



1 May 2012

Company Announcements Office
ASX Limited
4th Floor
20 Bridge Street
Sydney NSW 2000

By Fax: 1300 135 638

Dear Sirs,

Release of Quarterly Activities Report

Would you please release to the market the attached Quarterly Activities Report for Kagara Limited (ASX: KZL). This fax is 19 pages including this page.

Yours faithfully,

Mark Hands
Company Secretary



ABN: 36 008 988 583

March 2012 Quarterly Activity Report

One-off costs resulting from the restructure and continued pressure from a strong A\$ and weak zinc prices in particular are reflected in higher cash costs for the quarter. In view of the outlook for the business in the short to medium term and in response to the Company's current liquidity situation the Board has appointed Voluntary Administrators as part of continued efforts to restructure the Company, its financial arrangements and operations.

Production & Operations

	March 2012 Quarter	FY12 To Date
Total copper	2,713t	12,627t
Cash costs	US\$2.96/lb	US\$2.09/lb
Total zinc	11,491t	44,457t
Cash costs	US\$1.76/lb	US\$1.06/lb

¹ Cash costs are calculated on a payable metal basis and relate to production from the Mt Garnet copper plant. Copper produced from the Mt Garnet and Thalonga polymetallic plants is treated as a by-product credit for zinc production

- Zinc production of 11,491t (YTD12: 44,457t), in line with FY12 guidance range of 43-47kt.
- Copper production of 2,713t (YTD12: 12,627t) in line within FY12 guidance range of 14-17kt.
- Lower production and higher one-off costs from restructuring resulted in higher zinc and copper cash costs during the Quarter.
- High zinc production costs reflect of the small production volumes and ongoing restructuring costs.

Project Development

- Consistent with the HY release, the Southern Thalonga Region was placed on care and maintenance pending improved commodity prices and the definition of a more material resource base.
- King Vol resource drilling has advanced to a stage that the project is now ready to proceed to a pre-feasibility study.

Exploration

- Maiden Inferred Resource completed for the Redcap Project of 6.96Mt @ 5.0% Zn, 0.8% Cu, 0.1% Pb, 19g/t Ag, 0.1g/t Au (Morrison's, Queenslander and Victoria lodes).
- Includes higher-grade Inferred Resource of 2.40Mt @ 7.1% Zn, 1.1% Cu, 0.2% Pb, 28g/t Ag, 0.2g/t Au.
- Updated Indicated and Inferred Resource for King Vol Project (Northern Chillagoe Region) of 2.76Mt @ 11.9% Zn, 0.6% Cu, 0.7% Pb, 30g/t Ag.
- Combined King Vol and Redcap polymetallic resource inventory increased to 9.72Mt after just six months of drilling vs 2-year target of 10-11Mt.
- 11.1 metres at 3.6% Cu intersected in hole 1224 at Penzance.

Corporate & Financial

- As of 29 April 2012, Michael Ryan, Mark Engelbert, Stefan Dopking and Quentin Olde, all of Taylor Woodings, were appointed as joint and several voluntary administrators of the Company and Mungana Pty Ltd, Einasleigh Pty Ltd and Kagara Copper Pty Ltd (each of which is a subsidiary of the Company). The role of the voluntary administrators is to independently investigate the affairs of the Company and recommend options for the future of the Company
- Consolidated cash of A\$27.9 M at the end of the Quarter, plus receivables of A\$29.0 M.
- Kagara Nickel Pty Ltd was sold to Western Areas N.L for A\$68.0 M in cash.
- During the Quarter the Company repaid its largest debt facility. The debt ratio is now under 28% down from a peak of nearly 34% earlier in the fiscal year.
- An experienced mining finance executive, Mr Paul Warne was appointed as the Executive General Manager – Finance as announced on 14 February 2012.
- Subsequent to the end of the Quarter the Company placed all operations on care and maintenance.

Kagara Ltd (Administrators Appointed)



OVERVIEW

The March Quarterly results continue to show the pressure the business is under as a result of decreased production volumes and the combined effects of soft commodity price and continuing strong exchange rates.

It has been an extremely challenging period for the business where decreased operating revenues put increased pressure on remaining operations such that the risks, under a smaller operating profile, are usually to the negative.

Reduced revenue and the need to fund the necessary restructuring of the business has resulted in the decision during the Quarter to put all operations on care and maintenance.

Following the end of the Quarter, the board of the Company resolved to appoint voluntary administrators of the Company. As of 29 April 2012, Michael Ryan, Mark Engelbert, Stefan Dopking and Quentin Olde, all of Taylor Woodings, were appointed joint and several voluntary administrators of the Company and Mungana Pty Ltd, Einasleigh Pty Ltd and Kagara Copper Pty Ltd (each of which is a wholly-owned subsidiary of the Company).

Safety

Safety performance for the Quarter showed an ongoing improvement in performance. No LTI's were reported in both February and March.

Environment

Late wet season rains placed strain on operations. Most affected was the Baal Gammon mine. A number of uncontrolled releases were reported to Department of Environment and Resource Management (DERM) in March. Kagara has maintained a proactive, open and consultative position with both local community residents potentially affected by the releases and the DERM. All reported releases were quickly brought under control.

OPERATIONS

NORTH QUEENSLAND MINING OPERATIONS

Kagara continued to restructure its operations during the Quarter. Consolidation of the regions and the transition into care and maintenance of the Northern Region (Mungana) and Southern Region (Thalanga) were completed in March.

Total budgeted production was down as a result of no ore production from Mungana and the completion of processing the low grade and transitional Vomacka run-of-mine (ROM) stocks at Thalanga.

With the move to care and maintenance in the North and South during the Quarter, mining fleets were standardised to meet operational needs, with a view to further reducing mining costs across the business. In addition to the standardisation of fleet and equipment, the reduction in workforce enabled Kagara to reduce a significant proportion of contract costs across the business.

Mungana (Northern Chillagoe Region)

As previously announced, the Northern region (Mungana) was put into care and maintenance in early January. Remaining ROM stock at site was trucked to Mt Garnet. At this time the underground operations remain on a full care and maintenance program with all dewatering infrastructure in place and operational.

Balcooma (Central Mt Garnet Region)

Mine Development meters increased in the Quarter to maintain mined ore tonnes to offset production from Mungana. Ore production of 61,947t @ 1.7% Cu was below grade expectation for the month as a result of mining sequence changes associated with changes to the operating strategy of the mine.

Baal Gammon (Central Mt Garnet Region)

Production at Baal Gammon was impacted heavily by the wet season rains. While production forecasts reflect wet season risks, mine sequencing was impacted due to pit scheduling to address water management issues in the higher grade Stage 1 of the pit. While the total material mined was in line with plan, the grade was below plan.

Key site environmental infrastructural works on the mine water dam and the waste dump seepage intersection column were all completed in the Quarter.

Vomacka

Vomacka open pit was completed to final design in the first half of January as scheduled. The pit has now transitioned to closure and the pit void will be used as a wet season water catchment.

West 45 (Southern Thalanga Region)

The West 45 Decline was suspended and placed on care and maintenance in March. The first ore has been intersected on strike drives.

NORTH QUEENSLAND PROCESSING OPERATIONS

Mt Garnet (Central Mt Garnet Region)

The polymetallic circuit at Mt Garnet met budget throughput for the Quarter (124,703t). However the removal of the Mungana High Grade Zinc ore feed from the blend (Mungana in care and maintenance) impacted Zinc production. Mungana also provides high levels of by-product credits from silver and gold resulting in a reduction in by-product credits.

The copper circuit continued to be underutilised (Q3 95,756t). The delayed start to Baal Gammon from early Q1FY12 to late Q2FY12 and wet season delays in Stage 1 have compounded the shortfall in high grade ore production. In addition the Balcooma North mine infrastructure has been delayed which has reduced development and stoping.

Ongoing work on recovery testwork during the Quarter for the Baal Gammon ore continued to improve from the fresh high grade material as expected. The associated delays in exposing fresh high grade Baal Gammon ore has been a major factor influencing tonnes, grade and recovery during the Quarter.

Thalanga (Southern Thalanga Region)

A total of 114,161t were treated in the Quarter at Thalanga. Mill feed was sourced totally from the

remaining Vomacka low grade and transitional/oxide stockpiles. Poor metallurgical recoveries associated with the remaining stockpiled material saw the Thalanga plant transition to a reverse flotation configuration to protect concentrate quality. This resulted in significantly reduced metal in concentrate production.

Following the completion of the final stockpiles, the Thalanga plant was, during the Quarter, transitioned to care and maintenance.

PROJECT DEVELOPMENT

NORTH QUEENSLAND COPPER

Penzance (Northern Chillagoe Region)

Early in the Quarter, drilling continued to outline the copper mineralisation on the Penzance lode at the Red Cap project. All assays have now been received and more detail on the results is included in the following Exploration section. Some collar surveys are required in order to finalise wireframe models.

Einasleyh (Central Mt Garnet Region)

The Einasleyh Project, which was purchased from Copper Strike in late Q2FY12 has increased the copper resources available to Kagara in the central region (see Table below)..

Deposit	Category	Tonnes	Zn%	Pb%	Cu%	Au g/t	Ag g/t
Einasleyh	Indicated	500,000	0.0	0.0	4.0	0.2	18
	Inferred	600,000	0.0	0.0	1.9	0.1	8
KalkenBill	Indicated	13,500,000	0.0	0.0	0.8	0.1	6
	Inferred	1,500,000	0.0	0.0	0.9	0.1	11
Total		16,100,000	0.0	0.0	0.9	0.1	7.8

NORTH QUEENSLAND ZINC

King Vol (Northern Chillagoe Region)

Final assay results from the King Vol infill drilling carried out in Q2FY12 were received in early January. Wireframes were created based on the geological interpretation and Ordinary Kriging was utilised to estimate grades into the new block model. Given cost and logistics constraints, the Company decided to direct its focus towards the upper 200-300m of the



orebody while assessing the potential financial and technical benefits of drilling the deeper sections of the orebody from underground.

Drilling of the top 250m (between 1,000m and 750m RL) of the King Vol deposit has been conducted on a nominal 25m by 25m spacing and, in critical areas, has been reduced to 12.5m by 25m. An update of the resource model has been completed comprising an Indicated Resource of **0.9 million tonnes @ 16% Zn, 0.9% Pb, 0.9% Cu, 42g/t Ag** (144,000 tonnes contained Zn)

As a result of the detailed drilling, the geological interpretation has changed, which is expected to result in higher grade, lower tonnage reserve but with only a minor difference in total metal content.

An updated Inferred Resource of **1.86 million tonnes @ 9.9% Zn, 0.4% Pb, 0.6% Cu, 24g/t Ag** (184,000 tonnes contained Zn) (see Table below), which is less than the previous Inferred Resource of 2.0 million tonnes at 14% Zn (280,000 tonnes of contained Zn), reflecting a more conservative approach to the drilling data given the wider spaced drilling at depth and along strike.

The new insitu Mineral Resource estimate for King Vol is **2.76Mt @ 11.9%Zn, 0.6%Pb, 0.7%Cu and 29g/t Ag**, see table below.

Deposit	Category	Tonnes	Zn%	Pb%	Cu%	Au ppm	Ag ppm
King Vol	Indicated	899,000	16	0.9	0.9	0.0	42
King Vol	Inferred	1,858,000	9.9	0.4	0.6	0	24
Total		2,757,000	11.9	0.6	0.7	0.0	30.2

The Eastern contact lens is the most robust of the ore zones and contains 82% of the indicated resource and 91% of the inferred resource. The bulk of the inferred resource is located at depth. Further infill drilling to upgrade portions of this to indicated status could be undertaken from underground if mining were to be commenced.

Red Cap (Northern Chillagoe Region)

The total Inferred Resource at the Redcap Project now stands at **6.96 million tonnes grading 5% Zn, 0.8% Cu, 0.1% Pb, 19g/t Ag and 0.1 g/t Au** The Victoria Lode, which was outlined from drilling completed in 2008, contains an Inferred Resource of

3.40 million tonnes grading 5.1% Zn and 1.0% Cu. The Queenslander and Morrisons lodes, which form part of the Red Cap project (Figure 2), have been the subject of a sustained drilling campaign by Kagara throughout Q1 and Q2FY12. The results from this drilling form the basis of the maiden Mineral Resource estimate of **3.52Mt @ 5.0%Zn, 0.2%Pb, 0.6%Cu, 0.1g/t Au and 17g/t Ag**. All of the mineral resource falls within the Inferred category as defined in the JORC code. The table below contains the breakdown between the two lodes.

Deposit	Category	Tonnes	Zn%	Cu%	Pb%	Ag g/t	Au g/t
Morrisons	Inferred	1,930,000	5.4	0.6	0.3	21	0.1
Queenslander	Inferred	1,590,000	4.5	0.6	0.1	11	0.0
Total		3,520,000	5.0	0.6	0.2	17	0.1

Balcooma No. 2 Lens (Central Mt. Garnet Region)

Resource infill/extension drilling of the previously identified +1Mt Lens 2 polymetallic resource began during the Quarter, with the completion of 28 underground drill holes for 1,908.1m (BL2DD046-073). Drilling targeted the northern part of the resource (currently Inferred) and a gap between the main lens and a smaller northern lens which are potentially contiguous. Holes BL2DD067-070, targeting this gap, returned up to 2.4m of massive sulphide mineralisation, albeit generally pyrite dominant.

Although significant assay results for the completed Lens 2 drilling are pending, available assays and geological logging of the drill core suggests that the infill drilling is producing 'as expected' results, supporting (and upgrading) the previously reported Inferred resource.

Assay results returned for the quarter for Lens 2 drilling are presented in Appendix 6.

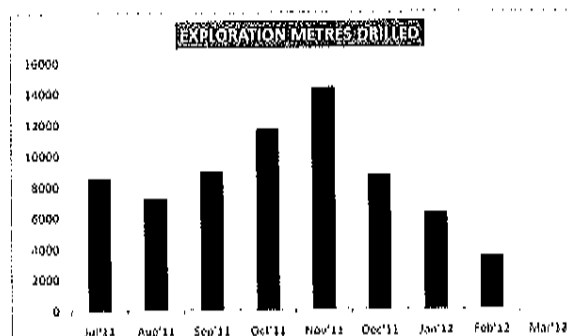
Liontown (Southern Thalanga Region)

A program was undertaken in Q3FY12 to re-log all available drill core and percussion chips from the Liontown prospect. A total of 41 diamond holes and 13 pre-collars were logged to permit a more detailed interpretation of the mineralisation.

EXPLORATION

Exploration drilling continued early in the Quarter with the main focus being the Red Cap project area in the Northern Region and at Balcooma in the Central Region. A number of significant intersections were drilled at Red Cap and Victoria, including **11.10m @ 3.6% Cu, 0.4% Zn and 64g/t Ag** from Red Cap and **3.30m @ 6.09% Cu, 0.42% Zn, 129.4g/t Ag and 0.31g/t Au** from Victoria.

A total of 9,736 metres was drilled during the Quarter, with drilling suspended in February to curtail expenditure. Total drilling for FY12 year-to-date comprises 70,486 metres. Exploration expenditure for the Quarter was A\$3.84M, bringing the total spend for FY12 year-to-date to approximately A\$19.3M.



COPPER EXPLORATION

Penzance Copper Lode (Northern Chillagoe Region)

Drilling continued to test for strike and dip extensions to the Penzance Copper Lode with 14 holes completed for the Quarter (Figures 2 and 3).

Hole 1224 intersected **11.10m @ 3.6% Cu, 0.4% Zn and 64g/t Ag** from 133.8m, confirming a thicker and higher grade core exists within the lode. Other significant intersections drilled during the Quarter include:

- 1214: 1.00m @ 5.8% Cu, 0.4% Zn, 145g/t Ag, 0.74g/t Au from 169.30m
- 1215: 14.80m @ 0.1% Cu, 3.5% Zn, 23.1g/t Ag from 95.70m
- 1217: 8.00m @ 0.5% Cu, 0.4% Pb, 4.6% Zn, 14g/t Ag from 197.70m (zinc-rich western side)

- 1218: 2.00m @ 5.1% Cu, 1.9% Zn, 98g/t Ag, 0.11g/t Au from 222.90m
- 1219: 9.80m @ 1.3% Cu, 6.0% Zn, 36.3 g/t Ag, 0.12 g/t Au from 97.70m and 5.10m @ 1.4% Cu, 3.9% Zn, 31.3g/t Ag, 0.93g/t Au from 118.20m
- 1222: 2.00m @ 2.8% Cu, 1.5 g/t Ag from 45.40m, 5.90m @ 1.2% Cu, 2.2% Zn, 10.9g/t Ag from 49.40m, and 3.20m @ 9.7% Cu, 0.5% Pb, 0.6% Zn, 118.8g/t Ag, 0.73g/t Au
- 1223: 10.00m @ 1.0% Cu, 0.8% Zn, 22.1g/t Ag from 226.40m

The lode may be open down plunge and appears to remain open to the west where mineralisation becomes zinc-dominant.

A single hole (1229) was drilled at Cambourne prospect, 550m northwest of the Penzance lode, targeting garnet-rich skarn in a similar structural position. The hole intersected several zones of anomalous zinc and copper, including a 3.8m zone containing visual estimates of 10% sphalerite in massive garnet skarn at a basalt/limestone contact, akin to where mineralisation is developed at Penzance. Further drilling may be warranted in this area and between Penzance and Nellie to the southeast.

Balcooma Main Copper (Central Mt Garnet Region)

During the Quarter, one surface hole (BK237) was completed testing approximately 400m down-plunge of the Main Copper orebody (Figure 4). The hole did not intersect any mineralisation in the interpreted Main Copper position. A second hole was planned to test further up-plunge but was not drilled.

Underground exploration drilling continued during the quarter with 1,374m completed in 8 holes (Figure 4). The exploration program targeted the down plunge and down dip areas of Main Copper. Drill holes BMCDDH309-313 tested west/southwest of previous down-plunge copper targets, and holes BMCDDH297, 298 and 314 tested down dip copper targets. Results indicate a complex structural environment where narrow vein and matrix sulphide mineralisation occurs in a number of distinct horizons. These are interpreted to be associated with



steeply dipping shears, faults and porphyry intrusions. The potential to find significant extensions of the known mineralisation close to underground development appears to be limited. The results although confirming the mineralising system, have not intersected grades and widths usually associated with economic mineralisation.

Two significant intersections have been returned from BMCDDH311 and 313 from the Main Copper down plunge position and include:

- BMCDDH311: 2.92m @ 3.7% Cu, 6.3% Pb, 13.8% Zn, 83g/t Ag from 65.7m, and 2.13m @ 2.8% Cu, 7.2% Pb, 12.3% Zn, 83g/t Ag from 76.17m
- BMCDDH313: 1.10m @ 2.9% Cu, 0.4% Pb, 4.9% Zn, 23g/t Ag from 84.60m

The remainder of the drill results are presented in Appendix 6.

ZINC/POLYMETALLIC EXPLORATION

Northern Chillagoe Region

During the Quarter, in-fill diamond core drilling was conducted at Victoria with 6 holes completed (Figure 2). The aim of the drilling was to improve the confidence of the resource model to enable an upgrade from Inferred to Indicated. Drilling was suspended before completion. Significant intersections from the drilling that was completed include:

- 1208: 3.50m @ 15% sphalerite, 7% chalcopyrite from 326m, and 17m @ 3% sphalerite, 1% chalcopyrite from 329.50m (visual estimates – assays pending)
- 1208W1: 2.00m @ 45% sphalerite, 6% chalcopyrite from 290.60m, and 1208W1-34.30m @ 60% pyrrhotite, 1.5% sphalerite from 295.30m (visual estimates – assays pending)
- 1211: 2.30m @ 0.7% Cu, 1.1% Pb, 8.2% Zn, 187g/t Ag, 0.06g/t Au from 167.30m
- 1213W1: 27.60m @ 0.6% Cu, 1.1% Zn, 5.6g/t Ag, 0.61g/t Au from 245.40m, and 3.30m @ 6.1% Cu, 3% Zn, 129.4g/t Ag, 0.31 g/t Au from 278.60m

- 1216: 4.50m @ 3.3% Zn, 0.14g/t Au from 218.00m
- 1226: 4.20m @ 8% sphalerite, 1% chalcopyrite from 268.00m (visual estimates – assays pending)

Central Mt Garnet Region

During the Quarter 5 holes were completed (1 hole was an extension of an earlier hole) testing for polymetallic repeat lenses in various positions around the main Balcooma deposit (Figure 4). Whilst drilling did not intersect mineralisation of any significance, all holes intersected the targeted metavolcanic unit which hosts the main polymetallic ore lenses. The presence of this rock unit is important as it indicates that the stratigraphy that typically hosts mineralisation is persistent and fits the geological model, despite not intersecting any massive sulphide lenses. A number of targets remain to be drill tested.

Regional Exploration

Work commenced during the Quarter on assessing the data collected from the regional Reverse Circulation (RC) drilling programme completed in late Q2FY12. The polymetallic mineralisation intersected in the RC holes completed in the Red Cap project area were encouraging. Mineralisation typically appears to be developed at contacts between sandstone and/or conglomerate and marble, which is similar to that developed at Victoria and the Tarantula mineral zone near the Morrisons lode.

The wide, low-grade zinc mineralisation intersected in the RC drilling at Rusty File prospect near King Vol is also encouraging, which is developed in sandstone and siltstone along a northwest-trending structure. Interpretation of the data to date suggests that mineralisation could be related to "leakage" up a structure from a hidden limestone unit at depth, which is very similar to the Montevideo zinc skarn prospect approximately 1km to the southeast.

Assessment also commenced during the Quarter on RC data from the Ootann prospect area. Follow-up drilling may be warranted. Several strong, coherent zinc-lead-copper soil anomalies further east in the Ootann area still require field mapping.

A review of previous exploration over the Liantown project area in the Southern Region was also conducted during the quarter. Data show there are strong similarities between geochemical anomalies in basement rocks under cover throughout the project area with known VMS deposits in the region. The area remains under-explored, largely due to relatively extensive areas of covered basement across the project that have not yet been drilled. One aspect of previous exploration that proved difficult to overcome was exploring through conductive cover with geophysics. Modern geophysical methods may well be able to investigate through such cover and that the area remains highly prospective for further discoveries.

CORPORATE

Admiral Bay Project

The Company sought equity or joint venture partners to assist with funding the Bankable Feasibility Study for the Admiral Bay Lead-Zinc Project in Western Australia. Rothschild Australia has managed the process. During the Quarter, Kagara decided not to progress the proposals received.

Forrestania Nickel Project

As previously advised Kagara divested the Forrestania Nickel assets including the Lounge Lizard nickel mine for \$68M to Western Areas limited during the Quarter.

Management Changes

Mr Kim Robinson elected to stand down as Chairman of KZL, moving to a non-executive director role. Dr John Linley was appointed as Chairman.

Mr. Paul Warne, an experienced professional in commercial and finance roles within the mining sector, was appointed to the role of Executive General Manager - Finance and started with the Company in February.

Appointment of Voluntary Administrators

Following the end of the Quarter, the board of the Company resolved to appoint voluntary

administrators of the Company. As of 29 April 2012, Michael Ryan, Mark Engelbert, Stefan Dopking and Quentin Olde, all of Taylor Woodings, were appointed joint and several voluntary administrators of the Company and Mungana Pty Ltd, Einasleigh Pty Ltd and Kagara Copper Pty Ltd (each of which is a wholly-owned subsidiary of the Company).

FINANCIAL

Consolidated cash on hand as at 31 March 2012 was A\$27.9M, which included A\$8.8M from Kagara and A\$19.1M from Mungana Goldmines Ltd. Receivables as at 31 March 2012 were A\$29.0 M.

The reduced cash position quarter-on-quarter can be largely attributed to:

- Reduction in revenue receipts (down \$19.3M)
- Proceeds for sale of Forrestania for A\$68M
- Repayment of working capital facility (A\$40M)
- Increased payroll costs associated with restructuring (up \$2.3M)

As at 31 March 2012, concentrate stockpiles reduced by 88% to 1,787t of concentrates on hand (31 December 2011: 14,862t). These concentrate stockpiles comprised 7,039t of copper concentrate, 4,151t of zinc concentrate and 2,430t of lead concentrate with a total sales value of approximately A\$20M based on the closing base metal prices as at 31 March 2012. Pre-sold concentrates as at 31 March 2012 are valued at A\$17.5M. The average US\$ exchange rate realised during the Quarter was US\$1.06 (Q2FY12: US\$1.01)

Investments

Mungana Goldmines Ltd

Kagara holds a 61.9% interest in Mungana Goldmines Ltd (ASX: MUX), following the IPO in June 2010, which is consolidated into the group financial accounts. Kagara's shareholding is escrowed until 10 June 2012.

Hedging

During the Quarter, short-term hedging was used by Kagara to manage the risk of price fluctuations for

base metal shipments to offtake partners where the sale price is yet to be finalised. The hedging policy allows for the use of forward sales and option contracts.

As at 31 March 2012, the company had buy and sell contracts for 1,000t of copper for delivery in April 2012 and 300t of nickel for delivery from April to June 2012. The total value of the contracts is US\$64,000 out of the money based on March 2012 closing prices.

Finance

As at the end of the Quarter, Kagara had a corporate banking facility with ANZ and including a guarantee facility of A\$32M and a Lease/Hire Purchase Facility of A\$11M.

As at 31 March 2012, A\$22.5M of the guarantee facility was drawn down and less than A\$9M of the Lease/Hire Purchase Facility was outstanding.

Guangdong Guangxin Holdings Group Ltd (GGHG) advanced Kagara funding for the development of the Vomacka polymetallic deposit at Thalanga. As at 31 March 2012, A\$19M was outstanding.



Geoff Day
Managing Director and Chief Executive Officer who has been authorised to sign this report by the Voluntary Administrators
30 April 2012

This information is available on our website at www.kagara.com.au

For further information, please contact:

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Appendix 1 – Corporate Information

Voluntary Administrators

Michael Ryan, Mark Engelbert, Stefan Dopking and Quentin Olde, joint and several administrators, all of Taylor Woodings

Board Members

Shad Linley	Chairman
Geoff Day	Managing Director and CEO
Joe Treacy	Executive Director
Kim Robinson	Director
Ross Hutton	Non-Executive Director
Mark McConnell	Non-Executive Director

Mark Hands	Company Secretary
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Forward Shareholder Enquiries to

Security Transfer Registrar
770 Canning Highway
Applecross, WA 6153
Australia

Telephone:	+61 8 9315 2333
Facsimile:	+61 8 9315 2233
Email:	registrar@securitytransfer.com.au
Website:	www.securitytransfer.com.au

Registered & Principal Office

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Australia

Telephone:	+61 8 9481 1211
Facsimile:	+61 8 9481 1233
Email:	admin@kagara.com.au
Website:	www.kagara.com.au

Top Ten Shareholders at 30 March 2012

GFTG Shengtou Metals Pty Ltd	133,776,785
JP Morgan Nom Aust Ltd	94,354,682
DeBortoli Wines PL	54,867,038
Citicorp Nom PL	43,472,237
HSBC Custody Nom Aust Ltd	42,897,189
UOB Kay Hian Private Ltd	39,357,984
National Nom Ltd	37,942,760
JP Morgan Nom Aust Ltd (Cash Income A/C)	27,771,711
Colwell Kennedy Aust PL	13,360,000
Monto Minerals Ltd	9,360,000

At 31 March 2012, Kagara's issued capital was 798.95 million ordinary shares.

Stock Exchange Listings

Australian Securities Exchange (KZL) (currently suspended)

Quarterly Share Price Activity

	Open	High	Low	Last
	\$	\$	\$	\$
January – March	0.26	0.39	0.135	0.17



Appendix 1 – Corporate Information Cont'd

Corporate ASX Releases During the Quarter

03/01/2012 Appendix 3Y – Change of Director's Interest Notice
 04/01/2012 Appointment of EGM Corporate
 04/01/2012 Resignation of Finance Director
 06/01/2012 Appendix 3Z – Final Director's Interest Notice
 11/01/2012 December 2011 Quarterly Activity Report
 11/01/2012 December Quarterly Investor Presentation
 12/01/2012 Erratum – December 2011 QAR and Guidance Report
 09/02/2012 North Queensland Resource Update
 14/02/2012 Executive Appointments: Paul Warne –EGM, Finance
 01/03/2012 Trading Halt
 02/03/2012 S&P Indices – March Quarterly Rebalance
 05/03/2012 Sale of Lounge Lizard
 06/03/2012 Half Year Report
 06/03/2012 Operational Restructure and Half Year Results
 07/03/2012 First Stage of Board Restructure
 07/03/2012 Reinstatement to Official Quotation
 13/03/2012 Appendix 3Y – Change of Director's Interest: Kim Robinson
 14/03/2012 Kagara Complete Sale of its Nickel Assets
 12/04/2012 Market Update
 12/04/2012 Appendix 3B – Cancellation of ESOP Options

Appendix 2 – Competent Person’s Statement and Important Information

COMPETENT PERSON’S STATEMENT:

Compliance with JORC Code assessment criteria

The Mineral Resource & Reserve 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 report which relates to Mineral Resources and Reserves 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.

This report, so far as it pertains to exploration results including targets, ore and mineralisation, is based on information compiled by and as reported upon by Mr Glen Little, a full-time employee of Kagara, who is a member of the Australian Institute of Geoscientists and has over five years experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Little consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The Competent Persons named below consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Area of Responsibility	Competent Person
British Columbia Mineral Resources Estimates	Mr Andrew Beaton, General Manager Resource Development, Kagara Ltd
King of the Hill Resource Estimate	Mr Jim Whitelock, General Manager Mine Geology, Kagara Ltd
Wendron and Queenslander Mineral Resource Estimates	Mr Andrew Beaton, General Manager Resource Development, Kagara Ltd
Reporting of Exploration Results	Mr Glen Little, General Manager Exploration, Kagara Ltd

FORWARD LOOKING STATEMENT:

This report contains certain forward-looking statements. 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.

Further, it is common practice for a company to comment on and discuss its exploration in terms of target size and type. The information in this report relating to exploration targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature, since there has been insufficient work completed to define them beyond exploration targets and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

Appendix 3 – Quarterly Mining and Production Tables

Mining Production – all operations

		March 2012 Quarter	FY 2012
Uthmaniyah (Wombedka open pit)			
Polymetallic ore	Tonnes	4,915	403,599
Copper (Cu)	%	1.8	1.5
Zinc (Zn)	%	7.5	4.7
Lead (Pb)	%	2.8	1.4
Balkoona			
Copper ore	Tonnes	61,947	158,031
Copper (Cu)	%	1.7	2.7
Polymetallic ore	Tonnes	58,481	36,448
Copper (Cu)	%	0.6	0.7
Zinc (Zn)	%	5.8	4.2
Lead (Pb)	%	1.7	1.0
Mt Chantel			
Polymetallic ore	tonnes	-	93,800
Copper (Cu)	%	-	0.4
Zinc (Zn)	%	-	10.7
Lead (Pb)	%	-	0.1
Mungana			
Polymetallic ore	tonnes	7,279	118,573
Copper (Cu)	%	1.7	1.5
Zinc (Zn)	%	8.7	10.9
Lead (Pb)	%	0.4	0.7
Koungolizad			
Nickel ore	Tonnes	8,784	22,515
Nickel (Ni)	%	4.0	3.7

Mt Garnet Polymetallic Plant Production

PRODUCTION RESULTS	Mar 2012 Quarter	FY 2012
Ore treated (tonnes)	124,703	371,706
Zinc grade (%)	6.3	8.6
Lead grade (%)	0.6	0.6
Copper grade (%)	0.6	0.9
Gold grade (g/t)	0.2	0.4
Silver grade (g/t)	27.6	57.0
Zinc Concentrate		
Production (tonnes)	14,278	57,602
Grade (% zinc)	49.8	50.3
Contained zinc (tonnes)	7,104	28,996
Zinc Recovery (%)	89.8	91.3
Lead Concentrate		
Production (tonnes)	735	2,012
Grade (% lead)	32.2	42.2
Contained lead (tonnes)	236	848
Contained silver (tonnes)	1.5	3.5
Contained gold (kg)	2.1	10.6
Lead Recovery (%)	31.9	37.05
Copper Concentrate		
Production (tonnes)	2,207	10,466
Grade (% Copper)	23.2	24.0
Contained copper (tonnes)	512	2,515
Contained silver (tonnes)	1.37	1.15
Contained gold (kg)	0.47	4.28
Copper recovery (%)	68.1	72.9

Thalanga Polymetallic Production

PRODUCTION RESULTS	Mar 2012 Quarter	FY 2012
Ore treated (tonnes)	114,161	399,244
Zinc grade (%)	5.5	5.3
Lead grade (%)	1.8	1.6
Copper grade (%)	1.4	1.3
Gold grade (g/t)	0.3	0.3
Silver grade (g/t)	36.1	39
Zinc Concentrate		
Production (tonnes)	8,494	29,504
Grade (% zinc)	51.7	52.4
Contained zinc (tonnes)	4,072.3	15,460
Zinc Recovery (%)	70.2	73.4
Lead Concentrate		
Production (tonnes)	729	5,891
Grade (% lead)	32.0	34.0
Contained lead (tonnes)	233	2,003
Contained silver (tonnes)	0.6	2.9
Contained gold (kg)	0.76	9.76
Lead Recovery (%)	11.3	31.6
Copper Concentrate		
Production (tonnes)	3,835	11,901
Grade (% Copper)	18.8	24.4
Contained copper (tonnes)	720	2,905
Contained silver (tonnes)	1.3	3.92
Contained gold (kg)	3.5	22.6
Copper recovery (%)	47.2	55.3

Mt. Garnet Copper Production

PRODUCTION RESULTS	Mar 2012 Quarter	FY 2012
Ore treated (t)	95,756	323,694
Copper grade (%)	1.9	2.2
Gold grade (g/t)	0.15	0.16
Silver grade (g/t)	34.9	19.4
Copper Concentrate		
Production (tonnes)	6,021	29,199
Grade (% Copper)	24.6	24.9
Contained copper (tonnes)	1,481	7,201
Contained silver (tonnes)	1.2	3.2
Contained gold (kg)	4.4	21.9
Copper recovery (%)	80.3	90.7

Lounge Lizard Production

PRODUCTION RESULTS	Mar 2012 Quarter	FY 2012
Ore treated (t)	8,356	34,426
Nickel grade (%)	3.9	4.0
Nickel Concentrate		
Production (tonnes)	2,170	9,028
Grade (% Ni)	14.0	14.0
Contained Nickel (tonnes)	304	1,264
Nickel recovery (%)	92.5	92.8

Appendix 4 – Plans and Sections

Figure 1: Chillagoe Regional Geology and Prospect Locations

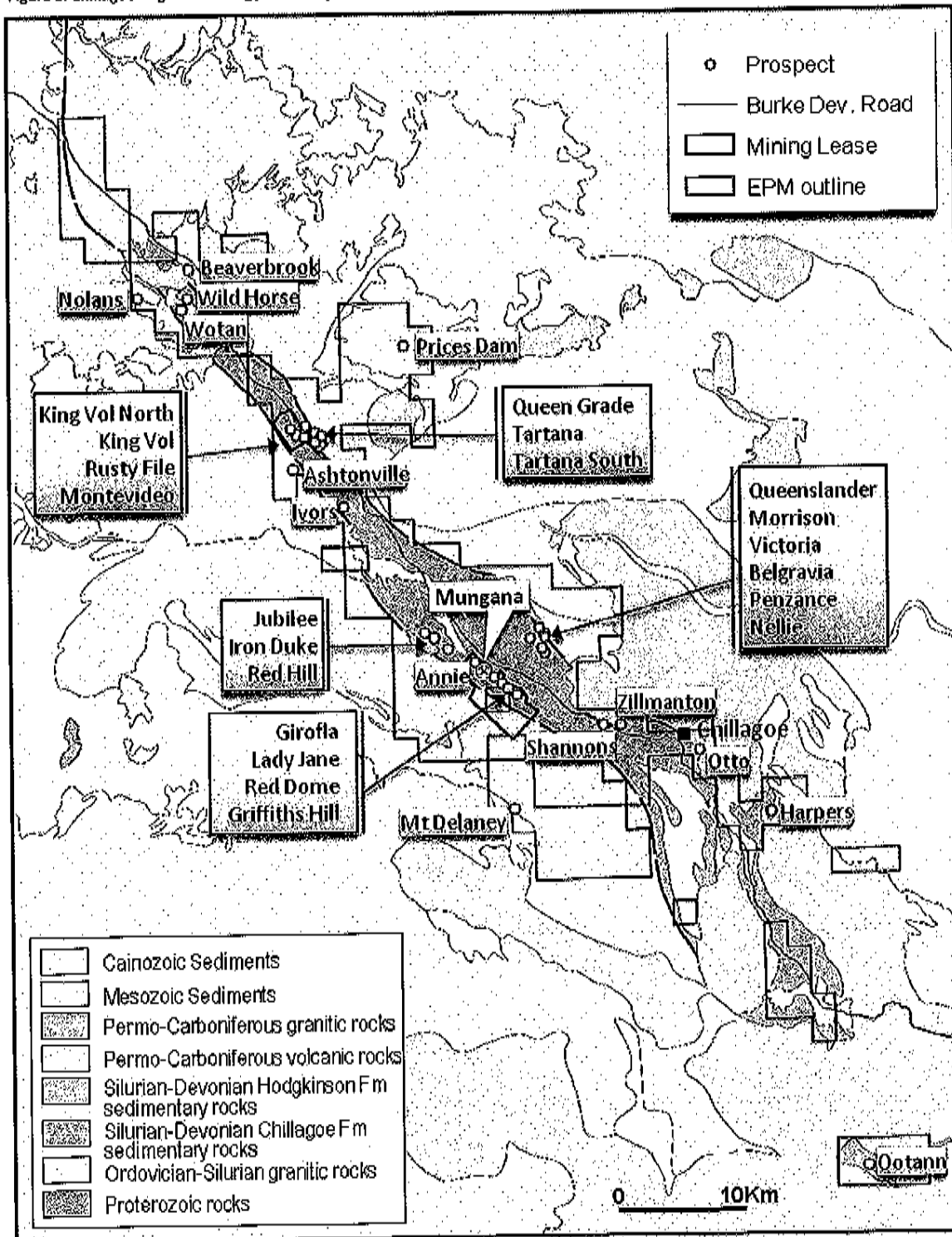


Figure 2: Redcap Project – Drillhole Location

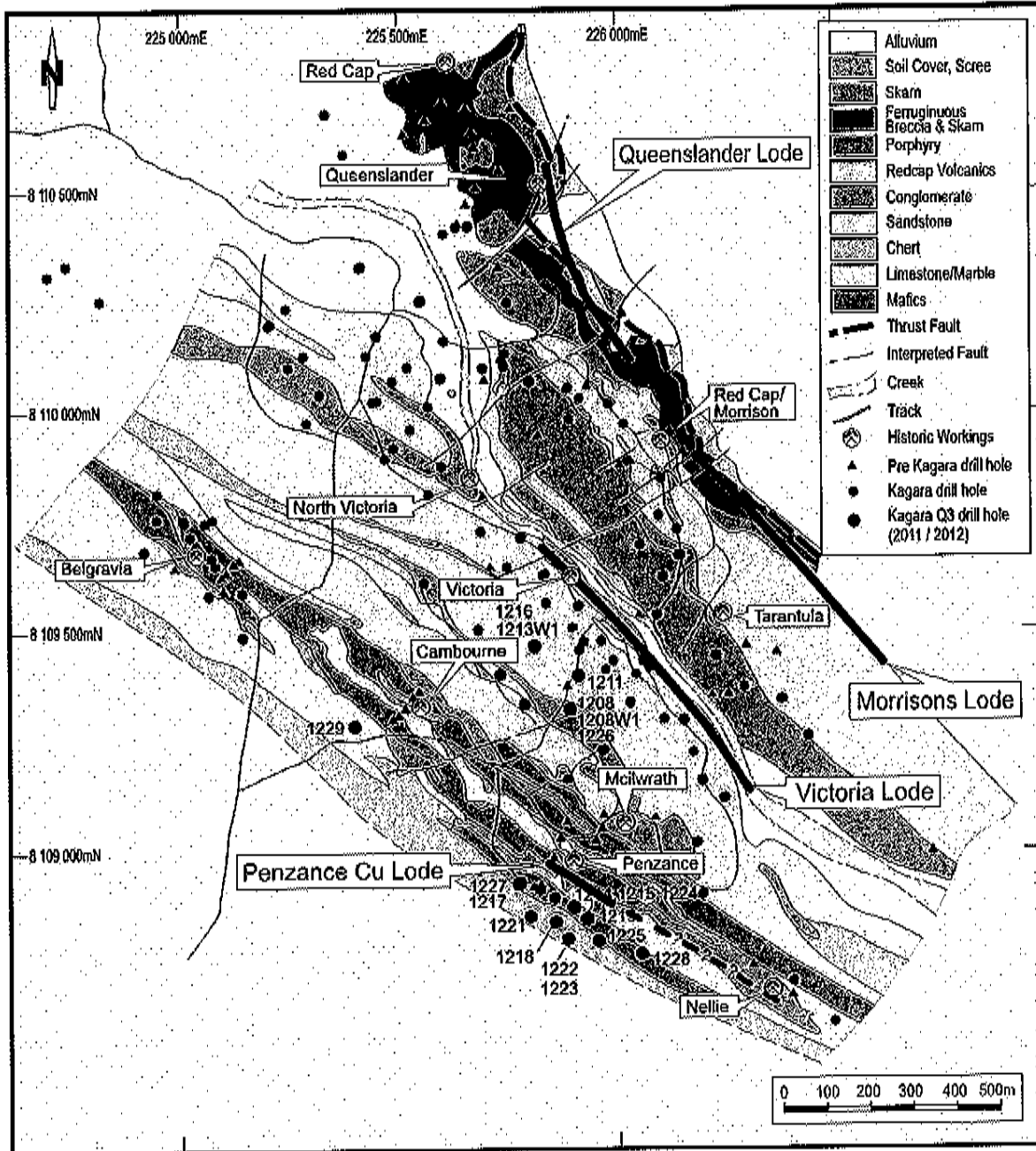


Figure 3: Redcap Project – Penzance Prospect Longitudinal Section

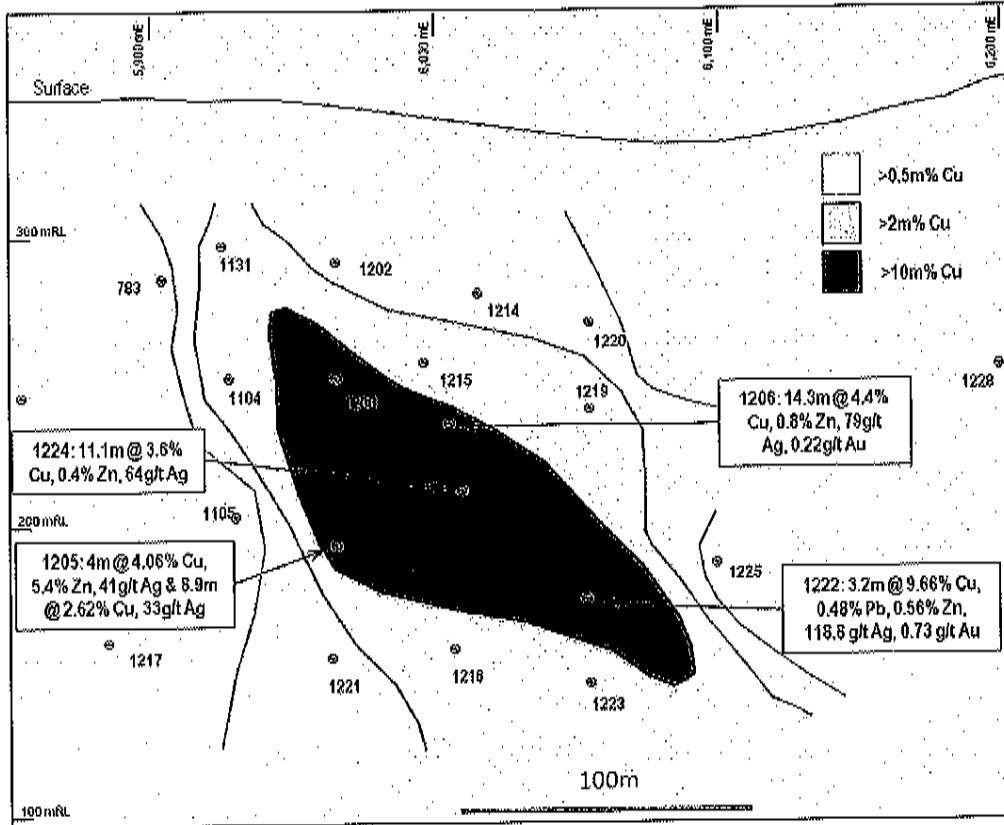
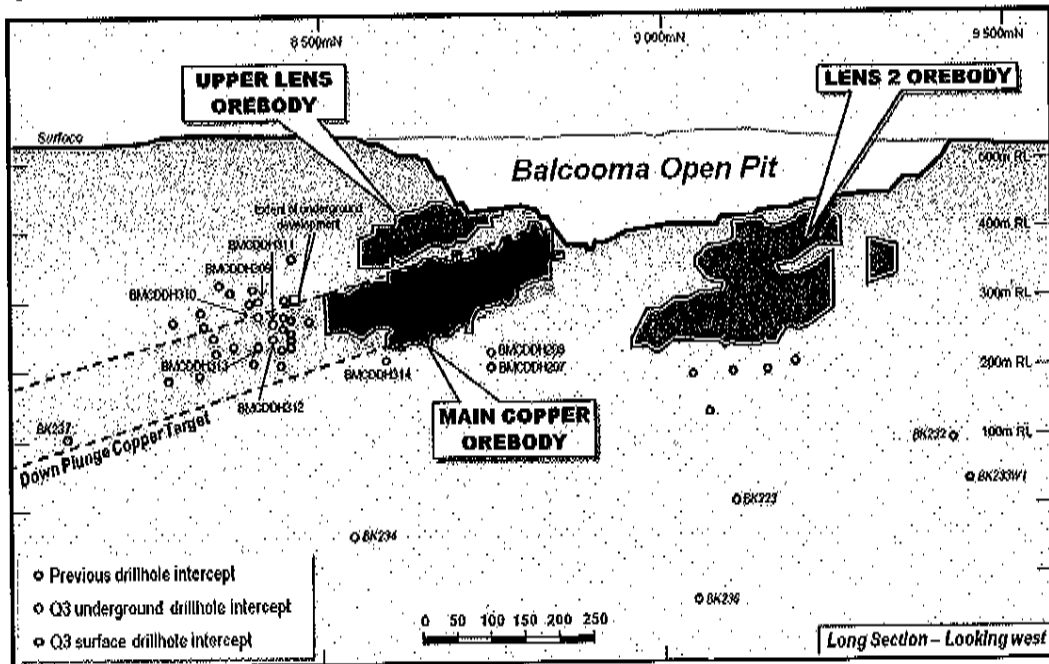


Figure 4: Balcooma Longitudinal Section Exploration Drillholes





QUARTERLY ACTIVITY REPORT FOR THE PERIOD ENDED 31 MARCH 2012

Appendix 5 – Redcap Project Drilling Information

Penzance and Victoria Significant Intercepts – FY12 Year-to-date

DRILL NO	EST. DEPTH	NORTH CO-ORD	EASTING	NORTH CO-ORD	ANALYSIS	DEPTH	INTERCEPT	INTERCEPT	INTERCEPT	INTERCEPT	INTERCEPT	INTERCEPT	INTERCEPT	INTERCEPT	INTERCEPT	INTERCEPT	INTERCEPT
1104	5927.9	8839.6	225821.5	8108913.3	35	-60	828.6	109.00	111.30	2.30	3.7	0.0	3.3	110	0.39	Penzance	
1105	5928.0	8839.2	225821.2	8108912.9	35	-68	180.7	152.70	154.20	1.50	0.5	0.0	3.6	9	0.03	Penzance	
1131	5927.9	8840.1	225821.8	8108913.7	35	-45	102.4	73.60	74.70	1.10	2.8	0.0	4.0	60	0.48	Penzance	
1200	5965.3	8847.7	225854.2	8108893.6	37	-60	153.6	117.00	124.80	7.80	2.5	0.0	1.4	50	0.17	Penzance	
1202	5965.2	8848.6	225854.9	8108894.4	37	-45	282.6	76.90	78.80	1.90	0.5	0.8	2.5	80		Penzance	
and								81.30	82.20	0.90	1.8	0.1	4.2	45	0.08	Penzance	
1205	5965.3	8847.3	225854.0	8108893.4	37	-70	189.4	126.80	132.40	5.60	0.5	0.3	6.9	13	0.14	Penzance	
and								152.70	156.70	4.00	4.1	0.0	5.4	41	0.07	Penzance	
and								154.70	156.70	2.00	7.4	0.0	0.7	71	0.12	Penzance	
and								160.10	169.00	8.90	2.6	0.0	0.1	33	0.04	Penzance	
1206	5966.1	8846.7	225854.2	8108892.4	69	-55	210.2	137.80	152.10	14.30	4.4	0.0	0.8	79	0.22	Penzance	
and								144.10	150.10	6.00	8.7	0.0	0.6	161	0.37	Penzance	
1213	6012.0	8860.0	225897.0	8108871.0	42	-45	238.7	71.40	81.60	10.20	0.4	0.1	1.4	4	0.02	Penzance	
and								93.80	95.40	1.60	1.0	0.2	3.5	66	0.02	Penzance	
and								169.30	170.30	1.00	5.8	0.0	0.4	145	0.74	Penzance	
and								224.00	228.40	4.40	0.5	0.0	8.5	6	0.05	Penzance	
1215	6012.0	8860.0	225897.0	8108871.0	22	-54	135.1	64.90	73.80	8.90	0.6	0.1	1.6	21	0.03	Penzance	
and								95.70	110.50	14.80	1.0	0.1	3.5	23	0.05	Penzance	
1217	5884.0	8813.0	225771.0	8108924.0	30	-70	240.1	197.70	205.70	8.00	0.5	0.4	4.6	14	0.04	Penzance	
1218	6005.0	8808.0	225856.0	8108838.0	36	-60	249.3	168.40	169.90	1.50	0.9	0.0	1.3	15	0.06	Penzance	
and								193.50	194.20	0.70	2.3	0.0	3.4	49	0.05	Penzance	
and								222.90	224.90	2.00	5.1	0.0	1.9	98	0.11	Penzance	
1219	6052.0	8860.0	225926.0	8108844.0	37	-61	162.2	97.70	107.50	9.80	1.3	0.0	6.0	36	0.12	Penzance	
and								118.20	123.30	5.10	1.4	0.1	3.9	31	0.93	Penzance	
1220	6052.0	8860.0	225926.0	8108844.0	37	-50	114.2	27.90	29.80	1.90	0.6	0.0	1.9	18	0.03	Penzance	
and								33.60	35.60	2.00	0.1	0.0	0.9	3	0.02	Penzance	
and								81.90	85.10	3.20	1.1		3.4	36	0.4	Penzance	
1221	5953.0	8777.0	225797.0	8108851.0	41	-59	264.2	67.50	69.50	2.00	1.4	4.5	9.0	143	0.17	Penzance	
and								76.30	77.30	1.00	0.3	1.3	8.4	23	0.35	Penzance	
and								184.00	185.80	1.80	0.0	0.0	2.0	0	0.02	Penzance	
and								223.90	226.40	2.60	1.0	0.0	0.4	21	0.04	Penzance	
1222	6050.0	8799.0	225883.0	8108800.0	37	-56	229.6	45.40	47.40	2.00	2.8	0.0	0.0	2	0.0	Penzance	
and								49.40	55.30	5.90	1.2	0.0	2.2	11	0.04	Penzance	
and								127.80	129.80	2.00	1.3	0.0	2.8	28	0.39	Penzance	
and								204.40	205.20	0.80	4.9	0.6	2.1	20	0.61	Penzance	
and								212.90	216.10	3.20	9.7	0.5	0.6	119	0.73	Penzance	
1225	6050.0	8799.0	225883.0	8108800.0	37	-62	296.9	72.60	75.40	2.80	1.2	0.0	0.1	38	0.01	Penzance	
and								210.60	211.80	1.20	0.0	0.0	6.3	1	0.09	Penzance	
and								226.40	236.40	10.00	1.0	0.0	0.8	22	0.05	Penzance	
1224	6012.0	8860.0	225897.0	8108871.0	33	-68	201.3	120.00	126.40	6.40	0.7	0.2	4.0	27	0.28	Penzance	
and								120.00	124.60	4.60	0.3	0.0	11.7	14	0.04	Penzance	
and								133.80	144.90	11.10	3.6	0.0	0.4	64	0.04	Penzance	
and								143.20	144.90	1.70	8.0	0.0	0.5	145	0.06	Penzance	
1228	6104.7	8843.1	225953.0	8108795.0	33	-62	201.2	70.60	73.20	2.60	0.7	0.0	1.6	25	0.27	Penzance	
1211	5661.6	9254.6	225910.6	8109398.5	27	-57	218.9	167.30	169.60	2.30	0.7	1.1	8.2	187	0.06	Victoria	
and								191.00	193.00	2.00	0.4	0.0	2.1	0	0.06	Victoria	
1212	5364.0	8820.0	225810.8	8109465.7	37	-50	327.3	245.40	278.60	27.60	0.6	0.0	1.1	6	0.61	Victoria	
and								257.70	262.10	4.40	1.0	0.0	0.1	5	1.05	Victoria	
and								275.50	277.00	1.50	0.8	0.0	10.1	13	0.91	Victoria	
and								278.60	281.90	3.30	6.1	0.0	3.0	129	0.31	Victoria	
1216	5543.0	9236.0	225810.8	8109465.7	38	-59	258.6	218.00	222.50	4.50	0.1	0.0	3.3	0	0.14	Victoria	



QUARTERLY ACTIVITY REPORT FOR THE PERIOD ENDED 31 MARCH 2012

Appendix 6 – Balcooma Drilling Information

Significant Intersections – Q3 FY12

Hole ID	Grid_E	Grid_N	Grid_RL	Depth	Grid_Azi	Dip	From (m)	To (m)	Interval (m)	Cu%	Pb%	Zn%	Ag g/t	Comment
BVC0001035	2001.5	9188.3	306.0	61.46	91	-14	33.60	52.85	19.25	1.0	2.1	7.2	36	Lens2 upper north
BVC0001047	2001.4	9188.3	306.4	50.8	89	0	28.40	35.60	7.20	1.1	2.2	6.5	32	Lens2 upper north
BVC0001030	2004.0	9211.9	305.2	139.3	90	60	30.10	31.73	1.63	0.2	2.9	5.6	27	Lens2 upper north
							32.95	33.85	0.90	0.1	6.1	9.0	53	
							41.10	42.40	1.30	0.3	10.0	16.9	83	
							106.20	110.50	4.30	2.3	0.0	0.2	9	
BVC0001034	2004.3	9211.6	304.1	109.9	90	45	30.80	36.58	7.78	0.2	4.7	11.1	42	Lens2 upper north
BVC0001035	2004.7	9211.4	303.0	50.1	90	15	25.60	28.20	2.60	1.4	3.2	9.5	61	Lens2 upper north
BVC0001057	2004.8	9211.3	302.6	52.8	90	0	28.28	37.46	9.18	0.8	4.1	9.2	33	Lens2 upper north
BVC0001053	2005.0	9211.2	302.2	65.1	90	-17	38.17	52.30	14.13	1.5	0.7	1.3	23	Lens2 upper north
							53.78	55.28	1.50	2.4	1.8	4.0	31	
BVC0001030	2026.6	9252.5	304.1	80.08	119	45	26.00	32.35	6.35	1.0	3.7	7.7	42	Lens2 upper north
BVC0001051	2027.1	9252.5	302.4	50	115	15	25.50	31.17	5.67	1.8	1.9	5.0	46	Lens2 upper north
BVC0001082	2027.1	9252.5	301.7	49.85	115	0	29.20	31.50	2.30	2.2	0.5	0.9	33	Lens2 upper north
BVC0001043	2027.1	9252.8	301.3	71.2	107	-18	0.00	2.78	2.78	0.0	5.0	5.9	20	Lens2 upper north
							26.24	31.63	5.39	0.4	4.0	6.5	26	
BVC0001030	2027.0	9252.8	301.0	92.3	107	-30	0.00	6.00	6.00	0.0	1.6	0.7	14	Lens2 upper north
							40.85	42.90	2.05	0.2	1.2	4.9	25	
BVC0001039	2278.2	8590.8	236.3	137.6	270	-61	5.79	7.66	1.87	3.2	0.0	0.1	16	235 ft Main Cu down dip
							130.30	131.80	1.50	1.6	0.0	0.0	4	
BVC0001030	2211.8	8440.6	302.0	182.4	270	-24	59.88	68.50	8.62	1.5	4.5	7.4	42	SP8 Main Cu down plunge
							71.37	71.67	0.30	0.5	9.2	11.0	95	
							115.54	116.10	0.56	1.5	0.0	0.1	15	
BVC0001030	2211.6	8440.6	301.3	167.5	270	-40	65.70	69.97	4.27	1.2	0.0	0.2	12	SP8 Main Cu down plunge
							73.16	73.66	0.50	2.3	0.0	0.3	24	
BVC0001030	2212.3	8440.6	301.3	221.2	270	-59	52.40	52.90	0.50	1.1	1.2	0.9	18	SP8 Main Cu down plunge
BVC0001030	2212.6	8440.6	301.3	272.6	270	-80	NO SIGNIFICANT ASSAYS							SP8 Main Cu down plunge
BVC0001031	2212.0	8439.9	302.1	261.6	255	-25	65.70	68.62	2.92	3.7	6.3	13.7	83	SP8 Main Cu down plunge
							76.17	78.30	2.13	2.8	7.2	12.2	83	
BVC0001030	2212.0	8439.7	301.3	200	250	-49	NO SIGNIFICANT ASSAYS							SP8 Main Cu down plunge
BVC0001030	2212.3	8438.4	301.3	224	230	-40	72.40	73.20	0.80	0.4	1.3	3.3	12	SP8 Main Cu down plunge
							84.60	85.67	1.07	2.9	0.4	4.9	23	
BVC0001030	2212.3	8438.4	301.3	120.8	0	-60	3.15	14.50	11.35	1.1	0.0	0.1	6	SP8 Main Cu down plunge