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ASX Release

18 March 2009

MEMORANDUM OF UNDERSTANDING AND SETTLEMENT

The Board of Directors of Kangaroo Metals Limited (**KML**) wishes to advise that it has signed a new **non binding** MOU for the sale of some of its assets.

The terms of the new MOU are largely consistent with the previous MOU entered into by the company and with a related party of the same group. The purchaser is currently working through a series of due diligence matters and has requested 35 days to complete this process. KML also intends to complete due diligence on the purchaser during this period.

While the Board considers that this potential asset sale is a good opportunity for the company, it remains non binding and conditional. The Board therefore intends to continue to actively seek out other potential buyers and joint venture partners in relation to its other assets.

The Board has to date received commitments of approximately \$600,000 and will be looking to make the required allotments next week in accordance with the Romfal Corporate Pty Ltd reconstruction deed that was previously approved at the shareholder meeting on 21 January 2009, with a view to seeking reinstatement to trading of the company's securities on ASX as soon as possible.

The Company also wishes to advise that it has reached a settlement agreement for the termination of the South Mt Cameron Mine in Tasmania as previously announced. Settlement under the deed of release is scheduled to be completed this week.

SEAN HENBURY

Company Secretary
Kangaroo Metals Limited

Exploration

Project Development

Mining

Geophysics