



Interested Parties/Creditors:
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ASX ANNOUNCEMENT MEDIA RELEASE

Execution of Binding Exclusivity Deed with Red River Resources Ltd for the sale of the Southern Region

Perth, 3 July 2014 –The Liquidators of Kagara Limited (In Liquidation)* (**ASX: KZL**) and its wholly owned subsidiary Kagara Copper Pty Ltd (In Liquidation)*, (together the **Companies**) have entered into a binding Exclusivity Deed (**Deed**) with ASX listed Red River Resources Limited (**ASX: RVR**), a mineral exploration company for the sale of the Companies’ interest in the mining projects located near Charters Towers in North Queensland (known as the “Southern Region” projects).

The Liquidators consider this transaction provides the Companies and their stakeholders with the greatest possible return that could be currently obtained following a lengthy sale process.

RVR is granted a one month exclusivity period (**Exclusivity Period**) and has the option to extend the Exclusivity Period twice for a total of up to additional two months. During this time RVR will use its reasonable endeavours to, among, other conditions:

- obtain binding commitments to fund the acquisition of the Southern Projects
- complete due diligence on the Southern Projects

Upon expiry of the Exclusivity Period and satisfaction of the above conditions, a binding asset sale agreement will be executed with RVR. Key terms of the transactions are:

- The consideration is A\$6.5 million, comprising:
 - Cash component of A\$3.5 million on sale completion
 - Secured Convertible Note (SCN) instrument for A\$1.5 million issued to the Companies on sale completion or A\$1.5 million cash payment, at the option of RVR. The SCN is interesting bearing at 7.5% per annum, convertible at 10 cents per share at any time up to 2 years from the date of issue of the instrument. The SCN’s are also redeemable at the option of RVR
 - Deferred cash consideration of A\$1.5 million payable 3 months from commencement of commercial production on the Southern Region projects
- RVR will also agree to pay a 1.5% net smelter return royalty on production from the Southern Region projects (excluding ore subject to the existing royalties payable by the Companies to a third party)

- The completion of the sale of Southern Projects will be subject to a number of conditions precedent being met, including:
 - indicative approvals in respect of certain of the tenements
 - RVR obtaining shareholder approval, if required
 - Court approval

Further updates will be provided in due course.

* Michael Ryan, Mark Englebert, Stefan Dopking and Quentin Olde, all of FTI Consulting (Australia) Pty Ltd, became the joint and several liquidators (“Liquidators”) of KZL and Kagara Copper Pty Ltd, on 16 December 2013 pursuant to the Deeds of Company Arrangement as amended and originally entered into on 27 May 2013.

- Ends -

About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organisations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. With over 3,900 employees located in 24 countries, FTI Consulting professionals work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management, strategic communications and restructuring. The Company generated \$1.58 billion in revenues during fiscal year 2012. More information can be found at www.fticonsulting.com.