

25 October 2011

Company Announcements Office
ASX Ltd
4th Floor
20 Bridge Street
Sydney, N.S.W. 2000

Dear Sirs,

RE: EINASLEIGH COPPER PROJECT RESOURCES TABLE

Kagara Limited (ASX: KZL – “Kagara” or “the Company”) advises that as announced on 19 October it will proceed to complete the proposed acquisition of **Einasleigh Copper Project** in North Queensland from Copper Strike Limited (ASX: CSE – “CSE”) after the transaction was approved by CSE shareholders on 14 October 2011.

The Project comprises Indicated and Inferred resources of **15 million tonnes @ 0.84% copper** at Kaiser Bill and **1.1 million tonnes at 2.9% copper** at Einasleigh containing 158,000 tonnes of copper¹. In addition to the copper deposits, Einasleigh also hosts four lead-zinc deposits containing over 250,000t of zinc, which will be the focus of extensional and exploration drilling in the coming 18 months¹. The Company plans a thorough evaluation of work done to date within the 450 sq km tenement package to highlight areas for further investigation.

Table 1: Einasleigh Copper Project Resources

		Total Resources				
		Mt	Cu(%)	Au(g/t)	Ag(g/t)	Pb(%)
Kaiser Bill	Indicated	13.5	0.84	0.13	6	
	Inferred	1.5	0.85	0.08	11	
	Total	15.0	0.84	0.13	7	
Einasleigh	Indicated	0.5	4.0	0.22	18	
	Inferred	0.6	1.9	0.10	8	
	Total	1.1	2.9	0.15	13	
Chloe Jackson Stella	Indicated	3.4	0.2		47	4.7
	Inferred	1.3	0.2		51	5.1
	Total	4.7	0.2		48	4.8
Railway Flat	Inferred	0.9	0.2		16	3.4
						0.9

Note¹: This resource table is extracted from CSE Target Statement released to the ASX on 12 November 2010. The table appears on page 82 of that report and the relevant JORC statement is on page 87. Kagara has relied on the veracity of the original resource statement.

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JORC Competent Person's Statement

This report, so far as it is pertains to ore, mineralization and resources, is based on information compiled by and as reported upon by Mr Joe Treacy, an employee of Kagara Ltd, and who is a member pof the Australian Institute of Geoscientists and has over five years experience which is relevant to the style of mineralistaion 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 the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Treacy consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'J Treacy', with a stylized flourish at the end.

Joseph Treacy
Executive General Manager Minerals & Business Development