

5 March, 2012

Kagara Announces Sale of WA Nickel Assets for \$68M

Kagara Limited (ASX: KZL – “Kagara” or “the Company”) is pleased to announce that it has reached agreement with Western Areas NL (ASX: WSA – “Western Areas”) to sell its nickel assets in Western Australia, including the Lounge Lizard nickel mine, for **\$68 million** in cash. In addition Kagara will receive fair value for high grade ore stockpiles.

Under the agreement, Western Areas will acquire 100 per cent of Kagara’s nickel subsidiary, Kagara Nickel Pty Ltd. The sale of Kagara Nickel is subject to the final terms of the agreement being formally documented. This process is well advanced.

The assets being acquired by Western Areas include the operating Lounge Lizard nickel mine as well as the surrounding package of 300km² of exploration tenements.

Kagara’s Managing Director, Mr Geoff Day, said he was pleased to have crystallized significant value from the Company’s WA nickel assets despite the current difficult market conditions and depressed commodity prices.

“There was a strong level of interest shown in the Lounge Lizard asset, and we are pleased to have concluded this transaction with Western Areas,” Mr Day said.

“The cash injection from this sale will strengthen our balance sheet, support our current activities in North Queensland and help underpin our longer-term growth strategy.”

Kagara is of the view that no shareholder approvals are required for this transaction and is seeking confirmation of this position from the ASX. Completion of the transaction will not occur before this confirmation has been obtained from the ASX.

ENDS

Geoff Day
Managing Director & CEO
5 March 2012

For further information:

Geoff Day, Managing Director
Joseph Treacy, Executive General Manager, Minerals and Business Development
Kagara Limited – 08 9481 1211

Media Inquiries:

Nicholas Read
Read Corporate – 08 9388 1474, Mobile: 0419 929 046