

ASX ANNOUNCEMENT MEDIA RELEASE

27 AUGUST 2012



Update: Sale Advisors Appointed to Kagara Limited

“An opportunity now exists to acquire or recapitalise the assets of Kagara Limited and associated entities, including projects in Queensland and Western Australia.” Quentin Olde, Administrator Taylor Woodings.

The Administrators of Kagara Limited (“Kagara”) and its three wholly-owned subsidiaries (“the Group”)* provide the following update on the progress of the Voluntary Administration of the Group.

As previously advised, Investec Bank (Australia) Limited (“Investec”) was engaged by the Administrators to undertake a technical and strategic review of the Group’s assets. A draft report has been issued by Investec and the Administrators have since met with Investec to discuss the contents of their report. The Administrators will continue to work closely with Investec in respect of the funding arrangements currently in place, and exploring the strategic options for the Group.

Options open for consideration to the Administrators include assets sales, in part or in full, and the recapitalisation of the Company via a Deed of Company Arrangement (“DOCA”).

In order to progress these options, the Administrators have now appointed PCF Capital Group Pty Limited (“PCF”) to co-ordinate the sale of the Group’s North Queensland assets, and Rothschild Australia Limited (“Rothschild”) to co-ordinate the sale of the Admiral Bay Zinc-Lead-Silver Project, located in Western Australia.

The Administrators will now run a dual-track process, marketing the assets for sale while continuing to consider any available possibilities for a restructure of the Group, including through a recapitalisation via a DOCA.

Details of parties who have previously expressed interest in the assets directly to the Administrators will be provided to PCF or Rothschild (as appropriate) and they will contact parties when the process commences.

The contact points for interested parties are:

North Queensland Assets: Helen Przybylski or Mike Sperinck on +61 8 9486 7111 or via email at helenp@pcfcapital.com.au or mikes@pcfcapital.com.au

Admiral Bay: Sam Brodovcky at Rothschild on +61 2 9323 2030 or via email at sam.brodovcky@rothschild.com

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Creditor and other enquiries should be directed to Taylor Woodings on +61 8 9321 8533 / +61 7 3041 2900. Further information is available at the webpage www.taylorwoodings.com.au.

* Michael Ryan, Mark Englebert, Stefan Dopking and Quentin Olde, all of Taylor Woodings, were appointed joint and several voluntary administrators ("Administrators") of Kagara Ltd, Kagara Copper Pty Ltd, Mungana Pty Ltd and Einasleigh Mining Pty Ltd ("the Group") on 29 April 2012.

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About Taylor Woodings

Taylor Woodings is a national independent accounting firm specialising in the areas of restructuring, corporate recovery, advisory and transaction services, and forensic accounting. For more information please see www.taylorwoodings.com.au.

FURTHER INFORMATION:

Interested Parties/Creditors

Taylor Woodings

(08) 9321 8533 or (07) 3041 2900
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