

11 November 2011

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



Market Update – Brazilian Debt Standstill

Key Points:

- ***Indicative terms reached with the Company's four lenders in Brazil to put its debts into Standstill or re-finance its term debt following positive discussions.***
 - ***Mundo has approximately R\$14.4M (US\$8.2M) of term debt and hire purchase commitments for plant and equipment in Brazil with four local banks.***
 - ***Documentation of the revised terms is expected to be completed on or before 21 November 2011.***
 - ***Surplus assets associated with the Engenho underground mine are being prepared for sale with the proceeds to be used to pay down the hire purchase facilities.***
 - ***The disposal of other surplus assets will continue to be assessed on an ongoing basis.***
-

Further to its release of 18 October on the planned closure of the Engenho underground mining operations, Mundo Minerals Ltd (ASX code: MUN) advises that it has agreed indicative terms with its lenders in Brazil to enter either into binding Standstill Agreements or to refinance its facilities. The indicative agreements are expected to be finalized over the next 10 days.

The outcome has been reached following a number of meetings between the banks and Mundo's CEO and in-country senior management over the past three weeks. Importantly, all of the Company's banks in Brazil are very supportive of Mundo during this challenging time and have endorsed the strategy to "work out this position".

"The support of our lenders in Brazil to date is vital in enabling us to close the Engenho underground mine in an orderly manner," said Mundo Minerals' Managing Director, Mr Ashley Pattison. "Some of lenders are also assessing the longer term refinancing of our Brazil operations, in addition to external financiers."

Material details of the terms of these agreements will be released when documentation is completed.

It is the Board's intention to request that ASX keep the Company's shares suspended until further announcements are made in relation to the secured debt position of the Company and binding contracts have been put in place for all facilities.

For and on behalf of the Board,

Ashley Pattison
Managing Director
11 November 2011

Forward Looking Statements

The document (Document) is provided on the basis that none of Mundo Minerals Limited ACN 117 790 897 (MUN) nor its respective officers, shareholders, related bodies corporate, partners, affiliates, employees, representatives and advisers make any representation or warranty (express or implied) as to the origin, validity, accuracy, reliability, relevance, currency or completeness of the material contained in the Document and no responsibility is taken for any errors or omissions. Nothing contained in the Document is, or may be relied upon as, a promise, representation or warranty, whether as to the past or the future. MUN excludes all warranties (including implied warranties) and all liability that can be excluded by law for any loss, claim, damage, cost or expense of any nature arising out of that Document (or any accompanying or other information) whatsoever, nor by reason of any reliance upon it. MUN accepts no responsibility to update any person regarding any inaccuracy, omission or change in information in this Document or any other information made available to a person nor any obligation to furnish the person with any further information.

The Document may contain prospective financial material which is predictive in nature and based on certain assumptions. Accordingly, actual financial results may be affected by assumptions which prove to be inaccurate or by known or unknown risks and uncertainties, and are likely to differ, possibly materially, from results ultimately achieved. The Document may contain "forward-looking statements". All statements other than those of historical facts included in the Document are forward-looking statements including, without limitation, (i) estimates of future earnings, and the sensitivity of earnings to the gold and other metals prices; (ii) estimates of future gold and other metals production and sales; (iii) estimates of future cash costs; (iv) estimates of future cash flows, and the sensitivity of cash flows to gold and other metals prices; (v) estimates of future capital expenditures; and (vi) estimates of reserves, and statements regarding future exploration results and the replacement of reserves. Where MUN expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, gold and other metals price volatility, currency fluctuations, increased production costs and variances in ore grade, recovery rates or other matters from those assumed in mining plans, as well as political and operational risks and governmental regulation and judicial outcomes. MUN does not undertake any obligation to release publicly any revisions to any "forward-looking statement" to reflect events or circumstances after the date of the Document, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.