



WA Office: ABN: 38 120 284 040
21 Teddington Road, Burswood WA 6100
PO Box 6918, East Perth WA 6892
P: +61 8 9486 2333
F: +61 8 9355 4580
E: kml@kangaroometals.com.au

ASX Release

21 January 2009

The Company Announcements Platform
ASX Limited

By E-lodgement

EXECUTION OF NON-BINDING MOU

The Directors are pleased to announced that KML has entered into a non-binding Memorandum of Understanding for the potential sale of a number of KML's assets to a third party.

The Memorandum of Understanding is subject to the satisfaction of a number of significant conditions (including due diligence and execution of formal documentation).

It is expect that due diligence will be completed in the next 21 days.

As announced yesterday, the Company has elected to defer the closing date of the entitlements issue so that shareholders will potentially be afforded the opportunity to consider the merits of this potential transaction (if it subsequently becomes binding) in conjunction with their investment decision under the entitlements issue.

Further details will be released to ASX in relation to this transaction as and when they become available.

-ENDS-
SEAN HENBURY

Company Secretary
Kangaroo Metals Limited