

27 October 2011

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



Option Agreement Signed to Sell 51% JV interest in Chapada Concession, Brazil

Mundo Minerals Limited (ASX Code: MUN) advises that it has granted an option to sell its 51 per cent interest in the Chapada Concession, which forms part of the Tocantins Joint Venture in Central Brazil, to ASX-listed company BBX Holdings Ltd following a strategic review of all of its exploration assets in South America.

The consideration payable under the option agreement is as follows:

Payment for granting the option – received by Mundo	A\$ 50,000
Payment on exercise of the option – on or before 31 Jan 2012	A\$450,000
Deferred payment on exercise of the option – on 31 July 2012	<u>A\$350,000</u>
TOTAL	<u>A\$850,000</u>

The Chapada Concession, one of 38 concessions comprising the Tocantins Joint Venture, is not considered a key asset of the Joint Venture. No recent work has been undertaken on this asset since Mundo became a joint venture participant. The Chapada concession comprises approximately 7,000ha (or just 3 per cent) of the overall 223,766ha concession package in the prospective Tocantins region.

On exercise of the option agreement, Mundo intends to apply the proceeds from the sale to its 2012 exploration budget for the Tocantins Joint Venture. The Company has identified five priority gold targets for 2012 which are currently undergoing independent geophysical and geological assessment before next year's exploration programs are finalized.

Mundo has been notified by its Joint Venture partners of their intention not to invoke their pre-emptive rights in relation to the proposed sale; the Joint Venture partners have advised that, subject to internal approval, they may invoke the "tag-along" provisions contained in the Tocantins Joint Venture agreement to also sell their 49 per cent interest in the Chapada concession to BBX Holdings.

It is the Board's intention to request that ASX keep the Company's shares suspended until further announcements are made in relation to secured debt position of the Company.

For and on behalf of the Board,

Ashley Pattison
Managing Director
27 October 2011

Forward Looking Statements

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