



KAGARA LTD

2 February 2009

The Manager
Companies Announcement Office
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Dear Sirs,

Capital Raising - Share Placement

Kagara is pleased to announce that it has reached agreement with Transamine, a long standing concentrate off-take partner of the Company, to make a placement of 25.0 million fully paid Kagara shares at \$0.40 per share to an affiliate of Transamine.

The placement, representing approximately 11.5% of the shares on issue prior to the placement, will raise A\$10.0 million which will be used for general working capital and to assist the Company in progressing the development of the numerous high quality assets in Kagara's portfolio of projects.

The placement falls within the Company's 15% placement capacity as set out in ASX Listing Rule 7.1 and therefore the Company does not require shareholder approval in relation to this placement.

Yours faithfully,

Kim Robinson
EXECUTIVE CHAIRMAN