



TUNKILLIA GOLD PROJECT

Drilling Underway at the Tunkillia Gold Project

Mungana Goldmines Limited (ASX: MUX) today announced drilling had commenced at the Tunkillia Gold Project in South Australia.

Mungana Managing Director Pat Scott said a total of 8,000m of Diamond and Reverse Circulation (RC) drilling had been budgeted for over the coming months.

"The \$3 million program we have initiated at Tunkillia will progress studies on The Tunkillia Gold Project Feasibility Study and initiate the search for additional deposits within the region," Mr Scott said.

Drilling is expected to be completed by July 2012 and assays returned by September 2012.

"The drilling program will commence with a series of metallurgical and geotechnical holes to confirm pit design and recovery factors. Previous testwork has indicated recoveries of 92% in the oxide zone and 90% on the primary zone."

Mr Scott said the current program would increase the metallurgical sample coverage as the project progresses through feasibility. A program of RC drilling will also be conducted, infilling areas within and adjacent to the optimised pit shell from initial scoping studies. Work to update the Resource will be conducted in the September Quarter 2012.

"Mungana believes the Tunkillia Gold Project offers the opportunity to rapidly move to a medium-sized gold mine and it is pleasing we have made solid early progress on this exciting project," he said.

"A recent Scoping Study by Mungana has found the potential for a robust medium-scale project producing strong financial returns."

Mr Scott said regional drilling would be initiated following completion of the Resource program. A number of targets have been identified from a review of previous owner's work, coupled with reviews undertaken since acquiring the project at the start of the year.

"Based on our current exploration campaign, Mungana will increase its 'earn in' position at Tunkillia from 55% to 65% by December 2012," he said.

Mr Scott said the Company was proposing to commence mine construction in early 2014 to enable the production and processing of ore by early 2015, subject to timing of relevant project approvals.

Mungana has also recently been successful in securing an A\$70,000 Plan for Accelerating Exploration (PACE) funding grant from South Australia's Department of Manufacturing, Innovation, Trade, Resources and Energy to assist with its regional search for new deposits in the district.

"Mungana retains a strong cash position of \$19.8million at the end of the last quarter to fund its studies and exploration across all projects," Mr Scott said.

For further information please contact;

Pat Scott

Managing Director

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Figure 1 - Drilling Underway at Tunkillia



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 (55% Mungana Goldmines and 45% Helix Resources) 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 2 - Mungana Goldmines Project Map

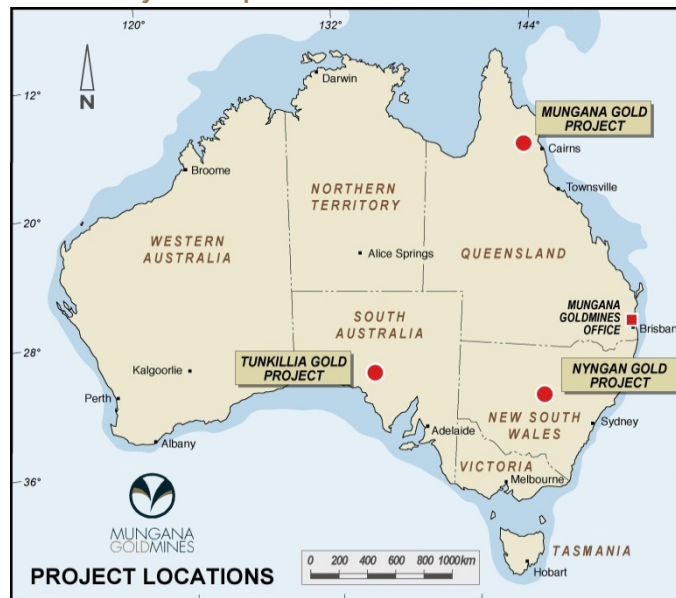


Table 1 - Mungana Goldmines Ltd Resource Table - 100% Mungana Gold Project and 55% Tunkillia Gold Project

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 grades 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** 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

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Stock Exchange Listings

Australian Stock Exchange MUX

Shareholder Enquiries

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Brisbane, QLD, 4000
Australia

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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