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Company Announcement Office
Australian Stock Exchange Ltd
4th Floor, 20 Bridge Street, Sydney NSW

ASX code: MUX

Drilling starts at high-grade King Vol zinc project, Queensland



Mungana Goldmines Limited (ASX: MUX) is pleased to advise that it has taken another key step in its previously announced work plan with the start of a sampling program to assist in the development of its King Vol zinc project in North Queensland.

The diamond core drilling, which will be undertaken by contractor DDH1 Drilling, is designed to increase the knowledge and understanding of the key geological, metallurgical and geotechnical models of the King Vol deposit.

The program will extend the Indicated Resources in the upper 400m of the deposit while also improving confidence in the high-grade core (Inferred resources) below 400m depth (see Figure 1). Mungana expects that the results will facilitate an updated mineral resource estimate that will underpin the Feasibility Study on the King Vol Zinc Project.

King Vol is a high-grade zinc deposit, with a combined Mineral Resource of 2.99 million tonnes at a grade of 11.9% zinc, 0.8% copper, 0.6% lead and 29.9g/t silver (ASX: 28 January 2015). The Mineral Resource comprises 1.05Mt in the Indicated category and a further 1.95Mt in the Inferred category (see Table 1).

This drilling program, consistent with the company's current work plan, commences at King Vol and will then move to the Red Cap area. The program will be completed by November 2015.

The Feasibility Study associated with the King Vol Project is scheduled to start in August this year and will be conducted in parallel with the project approvals process, paving the way for an accelerated development timetable.

Table 1:

	King Vol Mineral Resource – January 2015								
	Tonnes (Mt)	Grade				Contained Metal			
		Zn%	Cu%	Pb%	Ag g/t	Zn (kt)	Cu (kt)	Pb (kt)	Ag (Moz)
Indicated	1.05	14.7	0.9	0.7	36.5	154	9	7	1.23
Inferred	1.94	10.4	0.7	0.5	26.4	202	13	10	1.65
Total	2.99	11.9	0.8	0.6	29.9	356	22	17	2.88

**Table 1 – King Vol Mineral Resource (Geologically constrained, not reported to cut-off).
(ASX: 28 Jan 2015)**

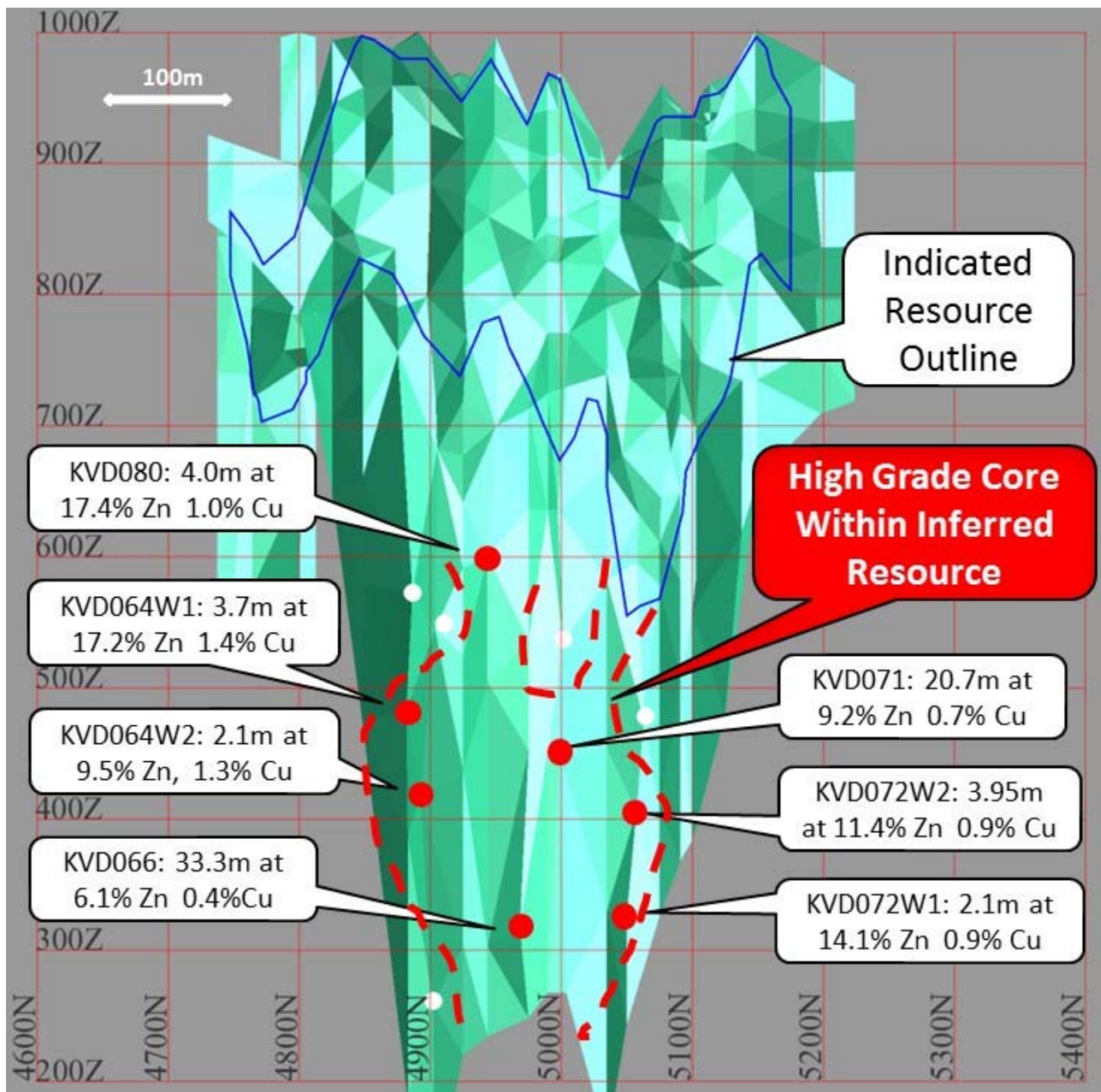


Figure 1 – King Vol long section viewed from the east. Drill hole intersection pierce points within the high grade core of the Inferred Resource below 400 metres vertical depth are highlighted. Mineralised intersections are downhole widths, estimated at 60% of true width. Surface is at approximately 1,000Z

Competent Person's Statement

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 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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