



MUNGANA
GOLDMINES

ABN 15 136 606 338

HALF YEAR REPORT

**for the period ended
31 December 2014**

The information set out in this Half Year Report should be read in conjunction with the Annual Report for the year ended 30 June 2014 and any public announcements made by Mungana Goldmines Limited during the interim reporting period, in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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CORPORATE DIRECTORY

Registered Office:

Unit 5, Level 3 St James Place
155 Denham Street
TOWNSVILLE
QLD 4810
Ph: (07) 4729 8400

Directors:

John Daniel Fitzgerald *(Chairman since 25/11/2014, previously Non-Executive Director)*
Joseph Allen Treacy *(Resigned as Chairman 25/11/2014); (Resigned as Non-Executive Director 31/12/2014)*
Justin Jian Yi Wu *(Non-Executive Director)*
Richard James Yeates *(Non-Executive Director appointed 09/10/2014)*

Company Secretary:

Ben-Louis Ludik

Auditors:

Ernst & Young
111 Eagle Street
BRISBANE
QLD 4000

Share Registrar:

Link Market Services Ltd
Level 15, 324 Queen Street
BRISBANE
QLD 4000

Legal Advisers:

HopgoodGanim Lawyers
Level 8, Waterfront Place
1 Eagle Street
BRISBANE
QLD 4000

Stock Exchange Listing:

Mungana Goldmines Ltd's fully paid ordinary shares are quoted on the Australian Stock Exchange Ltd.

ASX code: MUX

Website:

Visit our web site which is updated regularly at: www.munganagoldmines.com.au
Email: info@mungana.com.au

DIRECTORS' REPORT

Your Directors present their report on Mungana Goldmines Ltd (MUX) for the half year ended 31 December 2014.

DIRECTORS

The following persons were Directors of Mungana Goldmines Ltd during the whole or part of the half year and up to the date of this report unless otherwise stated:

| | |
|------------------------|---|
| John Daniel Fitzgerald | <i>(Chairman since 25/11/2014, previously Non-Executive Director)</i> |
| Joseph Allen Treacy | <i>(Resigned as Chairman 25/11/2014)</i> |
| | <i>(Resigned as Non-Executive Director 31/12/2014)</i> |
| Justin Jian Yi Wu | <i>(Non-Executive Director)</i> |
| Richard James Yeates | <i>(Non-Executive Director appointed 09/10/2014)</i> |

REVIEW & RESULTS OF OPERATIONS

OPERATIONS

OVERVIEW

On 31 July 2014, MUX acquired the Chillagoe assets in North Queensland from Kagara Ltd (in Liquidation) (KZL) and Mungana Pty Ltd (in Liquidation) (MPL). Consideration was in the form of two Secured Convertible Note instruments (SCN) for \$7.5 million each. Interest on the SCNs is at 7.5%, payable in cash or shares at the option of MUX. The first instrument was convertible on payment of the stamp duty on the Chillagoe transaction. Stamp duty was paid and the first instrument plus accrued interest was converted on 7 November 2014. This resulted in the issue of 76.28 million shares to KZL and MPL. Transfer of all tenure associated with the acquisition was completed on December 24 2014.

CORPORATE

MUX held its Annual General Meeting on 25 November 2014. At the conclusion of the meeting, Joe Treacy resigned as Chairman and John Fitzgerald was appointed Chairman.

OPERATIONS

Work undertaken during the half year was focused on integrating the assets acquired and re commencing exploration activities. An Induced Polarisation Survey (IP) was completed at King Vol in December and an IP survey in the Red Cap district commenced in December and was completed in January 2015. Results from these surveys are being evaluated and will help formulate an exploration program aimed at expanding the resource base of the company.

CASH

The unrestricted cash balance at 31 December 2014 was \$3.1m.

EQUITY

Total contributed equity as at 31 December 2014 was \$163 million comprising 240.9 million shares.

IMPAIRMENT

A review of the recoverable amount of each project was completed and no impairment was recognised.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration forms part of the Directors Report for the half year ended 31 December 2014. Ernst & Young remain as appointed auditors. A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 18.

ROUNDING

The amounts contained in this report and in the half year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Entity under ASIC Class Order 98/0100.

This report is signed in accordance with a resolution of Directors.



J D Fitzgerald
CHAIRMAN
Perth, Western Australia
17 February 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the half year ended 31 December 2014

| | | HALF YEAR | HALF YEAR |
|---|------|------------------------|------------------------|
| | Note | 31 Dec 2014 A\$'000 | 31 Dec 2013 A\$'000 |
| Revenue | 4 | 80 | 61 |
| Expenses: | | | |
| Administration expenses | 5 | (1,817) | (1,892) |
| Interest expense | | (367) | - |
| Depreciation expense | | (253) | (72) |
| Share based payments | 15 | (10) | 762 |
| Impairment losses recovered – Trade Receivables | 7 | 3,807 | - |
| Exploration assets written off | | - | (37,624) |
| Profit / (Loss) before income tax | | 1,440 | (38,765) |
| Income tax expense | | - | - |
| Profit / (Loss) after income tax | | 1,440 | (38,765) |
| Profit / (Loss) attributable to: | | | |
| Equity holders of Mungana Goldmines Ltd | | 1,440 | (38,765) |
| Profit / (Loss) after income tax | | 1,440 | (38,765) |
| Other comprehensive income: | | | |
| Net gain/(loss) on available-for-sale financial assets, net of income tax | 10 | (22) | - |
| Total comprehensive income / (loss) for the half-year, net of tax, attributable to the owners of Mungana Goldmines Ltd | | 1,418 | (38,765) |
| | | Cents | Cents |
| Basic gain/(loss) per share (cents per share) | | 0.77 | (24.13) |
| Diluted gain/(loss) per share (cents per share) | 17 | 0.64 | (24.13) |

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2014

| | Note | 31 Dec 2014 A\$'000 | 30 Jun 2014 A\$'000 |
|--|------|------------------------|------------------------|
| Current Assets | | | |
| Cash and cash equivalents | 6 | 3,073 | 5,177 |
| Trade and other receivables | 7 | 92 | 95 |
| Total Current Assets | | 3,165 | 5,272 |
| Non-Current Assets | | | |
| Plant and equipment | 8 | 7,565 | 193 |
| Capitalised exploration and evaluation | 9 | 27,900 | 18,923 |
| Investments in listed companies | 10 | 285 | 307 |
| Other non-current assets | 11 | 2,725 | 170 |
| Total Non-Current Assets | | 38,475 | 19,593 |
| TOTAL ASSETS | | 41,640 | 24,865 |
| Current Liabilities | | | |
| Trade and other payables | 12 | 366 | 2,239 |
| Provisions | 13 | 1,900 | 47 |
| Interest bearing liabilities | 14 | 7,739 | - |
| Total Current Liabilities | | 10,005 | 2,286 |
| TOTAL LIABILITIES | | 10,005 | 2,286 |
| NET ASSETS | | 31,635 | 22,579 |
| Equity | | | |
| Share capital | 16 | 162,791 | 155,163 |
| Reserves | | 3,575 | 3,587 |
| Accumulated losses | | (134,731) | (136,171) |
| TOTAL EQUITY | | 31,635 | 22,579 |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY
for the half year ended 31 December 2014

Attributable to owners of Mungana Goldmines Ltd

| For the half year ended 31 December 2014 | Note | Share Capital A\$'000 | Reserves A\$'000 | Accumulated Losses A\$'000 | Total Equity A\$'000 |
|--|------|-----------------------------|---------------------|----------------------------------|-------------------------|
| Balance at 1 July 2014 | | 155,163 | 3,587 | (136,171) | 22,579 |
| Total comprehensive gain | | - | (22) | 1,440 | 1,418 |
| Transactions with owners in their capacity as owners: | | | | | |
| Chillagoe acquisition: | | | | | |
| SCN tranche 1 | | 7,500 | - | - | 7,500 |
| Interest on SCN tranche 1 | | 128 | - | - | 128 |
| Employee share options | 15 | - | 10 | - | 10 |
| Total transactions with owners in their capacity as owners | | 7,628 | 10 | - | 7,638 |
| Balance at 31 December 2013 | | 162,791 | 3,575 | (134,731) | 31,635 |

Attributable to owners of Mungana Goldmines Ltd

| For the half year ended 31 December 2013 | | Share Capital A\$'000 | Reserves A\$'000 | Accumulated Losses A\$'000 | Total Equity A\$'000 |
|--|----|-----------------------------|---------------------|----------------------------------|-------------------------|
| Balance at 1 July 2013 | | 155,046 | 4,244 | (106,555) | 52,735 |
| Total comprehensive loss | | - | - | (38,765) | (38,765) |
| Transactions with owners in their capacity as owners: | | | | | |
| Capital raising costs | | - | - | - | - |
| Employee share options | 15 | - | (762) | - | (762) |
| Total transactions with owners in their capacity as owners | | - | (762) | - | (762) |
| Balance at 31 December 2013 | | 155,046 | 3,482 | (145,320) | 13,208 |

The above statement of changes in equity should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS
for the half year ended 31 December 2014

| | HALF YEAR 31 Dec 2014 A\$'000 | HALF YEAR 31 Dec 2013 A\$'000 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Payments to suppliers and employees | (1,358) | (1,971) |
| Interest received | 70 | 76 |
| Net cash used in operating activities | (1,288) | (1,895) |
| Cash flows from investing activities | | |
| Payments for plant and equipment | - | - |
| Proceeds on disposal of plant and equipment | 54 | 4 |
| Payment for exploration and evaluation | (870) | (468) |
| Net cash used in investing activities | (816) | (464) |
| Cash flows from financing activities | | |
| Capital raising expenses | - | - |
| Net cash used in financing activities | - | - |
| Net decrease in cash held | (2,104) | (2,359) |
| Cash at the beginning of the half year | 5,177 | 4,200 |
| Cash at the end of the half year | 3,073 | 1,841 |

The above consolidated statement cash flows should be read in conjunction with the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS for the half year ended 31 December 2014

1. Corporate information

Mungana Goldmines Limited is incorporated and domiciled in Australia and its shares are publicly traded. The principal activity of the company is mineral exploration and the development of mining assets.

The half year financial report of Mungana Goldmines Limited for the half year ended 31 December 2014 was authorised for issue in accordance with a resolution of the Directors on 17 February 2015.

2. Basis of preparation and changes to the Group's accounting policies

Basis of preparation

This general purpose financial report for the half-year reporting period ended 31 December 2014 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by the Entity during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

New standards, interpretations and amendments thereof, adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statement for the year ended 30 June 2014, except for the adoption of new standards and interpretations as of 1 July 2014, noted below:

- AASB 1031 *Materiality*
- AASB 2012-3 *Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities*
- AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*
- AASB 2013-9 *Amendments to Australian Accounting Standards – Part B: Materiality*
- AASB 2014-1 *Amendments to Australian Accounting Standards*
 - Part A: *Annual Improvements 2010-2012 and 2011-2013 Cycles*
 - Part C: *Materiality*
- Interpretation 21 *Leases*

There was no material impact on the Interim Financial Report as a result of the mandatory new and amended Accounting Standards adopted.

The Company also adopted the following accounting policies as a result of the issue of the Convertible notes:

Convertible notes which are mandatorily redeemable on a specific date are classified as a liability. The fair value of the liability portion of the convertible note is determined using a market interest rate for an equivalent non-convertible note or bond. This amount is recorded as a liability on an amortised cost basis using the effective interest rate method until extinguished on conversion or maturity of the notes. The remainder of the proceeds is allocated to the conversion option and recognised in equity.

NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2014 – continued

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. Going concern

As the Company's assets are in the exploration and evaluation phase, Mungana Goldmines Ltd is currently non-revenue generating. As such, a major focus of the Board and management is on ongoing cash flow forecasting and management of cash flows to ensure that the Company has sufficient funds to cover its planned activities and any ongoing obligations.

At 31 December 2014, the Company had \$3.1 million in cash and cash equivalents. Whilst the Company's current liabilities exceed its current assets, the Board is satisfied that the Company's current cash resources are sufficient to fund the Company's minimum expenditure commitment for a period of at least 12 months from the date of signing this report as the Company has the option to settle the interest bearing liabilities (note 14) through the issue of shares in the event that it is required to be settled for a period of 5 years from date of issue of interest bearing liabilities.

Should the Company decide to execute an expanded exploration program, it will require additional funds to be raised. The Board will be considering alternative funding options, including equity funding options in respect of an expanded exploration program. In addition to the close management of cash inflows, the Company has significant ability to slow or defer spending on its major activities to ensure it is able to meet its obligations when they fall due, including deferring expenditure on exploration and development activities.

On the basis of the above, the Directors are of the opinion the Company has sufficient funds to meet its debts as and when they fall due and realise its assets and settle its liabilities in the ordinary course of business.

Accordingly, the financial report has been prepared on a going concern basis and no adjustments have been made relating to the recoverability and classification of recorded amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS
for the half year ended 31 December 2014 – continued

4. Revenue

| | HALF YEAR | HALF YEAR |
|------------------------|-------------|-------------|
| | 31 Dec 2014 | 31 Dec 2013 |
| | A\$'000 | A\$'000 |
| Revenues | | |
| Bank interest received | 60 | 61 |
| Sundry revenue | 20 | - |
| Total revenues | 80 | 61 |

5. Administration expenses

| | 31 Dec 2014 | 31 Dec 2013 |
|--------------------------------------|--------------|--------------|
| | A\$'000 | A\$'000 |
| Administration expenses consist of: | | |
| - Cost of Employment | 329 | 1,082 |
| - Consultants | 103 | 57 |
| - Stamp duty | 648 | - |
| - Other Admin costs | 737 | 753 |
| Total administration expenses | 1,817 | 1,892 |

6. Cash and cash equivalents

| | 31 Dec 2014 | 30 Jun 2014 |
|---------------------------|--------------|--------------|
| | A\$'000 | A\$'000 |
| Fixed short term deposits | 509 | 4,650 |
| Operating bank accounts | 2,564 | 527 |
| Total Cash | 3,073 | 5,177 |

7. Trade and other receivables

| | 31 Dec 2014 | 30 Jun 2014 |
|--|-------------|-------------|
| | A\$'000 | A\$'000 |
| Trade receivables | - | 3,807 |
| Provision for doubtful debts | - | (3,807) |
| Other receivables | 92 | 95 |
| Total Trade and other receivables | 92 | 95 |

Trade receivables represented an amount owing from Kagara Ltd (Administrators appointed) as per the Deed of Amendment to the Gold Rights Agreement. Following Kagara Ltd's voluntary administration, this amount was fully provided for in doubtful debts. The amount was settled as part of the Chillagoe assets acquisition.

8. Plant and Equipment

| | 31 Dec 2014 | 30 Jun 2014 |
|------------------------|--------------|-------------|
| | A\$'000 | A\$'000 |
| Opening balance | 193 | 437 |
| Additions | 7,625 | - |
| Disposals | - | (22) |
| Depreciation | (253) | (222) |
| Closing balance | 7,565 | 193 |

NOTES TO THE FINANCIAL STATEMENTS
for the half year ended 31 December 2014 – continued

| 9. Capitalised exploration and evaluation | 31 Dec 2014 A\$'000 | 30 Jun 2014 A\$'000 |
|---|--------------------------------|--------------------------------|
| Opening balance at beginning of half year period | 18,923 | 62,024 |
| Current year expenditure | 936 | 1,008 |
| Claw-back of costs through R&D incentive refund | - | (2,269) |
| Acquisition of exploration tenements/rights | 8,041 | - |
| Impairments | - | (41,840) |
| Closing balance at end of half year period | 27,900 | 18,923 |

A review of the recoverable amount of each project was completed and no impairment was recognised.

In assessing whether an impairment is required for an asset, its carrying value is compared with its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. The recoverable amount used in assessing the impairment charge described above is fair value less costs to sell.

| 10. Investment in listed companies | 31 Dec 2014 A\$'000 | 30 Jun 2014 A\$'000 |
|--|--------------------------------|--------------------------------|
| Opening balance at beginning of half year period | 307 | - |
| Shares in WPG Resources Ltd | - | 240 |
| Re-measurement (net of ITE) recognised in other comprehensive income | (22) | 67 |
| Closing balance at end of half year period | 285 | 307 |

| 11. Other non-current assets | 31 Dec 2014 A\$'000 | 30 Jun 2014 A\$'000 |
|---------------------------------------|--------------------------------|--------------------------------|
| Restricted cash | 170 | 170 |
| Security deposits for tenements | 2,555 | - |
| Total Other non-current assets | 2,725 | 170 |

| 12. Trade and other payables | 31 Dec 2014 A\$'000 | 30 Jun 2014 A\$'000 |
|---------------------------------------|--------------------------------|--------------------------------|
| Trade payables | 231 | 2,130 |
| Other payables and accrued expenses | 135 | 109 |
| Total Trade and other payables | 366 | 2,239 |

| 13. Provisions | 31 Dec 2014 A\$'000 | 30 Jun 2014 A\$'000 |
|---|--------------------------------|--------------------------------|
| Employee provisions | 8 | 47 |
| Provision for onerous operating lease (Note 19) | 364 | - |
| Provision for rehabilitation | 1,528 | - |
| Total Provisions | 1,900 | 47 |

NOTES TO THE FINANCIAL STATEMENTS for the half year ended 31 December 2014 – continued

| 14. Interest bearing liabilities | 31 Dec 2014 A\$'000 | 30 Jun 2014 A\$'000 |
|---|------------------------|------------------------|
| Secured convertible notes at face value | 7,500 | - |
| Interest accrued | 239 | - |
| Total Interest bearing liabilities | 7,739 | - |

On 31 July 2014, MUX acquired the Chillagoe assets in North Queensland from KZL and MPL. Consideration was in the form of two Secured Convertible Note instruments (SCN) for \$7.5 million each. Interest on the SCNs is at 7.5%, payable in cash or shares at the option of MUX. The first instrument was convertible on payment of the stamp duty on the Chillagoe transaction. Stamp duty was paid and the first instrument plus accrued interest was converted on 7 November 2014. This resulted in the issue of 76.28 million shares to KZL and MPL.

The balance remaining in Interest bearing liabilities is the second instrument and its accrued interest. This instrument is convertible at the holders' election at 20 cents at any time up to five years from the date of issue of the instrument. Should the holder elect to convert the instrument within this timeframe, MUX has the option to settle the interest bearing liability for cash or shares. At 31 December 2014 the fair value of the convertible note is considered to approximate its carrying value.

15. Share based payments

At 31 December 2014 there were 250,000 options on issue (30 June 2014: 1,450,000) of which all are exercisable (30 June 2014: 1,050,000).

Options granted

No options have been granted during the period under review.

Options forfeited

During the six months ended 31 December 2014, 1,200,000 share options held by certain directors, key management personnel and employees were forfeited. There was no reversal of amounts previously recognised in the statement of comprehensive income as all options had vested.

Expense recognised

The expense recognised in relation to share based payment arrangements during the six month period ended 31 December 2014 is shown below:

| | 31 Dec 2014 A\$'000 | 31 Dec 2013 A\$'000 |
|---|------------------------|------------------------|
| Expense arising from equity-settled share based payment transactions | (10) | (118) |
| Reversal of previously recognised expense relating to forfeited options | - | 880 |
| Total income/(expense) arising from share based payment transactions | (10) | 762 |

NOTES TO THE FINANCIAL STATEMENTS for the half year ended 31 December 2014 – continued

16. Equity securities issued

76 million Equity Securities were issued during the period under review.

| | 31 Dec 2014 | | 30 June 2014 | |
|-----------------------------|---------------------|---------|---------------------|---------|
| | Number of Shares | A\$'000 | Number of Shares | A\$'000 |
| Beginning of the period | 164,623,938 | 155,163 | 164,623,938 | 155,163 |
| Issue of ordinary shares | | | | |
| • Conversion of SCN | 75,000,000 | 7,500 | - | - |
| • Interest on SCN converted | 1,283,233 | 128 | - | - |
| | 240,907,171 | 162,791 | 164,623,938 | 155,163 |

17. Diluted earnings per share

The remaining SCN has the potential to convert into 37.5 million ordinary shares (refer Note 14). These have been included in the calculation of diluted earnings per share because they could potentially dilute earnings per share in the future.

18. Segment reporting

Reportable segments

The Company operates in one segment, being the exploration, development and production of minerals. All of the Company's areas of operation are currently located in Australia.

Operating segments are identified on the basis of internal reports that are regularly reviewed and used by the Board of Directors (chief operating decision maker) in order to allocate resources to the segment and assess its performance. The financial information presented in the Statements of Comprehensive Income and Financial Position is the same as that presented to the chief operating decision maker.

Unless otherwise stated, all amounts reported to the Board of Directors as the chief operating decision maker are in accordance with the entity's accounting policies.

19. Commitments

| | 31 Dec 2014 A\$'000 | 30 Jun 2014 A\$'000 |
|---|------------------------|------------------------|
| Operating leases | | |
| Payable within one year | 189 | 190 |
| Payable between one year and five years | 175 | 269 |
| Total contracted at balance date | 364 | 459 |

The minimum future payments above relate to a non-cancellable operating lease for the company's offices situated at level 12, 500 Queen Street, Brisbane. Refer to Note 13.

Future exploration

| | | |
|---|--------------|------------|
| Payable within one year | 2,932 | 800 |
| Payable between one year and five years | - | - |
| Total contracted at balance date | 2,932 | 800 |

The Group has certain obligations to expend minimum amounts on exploration in tenement areas in order to keep these tenements in good standing. If the minimum expenditure requirements are not met, the Group has the option to negotiate new terms or relinquish the tenements or to meet expenditure requirements by joint venture or farm in agreements.

NOTES TO THE FINANCIAL STATEMENTS
for the half year ended 31 December 2014 – continued

20. Financial instruments

The company's financial instruments consist of deposits with banks and accounts receivable and payable. The carrying amounts of the financial instruments are a reasonable approximation of the fair values due to their short term maturities.

21. Contingent liabilities

There are no contingent liabilities or contingent assets at 31 December 2014 that require disclosure in this financial report. There are no changes to the contingent consideration as disclosed in Note 21 of the 30 June 2014 Annual Financial Report.

22. Events subsequent to half year end

There have been no significant events subsequent to half year end.

23. Cash Flow Statement

The Company's cash flow statement is impacted by a number of material non-cash transactions for the half year ended 31 December 2014. Additions of Plant and Equipment and Acquisition of Exploration tenements/rights as part of the transaction acquiring the Chillagoe assets was funded through the issue of Convertible Notes (note 14) and the Settlement of Outstanding Claims. Cash used in operating activities predominantly representing Administration expenses adjusted for unpaid creditors with the balance of items in the statement of comprehensive income being non cash in nature.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Mungana Goldmines Limited, I state that:

In the opinion of the directors:

- (a) The financial statements and notes of Mungana Goldmines Limited for the half year ended 31 December 2014 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting standards and the *Corporations Regulations 2001*
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the board

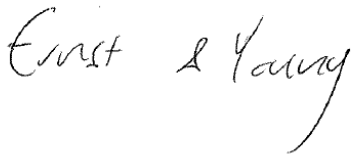


J D Fitzgerald
CHAIRMAN

Perth, Western Australia
17 February 2015

Auditor's Independence Declaration to the Directors of Mungana Goldmines Ltd

In relation to our review of the financial report of Mungana Goldmines Ltd for the half-year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Tom du Preez
Partner
17 February 2015

To the members of Mungana Goldmines Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Mungana Goldmines Ltd, which comprises the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mungana Goldmines Ltd and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

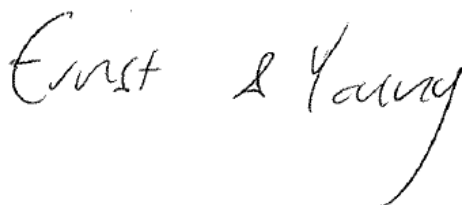
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Mungana Goldmines Ltd is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Tom du Preez
Partner
Brisbane
17 February 2015