

**Registered Office**  
C/- HLB Mann Judd (SA) Pty Ltd  
82 Fullarton Road  
NORWOOD SA 5067

18 October 2010

**Kagera Nickel – Remaining Condition Precedent Update**

As announced on 14 October 2010, the completion under the Share Sale Agreement between Kagera Nickel Limited (“Kagera”) and Castillian Resources Corp (“Castillian”) remains subject to the satisfaction of one final condition precedent. The condition precedent relates to the receipt of Tanzanian licensing authority consent to transfer all of the shares in Castillian Resources (Tanzania) Limited, the Castillian subsidiary which holds the 4 mineral exploration licences and 2 applications for mineral exploration licences.

Kagera’s Tanzanian Counsel has indicated that it has a meeting scheduled with the Tanzanian Ministry on Monday Tanzanian time (Monday evening Australian time). The meeting with the Ministry is required to gain clarification of the process and timing required to receive formal consent to transfer all of the shares in Castillian Resources (Tanzania) Limited.

Until Kagera can provide a definitive timetable, it provides the following indicative schedule:

Satisfaction of the remaining condition precedent	21 October 2010
Delisting from NSX	22 October 2010
Allotment Date	26 October 2010
Dispatch of Holding Statements	28 October 2010
Expected date for Shares to commence trading on ASX	2 November 2010

These dates are indicative only and may be subject to further change.

Kagera will continue in its attempts to expedite the consent process where possible. The Directors of Kagera will inform the market of any further developments.

Yours sincerely



Simon O’Loughlin  
Chairman