

ASX ANNOUNCEMENT MEDIA RELEASE

03 OCTOBER 2012



Update: Sale Process of Kagara Group Assets

The Administrators of Kagara Limited (Administrators Appointed) (“Kagara”) and its three wholly-owned subsidiaries (“the Group”)* provide the following update on the sale process of the Group’s assets.

As previously announced on 27 August 2012, the Administrators have appointed PCF Capital Group Pty Limited (“PCF”) and Rothschild Australia Limited (“Rothschild”) to coordinate the sale of the Group’s assets in North Queensland and at Admiral Bay in Western Australia, respectively.

Both sales processes are progressing. There has been a good level of interest and Information Memoranda and access to a virtual data room have been provided to parties who are participating in the sales processes. All of these parties have executed confidentiality agreements and agreed to abide by the sales protocols.

In line with the sale timetables being run by PCF and Rothschild, indicative offers are expected by 17 October 2012 with shortlisted parties to be notified by 22 October 2012, at which time the second phase of the sales processes will commence. This will include site visits and meetings with management.

North Queensland

The Group’s assets across North Queensland lie within three regional centres including, but not limited to:

- The Northern region: hosting the King Vol, Red Cap and Mine Corridor project areas
- The Central region: hosting polymetallic and copper resources at the Mt Garnet and Balcooma/Dry River South mining areas and the Maitland project, and the Einasleigh project area where the principal focus is copper
- The Southern Region: hosting the West 45 underground development, and the Orient, Liontown and Waterloo VHMS projects

These projects are supported by the 1Mtpa capacity Mt Garnet processing plant (incorporating a 500ktpa polymetallic circuit and a 500ktpa copper circuit) and the 500ktpa capacity polymetallic plant at Thalanga, near Charters Towers. An additional, partially completed proposed 500ktpa capacity polymetallic facility is located at Mungana.

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Importantly, it should be noted that these mining assets and processing plants, spread across the Northern, Central and Southern regions of North Queensland, are being offered to the market either parcelled together, or separately – by region, by mining project and/or by asset type.

Mungana Goldmines Limited

In addition to its base metal projects, Kagara also holds 60.7% of the outstanding shares of Mungana Goldmines Limited (ASX:MUX) (“Mungana”) through its subsidiary Mungana Pty Limited (Administrators Appointed) (“MPL”).

Mungana’s primary assets are split between its two main high quality projects; its rights in relation to the Mungana Gold Project, which includes the Mungana and Red Dome gold deposits in North Queensland (accessed via a decline shared with Kagara); and its interest in the Tunkillia Gold Project, located approximately 600km North West of Adelaide.

The Administrators are currently reviewing various available options in relation to MPL’s shareholding in Mungana, and invite proposals from interested parties.

The contact points for interested parties are:

North Queensland Assets and/or MPL’s shareholding in Mungana:

Helen Przybylski or Mike Sperinck on +61 8 9486 7111 or via email at helenp@pcfcapital.com.au or mikes@pcfcapital.com.au

Admiral Bay, WA Assets:

Sam Brodovcky at Rothschild on +61 2 9323 2030 or via email at sam.brodovcky@rothschild.com

Interested parties, creditors and other enquiries should contact Taylor Woodings on (08) 9321 8533 / (07) 3041 2900 or visit its webpage www.taylorwoodings.com.au for further information.

* Michael Ryan, Mark Englebert, Stefan Dopking and Quentin Olde, all of Taylor Woodings, were appointed joint and several voluntary administrators of Kagara Ltd, Kagara Copper Pty Ltd, Mungana Pty Ltd and Einasleigh Mining Pty Ltd on 29 April 2012.

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About Taylor Woodings

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FURTHER INFORMATION:

Interested Parties/Creditors

Taylor Woodings

(08) 9321 8533 or (07) 3041 2900

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