exceptions.

Information that has already been disclosed to ASX pursuant to the Company's continuous disclosure obligations is not included in this Prospectus other than that which is considered necessary to make this Prospectus complete.

### 5.2 Documents available for inspection

The Company has lodged the following announcements with ASX since the lodgement of the Company's 2010 annual financial report on 24 September 2010:

Date	Description of ASX Announcement
18/04/2011	Mundo Minerals Announces Management Changes
12/04/2011	Securities Purchase Plan Timetable
11/04/2011	Favourable Resolution to National Park
05/04/2011	Appendix 3B – Issue and Cancellation of ESOP options
28/03/2011	Change in substantial holding - Anglo Pacific PLC
24/03/2011	Operations Update - March 2011
23/03/2011	Mines and Money Hong Kong 2011 Presentation
23/03/2011	Letter to Shareholders
23/03/2011	Notice of General Meeting/Proxy Form
15/03/2011	Half Yearly Report and Accounts
15/03/2011	Appendix 3B - Completion of Tranche 1 Placement
11/03/2011	S708A Cleansing Notice for Share Placement
11/03/2011	Appendix 3B
04/03/2011	\$15m Placement and SPP Drive Production and Resource Grow
02/03/2011	Trading Halt
31/01/2011	Quarterly Cashflow Report - Dec 2010 Updated
31/01/2011	Quarterly Cashflow Report - Dec 2010
31/01/2011	Quarterly Activities Report - Dec 2010
21/01/2011	Appendix 3B - Unlisted Option Issue / Cancellation
22/12/2010	Mundo Security Trading Policy
22/12/2010	Activities Update - Brazil and Peru
23/11/2010	Updated Constitution
23/11/2010	Chairman's Address to Shareholders

23/11/2010	Results of Annual General Meeting
23/11/2010	Managing Director`s Presentation to Shareholders
29/10/2010	Olhos South Gold Anomaly Update
28/10/2010	Quarterly Cashflow Report - September 2010
28/10/2010	Quarterly Activities Report - September 2010
26/10/2010	Appendix 3B - ESOP Option Issue
22/10/2010	Sth American Gold Mining Operations Update
21/10/2010	Becoming a substantial holder
15/10/2010	Notice of Annual General Meeting/Proxy Form
28/09/2010	Presentation - Read Rising Stars Conference
24/09/2010	Annual Report to shareholders

Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an office of the ASIC.

Copies of documents lodged with ASX, in relation to the Company, may be obtained from the Company's website at [www.mundominerals.com](http://www.mundominerals.com) or on the ASX website at [www.asx.com.au](http://www.asx.com.au).

The Company will provide a copy of each of the following documents, free of charge, to any person on request from the date of this Prospectus until the Closing Date:

- (a) the annual financial report of the Company for the financial year 2010, being the annual financial report of the Company most recently lodged with the ASIC before the issue of this Prospectus;
- (b) the half-year financial report of the Company for the half-year ended 31 December 2010, being the half-year financial report of the Company lodged with the ASIC after lodgement of the annual financial report referred to in paragraph (a) above and before the issue of this Prospectus; and
- (c) any documents used to notify ASX of information relating to the Company in the period from lodgement of the annual financial report referred to in paragraph (a) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

## **6. Additional information**

### **6.1 Rights and liabilities attaching to Shares**

The Shares issued under this Prospectus will be fully paid ordinary shares in the capital of the Company and will rank equally with the existing Shares on issue.

The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights and liabilities attaching to the Shares. Full details of the rights and liabilities attaching to the Shares are contained in the Constitution of the Company and in certain circumstances, are regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Rules and the common law. The Company's Constitution is available for inspection free of charge at the Company's registered office.

#### **(a) Share capital**

All issued ordinary fully paid shares rank equally in all respects.

#### **(b) Voting rights**

At a general meeting of the Company, every holder of Shares present in person, by an attorney, representative or proxy has one (1) vote on a show of hands and on a poll, one (1) vote for each Share held, and for every partly paid Share held, a fraction of a vote equivalent to the proportion which the amount paid (not credited) on the Share is of the total amounts paid and payable (excluding amounts credited) on the Share. Where there is an equality of votes, the chairperson has a casting vote.

#### **(c) Dividend rights**

Subject to the rights of persons entitled to Shares with special rights as to dividend (at present there are none), all dividends as declared by the Directors shall be payable on all Shares in proportion to the amount of capital paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividends is paid.

Dividends are payable as resolved by the Directors, but only to the extent that the Company's assets exceed its liabilities by at least the amount of the dividend to be paid, it is fair and reasonable to the Shareholders as a whole and the payment of the dividend does not materially prejudice the Company's ability to pay its creditors.

The Directors may, before declaring any dividend, set aside out of the profits of the Company such amounts as they may determine as reserves. The Directors may direct that payment of the dividend be made wholly or in part by the distribution of specific assets or other Securities of the Company.

#### **(d) Rights on winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company and may for that purpose set such value as the liquidator considers fair upon any property to be so divided and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit

of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other Securities in respect of which there is any liability.

(e) **Transfer of Shares**

Shares in the Company may be transferred by such means in accordance with the Company's Constitution, the Corporations Act, ASX Listing Rules and ASX Settlement Rules.

The Directors may refuse to register a transfer of Shares only in those circumstances permitted by the Company's Constitution, the ASX Listing Rules and ASX Settlement Rules.

(f) **Further increases in capital**

Subject to the Company's Constitution, the Corporations Act and ASX Listing Rules, Shares in the Company are under the control of the Directors, who may allot or dispose of all or any of the Shares to such persons, and on such terms, as the Directors determine.

Subject to ASX Listing Rules, the Directors have the right to grant Options or other Securities with rights of conversion to Shares or pre-emptive rights to any Shares, to any person, for any consideration and for any stock.

(g) **Variation of rights attaching to Shares**

The rights attaching to any class of Shares (unless otherwise provided by their terms of issue) may be varied by a special resolution passed at a separate general meeting of the holders of those Shares of that class, or in certain circumstances, with the written consent of the holders of at least seventy-five percent (75%) of the issued Shares of that class.

(h) **General meeting**

Each holder of Shares will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Corporations Act and the ASX Listing Rules.

## 6.2 **Terms of Options**

The Options issued pursuant to this Prospectus will be issued on the following terms and conditions:

- (a) Each Option entitles the Option Holder to subscribe for one (1) fully paid ordinary Share in the Company.
- (b) No amount is payable on grant of the Options.
- (c) The exercise price of each Option is \$0.18 (**Exercise Price**).
- (d) Each Option may be exercised at any time before 5.00pm Perth, Western Australia local time on the date which is three years from the date on which the Option is granted (**Expiry Date**). Any Option not exercised by the Expiry Date will automatically expire.
- (e) The Company will give the Option Holder a Holding Statement stating:
  - (i) the number of Options issued to the Option Holder;

- (ii) the exercise price of the Options; and
  - (iii) the date of issue of the Options.
- (f) The Options are transferable. Subject to the Listing Rules and the Corporations Act, the Option Holder may transfer some or all of the Options at any time before the Expiry Date by:
  - (i) a proper ASX Settlement transfer or any other method permitted by the Corporations Act; or
  - (ii) a prescribed instrument of transfer.
- (g) An instrument of transfer of an Option must be:
  - (i) in writing;
  - (ii) in any usual form or in any other form approved by the Directors that is otherwise permitted by law;
  - (iii) subject to the Corporations Act, executed by or on behalf of the transferor, and if required by the Company, the transferee; and
  - (iv) delivered to the Company, at the place where the Company's register of Option Holders is kept, together with the certificate (if any) of the Option to be transferred and any other evidence as the Directors require to prove the title of the transferor to that Option, the right of the transferor to transfer that Option and the proper execution of the instrument of transfer.
- (h) The Company will apply to ASX for Official Quotation of the Options.
- (i) The Company will apply to ASX for Official Quotation of the Shares issued on the exercise of Options.
- (j) The Option Holder is not entitled to participate in any new issue to existing Shareholders of Securities in the Company unless they have exercised their Options before the Eligibility Date for determining entitlements to the new issue of Securities and participate as a result of holding Shares. The Company must give the Option Holder notice of the proposed terms of the issue or offer in accordance with Listing Rules.
- (k) If the Company makes a bonus issue of Shares or other Securities to Shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Option is exercisable is increased by the number of Shares which the Option Holder would have received if the Option Holder had exercised the Option before the record date for determining entitlements to the issue.
- (l) If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Option Holder (including the number of Options to which the Option Holder is entitled to and the exercise price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

- (m) Any calculations or adjustments which are required to be made will be made by the Company's Board of Directors and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option Holder.
- (n) The Company will, within a reasonable period, give to the Option Holder notice of any change to the exercise price of any Options held by the Option Holder or the number of Shares which the Option Holder is entitled to subscribe for on exercise of an Option.
- (o) To exercise Options, the Option Holder must give the Company or its Share Registry, at the same time:
  - (i) a written exercise notice (in the form approved by the Board of the Company from time to time) specifying the number of Options being exercised and Shares to be issued; and
  - (ii) payment of the Exercise Price for the Options, the subject of the exercise notice, by way of bank cheque or by other means of payment approved by the Company.
- (p) The Option Holder may only exercise Options in multiples of 100 Options unless the Option Holder exercises all Options held by the Option Holder.
- (q) Options will be deemed to have been exercised on the date the exercise notice is lodged with the Directors of the Company.
- (r) If the Option Holder exercises less than the total number of Options registered in the Option Holder's name the Company will issue the Option Holder a new Holding Statement stating the remaining number of Options held by the Option Holder.
- (s) Within (10) days after receiving an application for exercise of Options and payment by the Option Holder of the exercise price, the Company will issue the Option Holder the number of Shares specified in the application.
- (t) Subject to the Company's Constitution, all Shares issued on the exercise of Options will rank in all respects (including rights relating to dividends) *pari passu* with the existing ordinary Shares of the Company at the date of issue.
- (u) These terms and the rights and obligations of the Option Holder are governed by the laws of Western Australia. The Option Holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.

### **6.3 Litigation**

As at the date of this Prospectus, the Company is not involved in any material legal proceedings and the Directors are not aware of any material legal proceedings pending or threatened against the Company.

### **6.4 Interests of Directors**

Other than as set out below or elsewhere in this Prospectus, no Director nor any entity in which such a Director is a partner or director, has or has had in the two years before the date of this Prospectus, any interest in:

- (a) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the SPP Offer; or

(b) the SPP Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any Director or to any entity in which such a Director is a partner or director, either to induce him to become, or to qualify as, a Director or otherwise for services rendered by him or by the entity in connection with the formation or promotion of the Company or the SPP Offer.

### Security holding interests of Directors and proposed Director

At the date of this Prospectus the relevant interest of each of the Directors in the Shares and Options of the Company are as follows:

Director	Shares		Listed Options	Unlisted Options
	Direct	Indirect		
John Langford	Nil	10,500,002 <sup>1</sup>	Nil	Nil
Barry Eldridge	Nil	3,086,667 <sup>2</sup>	Nil	Nil
Brian Hurley	Nil	1,150,002 <sup>3</sup>	Nil	Nil
Robert McKenzie	Nil	536,667 <sup>4</sup>	Nil	Nil
Ashley Pattison <sup>5</sup>	Nil	1,752,000 <sup>5</sup>	Nil	2,000,000 <sup>5</sup>

#### Notes:

1. Held by Purlec Pty Ltd, a company in which Mr Langford has an interest.
2. Held by Dixon Brook Holdings Pty Ltd, a company in which Mr Eldridge has an interest.
3. Held on behalf of the Hurley Family Trust, a trust in which Mr Hurley has an interest.
4. Held by Balintore Pty Ltd, a company in which Mr McKenzie has an interest.
5. The Company proposes to appoint Mr Pattison as an Executive Director following the conclusion of the General Meeting to be held on 27 April 2011. The shares are held by:
  - i. Rebecca Stell Pattison (Wife): - 691,000
  - ii. Tristar Nominees Pty Ltd – 294,000 – a company which Mr Pattison has an interest
  - iii. Ashley Jon Pattison and Rebecca Stell Driscoll ATF A&R Pattison Superfund – 839,000

The Options are unlisted ESOP options with the following terms:

- i. 500,000 exercisable at \$0.15 on or before 22 September 2015
- ii. 750,000 exercisable at \$0.25 on or before 14 June 2015
- iii. 750,000 exercisable at \$0.30 on or before 14 June 2015

Subject to Shareholder approval, directors or their associated entities that are registered as Shareholders on the Eligibility Date may participate in the SPP Offer.

### Remuneration of Directors and proposed Director

The Constitution of the Company provides that the Directors may be paid for their services as Directors. The remuneration shall, subject to any resolution of a general meeting, be fixed by the Directors prior to the first annual meeting of the Company.

The Constitution provides that the remuneration of Non-Executive Directors shall not be increased except pursuant to a resolution passed by the Company in general meeting. The aggregate maximum is presently set at \$270,000.

Details of the remuneration paid and payable to John Langford as the Chief Executive Officer are set out in the Company's 2010 Annual Report.

Details of the remuneration paid and payable to Ashley Pattison as Company Secretary are set out in the Company's 2010 Annual Report. On his appointment as Executive Director the Company proposes to pay to Mr Pattison a salary of \$350,000 plus superannuation.

A Director may be paid fees or other amounts as the Directors determine, where a Director performs duties or provides services outside the scope of their normal duties. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

#### **Directors' indemnity and insurance deeds**

The Company has entered into deeds of access, indemnity and insurance with each Director.

Under the deeds the Company has undertaken, subject to the restrictions in the Corporations Act, to:

- (a) indemnify each Director and officer in certain circumstances;
- (b) maintain directors' and officers' insurance cover (if available) in favour of each Director whilst a Director and for seven years after the Director or officer has ceased to be a Director (provided run-off insurance can be procured at reasonable policy premiums); and
- (c) provide access to any Company records which are relevant to the Director's holding of office with the Company, for a period of seven years after the Director has ceased to be a Director.

#### **6.5 Expenses of the SPP Offer**

In the event that the SPP Offer is fully subscribed, the estimated expenses payable by the Company in respect of costs associated with this Prospectus and the SPP Offer, including offer management, legal, accounting, corporate advisory, expert's fees, printing, ASIC and ASX fees and other costs will be approximately \$35,000.

#### **6.6 Interests of experts and advisers**

Other than as set out below or elsewhere in this Prospectus, all other persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus do not have, and have not had in the two (2) years before the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the SPP Offer; or
- (c) the SPP Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any of those persons for services provided by those persons in connection with the formation or promotion of the Company or the SPP Offer.

McKenzie Moncrieff Lawyers has acted as solicitors to the Company in relation to the Capital Raising, the General Meeting, the SPP Offer and legal due diligence enquiries in respect of the Company and is entitled to be paid approximately \$25,000 (plus GST) in respect of these services. McKenzie Moncrieff Lawyers has

been paid a total of \$100,749.86 (plus GST) for other professional services provided to the Company in the period two (2) years prior to the date of this Prospectus.

Robert McKenzie, a Director, is:

- (a) a director of McKenzie Moncrieff Pty Ltd, the trustee of McKenzie Moncrieff Unit Trust, trading as McKenzie Moncrieff Lawyers; and
- (b) a beneficiary of the Robert McKenzie Family Trust which holds 50% of the McKenzie Moncrieff Unit Trust.

Accordingly, Mr McKenzie benefits from the fees paid by the Company to McKenzie Moncrieff Lawyers for their professional services.

## **6.7 Consents and liability statements**

McKenzie Moncrieff Lawyers has given and has not, before lodgement of this Prospectus with the ASIC, withdrawn its consent to be named in this Prospectus as solicitor to the Company in the form and context in which it is named.

Security Transfer Registrars Pty Ltd has given and has not, before lodgement of this Prospectus with the ASIC, withdrawn its consent to be named in this Prospectus as the Company's Share Registry in the form and context in which it is named.

Each of McKenzie Moncrieff Lawyers and Security Transfer Registrars Pty Ltd:

- (a) did not authorise or cause the issue of this Prospectus;
- (b) does not make, or purport to make, any statement in this Prospectus nor is any statement in this Prospectus based on any statement by any of those parties other than as specified in this Section; and
- (c) to the maximum extent permitted by law, expressly disclaims any responsibility or liability for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with consent of that party as specified in this Section.

## 7. Directors' statement

Each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company pursuant to a resolution of the Board by:

A handwritten signature in black ink, appearing to read 'John Langford', written over a horizontal line.

**John Langford**  
Chief Executive Officer

Dated: 18 April 2011

## 8. Glossary of defined terms

In this Prospectus, the following terms have the following meaning unless the context requires otherwise:

<b>Applicant</b>	An Eligible Shareholder who has applied to subscribe for Securities under this Prospectus by submitting an Application Form.
<b>Application</b>	The application by an Applicant for Securities under this Prospectus.
<b>Application Form</b>	The application form accompanying this Prospectus.
<b>Application Money</b>	The aggregate amount of money payable for Securities applied for in a duly completed Application Form.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited ACN 008 624 691 trading as the Australian Securities Exchange.
<b>ASX Settlement</b>	ASX Settlement Pty Limited ABN 49 008 504 532.
<b>ASX Settlement Rules</b>	The settlement rules of ASX Settlement.
<b>Capital Raising</b>	The Tranche 1 Placement, the Tranche 2 Placement and the SPP Offer.
<b>CHESS</b>	Clearing House Electronic Sub-register System operated by ASX Settlement.
<b>CHESS Statement or Holding Statement</b>	A statement of shares registered in a CHESS account.
<b>Chief Executive Officer</b>	The Chief Executive Officer of the Company, who as at the date of this Prospectus is John Langford.
<b>Closing Date</b>	The last day for payment and return of Application Forms, being 5:00pm (WST) on Friday, 20 May 2011 (unless extended).
<b>Company or Mundo</b>	Mundo Minerals Limited ABN 97 117 790 897.
<b>Constitution</b>	The constitution of the Company.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).
<b>Directors</b>	Directors of the Company.
<b>Eligible Jurisdictions</b>	Australia and New Zealand.
<b>Eligible Shareholder</b>	A Shareholder who: <ul style="list-style-type: none"><li>• is a registered holder of Shares;</li><li>• has a registered address in Australia or New Zealand as shown in Mundo's Share Registry; and</li><li>• who did not participate in the Tranche 1 Placement and the Tranche 2 Placement, at 5:00pm (WST) on the Eligibility Date.</li></ul>

<b>Eligibility Date</b>	5:00pm (WST) on Friday, 21 April 2011 or such other date as may be determined by the Directors.
<b>Entitlement</b>	The entitlement of each Eligible Shareholder to subscribe for up to 40,000 Shares at the Offer Price, with one free attaching Option for each Share subscribed for.
<b>Excluded Shareholder</b>	A Shareholder who is not an Eligible Shareholder.
<b>Exercise Price</b>	\$0.18 per free attaching Option.
<b>General Meeting</b>	The general meeting of Shareholders scheduled to take place on Wednesday, 27 April 2011.
<b>GST</b>	Goods and services tax.
<b>Listing Rules</b>	The official listing rules of ASX.
<b>McKenzie Moncrieff Lawyers</b>	McKenzie Moncrieff Pty Ltd ACN 120 798 236 trading as McKenzie Moncrieff Lawyers ABN 43 315 824 553.
<b>Non-Executive Director</b>	The non-executive Directors of the Company, being as at the date of this Prospectus Brian Hurley and Robert McKenzie.
<b>Offer Price</b>	\$0.125 per Share.
<b>Official Quotation</b>	The admission of Securities to the official list of ASX.
<b>Option</b>	An option to subscribe for a Share.
<b>Option Holder</b>	The holder of an Option.
<b>Prospectus</b>	This document, including the Application Form.
<b>Resolution</b>	A resolution passed at the General Meeting.
<b>Section</b>	A section in this Prospectus.
<b>Securities</b>	A Share or an Option.
<b>Shareholder</b>	A holder of Shares.
<b>Share Registry</b>	Security Transfer Registrars Pty Ltd ABN 95 008 894 488.
<b>Shares</b>	Fully paid ordinary shares in the capital of Mundo.
<b>Shortfall</b>	The number of SPP Securities for which valid applications have not been received from Eligible Shareholders before the Closing Date.
<b>Shortfall Securities</b>	Securities that form part of the Shortfall.
<b>SPP</b>	Securities purchase plan.
<b>SPP Offer</b>	The offer by the Company of Securities pursuant to an SPP on the terms outlined in Section 1.2.
<b>SPP Securities</b>	The Securities offered under the SPP Offer.
<b>Tranche 1 Options</b>	The free attaching Options offered under the Tranche 1 Placement.
<b>Tranche 1 Placement</b>	The placement of 28,200,000 Shares and 28,200,000 free attaching Options to sophisticated and institutional investors referred to in Section 1.1.
<b>Tranche 1 Shares</b>	The Shares offered under the Tranche 1 Placement.
<b>Tranche 2</b>	The placement of 51,800,000 Shares and 51,800,000 free

<b>Placement</b>	attaching Options to sophisticated and institutional investors referred to in Section 1.1.
<b>Tranche 2 Shares</b>	The Shares offered under the Tranche 2 Placement.
<b>United States</b>	United States of America.
<b>WST</b>	Western Standard Time.

## **Corporate Directory**

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### **Directors**

Barry Eldridge – Non-Executive Chairman

John Langford – Chief Executive Officer\*

Brian Hurley – Non-Executive Director

Robert McKenzie – Non-Executive Director

\*Retiring at the General Meeting on 27 April 2011.

### **Chief Operating Officer**

Mark Zeptner

### **Chief Financial Officer and Company Secretary**

Ashley Pattison\*

\*Proposed to be appointed as a Director after the General Meeting on 27 April 2011.

### **South American Exploration Manager**

Mr Armando Massucatto

### **Head Office**

45 Ventnor Avenue  
West Perth WA 6005

Telephone: +61 8 9429 8889

Facsimile: +61 8 9429 8800

Email: [admin@mundominerals.com](mailto:admin@mundominerals.com)

Website: [www.mundominerals.com](http://www.mundominerals.com)

### **Share Registry**

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
APPLECROSS WA 6153

Telephone: +61 8 9315 2333

Facsimile: +61 8 9315 2233

### **ASX Code**

Shares: MUN