

30th April 2012
Company Announcement Office
Australian Stock Exchange Ltd
4th Floor, 20 Bridge Street, Sydney NSW

Mungana response to Kagara's voluntary administration

Mungana Goldmines Limited (ASX:MUX) refers to the announcement by Kagara Limited (ASX:KZL) advising of KZL Directors' decision to enter Kagara into voluntary administration.

Mungana Directors wish to advise that they expect that the operations of Mungana will continue in the ordinary course notwithstanding KZL's voluntary administration.

Mungana retains a strong cash position of \$19.1 million (as at the 31st March 2012) to fund its studies and exploration activities across all projects.

Mungana remains focussed on progressing its key projects – The Tunkillia Gold Project (55% majority interest) in South Australia and the Mungana Gold Project in North Queensland.

KZL currently owes Mungana \$3.8million. KZL has issued invoices for the period up to 31 December 2011 to Mungana in the amount of \$2.0million. Mungana intends to set off any and all amounts owing to KZL to extinguish or reduce any debt owed to it by KZL. At this stage, based on invoices for the period up to 31 December 2011, it is anticipated that this would reduce Mungana's net exposure to \$1.8m. KZL currently holds a 62.1% shareholding in Mungana.

The Mungana Directors will continue to closely monitor the position of KZL and the voluntary administration process and will continue to keep Mungana shareholders informed in relation to any decision by Administrators or any other matter relating to the administration of KZL which may impact on Mungana including any decision by the Administrators in relation to their plans for KZL's Mungana stake.

It is anticipated the KZL's Administrators will make public announcements on the administration process and its plans for dealing with KZL's 62.1% shareholding in due course.

Should shareholders have any questions in relation to this announcement please contact Patrick Scott, Managing Director, Mungana Goldmines Ltd. 07 3835 0800.

Yours faithfully



Patrick Scott
Managing Director