



KAGARA LTD
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ASX/ Media Release

5 July 2011

PROPOSAL TO ACQUIRE EINASLEIGH COPPER PROJECT

Kagara Limited (ASX: KZL – “Kagara” or “the Company”) advises that it has submitted a proposal to Copper Strike Limited (ASX: CSE – “CSE”) to acquire CSE’s **Einasleigh Copper Project** in North Queensland.

Under the proposal, Kagara has made a conditional offer to enter into a definitive agreement by 1 August 2011 to purchase the Einasleigh Project for total consideration comprising \$16 million in cash and the cancellation of Kagara’s 17.5% shareholding in CSE. The completion of any sale agreement would be subject to receipt of approval from CSE shareholders, both for the sale of the Project and the proposed cancellation of CSE shares held by Kagara.

If an agreement is finalised, the Board of CSE will recommend the sale of the Project to Kagara to its shareholders without qualification in the absence of a superior proposal.

The Einasleigh Copper Project, which comprises a tenement package covering a total area of approximately 450 sq km located 350km north-west of Townsville, lies immediately to the south-west of the Mt Garnet copper and polymetallic processing facilities and to the north west of its Thalanga polymetallic processing facility. The Project comprises a measured, indicated and Inferred resource of **15 million tonnes @ 0.84% copper** at Kaiser Bill and **1.1 million tonnes at 2.9% copper** at Einasleigh¹.

Kagara’s Managing Director, Mr Geoff Day, said the proposed acquisition was consistent with Kagara’s objective of strengthening its resource and reserve positions at each of its operating centres to establish an 8-12 year production outlook for both copper and zinc production.

“This proposal, if it leads to a definitive agreement, would deliver genuine win-win outcomes for shareholders of both companies,” Mr Day said. “From CSE’s perspective, it would immediately monetise the identified copper resources at Einasleigh – which we believe were unlikely to ever be developed as a standalone project – and deliver a cash injection which could be used to underpin their core business as a focused explorer.”

“From Kagara’s perspective, it further increases our copper resource inventory and strategic exploration tenement holdings in North Queensland,” he added. “We believe we can develop and efficiently mine the Einasleigh Copper Project, providing a complementary ore feed to the high-grade ore coming from our Balcooma operations to the south and, in due course, lower grade feed from Baal Gammon.”

ENDS

¹ Mining One Report (table 1) contained in the Independent Expert Report of CSE's target statement

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