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## **ASX ANNOUNCEMENT MEDIA RELEASE**

### *Sale of Kagara Group Assets – Northern and Southern Regions in North Queensland*

**Perth, 27 June 2013** – The Administrators of Kagara Limited (subject to deed of company arrangement) (“**Kagara**”) and its three wholly-owned subsidiaries (“the **Group**”)\* are pleased to announce that Kagara has entered into agreements for the sale of the Group’s Northern Chillagoe Project and the Thalanga and Liontown/Waterloo Projects respectively. The purchaser is Lucky Metals Pty Ltd (the “**Purchaser**”). Further details of the agreements are set out below.

#### **Agreement for the sale of the Northern Chillagoe Project**

The Purchaser will acquire the shares in Mungana Pty Ltd (which is currently subject to deed of company arrangement) (“**MPL**”) and the other assets of the Group relating to the Northern Chillagoe Project (including certain mining tenements and information, residential properties and relevant plant and equipment held by Kagara). The Purchaser will also acquire the mineral rights/mining information held by Mungana Goldmines Limited (**ASX: MUX**) (“**MUX**”) in respect of the Northern Chillagoe tenements.

The total consideration payable will be a cash component of \$50m plus a deferred cash or share component comprised of either \$8.197m or the equivalent value of shares in a listed entity into which the Purchaser has transferred all (or substantially all) of the Northern Chillagoe assets. Out of the total consideration, the Purchaser will assume approximately \$1.5m of environmental bonds.

As noted in Kagara’s announcement of 6 May 2013, the consideration will be allocated 25:75 Kagara and MUX, respectively (after various amounts are first deducted from the consideration). MUX will use part of its share of the cash received under the sale as consideration to buy back the majority of the shares in MUX held by Kagara.

A deposit of approximately \$4.9m is to be paid by the Purchaser by 3 July 2013 and will be held by a stakeholder agent pending completion.

Completion of the transaction is conditional on:

- receipt of indicative approvals to the transfer of certain mining tenements;
- notification from Kagara that a required pre-sale re-organisation has occurred and that certain tenement obligations have been met;
- the shareholders of MUX approving the buyback of certain MUX ordinary shares;
- consent of Investec Bank (Australia) Limited; and
- the creditors of MPL approving a revised deed of company arrangement (“**DOCA**”) for MPL, and that DOCA being effective, on the terms contemplated by the sale agreement.

## Agreement for the sale of the Thalanga and Liontown/Waterloo Projects (“Southern Projects”)

The Purchaser will acquire the shares in Kagara Copper Pty Ltd (which is currently subject to deed of company arrangement) (“KC”) and the other assets of the Group relating to the Southern Projects (including a mining lease, mining information, real properties and relevant plant and equipment, held by Kagara, as well as certain other associated mineral rights held by Kagara).

The total consideration payable will be a cash component of \$11m plus a deferred cash or share component comprised of either \$1.803m or the equivalent value of shares in a listed entity into which the Purchaser has transferred all (or substantially all) of the Southern Projects assets. Out of the total consideration, the Purchaser will assume approximately \$9.1m of environmental bonds.

A deposit of approximately \$1.1m is to be paid by the Purchaser by 3 July 2013 and will be held by a stakeholder agent pending completion.

Completion of the transaction is conditional on:

- receipt of indicative approvals to transfer a mining lease;
- notification from Kagara that a required pre-sale re-organisation has occurred and that certain tenement obligations have been met;
- consent of Investec Bank (Australia) Limited; and
- the creditors of KC approving a revised DOCA for KC, and that DOCA being effective, on the terms contemplated by the sale agreement.

It is currently anticipated that completion of the two sales will occur in late August/early September 2013.

Michael Ryan, of FTI Consulting, said: “The Administrators are pleased to formally agree the sale of the Group’s Northern and Southern region projects and wish to thank PCF Capital Group who ran the sales process and the Kagara staff for their ongoing assistance through this part of the process.

This transaction is a positive step in maximising the value which can be returned to creditors. The Administrators will continue to work towards the successful completion of this sale and to explore all opportunities for a restructuring of the Group.”

\* Michael Ryan, Mark Englebert, Stefan Dopking and Quentin Olde, all of FTI Consulting (Australia) Pty Ltd, were appointed joint and several voluntary administrators (“Administrators”) of Kagara Limited, Mungana Pty Ltd, Kagara Copper Pty Ltd and Einasleigh Mining Pty Ltd on 29 April 2012. On 27 May 2013 each of Kagara Limited, Mungana Pty Ltd, Kagara Copper Pty Ltd and Einasleigh Mining Pty Ltd entered into deeds of company arrangement with their respective creditors and the Administrators were appointed deed administrators.

**- Ends**

### About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organisations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. With over 3,900 employees located in 24 countries, FTI Consulting professionals work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management, strategic communications and restructuring. The Company generated \$1.58 billion in revenues during fiscal year 2012. More information can be found at [www.fticonsulting.com](http://www.fticonsulting.com).