

13 October 2010

ASX/Media Release

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

SALE OF KAGARA NICKEL ASSETS

Kagara Limited (ASX:KZL) refers to its announcements dated 18 August 2011 and 20 September 2011 regarding its strategic review and the proposed sale of its nickel assets.

Kagara notes the announcement today by Western Areas NL (ASX:WSA) regarding the Lounge Lizard nickel deposit.

As mentioned in the Kagara announcements referred to above, the Company is seeking to dispose of all of its nickel assets in the Forrestania greenstone belt (representing some 300 square kilometres). This will include Kagara's interests in the Lounge Lizard project.

All of Kagara's nickel interests are held through its wholly owned subsidiary, Kagara Nickel Pty Ltd. Kagara has not yet determined the definitive sale structure for its nickel interests and will do so with a view to maximising the potential sale proceeds. As the market is aware, the Lounge Lizard project interests are the subject of a project agreement with WSA. Should the sale structure involve a sale by Kagara Nickel Pty Ltd of the nickel rights to the Lounge Lizard project, then WSA will (under the project agreement) have a right of pre-emption in respect of those rights.

As previously advised, Kagara has appointed Goldman Sachs & Partners Australia to advise it on the sale of its nickel interests.

Yours Faithfully,



Geoff Day
Managing Director & CEO