



Former executives plan miner's rebirth

Nick Evans

Former Kagara executives are thought to be behind a move to recapitalise a slimmed-down version of the failed base metals miner.

Speculation about their move emerged yesterday after Kagara's administrators announced the \$40 million sale of several of the miner's key Queensland copper assets to a Hong Kong group, paving the way for creditors to be repaid.

Sources said the sale had brought a recapitalisation of Kagara " tantalisingly close", with a plan to refinance it possibly only weeks away.

Kagara administrators Taylor Woodings said agreement had been reached with Hong Kong investment company Snow Peak Mining for the sale of Kagara's central North Queensland assets, including the Mt Garnet processing plant, the Balcooma and Baal Gammon mining areas and the Einasleigh and Maitland exploration projects.

Snow Peak owns the Mt Garnet

tin project with ASX-listed Consolidated Tin Mines and is understood to be primarily interested in Kagara's processing plant at Mt Garnet.

The sale price, which includes the assumption of \$10.7 million of environmental bonds, will be enough to extinguish Kagara's secured debt, trading costs and administration expenses, Taylor Woodings said.

With last month's move to unwind the gold rights agreement with spin-out Mungana Gold Mines, the other complicating issue in Kagara's structure, it is understood the stage is set for the presentation of the recapitalisation plan to the administrators.

Kagara's former board and management team would not comment on whether they were involved in any recapitalisation plan.

But it is understood some former executives are edging close to a refinancing proposal that could see a

slimmed down Kagara return to trading next year.

With the sale of the Central North Queensland projects, Kagara would still have two of its three planned mining and processing hubs left, plus the large but undeveloped Admirals Bay project in WA. The Balcooma and Baal Gammon copper and base metals mines were its highest margin operations, and the last to stop operating.

Left are the southern-most operations around Thalanga, including a processing plant and the Vomacka and West 45 mining areas, and the most northern projects including the Mungana mine and half-finished processing plant and the high-grade King Vol and Red Cap projects. It is understood the plan would see Kagara return to its exploration and development roots until it built a substantial enough resource base to mine on a larger than previous scale.



KAGARA NOT DEAD YET

ASSETS SOLD
Lounge Lizard nickel mine
Central Queensland assets: Mt Garnet processing, Baal Gaamon and Balcooma projects, and Einsleagh and Maitland exploration projects

WHAT'S LEFT
Mungana, King Vol, Vomacka, Thalanga/
West45, Waterloo, Liontown, Admiral Bay
(WA, separate sales process)

The unfinished Mungana processing plant