



TARCOOLA GOLD PROJECT

Mungana Goldmines to Acquire High Grade Tarcoola Gold Project in South Australia

Highlights

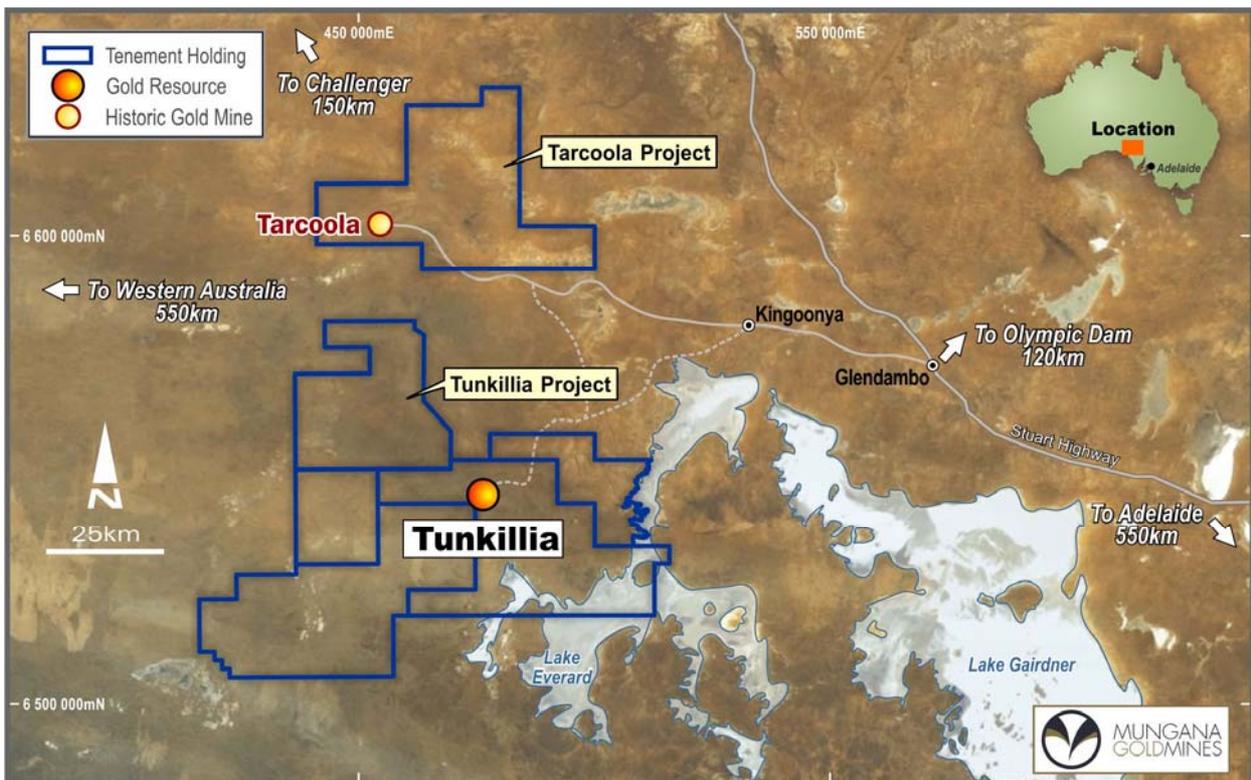
- 60km north west of Tunkillia
- Historic production of 77,000 Ounces at 37.5g/t Au
- Potential to contribute additional 20,000 ounces per annum of production through proposed Tunkillia plant
- Initial high grade open pit potential with historic drill holes of
 - 34.3m @ 26.2 g/t Au
 - 21m @ 62.2 g/t AU
- Further high grade underground potential with historic holes of
 - 6m @ 43g/t Au
 - 4m @ 14.7g/t Au

Mungana Goldmines Ltd (ASX: MUX) has today advised of its agreement to acquire the Tarcoola Gold Project from Stellar Resources Ltd (ASX: SRZ) and Low Impact Diamond Drilling Services (a private company) for a consideration of \$750,000 cash and further conditional payments.

The Tarcoola Goldfield is located 60km north west of Tunkillia (MUX currently earning 70%) and 3km from the township of Tarcoola in South Australia. The goldfield has produced 77,000 ounces of gold at an average grade of 37.5 g/t since discovery in 1893. Current gold mineralisation exists in multiple deposits with the largest of these being the Perseverance deposit.

There has been a significant amount of drilling carried out to date at Tarcoola (over 90,000m) which has clearly defined a small scale but high grade gold deposit, the economics of which will be greatly improved by access to the gold plant to be built just 60km away at Tunkillia

Figure 1 – Tarcoola Location Map



Mungana Goldmines Managing Director Pat Scott said the Tarcoola Gold Project provided strong potential to contribute an additional 20,000 ounces per annum in high-grade feed to a process plant to be located at Tunkillia on an ongoing basis. This estimate is based on the known mineralisation contained within a possible open pit mine and potential underground extensions at Perseverance.

“The high tenor of Tarcoola’s mineralisation coupled with near-surface expression of the lode systems makes the project an attractive exploration play with potential to supply high-grade mineralisation from a satellite operation to Tunkillia,” he said.

“The investment rationale for the Tarcoola Project is its strong potential to further improve the economics of the Tunkillia Gold Project through injecting early high-grade feed, and targeting additional production over the first two years. There is also the ongoing opportunity for additional higher grade feed via Tarcoola’s underground potential. This will be the target of a drilling program to be conducted late in 2012.”

“Tunkillia offers Mungana the opportunity to rapidly move to a medium-sized gold mine and we have made solid progress on this project in recent months.”

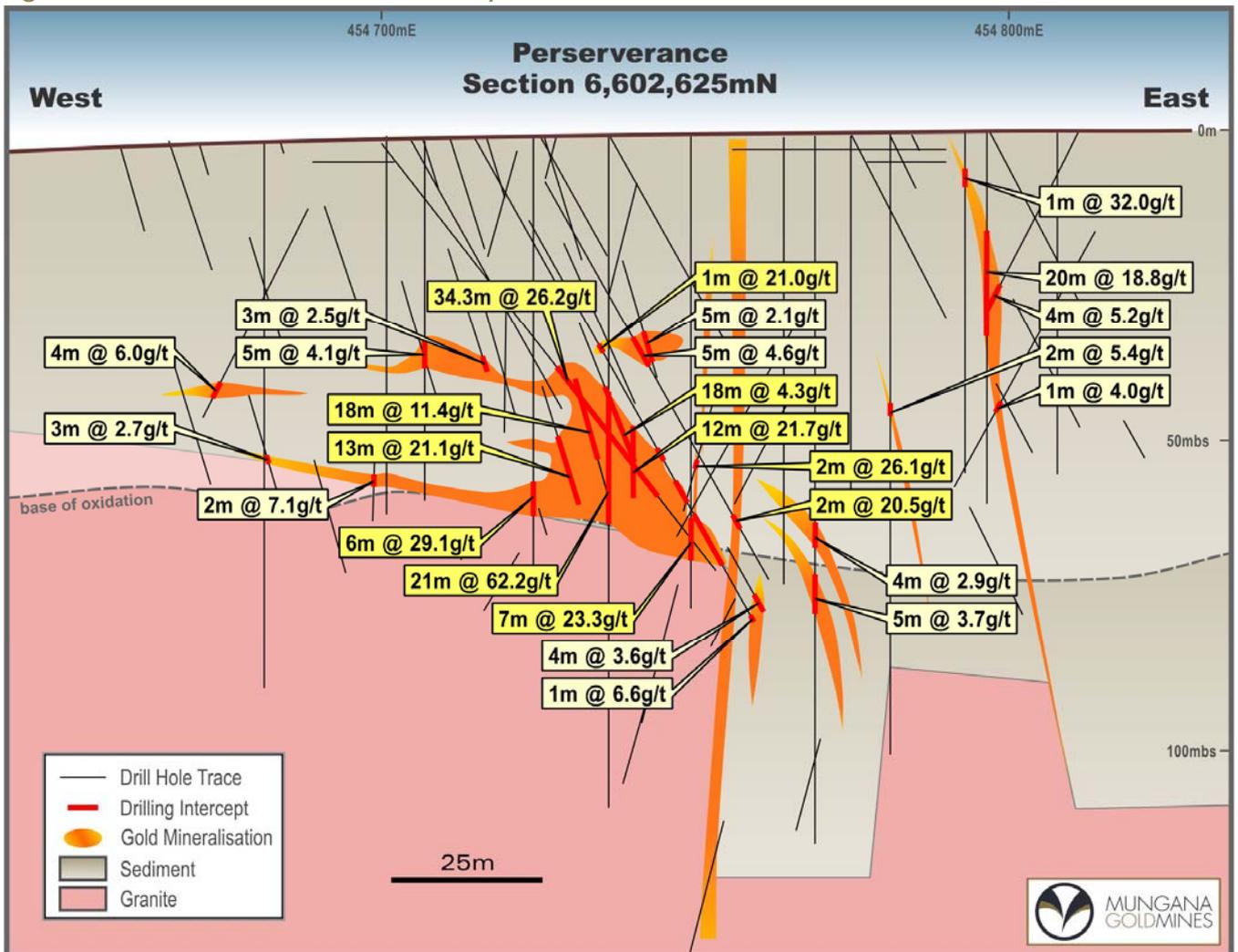
Mr Scott said Mungana has a strong cash position of \$19.8 million (as at March 2012) and remained well funded to progress its studies and exploration activities across all projects.

Mineralisation at Tarcoola is hosted by quartz veins in the sedimentary Tarcoola Formation and in the underlying granite. There are multiple lode orientations – predominantly striking north to north west, but also interpreted north east trends and some mineralisation on the shallow-dipping granite-sediment contact.

Supergene overprinting and dispersion can also be locally present as evidenced in the Perseverance deposit where previous better intersections have included;

- 34.3m @ 26.2g/t; and
- 21m @ 62.2g/t

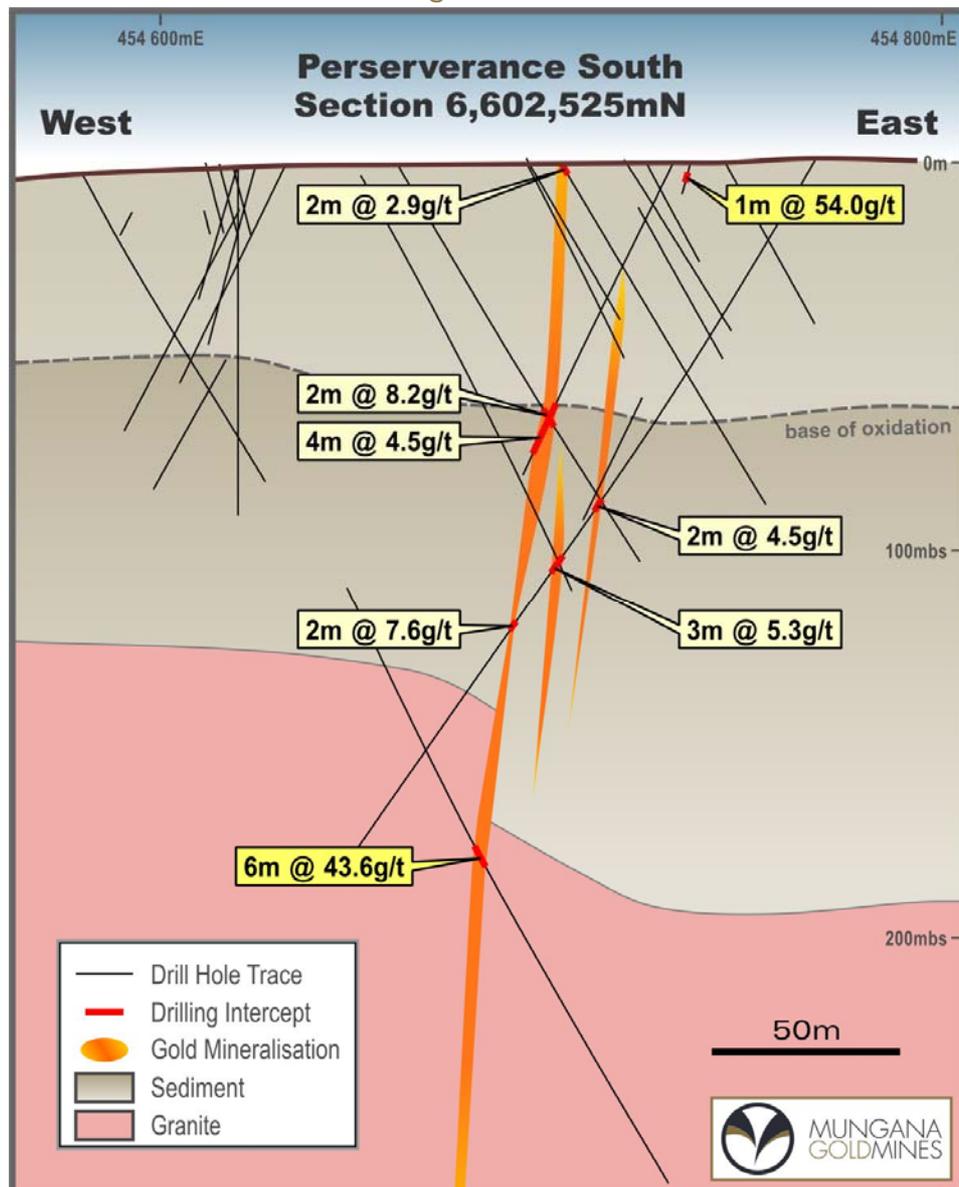
Figure 2- Perseverance Cross Section – Open Pit Potential



Primary lodes are narrow but carry high-grades. Intersections at depth show that mineralisation persists into the granite, and suggest the possibility of underground development with better intersections including;

- 6m @ 43g/t from 197m; and
- 4m @ 14.7g/t from 138m.

Figure 3 – Perseverance Cross Section – Underground Potential



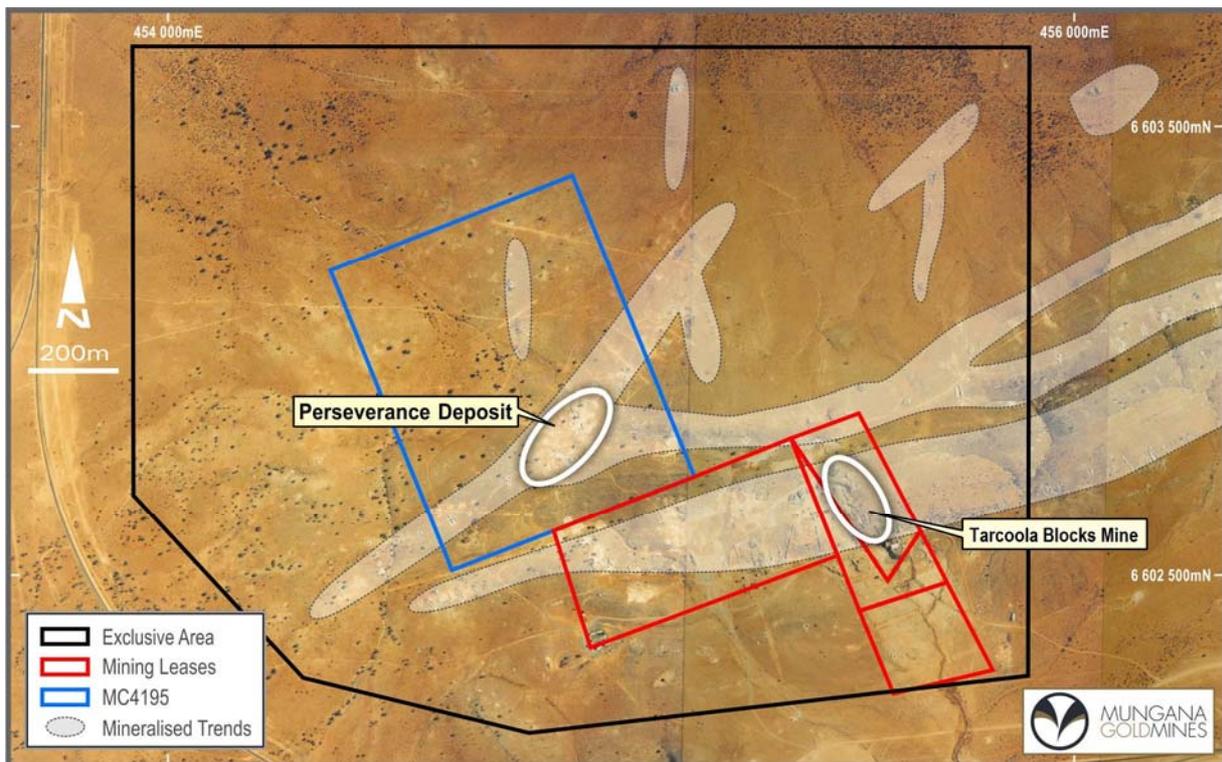
Mr Scott said Mungana would quickly move to conduct additional drilling and structural interpretation at Tarcoola to progress models towards JORC compliance by the end of the year. At the same time, preliminary investigations would commence for Tarcoola's integration into the Tunkillia Gold Project.

The transaction involves Mungana assuming 100% ownership of the Perseverance Area, 4 Mining Licences (MLs), currently under renewal, and the rights to explore for and exploit gold, silver and copper dominant deposits on the remainder of EL4167 from Stellar Resources. Mungana will pay Stellar Resources \$250,000 in cash now, \$25,000 in cash on the renewal of each ML and will commit to spend \$500,000 on EL4167 by July 2013.

Mungana will also assume the right to apply for a mining license within the Perseverance Area from Low Impact Diamond Drilling Services for \$500,000 in cash now, \$500,000 in cash or shares at Mungana's election on decision to Mine and \$1,000,000 in cash on first production.

This will ultimately provide Mungana with the right to mine all minerals within the Perseverance Area in addition to the right to explore for and exploit gold, silver and copper deposits within EL4167.

Figure 4 – Perseverance Area



Yours faithfully



Patrick Scott

Managing Director

Contact

Investors

Patrick Scott, Managing Director,
Mungana Goldmines Ltd.

(07) 3835 0800

Media

Bruce Ruddy,
Rowland,

(07) 3229 4499

About Mungana Goldmines

Mungana Goldmines is an ASX listed gold company focussed on becoming a mid-tier gold producer. Mungana has an attributable resource of 3.2 million ounces of gold, 273,000 tonnes of copper and 35 million ounces of silver. Mungana has a production target of over 180,000 ounce per annum in the medium term. This resource and production target is split between its two main projects; the Mungana Gold Project and the Tunkillia Gold Project

The Mungana Gold Project contains the Mungana and Red Dome gold deposits, located in the Chillagoe region of North Queensland, which have combined Measured, Indicated and Inferred Resources totalling 2.7 million ounces of gold, 273,000 tonnes of copper and 34 million ounces of silver.

Mungana is currently undertaking a BFS and targeting production of 100,000 ounces of gold 10,000 tonnes of copper and 1.5 million ounces of silver annually.

The Tunkillia Gold Project (Mungana Goldmines earning 70% and Helix Resources diluting) located approximately 600km North West of Adelaide in South Australia contains a large JORC compliant resource of 15.6Mt @ 1.6g/t of Gold for 803,000 ounce of gold.

Mungana's initial review has indicated that mining of the resource via a conventional open pit and processing via a conventional CIP Gold plant targeting throughput up to 2Mtpa and production around 80,000 ounces per year is possible.

Figure 5 - Mungana Goldmines Project Map

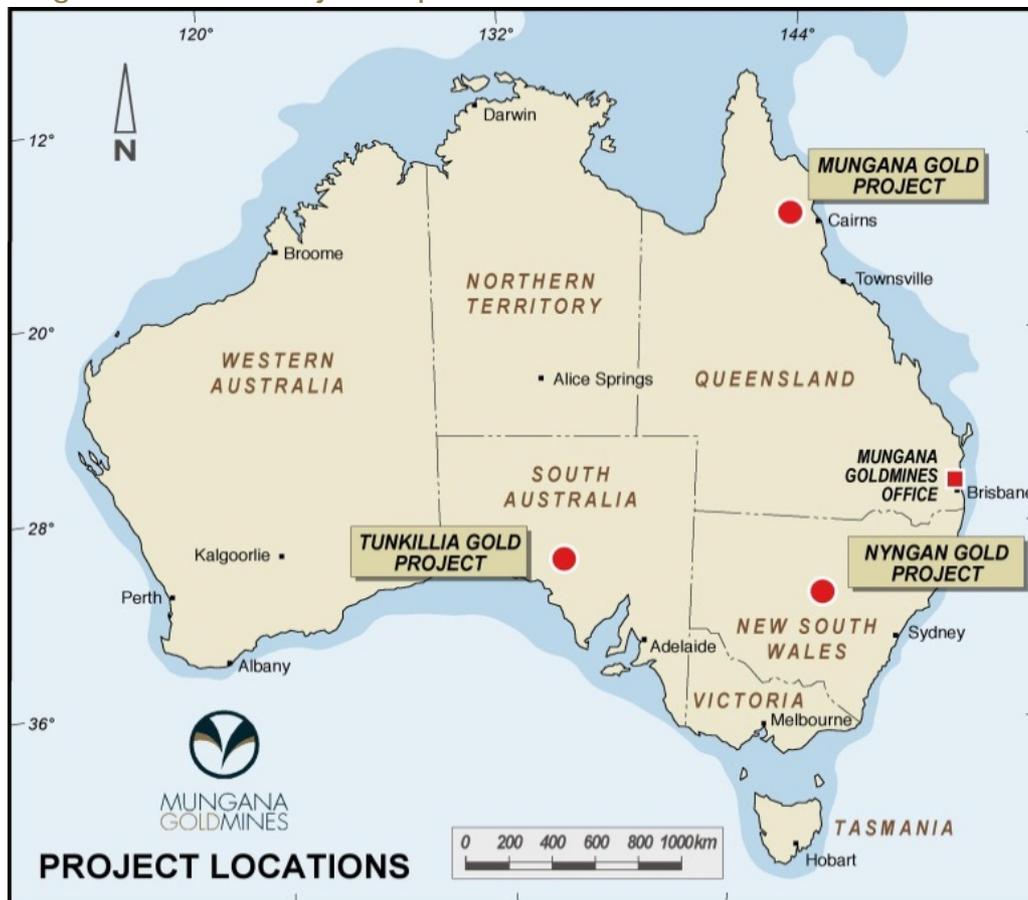


Table 1 - Mungana Goldmines Ltd Resource Table - 100% Mungana Gold Project and 55% Tunkillia Gold Project

Category	M Tonnes	Gold g/t	Silver g/t	Copper %	Gold kozs	Silver kozs	Copper kT
Measured	42.3	0.82	11.3	0.29	1,114	15,438	121
Indicated	53.4	0.65	6.5	0.17	1,120	11,174	91
Inferred	43.9	0.65	5.9	0.14	917	8,365	61
Total	139.5	0.70	7.8	0.20	3,150	34,969	273

Table 2 - Mungana Gold Project Resource Table (100%)

Category	M Tonnes	Gold g/t	Silver g/t	Copper %	Gold Kozs	Silver kozs	Copper kT
Measured	41.0	0.79	11.63	0.29	1,041	15,328	121
Indicated	49.8	0.58	6.70	0.18	923	10,733	91
Inferred	40.2	0.58	6.20	0.15	746	8005	61
Total	131.0	0.64	8.09	0.21	2,708	34,057	273

Table 3 - Tunkillia Gold Project Resource (55% Mungana Goldmines, 45% Helix Resources)

Category	M Tonnes	Gold g/t	Silver g/t	Gold Kozs	Silver kozs
Measured	2.3	1.8	7.4	134	200
Indicated	6.5	1.7	5.5	359	803
Inferred	6.7	1.4	5.2	310	655
TOTAL	15.6	1.6	5.5	803	1,658

Notes

1. Data is rounded to one hundred thousand tonnes (resource tonnage), thousands of ounces (gold and silver), and thousands of tonnes (copper). Differences in totals may occur due to rounding.
2. Tunkillia resources have been reported at a cut-off grade of 0.5 g/t in the oxide zone and 1.0 g/t in the primary zone.
3. The Mungana Gold Project comprises:
 - a. the Red Dome and Mungana resources, which are reported to a gold equivalent cut-off grade of 0.35g/t ($AuEq = Au \text{ g/t} + (Cu \% * 1.96) + (Ag \text{ g/t} * 0.0158)$)
 - b. the Red Dome Heap Leach Stockpile (no cut-off grade applied)

Competent Person's Statement

The information in the report to which this statement is attached that relates to **Mineral Resources and Exploration** is based on information compiled by Dr Adrian McArthur, the General Manager Exploration for Mungana Goldmines Ltd, and who is a member of the Australian Institute of Mining and Metallurgy and is a full time employee of the Company. Dr McArthur 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr McArthur consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



Appendix 1 - Corporate Information

Board Members

Joe Treacy	Chairman
Pat Scott	Managing Director and CEO
Mark McConnell	Executive Director
Ross Hutton	Non-Executive Director
John Fitzgerald	Non-Executive Director
Bruce Rathie	Non-Executive Director
Justin Wu	Non-Executive Director
Jeremy Robinson	Company Secretary

Registered & Principal Office

Mungana Goldmines Ltd
Level 12, 500 Queen St
Brisbane, QLD, 4000
Australia

Telephone: +61 7 3835 0800
Facsimile: +61 7 3832 5045
Email: info@mungana.com.au
Website: www.munganagoldmines.com.au

Stock Exchange Listings

Australian Stock Exchange MUX

Shareholder Enquiries

Link Market Services
Level 15, 324 Queen St
Brisbane, QLD, 4000
Australia

Telephone: +61 2 8280 7454

Substantial Shareholders

Mungana Pty Ltd	97.5m
Guangdong Guangxin Holdings Group Ltd	25.1m
Prosperity Steel	13.0m
Total Shares	160.6m
Options	15.4m