

25 June 2015

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

ASX code: MUX

Major shareholders do not intend to accept Auctus' offer of 13.5 cents

Mungana Goldmines Limited (ASX: MUX) advises that the liquidators of the Company's major shareholders, Kagara Limited (in liquidation) (**Kagara**) and Mungana Pty Ltd (in liquidation) (**MPL**), have today notified Mungana that they do not intend to accept the takeover offer of 13.5 cents per share from Auctus Chillagoe Pty Ltd (**Auctus Offer**).

As at the date of this announcement, Kagara and MPL together hold approximately 72.16% of the total Mungana shares on issue.

In the letter, the liquidators note that:

- after careful consideration of the Auctus Offer in the context of the overall circumstances and alternatives, they do not believe it represents a fair market value for their investment in Mungana; and
- they currently remain supportive of Mungana and the Board's current strategy for the Company.

The Auctus Offer is subject to, among others things, a 90% minimum acceptance condition. On the basis of the statement made on behalf of Kagara and MPL, this minimum acceptance condition will not be satisfied.

A copy of the letter from the liquidators of Kagara and MPL is attached to this announcement.

Your Directors continue to unanimously recommend that you **REJECT** the Auctus Offer for the reasons set out in the Company's Target's Statement dated 28 May 2015.

ENDS

For further information:

Investors

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Media

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Attachment



25 June 2015

Mr. Tony James, Managing Director
Mungana Goldmines Limited
Unit 5
Level 3 St James Place
Townsville QLD 4810

Dear Mr. James

Re: Takeover Offer by Auctus Chillagoe Pty Ltd

On 29 April 2015, Mungana Goldmines Ltd ("**MUX**" or the "**Company**") received an unsolicited conditional takeover offer by Auctus Chillagoe Pty Ltd ("**Auctus**" or the "**Bidder**") for a cash consideration of \$0.135 per share ("**Offer**").

MUX is substantially held by Kagara Limited (in liquidation) and Mungana Pty Ltd (in liquidation) (together "**Kagara**") holding approximately 72.16% of the Company as at the date of this letter.

In considering our response to the Offer, we have had regard to and have considered:

- the information provided to the market since the bid was lodged, including the Company's Target's Statement and attached Independent Expert's Report (which valued ordinary shares in MUX at between 24c and 31c),
- the independent financial advice that we have taken,
- our discussions with the Bidder,
- our understanding of the status of MUX's assets, and
- the alternate avenues which MUX is pursuing to add value to its assets in the coming period.

As liquidators of Kagara, we have carefully considered the Offer in the context of the overall circumstances and alternatives and do not believe it represents a fair market value of Kagara's investment in MUX. So, we do not intend to accept the Offer on behalf of Kagara.

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In the absence of an offer which reflects the fair market value of Kagara's investment in MUX and subject to the overall circumstances, our current view is that the best course in order to maximise the value of Kagara's MUX investment prior to its sale is to allow time for the Company's new management to evaluate the Company's assets and undertake further works with the aim of demonstrating to the market the intrinsic value of the Company's assets. Accordingly, at this time we remain supportive of MUX and its Board's current strategy for the Company.

Regards



Michael Ryan
Joint and Several Liquidator