



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

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MARKET UPDATE ON ACTIVITIES

HIGHLIGHTS:

- Reinstatement to trading confirmed following completion of successful capital raising.
- Negotiations nearly finalized for a joint venture over an advanced coal asset in Indonesia.
- Non-binding MOU terminated, but discussions continue with other parties.

Reinstatement to trading and Capital Raising

As advised by ASX on Tuesday, 26 May 2009, Kangaroo Metals Limited (ASX: KML) will be reinstated to official quotation today.

The Company has raised \$1,508,000 while the Company was suspended from official quotation through the issue of 213,800,000 shares. These funds were used to pay the Company's outstanding debts, with the remaining to be used for working capital and other opportunities in the sector.

In order to complete the goals of the Company and to ensure that the Company has sufficient capital moving forward, the Board has decided to raise a further \$400,000 via a placement of shares at 1 cent. The Company expects the prospectus to be lodged later today.

The Chairman, Mark O'Keeffe praised the efforts of his fellow Directors and the Company's advisors by stating that "this is a result of many hours of extremely hard work from the Board and its advisors. We all looked forward to the Company's future."

Other Opportunities

During the period of suspension, the Company has been actively reviewing a number of other opportunities in the sector and is pleased to update that the Company is in advanced negotiations with a reputable coal producer in Indonesia with a view to entering into joint venture over an exciting coal project in that country. The Company expects to formalise these negotiations in the coming days, following which a more detailed announcement will be made to ASX.

Exploration

Project Development

Mining

Geophysics



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Non Binding MOU

On 18 March 2009, the Company announced that it had signed a non binding memorandum of understanding for the sale of some of its assets. The purchaser is continuing to undertake its due diligence process, however, the original time allowed by the Company has expired. As a consequence and by virtue of the due diligence period expiring, the Board has decided to terminate the non binding memorandum of understanding and actively seek out its other interested potential buyers and joint venture partners in relation to the Company's tenements and other assets.

In this regard, there has been significant interest shown in some of the Company's non-core assets, primarily the Mt Ruby iron ore tenement. The Company is in advanced negotiations with two potential purchasers of the Mt Ruby iron ore tenement and it is expected that these negotiations will continue over the coming weeks. Further updates will be provided to ASX in due course.

-ENDS-

SEAN HENBURY

Company Secretary