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BALCOOMA DIAMOND DRILLING RESULTS

Kagara Zinc Ltd is pleased to announce the results of the first two holes drilled on the extremities to the upper zinc zone at Balcooma. (see table below and attached longitudinal section).

BKD 19 intersected 8.11 metres at 16.2% zinc and BKD 20 intersected 5.80 metres at 8.2% zinc and 7.5% copper including a high grade zone of 2.02 metres at 18.8% zinc. The intersection in BKD 20 demonstrates the potential for the Balcooma upper zone to generate significant by product revenues from copper.

Drilling is continuing.

HOLE NO	COORDINATES		DIP	AZ	FROM m	TO m	WIDTH m	Zn %	Pb %	Cu %	Ag g/t
	NORTH	EAST									
BKD 19	8740	2247	56	270	107.97	116.08	8.11	16.2	5.1	1.0	31
BKD 20	8720	2240	65	270	112.20	118.00	5.80	8.2	0.9	7.5	39
			Including		112.45	114.47	2.02	18.8	2.3	8.0	98

For and behalf of the Board,

KIM ROBINSON
Executive Chairman

This report, so far as it pertains to ore and mineralisation, is based on information compiled by and as reported upon by Mr J Treacy, Technical Director, Kagara Zinc Ltd, who is a member of the Australasian Institute of Mining and Metallurgy and has at least five years experience in the field of activity concerned.

SOUTH

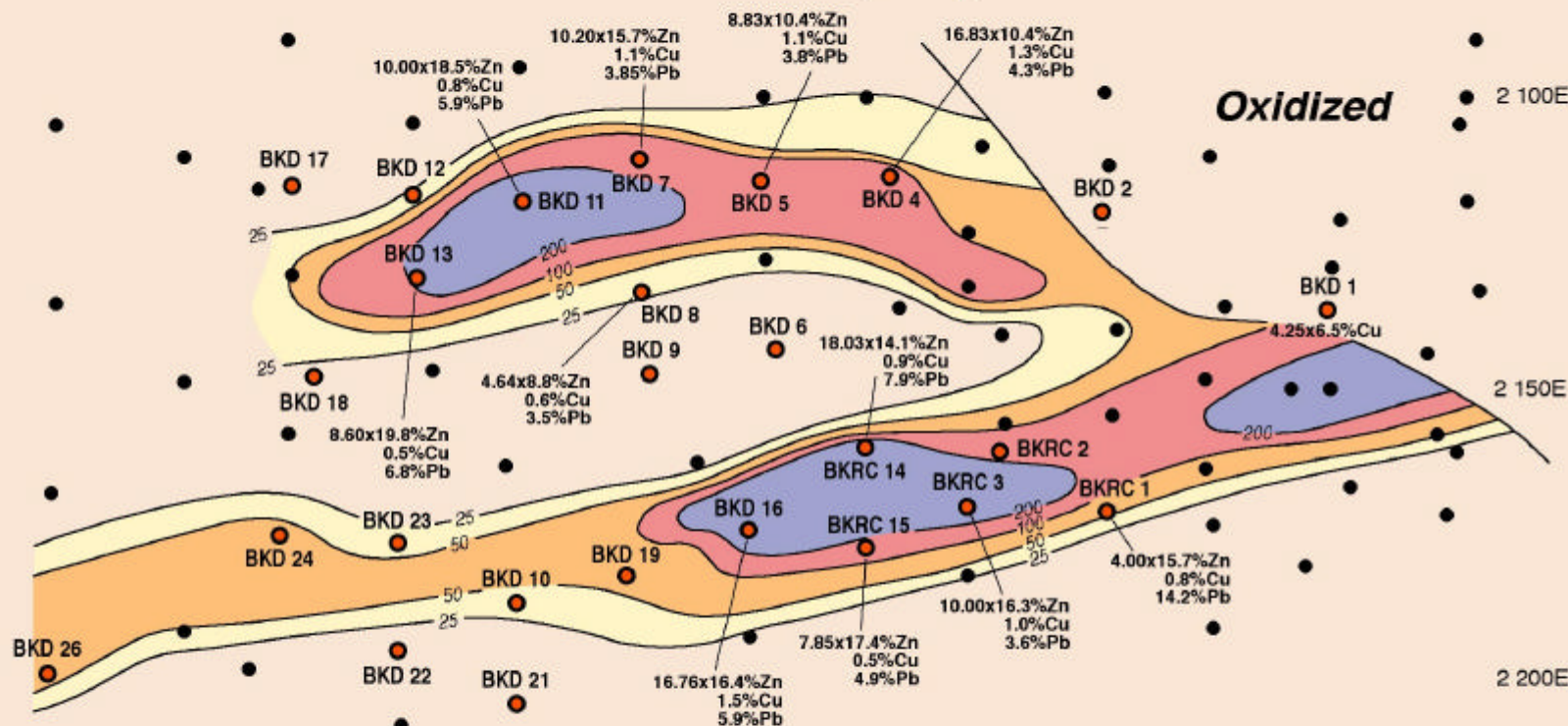
NORTH

Contours
Vertical Width (m) x Grade (Zn%)

25	> 25m%
50	> 50m%
100	> 100m%
200	> 200m%

- Diamond drillholes (pre Kagara)
- Kagara 2002 drillholes
- ⊕ Proposed 2003 drillholes

0 25 50m



KAGARA ZINC LIMITED

BALCOOMA ZINC UPPER LENS
HORIZONTAL LONGITUDINAL
PROJECTION