

3 May 2011

Mundo Minerals Ltd

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

Dear Sirs

Replacement Prospectus & Withdrawal of Torrecillas Production Target Statements

The directors of Mundo Minerals Ltd (ASX:MUN) ("**Mundo**" or the "**Company**") wish to advise that the Company has today lodged a Replacement Prospectus dated 3 May 2011 for its SPP offer, which replaces the Prospectus dated 18 April 2011. A copy of the Replacement Prospectus is attached.

The Replacement Prospectus contains additional technical information on the two main assets of the Company, being the Torrecillas and Engenho Gold Projects. It also contains updated disclosures required under the JORC code following consultation with our Competent Person and ASIC.

Pursuant to the Replacement Prospectus, the Company withdraws the production target statements relating to the Torrecillas Gold Project made by the Company in various announcements and documents previously released to ASX. For further details, and a list of the relevant announcements, please refer to sections 2.1 and 5.3 of the Replacement Prospectus.

For and on behalf of the Board,



Ashley Pattison
Managing Director

MUNDO MINERALS LIMITED
ABN 97 117 790 897

REPLACEMENT 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 Wednesday, 4 May 2011 and closes at 5:00pm (WST) on Wednesday, 25 May 2011. Valid acceptances must be received by the Closing Date.

Replacement Prospectus dated 3 May 2011. This document replaces the prospectus dated 18 April 2011.

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

Prospectus

This Prospectus is dated 3 May 2011 and was lodged with the Australian Securities and Investment Commission (**ASIC**) on the same date. This document is a replacement prospectus and replaces the Company's prospectus dated 18 April 2011. 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 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 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). 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 7.

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.

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Timetable

Eligibility Date	21 April 2011
General Meeting	27 April 2011
SPP Offer opens	4 May 2011
SPP Offer closes	5:00pm on 25 May 2011
Allotment of SPP Securities	30 May 2011
Quotation and despatch of Holding Statements for SPP Securities	31 May 2011
Ordinary trading of SPP Securities commences	31 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

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:

Tranche 1 Placement	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. The Company also proposes to issue 28,200,000 free attaching Options ¹ to these investors on the basis of one Option granted for every Share issued.
Tranche 2 Placement	A placement of 51,800,000 Shares and 51,800,000 free attaching Options ¹ 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 ¹ granted for each Share issued.
SPP Offer	A securities purchase plan offer to Eligible Shareholders to raise up to \$5 million (SPP Offer) in accordance with the terms of this Prospectus.

Note 1: All free attaching Options granted pursuant to the Tranche 1 and 2 Placements and the SPP Offer will be exercisable at \$0.18 on or before 2 May 2014, and on the terms set out in Section 6.2.

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 on or before 2 May 2014 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 date of this Prospectus, 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 4 May 2011 and will close at 5pm (WST) on 25 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

At a General Meeting of Shareholders held on 27 April 2011, the following Resolutions were passed by Shareholders to approve the Capital Raising and this SPP Offer:

- (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.

1.7 Eligibility

Each Eligible Shareholder who was 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. The Directors will participate in the allocation of Securities forming part of the Shortfall. Shareholders approved the Directors' participation in the allocation of Shortfall Securities at the General Meeting of the Company held on 27 April 2011.

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 CHESS

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

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

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

The CHESS 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 CHESS 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).

Torrecillas Gold Project, 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.

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.

For further information relating to the Torrecillas Gold Project, please refer to Schedule 1.

Withdrawal of Torrecillas production target statements

In the absence of a completed definitive feasibility study (**DFS**) for Torrecillas at present, showing that mining is economically viable, taking into account mining, metallurgical, economic, marketing, legal, social and government factors, there is a concern that statements previously made by the Company concerning production targets for Torrecillas may not have a reasonable basis in order for such statements to be reliable.

Accordingly, the Company withdraws the production target statements relating to the Torrecillas Gold Project previously made by the Company in its prospectus dated 18 April 2011 and in various other announcements and documents previously released to ASX. For further details relating to the withdrawal of these statements and the relevant releases affected, please refer to Section 5.3.

Engenho Gold Project, Brazil

The Engenho Gold Project, located in south-east Brazil, has been in production for 24 months and is growing its production target 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.

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.

For further important details relating to the Engenho Gold Project, please refer to Schedule 2.

2.2 Board of Directors

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

Ashley Pattison

Chief Executive Officer

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 and has a strong understanding of the assets and strategies of the company and excellent contacts in the financial and broking communities.

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, Forresteria 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 a major national law firm and is currently one of the principals of Western Australian law firm McKenzie Moncrieff. He has provided legal and strategic advice to many high profile corporate transactions in Australia. Mr McKenzie is a director of the Black Swan State Theatre Company and a commissioner of the West Australian Football Commission.

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.

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 Capital Raising in general will be applied towards the continued development of Mundo's key gold assets in Peru and Brazil, including to:

- (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 4th quarter of 2011;
- (b) fund a major program of resource drilling at Torrecillas commencing in the 2nd 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.

It is anticipated that the maximum amount of \$15,000,000 raised by the Capital Raising will be allocated as follows:

\$10,000,000 raised under the Placements:

Completion of Torrecillas definitive feasibility study	\$900,000
Determining JORC compliant resource at Torrecillas (~10,000m)	\$1,600,000
Construction of Crista haul road	\$2,000,000
Pre-strip of the Crista pit	\$700,000
Completion of the processing plant upgrade and infrastructure at Engenho	\$700,000
Underground diamond drilling at Engenho	\$300,000
Olhos - diamond drilling (~4,250m)	\$900,000
Debt repayment	\$600,000
Costs of the Capital Raising	\$600,000
Working capital	\$1,600,000

\$5,000,000 raised under the SPP Offer:

Debt repayment	\$1,400,000
Working capital	\$3,600,000

The above amounts assume all activities are funded from the Capital Raising and not from cash flow generated from operations in Peru and Brazil.

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:¹

Shares	Number
Shares on issue as at the date of this Prospectus*	229,581,454
Maximum Shares offered under the SPP Offer	40,000,000
Total Shares on issue at completion of SPP Offer	269,581,454
Total Shares on issue at completion of Tranche 2 Shares**	321,375,177
Total Shares on issue at completion of Capital Raising**	321,375,177

* Including the issue and allotment of the Tranche 1 Shares (completion of which was announced to ASX on 15 March 2011).

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

Options	Number
Options on issue as at the date of this Prospectus (currently all unlisted)	10,350,000
Maximum Options offered under the SPP Offer	40,000,000
Total Options on issue upon completion of SPP Offer	50,350,000
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
Total Options on issue upon completion of Capital Raising	130,350,000

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:

Class of Options	Number
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

¹ Excluding options.

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
Total Options on issue:	10,350,000

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 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\$
CURRENT ASSETS					
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
TOTAL CURRENT ASSETS	5,152				19,517
NON-CURRENT ASSETS					
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
TOTAL NON-CURRENT ASSETS	52,783				52,783
TOTAL ASSETS	57,935				72,300
CURRENT LIABILITIES					
Trade and other payables	3,444				3,444
Provisions	1,821				1,821
Borrowings	10,351				10,351
TOTAL CURRENT LIABILITIES	15,616				15,616
NON-CURRENT LIABILITIES					
Provisions	2,891				2,891
Borrowings	1,993				1,993
TOTAL NON-CURRENT LIABILITIES	4,884				4,884
TOTAL LIABILITIES	20,499				20,499
NET ASSETS	37,436				51,801
EQUITY					
Issued capital	48,749	3,329	6,072	4,965	63,114
Reserves	(3,228)				(3,228)
Accumulated losses	(8,085)				(8,085)
TOTAL EQUITY	37,436				51,801

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 4 May 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 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
29/04/2011	Quarterly Cashflow Report – March 2011
29/04/2011	Quarterly Activities Report – March 2011
27/04/2011	Terms of Managing Director`s Remuneration
27/04/2011	Initial Director`s Interest Notice - Ashley Pattison
27/04/2011	Final Director`s Interest Notice - John Langford
27/04/2011	Results of Meeting
27/04/2011	Chairman`s Address to Shareholders
27/04/2011	Presentation to General Meeting of Shareholders
18/04/2011	Disclosure Document – Securities Purchase Plan*
18/04/2011	Mundo Minerals Announces Management Changes
13/04/2011	Updated SPP Timetable
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

* This disclosure document dated 18 April 2011 has been superseded and replaced by this Prospectus.

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 or on the ASX website at 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.

5.3 Withdrawal of Torrecillas production target statements

The production target statements previously made by the Company with respect to the Torrecillas Gold Project in Peru have been made in circumstances where the Company has not yet identified mineral resources or ore reserves with respect to the Torrecillas Gold Project in accordance with the JORC Code.

A purpose of the Capital Raising is to provide the Company with further funds to:

- (a) complete the current definitive feasibility study on the Torrecillas Gold Project, where development of a gold mine is targeted to commence by the 4th quarter of 2011; and
- (b) fund a major program of resource drilling at Torrecillas commencing in the 2nd quarter of 2011, targeting the finalisation of an initial JORC Code compliant resource.

In the absence of a completed DFS for Torrecillas at present, showing that mining is economically viable, taking into account mining, metallurgical, economic, marketing, legal, social and government factors, there is a concern that statements previously made by the Company concerning production targets for Torrecillas may not have a reasonable basis in order for such statements to be reliable.

Accordingly, the Company cautions investors that until such time as the Company has completed a DFS for Torrecillas, reliance should not be placed on the accuracy or otherwise of the production target statements previously made by the Company with respect to the Torrecillas Gold Project.

The production target statements made by the Company with respect to production targets for the Torrecillas Gold Project contained in the following announcements and documents previously released to ASX are accordingly withdrawn by the Company:

Date	Description of ASX Announcement title
27/04/2011	Presentation to General Meeting of Shareholders
18/04/2011	Disclosure Document – Securities Purchase Plan
11/04/2011	Favourable Resolution of National Park
23/03/2011	Mines and Money Hong Kong 2011 Presentation
04/03/2011	\$15m Placement and SPP Drive Production and Resource Grow
31/01/2011	Quarterly Activities Report – December 2010
23/11/2010	Chairman’s Address to Shareholders
23/11/2010	Results of Annual General Meeting
28/09/2010	Presentation – Read Rising Stars Conference
24/09/2010	Annual Report to shareholders
28/07/2010	June Quarterly Activities Report
4/06/2010	Projects and Development Update June 2010
13/05/2010	May 2010 Investor Presentation
22/04/2010	Quarterly Report – March 2010

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 or before 2 May 2014 (**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 the 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

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		
Barry Eldridge	Nil	3,086,667 ²	Nil	Nil
Brian Hurley	Nil	1,150,002 ³	Nil	Nil
Robert McKenzie	Nil	536,667 ⁴	Nil	Nil
Ashley Pattison	Nil	1,752,000 ⁵	Nil	2,000,000 ⁶

Notes:

1. Held by Dixon Brook Holdings Pty Ltd, a company in which Mr Eldridge has an interest.
2. Held on behalf of the Hurley Family Trust, a trust in which Mr Hurley has an interest.
3. Held by Balintore Pty Ltd, a company in which Mr McKenzie has an interest.
4. Held by:
 - a) Rebecca Stell Pattison (the spouse of Mr Pattison) - 691,000;
 - b) Tristar Nominees Pty Ltd (a company in which Mr Pattison has an interest) – 294,000; and
 - c) Ashley Jon Pattison and Rebecca Stell Driscoll ATF A&R Pattison Superfund – 839,000.
5. Unlisted ESOP options with the following terms:
 - a) 500,000 exercisable at \$0.15 on or before 22 September 2015;
 - b) 750,000 exercisable at \$0.25 on or before 14 June 2015; and
 - c) 750,000 exercisable at \$0.30 on or before 14 June 2015.

Directors or their associated entities that are registered as Shareholders on the Eligibility Date may participate in the SPP Offer.

Remuneration of Directors

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 Ashley Pattison as Chief Financial Officer and Company Secretary are set out in the Company's 2010 Annual Report. Mr Pattison now receives an annual salary of \$350,000 plus superannuation for his role as Chief Executive Officer.

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 \$40,000.

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 \$30,000 (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.

6.8 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 its 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 JORC Code. 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.

6.9 Conceptual exploration target statements

It is common practice for a company to comment on and discuss its exploration in terms of target size and type. The information relating to exploration targets in this Prospectus should not be misunderstood or misconstrued as an estimate of mineral resource or ore reserve within the meaning of the JORC Code. Hence the terms resource(s) or reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature, since there has been insufficient work completed to define them beyond exploration targets and that it is uncertain if further exploration will result in the determination of a mineral resource within the meaning of the JORC Code.

7. Glossary of defined terms

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

Applicant	An Eligible Shareholder who has applied to subscribe for Securities under this Prospectus by submitting an Application Form.
Application	The application by an Applicant for Securities under this Prospectus.
Application Form	The application form accompanying this Prospectus.
Application Money	The aggregate amount of money payable for Securities applied for in a duly completed Application Form.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited ACN 008 624 691 trading as the Australian Securities Exchange.
ASX Settlement	ASX Settlement Pty Limited ABN 49 008 504 532.
ASX Settlement Rules	The settlement rules of ASX Settlement.
Capital Raising	The Tranche 1 Placement, the Tranche 2 Placement and the SPP Offer.
CHESS	Clearing House Electronic Sub-register System operated by ASX Settlement.
CHESS Statement or Holding Statement	A statement of shares registered in a CHESS account.
Chief Executive Officer	The Chief Executive Officer of the Company, who as at the date of this Prospectus is Ashley Pattison.
CIL	Carbon-in-leach treatment.
Closing Date	The last day for payment and return of Application Forms, being 5:00pm (WST) on 25 May 2011 (unless extended).
Company or Mundo	Mundo Minerals Limited ABN 97 117 790 897.
Constitution	The constitution of the Company.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
DFS	Definitive feasibility study.
Directors	Directors of the Company.
Eligible Jurisdictions	Australia and New Zealand.

Eligible Shareholder	A Shareholder who: <ul style="list-style-type: none"> • is a registered holder of Shares; • has a registered address in Australia or New Zealand as shown in Mundo's Share Registry; and • who did not participate in the Tranche 1 Placement and the Tranche 2 Placement, at 5:00pm (WST) on the Eligibility Date.
Eligibility Date	5:00pm (WST) on 21 April 2011.
Entitlement	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.
Excluded Shareholder	A Shareholder who is not an Eligible Shareholder.
Exercise Price	\$0.18 per free attaching Option.
Expiry Date	The expiry date of the free attaching Options offered pursuant to this Prospectus, being 2 May 2014.
General Meeting	The general meeting of Shareholders held on Wednesday, 27 April 2011.
GST	Goods and services tax.
JORC	The Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia.
JORC Code	2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" prepared by JORC.
Listing Rules	The official listing rules of ASX.
LOM	Life of mine.
McKenzie Moncrieff Lawyers	McKenzie Moncrieff Pty Ltd ACN 120 798 236 trading as McKenzie Moncrieff Lawyers ABN 43 315 824 553.
Non-Executive Director	The non-executive Directors of the Company, being as at the date of this Prospectus Barry Eldridge, Brian Hurley and Robert McKenzie.
Offer Price	\$0.125 per Share.
Official Quotation	The admission of Securities to the official list of ASX.
Option	An option to subscribe for a Share.
Option Holder	The holder of an Option.
Prospectus or Replacement Prospectus	This replacement prospectus dated 3 May 2011.
Section	A section in this Prospectus.
Securities	A Share or an Option.
Shareholder	A holder of Shares.
Share Registry	Security Transfer Registrars Pty Ltd ABN 95 008 894 488.
Shares	Fully paid ordinary shares in the capital of Mundo.

Shortfall	The number of SPP Securities for which valid applications have not been received from Eligible Shareholders before the Closing Date.
Shortfall Securities	Securities that form part of the Shortfall.
SPP	Securities purchase plan.
SPP Offer	The offer by the Company of Securities pursuant to an SPP on the terms outlined in Section 1.2.
SPP Securities	The Securities offered under the SPP Offer.
Tranche 1 Options	The free attaching Options offered under the Tranche 1 Placement.
Tranche 1 Placement	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.
Tranche 1 Shares	The Shares offered under the Tranche 1 Placement.
Tranche 2 Placement	The placement of 51,800,000 Shares and 51,800,000 free attaching Options to sophisticated and institutional investors referred to in Section 1.1.
Tranche 2 Shares	The Shares offered under the Tranche 2 Placement.
UG	Under-ground
United States	United States of America.
WST	Western Standard Time.

Schedule 1 - Torrecillas Gold Project, Arequipa District, Peru

Mundo has owned and operated the Torrecillas Gold Project since 2008. The project consists of 13 known high-grade, narrow vein gold systems that outcrop on surface and which have been mined historically by artisanal miners to depths of approximately 50m or less below surface.

Prior to the acquisition of the project, the Company drilled 18 diamond holes in the three main veins to test the presence of gold-bearing veins. The results of these holes have previously been reported to the ASX.

Definitive Feasibility Study

The current Definitive Feasibility Study (**DFS**) on the Torrecillas Gold Project has been ongoing for approximately six months in its current form. Some of the key elements of the DFS include:

- Three known veins are included in the DFS, namely Torrecillas, 5 Noviembre and Torrechico;
- The Company commenced a 10,000m diamond drill program on 25 April 2011 that will run for approximately four months and see up to six diamond rigs operating on site – four on surface and two in the Torrecillas underground;
- The processing plant will be a standard CIL plant, is likely to include a gravity circuit and will have a nameplate capacity of 700 tonnes per day. The plant is being designed by Ausenco. This is an equivalent sized plant to the one constructed by Mundo at the Engenho Gold Project;
- Water for the operation will be sourced from one or more of the four underground aquifers identified on Mundo's concessions. Pump testing of these sources is ongoing for the supply of water to the mill and camp. It is believed that these aquifers are refreshed from melting snow from the Andes. Mundo does not compete with local landholders or communities for water given its remote location in the foothills of the Andes;
- Power will be supplied by a conventional generator farm powered by dual fuel. Gas will be the primary fuel with diesel as a backup; and
- The additional infrastructure being designed for the project includes:
 - an accommodation camp and facilities for up to 600 employees and contractors;
 - the upgrade of approximately 50km of service road from the mine to the Pan American Highway;
 - an airstrip; and
 - a tailings dam.

The key geological and mining assumptions used on the current DFS are based on the following known facts:

Regional Geology

The Torrecillas Project is situated along the Palaeozoic Coastal Batholith Belt, which extends for 1,600km along the coast of Peru, and locally within the Nazca-Ocoña gold belt of southern Peru. Mineral deposits within the Nazca-Ocoña gold belt are generally characterised by narrow gold, silver and copper-bearing quartz veins of hypothermal to mesothermal affiliation.

The Torrecillas Gold Project hosts a number of narrow, gold-bearing quartz and sulphide vein deposits located along a northeast trending corridor which broadly straddles the contact zone between a major granodiorite intrusion and porphyritic andesitic units.

The vein deposits are associated with a system of sub-parallel, east-west to northwest trending and moderately north-dipping fault zones mostly within the andesitic volcanics. In outcrop, the host faults are generally inconspicuous, marked by narrow zones of crush breccia and kaolinite-chlorite clay gouge with variable amounts of iron oxide staining after pyrite.

The Company has frequently referred to the map below that shows five known mines within a 60km radius of Torrecillas that have produced in excess of 1.0 million ounces of gold from geological sequences either identical or very similar to the Torrecillas Project:



The most relevant mines are those located less than 20km (Minera Calpa, Minera Ishihuinca and Minas Oconá) from Torrecillas, all of which have had targeted production rates of up to 700 tonnes per day at grades of less than 16g/t Au.

The Company believes that higher production rates are achievable at Torrecillas as compared to the surrounding mines due to the planned use of modern mechanised decline accesses, upgraded ground support regimes and improved support services than is typically used on the older more traditional operations in the area.

Conceptual Exploration Target

- The conceptual exploration target established by the Company is for approximately 220,000 – 250,000 ounces of JORC Code resources. The detail of the conceptual target is summarised below:

Mine	Conceptual Exploration Target*
Torrecillas Gold Project	420–480kt @15-20g/t Au for 220-250,000oz

* It is common practice for a company to comment on and discuss its exploration in terms of target size and type. The information relating to exploration targets should not be misunderstood or misconstrued as an estimate of mineral resources or ore reserves within the meaning of the JORC Code. Hence the terms resource(s) or reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature, since there has been insufficient work completed to define them beyond

exploration targets and that it is uncertain if further exploration will result in the determination of a mineral resource within the meaning of the JORC Code.

2. Given the veins are narrow, with an average width of 0.30 – 1.5m, it is not economic or commercial to drill these out from surface. Each year, underground drilling will be undertaken with the objective of establishing additional ore reserves to replace production on an ongoing basis, while also being expanded to prove up resources on the other 10 known veins within close proximity to the mill.
3. A substantial proportion of the JORC resource is expected to be in the measured and indicated categories given that underground access points have been established to all three veins as outlined below and, in the case of Torrecillas, there is a significant amount of historical mining data on which to base resources.
4. SRK Vancouver has been engaged to assess the JORC Code resource and reserve model for the DFS once drilling has been completed on each of the three veins. It is important to note that the resource and reserve models will comprise three separate models, one for each vein system.

Current Production

The Torrecillas mine currently produces approximately 7,000 ounces per annum from two or three stopes in production at any point in time depending upon access to stopes and ground support being in place. As this is a trial mine, most development and ground support is done on an as-needed basis as opposed to the commercial strategy outlined below.

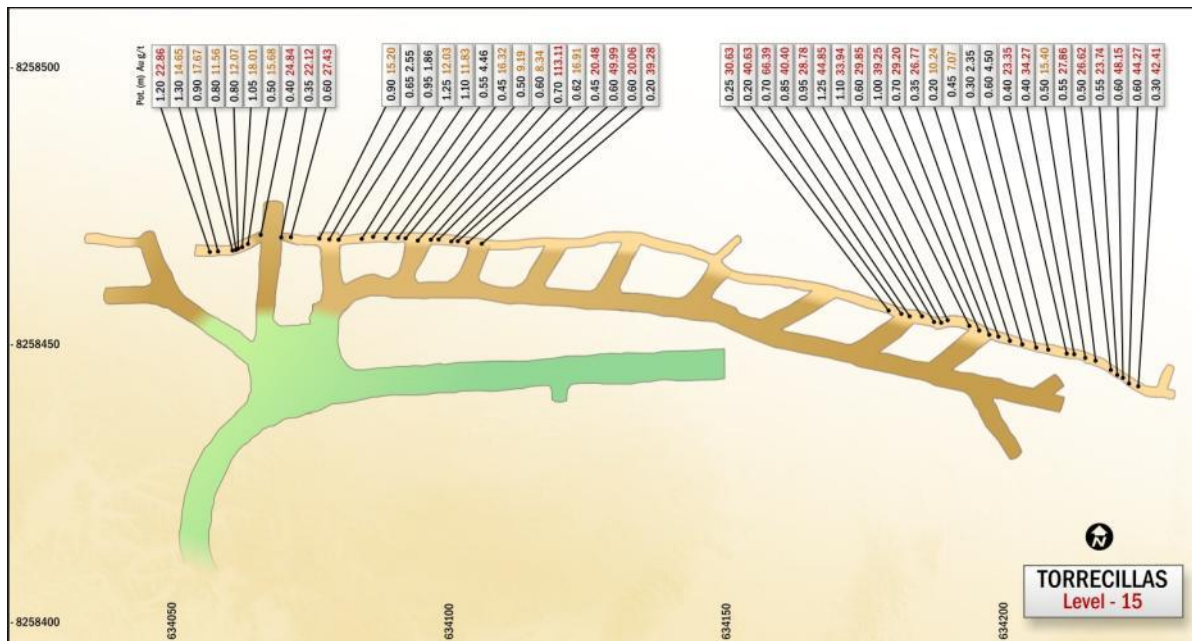
This year, an additional 1,000 ounces of production is also expected from trial development being undertaken at the Torrechico and 5 Noviembre veins. Historically, excellent grades of more than 12g/t have been achieved in development ore along and near the veins. As noted below, ore grading less than 10g/t is stockpiled for future use in commissioning the mill.

Production will not commence on these veins in the short term as the trial development is being undertaken purely to assess the extent of the veins at depth, as well as the strike and orientation to provide a more accurate basis for the diamond drill programs. The ramp-up in production from the current levels to those proposed, as explained in detail below, is a direct result of the development being sufficiently ahead of production (12 months or more) at any point in time to enable the Company to have up to 9 or 10 stopes in operation on each vein to deliver the required tonnes to the mill.

Reconciliation of Mining to the Non-JORC Code Resource Models

Given the nature of the veins and trial mining being undertaken, the current resource model at Torrecillas is not JORC Code compliant. Whilst this non-JORC Code resource is used for mine planning and budgeting purposes, the Company does not have the required confidence to compile a JORC Code resource in that the non-JORC Code resource is based primarily on channel samples of the ore body once development has been undertaken and not from comprehensive drilling of the ore body.

An illustration of the channel samples of the 15 level is shown below:



The grade control method used for trial mining is the same that will be used in commercial production. The main difference is that the Company will have a JORC Code resource model against which to compare the planned stopes.

Minimising dilution is a key focus of the DFS and trial mining program, and a large improvement has been achieved over the last quarter. The table below summarises the in-situ grade of the Torrecillas vein based on channel samples by month versus the diluted mined grade:

Month	In Situ Grade	Mined Grade	Dilution %
January 2010	34.91	22.69	35
February 2010	33.02	23.12	30
March 2010	25.33	16.47	35
April 2010	27.9	18.13	28
May 2010	26.26	18.38	30
June 2010	29.44	19.14	35
July 2010	25.28	15.17*	40
August 2010	20.25	14.18*	30
September 2010	28.14	18.29	35
October 2010	26.67	17.36	35
November 2010	33.96	22.07	35
December 2010	38.93	27.25	30
January 2011	25.30	20.24	20
February 2011	27.51	22.01	20
March 2011	25.2	20.16	20

Access to the ore bodies

Fresh rock has been identified at Torrecillas from approximately 70m below surface and extending to a depth of more than 1,000m in some operations in the area. Access to all three veins has been established today as summarised below:

Torrecillas – Access is by way of a 4.5 x 4m decline that has been constructed by Mundo since the project was acquired. The decline is used for hauling ore to the surface and currently extends approximately 250m below surface. Four full levels have been developed at this vein and Mundo is currently mining on the 13, 14 and 15 levels at the Torrecillas vein where trial mining has taken place for more than two years. Further details on the trial mining are provided below.

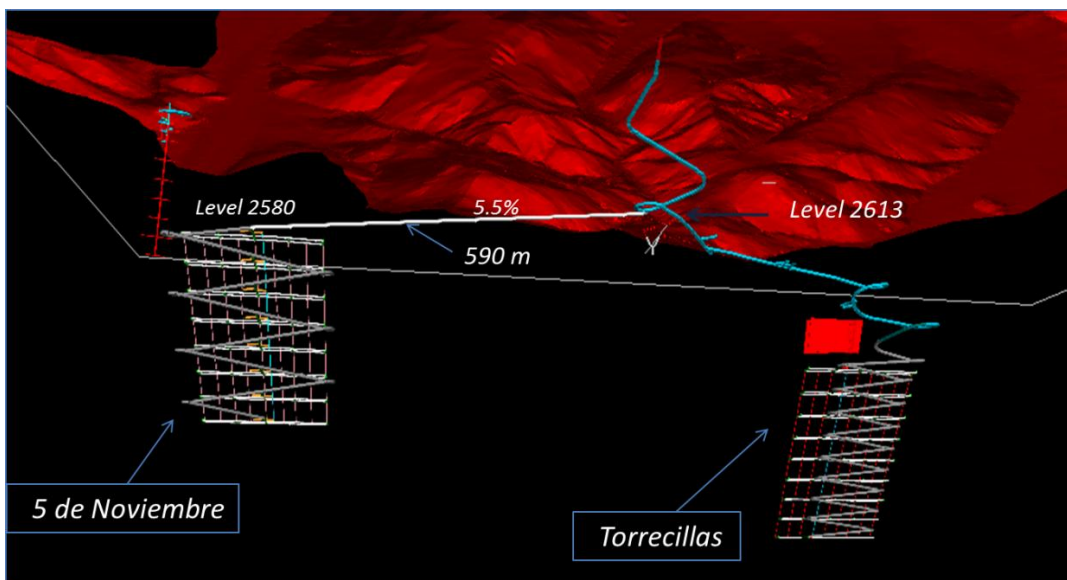
5 Noviembre – Access to this vein is via a rehabilitated and extended incline shaft. The shaft was used by the artisanal miners to access the oxide levels of the vein. The shaft has been extended by the Company and has accessed the equivalent level to the 10 level at Torrecillas. A cross-cut has been developed to access the hanging wall and footwall veins. Pac sack drills are used to determine the location of the development.

Torrechico – Access to this vein is via a rehabilitated and extended vertical shaft. The shaft was used by the artisanal miners to access the oxide levels of the vein. The shaft has been extended by the Company and has accessed the equivalent level to the 11 level at Torrecillas. A cross-cut has been developed to access the hanging wall and footwall veins. Pac sack drills are used to determine the location of the development.

Access to the ore bodies under a commercial mining scenario is as follows:

Torrecillas – The decline will continue to be advanced from its present location through the use of twin boom jumbos. It is proposed to extend the existing decline at Torrecillas approximately 180m vertically to provide five full levels available for stoping. This development is expected to take approximately six months with a dedicated development crew. Secondary development will be undertaken by a separate crew as access is made available.

5 Noviembre – This ore body is located approximately 590m to the east of Torrecillas. It is currently proposed that a drive will be constructed approximately 80m below ground level and extended out to 5 Noviembre with both operations using the same portal for the haulage of ore. The drive will take approximately three months to complete before extending the decline to a vertical depth of approximately 120m over a 4 month period.



Torrechico – A new decline will be constructed at Torrechico. It is planned that the box-cut and portal will take two months to complete, then the decline will advance at 150m per month on a 1:8 gradient. The top of the ore is planned to be intersected within five months from the commencement of mining with ore from development being delivered to the run-of-mine (ROM) pad from month 8 and stoping ore being available from month 10.

The strategy being employed by the Company is that, once a decision is made to move forward with gold production at Torrecillas, a commitment will be made to commence

commercial development of the veins together with other long-term lead items. The plan is to be 12 months ahead of production at all time, with the objective of being 18 months ahead of production over the first 24 months of operations.

Secondary development will be undertaken using small jumbos where possible or hand-held mining methods, which is the case today.

Hand-held mining methods have been used for all development to date including the decline at Torrecillas. Development costs to date have averaged less than US\$900 per metre for decline development without ground support, and less than US\$1,200 per metre where ground support is required. Secondary development is currently costing the Company less than US\$500 per metre.

Mining Method and Haulage

The mining method currently used in the stopes is cut & fill with resuing. Conventional air legs are used for the drill and blast component. The average mining width is 0.8m with wider stopes being mined on a 1.2m width. Dilution is minimised underground by hand sorting of the ore before hauling to surface.

Loading of ore will be undertaken by either narrow LHD's or scrapers in the ore drives for underground stockpiling and larger LHD's for the loading of trucks.

Haulage will be undertaken using 25-tonne or 30-tonne dump trucks. Given that the production parameters are very similar to the Engenho mine, it is envisaged that each vein will have one truck hauling ore and one spare truck will be on site.

Ground Support / Productivity

As with any operation, there is a direct link between the ground support techniques used and the productivity of a stope.

Historically, the Company has used timber supports in the stopes, which is the traditional mining method in southern Peru. Current mining of the stopes has recorded that on average 2 tonnes of ore is extracted per stope in operation per man shift. At any point in time, there are three miners operating in a stope, which equates to 6 tonnes per stope per shift.

Through the use of meshing and jack-pots in the stopes as opposed to timber supports, the Company has been able to periodically increase the productivity in stope by approximately 30% in the last quarter, to effectively 9 tonnes per stope per shift. Once the new ground support systems are embedded in the operating practice, productivity rates will therefore be equivalent to 18 tonnes per stope per 24 hour period (based on 2 x 12 hour shifts per day).

The targeted productivity is 560 tonnes per day (24hrs) from the three veins. This equates to 187 tonnes per vein or 10 stopes in production at any point in time per vein. To operate in a safe environment, this would require mining over three levels at any one time as a minimum where based on the current ore body strike length up to 6 stopes are available on each level.

This strategy has been validated by a recent visit undertaken by Company personnel to four mines within close proximity of Torrecillas, where it was noted that some operations have up to 30 or more stopes in operation at any one time.

The key to this strategy is to make sure that development is at all times well ahead of production to provide mine planning flexibility. Manning is not as big an issue as the Company will have access to a large skilled workforce in the surrounding areas and it is very common to have workforces up to 500 per shift working in an underground environment in the region.

The benefit to all operators in the region is that labour is also very cheap by global standards, which enables resources to be deployed as long as the development is well ahead of production.

Processing Plant

As noted above, Ausenco has been engaged to manage the design and construction of the processing plant and all associated infrastructure for the Torrecillas Gold Project.

The DFS envisages construction of a 700tpd plant on site. This will be an industry standard CIL processing plant comprising a crushing circuit, single ball mill, associated tanks, elution circuit and gold room facilities.

It is also highly likely that the Company will install a gravity circuit in the mill subject to the completion of additional gravity testing work. Initial testing to date has showed that the ore is amendable to gravity processing with some testing showing up to a 70% recovery in gravity.

Metallurgical recovery has historically been very good. The Company has been toll treating the ore for over two years through a plant and achieving recoveries of 93 – 95% through standard CIL. In addition to these results, metallurgical test work by two independent laboratories has confirmed this result.

In terms of production capacity, it would be considered conservative that the:

- mill would be available 80% of the time, equating to average throughput of 560 tonnes per day;
- the assumed head grade is 15g/t (18% less than LOM grade and 30% less than the grade achieved in the last two quarters);
- recoveries are 93% (which excludes the benefit that a gravity circuit is likely to make); and
- the processing plant would have the capacity to produce approximately 91,674ozs of gold per annum based on the above known and assumed parameters.

Should a decision to commence commercial production be made early in the last quarter of 2011, the Company would expect that the plant would be commissioned in the last quarter of 2012.

The production plan is designed in such manner that ore from Torrecillas and 5 Noviembre will be stockpiled from the second quarter of 2012 through to commissioning of the mill.

The Company is currently stockpiling low-grade ore for commissioning of the mill and this will only increase as development ramps up. The current low-grade stockpiles run at approximately 5g/t with over 1,800 tonnes available on site at this point in time.

Project Financing

Financing of the Torrecillas Gold Project is dependent upon completion of the DFS. The Company has had a number of approaches from conventional and quasi-debt financiers in Australia and South America.

In addition, a number of other parties have approached the Company to fund the construction of the Torrecillas Gold Project through alternate options.

None of these discussions are however at a stage where they can be completed and form a binding commitment.

The Company is confident of securing the necessary funding required to underpin the development of the project in a short time frame on completion of the DFS.

Schedule 2 - Engenho Gold Project – Rio Acima, Brazil

The Engenho Gold Project was acquired by the Company in 2006 from AngloGold Ashanti. At the time of acquisition, the project comprised a trial open cut mine which had been put on care and maintenance and a JORC Code compliant resource estimate which was based on information from the open pit and from 31 diamond drill holes completed to a depth of 270m below the pit floor.

The resource model was estimated using ordinary kriging with a top grade cut of 50 g/t Au and a bulk density of 2.7 tonnes per cubic metre. The resource is summarised below:

Category	Tonnes ('000)	Grade (Au g/t)	In-situ Gold Ounces ('000)
Measured	491	6.8	107.3
Indicated	337	5.68	61.5
Inferred	302	4.40	42.7
TOTAL	1,130	5.82	211.6

Following acquisition of the mine, the Company completed a feasibility study on the underground resource stated above and made a decision to mine the underground resource including the construction of a processing plant at site together with all associated infrastructure.

Engenho Underground

In November 2006, Mundo released an upgraded resource for the Engenho Gold Project using a 3g/t cut-off:

Category	Tonnes ('000)	Grade (Au g/t)	In-situ Gold Ounces ('000)
Measured	828	5.51	146.6
Indicated	380	5.17	63.1
Inferred	610	5.96	116.8
TOTAL	1,817	5.59	326.5

Since November 2006 the resource for the Engenho Gold Project has not been formally reviewed and reported on annually, as required by the JORC Code. The Company is now rectifying this oversight.

As previously announced in its December 2009 Quarterly Report, in 2009, the Company undertook underground drilling at Engenho which confirmed the profiles for the Engenho ore bodies, anticipated tonnage and expected grade.

It is apparent from the Company's previous reports on actual production from Engenho during 2009 and 2010² that the average head grade of the Engenho operation since start-up has averaged around 3g/t, significantly below the stated resource grade of 5.59g/t, even considering dilution associated with the mining process. As also previously reported, recovered tonnes per vertical metre have also been below expectations over the life of the operation.

² Annual production statistics for Engenho are contained in the December 2009 Quarterly Activities Report released to ASX on 29 January 2010 and the December 2010 Quarterly Activities Report released to ASX on 31 January 2011.

Given the above matters, the Company is concerned that the previously released resource statement for Engenho may no longer be accurate and the Company has commissioned an updated resource model which is currently in progress.

As part of this resource update, Mundo is currently undertaking a 24-hole program comprising approximately 1,000m of diamond drilling. It is expected that the updated resource will predominantly be in the measured category, as the drilling is being undertaken on a 25m x 25m pattern and will in-fill previous drilling.

The Company intends to release an update resource statement for the Engenho underground by the end of 2011 (or sooner if possible) once the drilling has been completed.

The production target for calendar 2011 for the Engenho Project is 275,000 tonnes at an average head grade of 2.94g/t for 24,200 recovered ounces. The metallurgy of Engenho ore is very consistent, with recoveries averaging between 93 and 94%, and the Company's internal budgets assume 93% recovery.

It is management's opinion that the underground operation will continue to deliver approximately 275,000 tonnes of ore per annum to the mill until such time that more profitable alternate ore sources are defined and proved up by the Company.

The March 2011 quarter has seen the head grade fall below the budget of 2.9g/t mainly as a result of excessive dilution from one level of mining. This has been rectified by management in the current quarter through the use of longer cable bolts (up to 9m vs. 3m) with results to date indicating that the dilution has come back in line with budget. In addition, the 24 hole drill program currently underway is assisting with mining accuracy of the ore development drives on the lower levels.

As outlined in the March 2011 Quarterly Activity Report, the Company has been undertaking an optimization study for the underground operation at Engenho in conjunction with consultancy group Partners in Performance.

The key actions arising from this study will focus on the following process improvements:

- the underground operation, through better utilisation of the Company's fleet and increasing equipment availability and operator training; and
- the plant, to increase throughput and reduce down-time.

While these improvements are promising, they will not be fully implemented until the third quarter of calendar 2011.

The historical production of Engenho has been as follows:

- 2009: 226,504 tonnes at an average grade of 3.17 for 23,130 ounces; and
- 2010: 222,994 tonnes at an average grade of 2.92 for 19,606 ounces.

Both the 2009 and 2010 production profile was interrupted by unforeseen and planned events that mean the production numbers are not indicative of the budgeted production levels forecast for 2011. It should also be noted that the production target for 2011 does not factor in any unforeseen events.

Crista Deposit

The current JORC Code compliant resource for the Crista deposit, located 2.6km north of the Engenho mine and processing plant, totals 162,000 tonnes at 5g/t for 26,000 ounces. It is comprised of:

Category	Tonnes ('000)	Grade (Au g/t)	In-situ Gold Ounces ('000)
Measured	12	5.94	2

Indicated	13	4.99	21
Inferred	20	4.60	3
TOTAL	162	5.00	26

The above resource is limited only by the extent of in-fill drilling that has been undertaken. The resource, and therefore the pit design, has been derived from in-fill drilling completed to a maximum depth of 75m. While the deepest hole in the Crista deposit has been completed to 120m, insufficient drilling has been undertaken to extend the resource to these depths.

Drilling of Crista was limited at the time as it was thought that the ore body dipped 45 degrees which resulted in the life of mine inside our tenement boundary being potentially less than two years. Following modelling of the resource, the dip of the ore body was interpreted to be 60 degrees, giving a greater potential mine life within the tenement boundary. The Company has not drilled any holes post the above resource being calculated.

The Company plans to drill out the deeper portion of the Crista ore body once it has been exposed through mining. Like other ore bodies in the Iron Quadrangle region, Mundo expects that there should be strong continuity in the mineralisation.

The Company released an announcement in July 2010 advising that optimisations of the pit using a 2.5g/t cut-off had resulted in an optimised mining resource of 187,102 tonnes at 4.5g/t for contained gold of 26,969 ounces. The optimised mining resource does not include dilution however it is the expectation of management that there will not be material variation to the resource numbers.

The current proposed life of the pit is 19 months, with mining to be undertaken at a rate of 10,000 tonnes per month over the life of the pit. However, management is currently working with the Company's consultants and the preferred mining contractor to put in place a higher mining rate of ore production in the first six months compared with the pit optimization results of 10,000 tonnes per month as outlined above.

The increased mining rate would deliver additional ounces per month in gold production in the early stages of mining. Studies on this scenario are still ongoing and not yet concluded.

Crista Development Approvals

At the Company's Annual General Meeting held on 23 November 2010, the Company advised that approvals for the development of the haulage road for Crista had been delayed due to a proposed national park in the region. At that time it was the Company's understanding that the Crista project tenements were not strategic to any park, nor was the ground that would be affected by mining pristine.

Since the 2010 Annual General Meeting, authorities from both the relevant Brazilian Federal and State departments have completed a review of the Company's tenements and have indicated that the area in which Crista is located is not strategic and will not be part of any proposed national park.

However, the relevant authorities have also stated that they will not finally resolve the national park boundaries in a manner relevant to Mundo on a standalone basis, and will only do so as part of the overall park strategy.

The Company has recently been advised that the Brazilian Federal Government is no longer allocating financial resources for the proposed national park, which will now be a purely State Government issue. The Company has also been advised that new park boundaries have been defined and that Mundo's tenements are not within the new boundaries. The new boundaries are still awaiting finalisation by the State Government and Mundo will make an appropriate announcement when it receives notification that the boundaries have been finalised.

The Company estimates that the delay in commencing production at Crista by reason of the proposed national park has cost Mundo approximately \$15 million in lost earnings.

The current status of the Crista development is that the Company is awaiting final approval of the haul road licence that will enable pre-strip of the pit and the haul road construction to commence. This approval is expected in the next couple of weeks. All other approvals are in place including the approval for the processing plant expansion.

From receipt of this approval, construction of the haul road is budgeted to take 75 days and pre-strip of the pit is expected to take 45 days. Commercial ore production from the pit, at the rates detailed above, is forecast to be achieved with 90 days of commencement of the pre-strip.

It should be noted that the development of Crista is solely dependent upon the receipt of approvals to construct the haul road. Whilst the Company is confident that this approval is forth coming, no work can commence until granting of the approval.

Engenho Processing Plant Expansion

The processing plant at the Engenho Gold Project is a central plant located approximately 100m from the underground operation, 2.6km from Crista and 1.5km from the Olhos and Mazoca exploration targets.

The processing plant has a current capacity of 275,000 tonnes per annum and is currently being fed solely from the underground operations.

The Company has invested approximately \$1.0 million to date in upgrading the processing plant to a nameplate capacity of 440,000 tonnes per annum. The upgrade design includes the addition of a second ball mill, additional CIL tanks, an upgraded elution circuit and enhanced crushing capacity in the primary and tertiary crushers.

In addition, the Company has completed the first stage of a new tailings dam at Engenho. This dam has capacity of 280,000m³ as a first stage with designs in place for a further two lifts which would give the dam a total capacity of 950,000m³ on completion.

The Company has also commenced a study on ways to utilise the contents of the first tailings dam at Engenho for underground fill that will, over the medium term, also free up tailings capacity in this dam to support the mine life of the Engenho operation.

The following work is required on the processing plant to complete the upgrade:

- installation of the sub-structure around the new ball mill;
- assembly of the new CIL tanks on the existing footings;
- electrical works for the new ball mill and circuit board; and
- completion of the upgraded elution circuit.

The above works are budgeted to take 60 days to complete.

Importantly, the plant will have excess capacity based on current mining plans for the underground and Crista. The planned combined throughput from the underground and Crista is approximately 395,000 tonnes with a forecast combined feed grade of 3.64g/t resulting in annualised production of approximately 43,000ozs per annum at a 93% recovery.

Exploration at the Engenho Gold Project

The Mundo management team is very focused on establishing a mine life of 6-8 years at the Engenho Gold Project at a feed rate of up to 440,000 tonnes per annum through the mill. As announced to ASX on 22 March 2011, the Company has established the following Exploration Targets for the known deposits within the Engenho Gold Project:

Mine	Conceptual Exploration Target*				
Crista	1.1–1.4Mt	@	4-7g/t Au	for	250-285,000oz**
Engenho U/G	510–560kt	@	3-4g/t Au	for	45-55,000oz
Olhos	510–540kt	@	3-4g/t Au	for	60-70,000oz#
TOTAL Engenho	2.12–2.5Mt	@	5.1g/t Au	for	355-410,000oz

* It is common practice for a company to comment on and discuss its exploration in terms of target size and type. The information relating to exploration targets should not be misunderstood or misconstrued as an estimate of mineral resources or ore reserves within the meaning of the JORC Code. Hence the terms resource(s) or reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature, since there has been insufficient work completed to define them beyond exploration targets and that it is uncertain if further exploration will result in the determination of a mineral resource within the meaning of the JORC Code.

** Target to 500m vertical depth

Target to 70m vertical depth to test open pit only

Mundo has budgeted US\$3.1 million for resource drilling on the above projects for calendar 2011 with the view to establishing JORC Code resources on all of these deposits. Budgeted timing for the commencement of these drilling programs is as follows:

Project	Commencement Date
UG Diamond drilling – Phase 1	Current
Olhos Open Pit Drilling	June Qtr 2011
UG Diamond drilling – Phase 2	Sept Qtr 2011
Crista Deeps Drilling	Dec Qtr 2011
Mozoca	Mar Qtr 2012

At this stage, no JORC resources have been delineated for the Olhos and Mozoca exploration targets as only surface work and limited drilling has been undertaken.

Directors' statement

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

The Directors do not consider any of the matters set out in this Replacement Prospectus to be materially adverse from the point of view of an investor.

This Replacement 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 'Ashley Pattison', written in a cursive style.

Ashley Pattison
Chief Executive Officer

Dated: 3 May 2011

Corporate Directory

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Ashley Pattison – Chief Executive Officer
Brian Hurley – Non-Executive Director
Robert McKenzie – Non-Executive Director

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Ashley Pattison

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