



KAGARA LTD

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Maiden 32,000 tonne Copper Resource for Griffiths Hill

MINING STUDIES AND COMMENCEMENT OF EXPLORATION DECLINE PLANNED THIS YEAR AS EXPLORATION ACCELERATES ALONG RED DOME MINE CORRIDOR

Kagara Limited (ASX: KZL) is pleased to announce a maiden inferred resource of **1.05 million tonnes at 3.06% Cu, 64g/t Ag, 0.62g/t Au (32,000 tonnes contained copper)** for the Griffiths Hill Copper Zone (GHCZ), located in the Chillagoe region of North Queensland.

The resource remains open to the east, where recent drilling indicates that it may become significantly more zinc rich.

The resource is expected to increase with further drilling and excludes a number of significant recent high-grade copper intersections, including:

- **8.70m @ 7.92% copper and 191g/t silver** from 578.30m to 587.00m (Hole 1001W1); and
- **2.10m @ 6.81% copper and 177g/t silver** from 522.40-524.50 (Hole 1040).

These intersections are thought to represent a hanging wall lode which will be confirmed with further drilling. The copper mineralisation appears to weaken at depth, however deeper drilling and down-hole geophysical surveys are planned to fully assess the depth potential of the deposit.

The GHCZ mineralisation is located at the contact between limestone and sandstone rock units at depth beneath the historic Red Dome pit. The mineralisation is structural in nature, does not outcrop and has potential for repeats both along strike and at depth. The GHCZ is open to the east where Hole 1056 intersected high grade zinc mineralisation **grading 13.5% zinc over a drilled width of 9.90 metres.**

Exploration further along strike within the mine corridor is now underway and a second drilling rig has been contracted to increase the pace of exploration.

The first target along the mine corridor is the historical Lady Jane mine with past production of approximately **100,000 tonnes at 5.8% copper, 17% lead and 250g/t silver**.

In the late 1980s a diamond hole beneath Lady Jane returned **2.0m @ 12.5 % copper, 22.5% lead, 12.9% zinc and 880g/t silver**. This prospect sits in the same structural position as the GHCZ and may represent a repeat of this style of mineralisation.

Subject to regulatory approval, Kagara plans to commence an exploration decline to access the GHCZ; this would commence later this year and take approximately two years to complete. A program of in-fill drilling coupled with mining and geotechnical studies will also be undertaken later this year.

The GHCZ is located within the 6km long Red Dome Mine Corridor, approximately 160km north-west of Kagara's operating zinc and copper treatment facilities at Mt Garnet and adjacent to the operating Mungana basemetal mine and partially completed treatment facilities at Mungana.

Kagara's Managing Director, Mr Geoff Day, said the discovery and rapid delineation of the GHCZ to date demonstrated the enormous potential of the Chillagoe region to host high grade copper-dominated base metal deposits.

"As the pace of exploration increases within the Red Dome Mine Corridor – which remains significantly under-explored – we are confident that additional discoveries will be made, further strengthening Kagara's pipeline of resource development opportunities in North Queensland," he added.

Yours faithfully,



Geoff Day
Managing Director & CEO

COMPETENT PERSON'S STATEMENT:

Compliance with JORC Code assessment criteria

The Mineral Resource Statements have been compiled in accordance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition).

All information in this Statement which relates to Mineral Resources is based on, and accurately reflects reports prepared by the persons named below. All of the persons listed are Members of the Australasian Institute of Mining and Metallurgy or the Australian Institute of Geoscientists and have the necessary experience relevant to the style of mineralisation, the type of deposit and the activity undertaken to qualify as a 'Competent Person' under the JORC Code, 2004.

Area of Responsibility	Competent Person
Griffiths Hill ore resource	Mr Ian Hodkinson, Chief Mine Geologist, Kagara Ltd
Reporting of exploration results	Joe Treacy, Executive Director, Kagara Ltd

FORWARD LOOKING STATEMENT:

This release contains certain forward-looking statements. An example of a forward-looking statement used in this release include:

The discovery and rapid delineation of the GHCZ to date demonstrated the enormous potential of the Chillagoe region to host high grade copper-dominated base metal deposits.

These forward-looking statements are subject to a variety of risks and uncertainties beyond the Company's ability to control or predict which could cause actual events or results to differ materially from those anticipated in such forward-looking statements.

This announcement does not include reference to all available information on the Company or its projects and should not be used in isolation as a basis to invest in Kagara Ltd. Any potential investors should refer to Kagara Ltd's other public releases and statutory reports and consult their professional advisers before considering investing in the Company.

