



Kangaroo Resources Limited
ABN: 38 120 284 040
ASX Code: KRL

10 May 2018

Ms D James
ASX Compliance Pty Ltd
Level 40, Central Park
152-158 St Georges Terrace
Perth, WA 6000

Dear Ms James

ASX Aware Query

We refer to ASX's letter dated 9 May 2018 and the queries raised therein relating to Kangaroo Resources Limited's ("KRL" or the "Company") Price and Volume Query Response announcement dated Tuesday, 8 May 2018 (the "Announcement").

The Announcement stated that a request had been received by the Company from its largest shareholder, PT Bayan Resources Tbk (56.05% shareholder) for the two parties to enter into a confidentiality agreement ("CA") and further noted the Company's understanding that PT Bayan seeks to enter into the CA with a view to making an assessment whether to submit a proposal for the acquisition or purchase of all KRL shares not already owned by it (the "Information").

The Company responds to ASX's letter of 9 May 2018 as follows:

1. *Does KRL consider the Information, or any part of the Information, disclosed in the Price and Volume Query Response to be information that a reasonable person would expect to have a material effect on the price or value of its securities?*

Yes.

2. *If the answer to question 1 is "no", please advise the basis for that view.*

Not applicable

3. *When did KRL first become aware of the Information?*

The Company first became aware of the request for the parties to enter into a CA on Monday, 30 April 2018 at around 12pm, Perth time having received an email, accompanied by a draft CA, from PT Bayan requesting the Company to consider and,

if appropriate, execute the CA following the usual process of review and approvals as necessary. The Company notes that as at today's date the draft CA terms are in the process of being settled by the parties and their respective counsel.

4. *If the answer to question 1 is "yes" and KRL first became aware of the Information before the relevant date, did KRL make any announcement prior to the relevant date which disclosed the Information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe KRL was obliged to release the Information under Listing Rules 3.1 and 3.1A and what steps KRL took to ensure that the information was released promptly and without delay.*

For the purposes of this response, the relevant date is the date of the Announcement (8th May 2018).

No, the Company did not make an announcement concerning the Information prior to 8 May 2018.

Following receipt of the draft CA from Pt Bayan on 30 April 2018, the Company commenced the process of reviewing the draft document including by its counsel. This process culminated with KRL returning its edited version of the draft CA to PT Bayan on Friday, 4 May 2018 at around midday, Perth time for its further consideration.

The Company is firmly of the view that the Information did not require disclosure to the market as it satisfied the requirements under Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure under Listing Rule 3.1.

On Friday at 1.56pm (Perth time), 4 May 2018, the Company received a Price and Volume query letter from the ASX in relation to an increase in the Company's share price from a low of \$0.028 on 4 May 2018 to an intra-day high of \$0.044 as well as an increase in the volume of trading in the Company's securities. Upon considering its response to the price query letter later that day and the next day (Saturday, 5 May 2018), the Company formed the view that it could no longer rely on the exceptions under Listing Rule 3.1A.

The Company's securities were placed into a trading halt on Monday, 7 May 2018 prior to commencement of trading on ASX. The Announcement containing the Information was then issued on Tuesday, 8 May 2018 prior to commencement of trading on ASX that morning, so as to ensure the Information was released promptly and without delay after the Company was no longer able to rely on the exceptions under Listing Rule 3.1A.

5. *Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.*

Yes, the Company confirms that it is in compliance with ASX Listing Rules and, in particular, Listing Rule 3.1.

6. *Please confirm that KRL's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of KRL with delegated authority from the board to respond to ASX on disclosure matters*

The Company confirms that the responses to the questions above have been authorised and approved by the Board.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Paul Jurman', with a stylized flourish at the end.

Paul Jurman
Company Secretary

9 May 2018

Mr Paul Jurman

Company Secretary
Kangaroo Resources Limited
Level 2, Suite 9
389 Oxford Street, Mount Hawthorn
WA 6016

By email:

Dear Mr Jurman

Kangaroo Resources Limited ("KRL"): aware query

ASX Limited ("ASX") refers to the following:

- A. The ASX Price and Volume Query Letter sent to the Company on 4 May 2018 noting an increase in the price of KRL's securities from a low of \$0.028 to an intraday high of \$0.044 on 4 May 2018 as well as an increase in the volume of KRL shares traded over the same period.
- B. KRL's response to the ASX Price and Volume Query Letter sent to ASX on 8 May 2018 and released on the Market Announcements Platform at 9:44 am AEST on 8 May 2018 (the "Price and Volume Query Response"), disclosing the following:
- C. In response to the question "Is KRL aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities":

The Company recently received a request from its largest shareholder, PT Bayan Resources Tbk (56.05% shareholder) for the two parties to enter into a confidentiality agreement ("CA"). The CA is presently being finalised with a view to being executed later this week. In entering into the CA, the Company understands that PT Bayan seeks to obtain confidential information, and potentially undertake discussions with the Company, with a view to making an assessment whether to submit a proposal for the acquisition or purchase of all KRL shares not already owned by it.

The confidential information covered by the CA includes all information relating to the Company which is provided to PT Bayan under the CA (other than usual and standard exceptions such as information already known to PT Bayan or in the public domain), and also includes any discussions or proposals that might arise or be received under the terms of the CA.

The engagement regarding the CA is at a preliminary stage and there is no certainty that entering into the CA or related discussions between the parties will lead to Bayan taking any action, or the notification or receipt of any action or proposal by Bayan, or that any transaction will eventuate.

(the "Information").

- D. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- E. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity"

and section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information”*.

- F. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

- G. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

Having regard to the above, ASX asks KRL to respond separately to each of the following questions and requests for information:

1. Does KRL consider the Information, or any part of the Information, disclosed in the Price and Volume Query Response to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view.
3. When did KRL first become aware of the Information?
4. If the answer to question 1 is “yes” and KRL first became aware of the Information before the relevant date, did KRL make any announcement prior to the relevant date which disclosed the Information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe KRL was obliged to release the Information under Listing Rules 3.1 and 3.1A and what steps KRL took to ensure that the information was released promptly and without delay.
5. Please confirm that KRL is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that KRL’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of KRL with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 7:30 am WST on 11 May 2018.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, KRL's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph and may require KRL to request a trading halt immediately.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at tradinghaltspert@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to KRL's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that KRL's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Suspension

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in KRL's securities under Listing Rule 17.3.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Dawn James

Adviser, Listings Compliance (Perth)