



KAGARA LTD

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Company Announcements Office
Australian Stock Exchange Ltd
4 Floor, 20 Bridge Street
SYDNEY NSW 2000

ABN 36 008 988 583
Second Floor,
24 Outram Street
West Perth
Western Australia 6005
PO Box 1320
West Perth, WA 6872
Tel: + 61 8 9481 1211
Fax: + 61 8 9481 1233
E-mail: admin@kagara.com.au
Web: www.kagara.com.au

Kagara Ltd To Mine Vomacka Polymetallic Deposit

Kagara Ltd is pleased to inform shareholders that on the back of the recent successful raising and imminent listing of Mungana Goldmines on ASX, the Company has reached agreement with the Guangdong Foreign Trade Group (GFTG) to develop the Vomacka polymetallic deposit at Thalanga, near Charters Towers in far North Queensland.

Vomacka contains a probable reserve of 743,000 tonnes grading 4.7% zinc, 1.4% lead, 1.8% copper, 46 g/t silver and 0.5 g/t gold and will be processed through the Thalanga treatment plant over an 18 month time frame and expected to commence in October 2010. The development will result in Kagara's zinc production increasing from current levels of 46,000 tonnes to 55,000 tonnes in financial year 2010/2011 to 70,000 tonnes in 2011/2012 together with incremental increases in copper and lead production.

GFTG will advance A\$20 million for prestripping and plant refurbishment to be repaid out of cash flow from the project. Zinc, lead and copper concentrates will be sold through off take arrangements with GFTG and Transamine on standard commercial terms and recoveries of metal to concentrate are expected to be 81%, 57% and 73% respectively. Prestripping of Vomacka will commence as soon as final EPA approval is granted and on completion of mining in March 2012, it is expected that ore will be mined from the West 45, Orient, Waterloo and Liontown polymetallic deposits (containing a combined total of 3.1 million tonnes grading 8.8% zinc, 2.5% lead, 0.9% copper, 40g/t silver and 0.6g/t gold) and processed through the Thalanga treatment plant.

Kim Robinson
Executive Chairman

Vomacka Reserve Table

Ore Type	Category	Tonnes	Zn %	Pb %	Cu %	Ag g/t	Au g/t
Copper	Probable	325,000	1.3	0.6	1.9	28	0.34
Polymetallic	Probable	418,000	7.2	2.0	1.7	59	0.57
Total	Probable	743,000	4.7	1.4	1.8	46	0.47

Thalanga Resource Table

	Category	Tonnes	Zn %	Pb %	Cu %	Ag g/t	Au g/t
West 45	Inferred	532,000	7.2	3.0	0.5	48	0.26
Orient	Indicated	194,000	12.2	2.9	1.0	55	0.20
	Inferred	72,000	15.4	3.3	0.8	68	0.20
Waterloo	Indicated	360,000	15.1	2.3	3.0	79	1.74
	Inferred	116,000	8.4	0.9	0.9	31	0.44
Liontown Oxide	Inferred	205,000	7.4	3.1	1.1	31	0.96
Liontown	Indicated	730,000	7.3	2.5	0.5	28	0.33
	Inferred	910,000	7.6	2.2	0.5	28	0.33
		3,119,000	8.8	2.5	0.9	40	0.60

This report, so far as it pertains to ore and mineralisation, is based on information compiled by and as reported upon by Mr Joe Treacy, an employee of Kagara Ltd, and who is a member of the Australian Institute of Geoscientists and has over five years experience which is 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'. 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.