



KAGARA LTD

13 May 2009

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

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

RED DOME GOLD RESOURCE INCREASED BY 160% TO 1.447 MILLION OUNCES

Kagara Ltd is pleased to inform the market that a new resource estimate for the Red Dome deposit at Chillagoe in north Queensland has been completed. The new inferred resource at 0.2 gram per tonne gold cut off is **45.0 million tonnes grading 1.00 gram per tonne gold, 0.3% copper and 8 grams per tonne silver**. Contained gold at Red Dome now totals 1.447 million ounces, which represents a 160% increase on the previous resource. Contained copper metal also increases by 300% to 120,000 tonnes. The resource was calculated using a cross sectional algorithm based on sections 25 metres apart and remains open to the east, west and at depth.

Red Dome is located approximately 3 kilometres south of the Mungana gold deposit which has an inferred resource at the same cut off of 45.9 million tonnes at 0.76 grams per tonne gold, 0.13% copper and 12 grams per tonne silver.

As previously announced, Mungana Goldmines Ltd will acquire the rights to gold within Kagara's north Queensland Chillagoe tenements. Amongst other assets, Mungana Goldmines will acquire the right to inferred and indicated resources totalling **2.6 million ounces of gold, 180,000 tonnes of copper and 26 million ounces of silver** contained within the Red Dome and Mungana porphyry deposits, see table below:

Deposit	Category	Tonnes	Au g/t	Ag g/t	Cu %	Zn %
Red Dome	Inferred	45,010,000	1.00	8	0.27	0.19
Mungana	Indicated	33,854,000	0.81	12	0.15	0.44
Mungana	Inferred	12,092,000	0.61	5	0.10	0.13
Victoria	Inferred	1,630,000	0.60	4	0.30	0.30
Total		92,586,000	0.87	9	0.20	0.28

Future exploration at Red Dome will focus on diamond drilling to increase the integrity of the resource together with a pre-feasibility study to look at an underground bulk mining operation incorporating both the Red Dome and the Mungana resources.

Kim Robinson
EXECUTIVE CHAIRMAN

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, Mr Charlie Georgees and Mr Ian Hodkinson, all employees of Kagara Ltd, and who are members of the Australian Institute of Geoscientists or the Australasian Institute of Mining and Metallurgy and have over five years experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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, Mr Georgees and Mr Hodkinson consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.