

# Protect Your Investment

## Vote Your GOLD Proxy Today



# MUNDORO

TIME IS RUNNING SHORT –

VOTE YOUR GOLD PROXY NOW TO SUPPORT YOUR BOARD AND MANAGEMENT  
AND TO STOP THE DISSIDENTS' CREEPING TAKEOVER

### *A LETTER TO SHAREHOLDERS OF MUNDORO CAPITAL INC.*

Dear Fellow Shareholder:

With little more than a week to go to our annual and special meeting, we are writing to underline the importance of your vote to the future of our company and the value of your investment.

This year's meeting, on **August 27, 2012**, is particularly important because a group of dissident shareholders has launched a proxy contest that threatens to misdirect the transformation we have achieved over the past 18 months.

- 1. The dissidents demand 2 board seats (50% of the board) for an 8% position in the company in the name of "information" however a board member is expected to direct strategy and vision.**
- 2. The dissidents have not demonstrated any valued added strategic input nor a coherent exploration and development strategy due to their lack of recognised technical expertise.**
- 3. They have proposed two candidates for your board – one who has a poor track record and is conflicted and the other who is inexperienced.**
- 4. They have made numerous unfounded allegations against the current board and management.**

The dissidents' "hide-in-the-weeds" tactics are evident from their belatedly issued circular on August 14, 2012 – only 9 days before voting deadline. The dissident circular and accompanying shareholder letter focus on three issues:

- **Advance notice policy adopted by the company.** Remember that the dissidents tried to ambush the annual meeting and to take control of Mundoro without notice to all shareholders and without rightfully offering you the premium normally associated with a takeover. When we stepped in to protect shareholders from these "ambush" tactics, the dissidents took your company to court.
  - o But the BC Supreme Court rejected the dissidents' arguments. Here is what the court said in its judgment:
    - **"The petitioner (Mr. Li's company, Northern Minerals Investment Corp) has not placed before this Court any evidence that the directors (of Mundoro) were acting other than in the best interests of the shareholders of the company...it is the petitioner who has acted in its own interest as a shareholder but not necessarily in the interests of all shareholders..."**
    - **"...the actions of the petitioner in trying to hide in the weeds until the AGM appear to be aimed at preventing all shareholders from having notice and the opportunity to vote in a proxy contest."**

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- **Value of Mundoro's current exploration programs.** In fact, we have made great strides in our drive to reduce risk by diversifying away from China into two very promising mineral belts.
  - o We have successfully acquired seven mineral exploration licenses in Serbia within the well-known Timok Magmatic Complex which hosts significant gold and copper deposits.
  - o We have methodically staked a district-scale land position with 12 mineral concessions in the Meso Central belt in northwestern Mexico which hosts significant mines such as Peñasquito.
  - o We have assembled highly-respected technical teams in both Serbia and Mexico, well-equipped to drive our exploration programs forward.
- **Money spent on properties vs. administration for public company.** The dissidents fail to mention that since 2006, the Maoling project in China was effectively put on hold to conserve cash while the company pushed forward environmental studies. Exploration spending has in fact risen since the launch of the new exploration & development strategy with properties acquired in Serbia and Mexico. Our administrative expenses remain modest by industry standards.

### **A history of failed tactics to replace entire board.**

- The dissidents' first tactic was to seek the position of CEO & President and Chairman of the Board of the company.
- When they were unsuccessful, they changed course and tried to ambush the meeting in June. We stopped that approach and they took your company to court. After they lost their court case they issued a press release (June 18, 2012) announcing they intend to replace the company board by way of a press release.
- To avoid this costly and distracting proxy contest, we have made repeated efforts to reason with the dissident group by offering reasonable and responsible board representation. Similar efforts were made as part of the private placement. They did not respond to the invitation.
- Upon release of the BC Supreme Court Judgment, the dissidents sent notice (July 20, 2012) that their intention was to replace all 5 board members.
- When they realized they could not replace the entire board, they changed their strategy (August 14, 2012) to two nominees, just 9 days prior to the August 27 meeting.
- They communicated to us that "NMI and an expanding group of concerned shareholders control 38%+ of the proxies", yet Mundoro is not aware of any public securities filings other than what has been disclosed by NMI at 8.4% on June 18, 2012.

### **THE DISSIDENTS LACK TRANSPARENCY AND HAVE NO VALUE ADDED PLAN**

Based on our **analysis using best corporate governance practices**, we believe the two nominees they have proposed are unsuited to your board:

- Mr. John King Burns sits on the board of a company controlled by China National Gold, the state-owned enterprise that now owns 95% of Mundoro's former interest in the Maoling project (in which Mundoro retained a 5% interest). Mr. Burns has a conflict of interest. Mr. Burns also has an unsuccessful history as a member of the board of Athabasca Potash where he was involved in a proxy fight that led to his removal from the board.
- Mr. Zhong Hai (John) Han is an engineer with lack of exploration experience and no knowledge of running a public company with exploration assets in Serbia and Mexico, where the bulk of Mundoro's operations are located.

### **The dissidents' leader.**

- Mr. Hong Jun Li (Allen Li) has not been transparent in his strategy nor forthcoming about his intentions for the company's future.

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- While Mr. Li has much to say about the drop in Mundoro’s share price, he fails to mention that he acted as a consultant for the company in China, specifically to help the company attain official approvals for the Maoling project.
- After a year and unsuccessful results, Mr. Li’s contract was permitted to lapse. We ended up selling the bulk of our holding in Maoling thereafter due to the stagnation in the permitting process and a deteriorating foreign investment environment.
- Mr. Li and his associates supported that sale and advised the company during part of that process.

**Your board carefully considered their candidates.**

- Mr. Burns and Mr. Han were evaluated and we came to the conclusion that they did not possess the skill sets or strategic mindset that would benefit the company and its shareholders.

**Your board has gone out of its way to accommodate the dissidents.**

- As recently as a week ago, a member of our board flew to China to meet with the dissident leader in Beijing, as he could not travel to Canada, to discuss their views.
- We pointed out a number of corporate governance concerns regarding their demands.
- We were reluctant to accept their proposal for a settlement so soon before all shareholders had an opportunity to vote on two competing slates of board nominees. We felt that doing so would not be fair to the majority of Mundoro shareholders before they weigh in on what is occurring.

In summary, your current management and board have made great strides in transforming Mundoro:

***We Have Reduced Risk by Diversifying from China  
We Have Strategically and Methodically Entered Two Very Promising Mineral Belts  
We Take Pride in the Highest Corporate Governance Standards***

In contrast, the dissidents have put forward NO concrete plan and have NO well recognised technical expertise. Their dissident circular loses no opportunity to lash out at the current board and management, but makes little attempt to put forward an alternative vision for Mundoro.

**The dissidents appear to be continuing with their “creeping takeover” tactics -**

**EVERY VOTE COUNTS!**

We appreciate the many messages of support we have received in recent weeks. But we have no intention of resting on our laurels, and look forward to continuing the transformation that we have started for the benefit of all shareholders.

Sincerely,

/s/ John Hoey  
Chairman of the Board

/s/ Teo Dechev  
Chief Executive Officer and President

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# **Protect Your Investment in Mundoro Capital from the Creeping Takeover**

Vote your **GOLD** proxy no later than  
Thursday, August 23, 2012 at 11am (Vancouver time).

**You may vote by telephone or Internet, or by signing, dating and returning  
the enclosed **GOLD** proxy in the postage-paid envelope provided.**

IF YOU HAVE ANY QUESTIONS ON VOTING YOUR **GOLD** PROXY  
PLEASE CALL:

Laurel Hill Advisory Group at 1-877-304-0211 (toll free)  
or 1-416-304-0211 (collect calls accepted)  
Email: [assistance@laurelhill.com](mailto:assistance@laurelhill.com)

**We need your vote  
no matter how many shares you own.**

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Email: [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com)