

14 December 2011

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

Dear Sirs

Kagara Raises A\$25.0 Million for the acquisition of the Einasleigh Copper Project.

Kagara Ltd (“Kagara” or the “Company”) is pleased to announce that it has successfully raised A\$25.0 Million (before costs) via a placement of 80,645,161 fully paid ordinary shares (“Shares”) to institutional and sophisticated investors (“Placement”) in Australia and other jurisdictions at an issue price of \$0.31 per new Share.

“We are delighted by the strong support received for the Placement from a large number of existing and new Australian, North American, European and Asian institutional investors” said Kagara’s Managing Director, Geoff Day.

The net funds raised will be used to complete the acquisition of the Einasleigh Copper Project, fund the development of Kagara's North Queensland properties and to provide working capital. The Einasleigh acquisition will add additional future high margin copper revenue to Kagara’s growth and development plans.

Casimir Capital L.P. is acting as Global Lead Bookrunner and Global Lead Manager, Wilson HTM Corporate Finance Ltd is acting as Joint Australian Lead Manager and E.L. & C. Baillieu Stockbroking Ltd is acting as settlement agent and selling group member. Settlement for the placement is scheduled for Thursday, 15 December 2011 with anticipated quotation and trading of the new shares on the ASX as soon as practicable.

The placement will be made in accordance with Kagara’s available 15 per cent placement capacity pursuant to ASX Listing Rule 7.1 and accordingly shareholder approval is not required for the placement. The new shares will rank equally with Kagara’s existing ordinary shares.

Yours Faithfully



David Peterson
Company Secretary

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