Kagara Limited (ASX:KZL) Drilling Extends Red Cap Zinc-Copper Zone

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Sydney, Australia (ABN Newswire) - Kagara Limited (ASX:KZL) says today that the current reconnaissance exploration drilling programme along the Redcap Morrisons thrust zone at Chillagoe, north-east Queensland, is realising the potential of the zone to host high-grade skarnassociated zinc-rich mineralisation indicated by previous sparse drilling. To date, 29 holes have been completed during the current programme with 24 of these testing the thrust zone mineralisation.

The accompanying long section shows that drilling has outlined two zones of moderate to high-grade zinc-rich base metal mineralisation below the historic Queenslander and Morrison Shaft workings.

Both of the zones have been tracked for approximately 400 metres along strike and remain open along-strike to the northwest, south-east and down-plunge. The zones are separated by about 400 metres of oxidized skarn.

Best intercepts to date include:

- Hole 1091: 12.80m from 280.70m @ 9.1% Zn, 0.6% Cu, <0.5% Pb and 20 g/t Ag

- Hole 1099: 14.84m from 288.20m @ 12.2% Zn, 1.2% Cu, 1.8% Pb and 97 g/t Ag including 3.64m from 299.40m @ 23.1% Zn, 4.6% Cu and 7.2% Pb

- Hole 1103: 8.60m from 389.60m @ 7.4% Zn, 0.6% Cu, <0.5% Pb and 32 g/t Ag including 2.40m from 393.70m @ 17.6% Zn

- Hole 1134: 13.00m from 134.50m @ 11.2% Zn, 1.0% Cu, <0.5% Pb and 14 g/t Ag including 4.70m from 134.50m @ 29.3% Zn

The host fault zone dips moderately to the south-west and all intersections are approximately true width.

The Redcap Morrisons thrust zone mineralisation lies about 500 metres across strike from the Victoria zinc-copper skarn deposit which was discovered by Kagara several years ago. The Victoria deposit contains an Inferred Resource of 3.4 million tonnes at 5% zinc and 1% copper and also remains open along strike and at depth.

The Redcap/Morrisons and Victoria deposits are part of a large mineralised system that extends for at least 3 km along strike, is up to 1.5 km wide and is expressed by highly anomalous zinc-in-soils anomalies and extensive zones of skarn alteration.

Drilling will continue to test for extensions to the known mineralisation at Redcap/Morrisons and Victoria, and to target additional deposits before an infill resource definition programme is initiated over the coming wet season.

For the complete announcement incluidng figures and tables, please view:
http://media.abnnewswire.net/media/en/docs/ASX-KZL-557693.pdf

About Kagara Limited:

Kagara Limited is an S&P ASX 200 Australian resources group and one of Australia's lower cost producers of zinc, copper, lead and nickel.

The Company's base metals operations centre on the Mt Garnet-Chillagoe region of north Queensland, with three underground mines, one open pit mine and three processing facilities and a substantial production profile targeting copper production of 23,000 tonnes in FY2011 and zinc production of 100,000 tonnes in FY2012.

Production is also underway at the Lounge Lizard Nickel Project in Western Australia at a targeted nickel ore production rate of 50,000 tonnes per annum.

In addition, Kagara holds an extensive portfolio of high quality development and exploration assets, including the world-class Admiral Bay zinc-lead-silver-barite deposit in Western Australia, capable of delivering long term growth for the Company's shareholders well into the future.

Source:

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