MARCH 2012 QUARTERLY REPORT

Mungana Goldmines Limited (ASX: MUX)

Highlights

- Scoping Study concludes Tunkilla Gold Project could support viable development
  - Pre-tax operating surplus of A$163m
  - Cash cost of A$983/oz.
  - Life of mine capital costs of A$114m (all new equipment)
  - IRR of 28.3%
  - 2Mtpa throughput
  - Production of 492,900 ounces of gold over 6 years

- BFS at Tunkilla Gold Project commenced
- BFS at Mungana Gold Project ongoing

- Significant gold intersection returned from Arachnid Prospect
  - Hole ARD11_04: 8.8m @ 3.94g/t Au, 8.1g/t Ag from 103m:

- Regional exploration at Harpers and Mt Red Cap highlight drill-ready targets
Overview

The acquisition of the Tunkillia Project in South Australia marked a major step in Mungana’s progress towards becoming a mid-sized gold producer within the next three years. Attributable resources across the Company’s two projects – the Mungana Gold Project in the Chillagoe region of North Queensland and the Tunkillia Project – are now 3.2 million ounces of gold, together with 273kt copper and 35 million ounces of silver. Both projects are capable of being brought into production in an accelerated fashion. Gold production for the two mines is targeted at +180,000 oz per annum. The Company’s in-house project development team will oversee the development of both projects.

Tunkillia Gold Project (MUX 55% interest)

Background

The Company completed its acquisition of the 55% controlling interest in the Tunkillia Gold Project via the acquisition of Minotaur’s wholly owned subsidiary Minotaur Ventures Pty Ltd on 17 January 2012. Mungana has paid A$4m in cash and issued 3,076,923 Mungana shares to Minotaur, with the cash component funded from the Company’s current cash reserves.

The Tunkillia Gold Project contains a large JORC compliant resource of 15.6Mt @ 1.6g/t of Gold for 803,000 ounces of gold (see table 5) to a depth of 300m. The prospect which was discovered in 1996 is located approximately 600km North West of Adelaide and 200km north east of Ceduna in South Australia (see figure 1). The Tunkillia Gold Project remains one of the largest undeveloped gold deposits in South Australia within the highly prospective Gawler Craton region. Mungana Goldmines can see the potential to quickly grow the resource and develop a medium-sized gold mine.

Scoping Study

During the quarter Mungana Goldmines Ltd was pleased to report positive findings from a Scoping Study that demonstrates the potential for a robust medium-scale operation at Tunkillia, given the current gold price environment.

Physical Results:

<table>
<thead>
<tr>
<th>Item</th>
<th>Unit</th>
<th>Base Case</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ore Milled</td>
<td>Mt</td>
<td>10.5</td>
</tr>
<tr>
<td>Gold Head Grade</td>
<td>g/t</td>
<td>1.6</td>
</tr>
<tr>
<td>Silver Head Grade</td>
<td>g/t</td>
<td>3.3</td>
</tr>
<tr>
<td>Production Rate</td>
<td>Mtpa</td>
<td>2.0</td>
</tr>
<tr>
<td>Gold Produced</td>
<td>Ounces</td>
<td>492,900</td>
</tr>
<tr>
<td>Silver Produced</td>
<td>Ounces</td>
<td>669,500</td>
</tr>
<tr>
<td>Royalty</td>
<td>%</td>
<td>3.5</td>
</tr>
<tr>
<td>Capital</td>
<td>$M</td>
<td>114</td>
</tr>
<tr>
<td>Cash Cost (excluding royalties)</td>
<td>A$/oz</td>
<td>983</td>
</tr>
</tbody>
</table>
Financial Results (pre-tax basis):

<table>
<thead>
<tr>
<th>Gold Price AUD/oz.</th>
<th>NPV (0% discount rate)</th>
<th>NPV (5% discount rate)</th>
<th>NPV (10% discount rate)</th>
<th>IRR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1500/oz.</td>
<td>A$115m</td>
<td>A$68m</td>
<td>A$37m</td>
<td>20.9%</td>
</tr>
<tr>
<td>1600/oz.</td>
<td>A$163m</td>
<td>A$104m</td>
<td>A$65m</td>
<td>28.3%</td>
</tr>
<tr>
<td>1700/oz.</td>
<td>A$210m</td>
<td>A$140m</td>
<td>A$92m</td>
<td>35.4%</td>
</tr>
</tbody>
</table>

Given the positive scoping study results, resources will be deployed to move towards completion of a bankable feasibility study (BFS) and subsequent production with immediate work-streams to include:

- Undertake re-interpretation and update the geological model following the availability of the results of in-fill and extension drilling planned from April 2012.
- Investigate water supply options for the project.
- Progress to stage one of a feasibility study, and undertake appropriate evaluations in all major technical and commercial areas, including geology, geotechnical engineering, mining, infrastructure, supply and product logistics and product sales.
- Commence an appropriate metallurgical test work program as soon as possible.
- Initiate work, including baseline studies, to enable the submission of a Mining Lease Proposal as soon as possible.
- Initiate work associated with potentially ‘long lead’ infrastructure items, including water supply, site access and power supply.
- Through stage one of a feasibility study, give adequate consideration to all project development options, so that a single preferred configuration can be nominated on which to base a stage two evaluation; estimate capital and operating costs through stage one to +/-25%.
- Investigate options to acquire suitable second hand process plant items, to reduce project capital costs.

Mungana Gold Project (MUX 100%)

Feasibility Study

Stage 2 of the Feasibility study has commenced, with the objective of producing an evaluation of the project to bankable standard. This will entail further detailed technical design and assessments, estimation of capital and operating costs to an accuracy of 15%, and comprehensive economic evaluation.

Mungana also commenced a voluntary EIS process for the Mungana project during the quarter. The process has a probable timeframe of 18 months to 2 years.
Arachnid Prospect
The December Quarter drilling program achieved further positive results from the Arachnid Prospect, located approximately 10km NW along strike from Mungana, within the Mine Corridor. The drilling program tested a 600m strike length of an extensive breccia/sinter system, on 200m spaced sections. The breccia system has an overall strike length in excess of 2km. An interval of gold mineralisation has been identified on the southern drill section:

- Hole ARD11_04: 8.8m @ 3.94g/t Au, 8.1g/t Ag from 103m

Additional drilling is required to better define the orientation, extent and tenor of the mineralised position (core recovery averaged 61% over the length of the intersection). However, the result is significant in supporting the potential for epithermal mineralisation at this prospect. The mineralised interval is hosted within a breccia, comprising siliceous clasts with crude coloform banding, within a broader unsilicified matrix. It is currently interpreted that the siliceous clasts have been transported within the breccia from a lower level. Follow-up drilling will test the potential for a high-grade boiling / mixing zone.

Regional Exploration
Field evaluation and interpretation is progressing on regional exploration targets.

The Harpers Prospect is under further evaluation as a target for a porphyry / epithermal gold mineralisation. The prospect displays geological similarities to the Red Dome and Mungana ore systems, with extensive development of skarn, hydrothermal breccias, and siliceous sinters. Historical drilling has defined an extensive corridor of Au-Cu-Ag anomalism from shallow drilling. The poorly tested sinter zone at the southern end of the prospect may mark the upper levels of an overprinting epithermal event, which warrants further drilling to test potential for a high-grade target at depth. A deeper-seated magnetic anomaly to the north of the sinter may mark skarn development around a concealed porphyry below the historical anomalous gold intersections.
Harpers Prospect: Geology, and gold anomalism over Total Magnetic Intensity image. Historical gold intersections are shown as down-hole widths.
At Mount Red Cap, a rock chip sampling and mapping program is progressing to confirm the source of an extensive surface geochemical gold anomaly defined in previous stream-sediment sampling. Rock chip assay results from sampling to date include material with elevated gold and silver grades, typically in association with anomalous lead:

- Sample M11415: 2.75g/t Au, 126g/t Ag, 1.4% Pb
- Sample M11415: 2.29g/t Au, 63g/t Ag, 1.1% Pb
- Sample M11433: 0.36g/t Au, 200g/t Ag, 0.25% Cu, 9.0% Pb
- Sample M11427: 0.06g/t Au, 149g/t Ag, 0.76% Cu, 14.4% Pb

The prospect area shows extensive sericite alteration. A number of ring-shaped structures are present, which may reflect the presence of concealed intrusive stocks at depth. The prospect area lies to the north of the historic Victoria – Red Cap base metal working. Further mapping and geochemical evaluation is in progress to evaluate the gold potential of the area.

Mount Red Cap area: rock chip results and quartz vein / breccia zones, superimposed on magnetics. An area of increased sericite alteration defined in the dashed yellow outline.
Other areas of focus include the May Queen Prospect, located ~1.5kms north of Almaden. Historical rock chip results of 12g/t have been reported in association with dumps from workings the prospect. Intrusive bodies are present, with associated alteration and brecciation, forming diatremes similar to Mungana. Silica sinters have also been identified. Further mapping is currently being undertaken to evaluate the potential of the area.

Evaluation of epithermal-style quartz veins at “Sericite Hill” is also being undertaken. This prospect lies to the west of Mungana on an extension of the Mundara Fault. These veins are up to 150m long and 5m wide and exhibit cockade and comb textures, surrounding sandstones strong quartz and sericite alteration. The veins sampled to date exhibit low-level gold anomalism. The prospect is located on the margin of a concentric fracture system which more broadly encompasses the Mungana mine and is associated with porphyritic intrusive bodies. The area is considered to be underpinned by a deeper-level intrusive system that has been the source of the gold-base metal mineralisation event.

Corporate
During the quarter Mungana issued 3,076,923 shares to Minotaur Exploration Ltd to increase Mungana’s issued capital to 160.6m shares.

Recently Kagara Ltd (Kagara) has announced a review of business operations which includes its holding in Mungana. Mungana, at Kagara’s request, is providing information via a Virtual Data Room to assist Kagara evaluate its options regarding that asset. Mungana's finances and operations remain unaffected by recent issues impacting Kagara.

Financial
At the end of the quarter, the Company was debt free and had A$19.1 million in cash and short term deposits. The Company is fully funded through until the completion of both the Mungana Gold Project and Tunkillia Gold Project and beyond.

For further information please contact;

Pat Scott
Managing Director and CEO
(07) 3835 0800
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 Tunkillia Gold Project and the Mungana Gold Project.

The Tunkillia Gold Project 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.

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.

Figure 1 - Mungana Goldmines Project Map
### Table 3 - Mungana Goldmines Ltd Resource Table - 100% Mungana Gold Project and 55% Tunkillia Gold Project

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

### Table 4 - Mungana Gold Project Resource Table (100%)

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

### Table 5 - Tunkillia Gold Project Resource (55% Mungana Goldmines Ltd and 45% Helix Resources)

<table>
<thead>
<tr>
<th>Category</th>
<th>M Tonnes</th>
<th>Gold g/t</th>
<th>Silver g/t</th>
<th>Gold kozs</th>
<th>Silver kozs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measured</td>
<td>2.3</td>
<td>1.8</td>
<td>7.4</td>
<td>134</td>
<td>200</td>
</tr>
<tr>
<td>Indicated</td>
<td>6.5</td>
<td>1.7</td>
<td>5.5</td>
<td>359</td>
<td>803</td>
</tr>
<tr>
<td>Inferred</td>
<td>6.7</td>
<td>1.4</td>
<td>5.2</td>
<td>310</td>
<td>655</td>
</tr>
<tr>
<td>TOTAL</td>
<td>15.6</td>
<td>1.6</td>
<td>5.5</td>
<td>803</td>
<td>1,658</td>
</tr>
</tbody>
</table>

**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 cutoff 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 g/t + (Cu % * 1.96) + (Ag 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 Exploration Results and 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.
<table>
<thead>
<tr>
<th>Hole_id</th>
<th>Collar E</th>
<th>CollarN</th>
<th>Collar Az</th>
<th>Collar Dip</th>
<th>From (m)</th>
<th>To (m)</th>
<th>Interval (m)</th>
<th>Au (g/t)</th>
<th>Cu (%)</th>
<th>Ag (g/t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arachnid</td>
<td>ARD11_04</td>
<td>214811</td>
<td>8112651</td>
<td>0</td>
<td>-90</td>
<td>103</td>
<td>111.8</td>
<td>3.94</td>
<td>0.01</td>
<td>8.1</td>
</tr>
</tbody>
</table>

Intersections have been selected based on a 0.35g/t Au equivalent cut-off grade (AuEq = Au + 1.96 * Cu + 0.0158 * Ag).
Appendix 2 - 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
Jeremy Robinson   Company Secretary

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Mungana Goldmines Ltd
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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

Stock Exchange Listings
Australian Stock Exchange MUX