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Market Announcements Office
ASX Ltd
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ASX code: MUX

Newcrest starts exploration at Chillagoe, North Queensland

Mungana Goldmines Limited (ASX: MUX) is pleased to advise that Newcrest Mining (ASX: NCM) has commenced exploration work as part of the exploration agreement at Mungana's Chillagoe Project in North Queensland.

Under the agreement, Newcrest will spend up to \$20 million on exploration over a period of up to eight years, focussing on exploring for large gold-copper porphyry deposits at Chillagoe (see ASX release dated May 25, 2015).

Newcrest's exploration program will proceed in parallel with Mungana's strategy to develop its high-grade zinc and base metal assets at Chillagoe, including the King Vol deposit.

Newcrest has put in place a detailed work program in order to meet the A\$3.0 million minimum expenditure required within the first 18 months under the exploration agreement. The initial on-site activities planned to be completed by Newcrest include:

1. up to 1,000 high-detection multi-element geochemical soil samples, commencing in June;
2. 26,000 line kilometres of high-resolution airborne geophysical surveys, commencing in July;
3. 10,000m of hyperspectral analysis of diamond core by onsite Corescan laboratory, commencing in July; and
4. 8,000m of diamond core drilling and sample analysis, commencing in August.

The exploration program and associated work plan has been designed to define new gold targets and to conduct initial discovery drilling to delineate new gold resources on Mungana's southern tenements.

Mungana's Managing Director, Tony James said Newcrest's exploration commitment highlighted the significant gold-copper porphyry potential at Chillagoe.

"Newcrest will use its substantial skills and resources to test the gold-copper porphyry potential at Chillagoe while Mungana pushes ahead with its plan to develop its high-grade King Vol zinc deposit," Mr James said.

"This two-pronged approach maximises our ability to unlock the value of the project for shareholders."

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