



MUNGANA  
GOLDMINES

28 May 2015

Market Announcements Office  
ASX Limited  
4th Floor, 20 Bridge Street, Sydney NSW

ASX code: MUX

## **Mungana raises \$5m to progress drilling and feasibility study on high-grade King Vol zinc project in Queensland**

Mungana Goldmines (ASX: MUX) is pleased to advise that it has received commitments to raise \$5,059,040 (before costs) through a share placement at 14 cents as part of its strategy to progress the drilling and complete the feasibility study associated with its King Vol zinc project in Queensland.

The placement of 36,136,000 new ordinary fully-paid shares, is within the company's 15% placement capacity and has been made to institutional and sophisticated investors, including Mungana directors, John Fitzgerald, Anthony (Tony) James and Rick Yeates (Placement). The placement is subject to shareholder approval.

Petra Capital acted as lead manager and book runner to the placement.

Mungana is currently the subject of a highly conditional, unsolicited off-market takeover offer from Auctus Chillagoe Pty Ltd (Offer).

Mungana's Board has recommended shareholders reject the offer of 13.5 cents per share because it is opportunistic and materially undervalues the Company, its North Queensland mineral assets and their outstanding potential to generate strong growth for Mungana shareholders (ASX: 11 May, 2015). The Target's Statement which will set out full details in relation to the Board's recommendation, will be sent to shareholders this week.

Mungana Managing Director, Tony James, said the calibre of the participants in the raising reflected the real potential of the King Vol zinc project and strong support for the project to succeed.

"The outlook for development of the King Vol deposit is very strong," Mr James said. "The project has high grade zinc and an estimated pre-production capital cost that is less than a green field's project by comparison due to the key plant components and major infrastructure already in place for this project".

"This raising ensures that Mungana is now fully-funded through to the completion of the feasibility study, which is scheduled for March next year," Mr James said.

The decision to enter into the Placement was made by the Board of Mungana after careful consideration of all relevant circumstances (including the fact that the Offer may not proceed as a result of the Placement, because of a breach of a condition of the Offer arising from the Placement).

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**Mungana Goldmines Ltd**

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New shares issued under the Placement will rank equally with the Company's existing ordinary shares on issue, save that the Offer will not apply to the new shares unless Auctus applies for and obtains relief from the Australian Securities & Investments Commission to extend the Offer to the shares.

A general meeting of Mungana shareholders will be convened as soon as practicable to consider the Placement.

Mungana is majority held by Kagara Limited (in liquidation) ACN 008 988 583 (**Kagara**) and Mungana Pty Ltd (in liquidation) ACN 101 738 096 (**MPL**).

Each of Kagara and MPL, together holding approximately 72% of the total issued voting shares (pre-placement), have confirmed that having regard to the circumstances, the information provided to them by Mungana and the recommendations of the Mungana Board at the time, that their present intention would be to vote any Mungana shares held by them at the time of the general meeting of Mungana shareholders in favour of the resolution to consider the Placement. Kagara and MPL reserve the right to revisit their intentions in circumstances where a competing proposal that is superior to the offer of \$0.135 cash per Mungana share, and reasonably capable of being implemented, is announced.

### **Forward looking statements**

*This announcement contains forward looking statements. These statements are based on, among other things, Mungana's assumptions, expectations, estimates, objectives, plans and intentions as at the date of this announcement. Such statements are not statements of fact, and there can be no certainty of outcome in relation to the matters to which the statements relate.*

*Although Mungana believes that the expectations reflected in any forward looking statements in this announcement are reasonable, no assurance can be given that such expectations will prove to have been correct. Actual outcomes may differ materially from the outcomes, events or results expressed or implied in any forward looking statement.*

*Except as required by applicable law or the ASX Listing Rules, Mungana does not undertake to update or revise any forward looking statements after the date of this announcement to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any such statement is based.*

### **Competent person's reference**

*The information in this announcement relating to Mineral Resources is based on information prepared by Mr Brian Wolfe in compliance with the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) details of which were released on ASX by the Mungana on 28 January 2015. Mr Wolfe is a member of the Australian Institute of Geoscientists and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code.*

*Mungana confirms that it is not aware of any new information or data that materially affects the information relating to Mineral Resources included in the 28 January 2015 announcement referred to above. Mungana confirms that all material assumptions and technical parameters underpinning the Mineral Resource estimates in that previous ASX release continue to apply and have not materially changed.*

**ENDS**

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