

12 April, 2012

MARKET UPDATE

Kagara Limited (Kagara) continues to review business operations and focus on core producing assets. This includes a restructure of its banking arrangements which have impacted Kagara's short term cash flow.

As a result of this tightening of cash flow, mining operations at Baal Gammon have been suspended. This suspension is temporary while Kagara completes the restructure of its business and working capital.

Stockpiled ore is still being transported to Mt Garnet and milling operations of copper and polymetallic ore at Mt Garnet remain unaffected.

Kagara continues to maintain contact with its suppliers and is appreciative of their support during this period.

ENDS

Geoff Day
Managing Director
12 April 2012

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