

21 December 2016

COMPANY UPDATE

Kangaroo Resources Ltd ("KRL" or the "Company") hereby announces that it has reached resolution on one of the key issues that is required by the Department of Energy and Mineral Resources to be resolved in order to clear the way to obtaining "Clear and Clean" status for a number of its coal concessions in the Pakar area of East Kalimantan.

The issue related to certain parts of the Company's Pakar concessions that had an overlap with a third-party coal concession. In this regard, the Company has relinquished certain areas of three concessions that had an overlap with this third-party coal concession.

The status of the concessions impacted by this are summarised in the table below:

Company	Status	Previous	Current
PT. Apira Utama	IUP ¹ Production	4,996 Ha	1,714 Ha
PT. Bara Sejati	IUP ¹ Production	4,595 Ha	2,981 Ha
PT. Silau Kencana	IUP ¹ Exploration	4,996 Ha	4,774 Ha
Total		14,587 Ha	9,469 Ha

Footnote 1: IUP = Izin Usaha Pertambangan = Mining Concession Permit

The relinquishment will have the effect of reducing certain previously reported reserves and resources in those concessions. Nevertheless, the coal in these relinquished areas in South Pakar is of lower quality (circa 3,000 Kcal/kg Gross As Received (GAR) and 48 - 51% Total Moisture) than the coal in the North Pakar concessions (circa 3,600 - 3,800 Kcal/kg GAR and 36 - 43% total moisture). The Company has engaged PT. RungePincockMinarco to update the reserves and resources statements to JORC 2012 standard including taking into account these relinquishments. It is expected these reports will be available early Q2 2017.

KRL's other concessions in the North Pakar area, PT. Tiwa Abadi (5,000 Ha), PT. Tanur Jaya (5,000 Ha) and PT. Orkida Makmur (1,061 Ha), has full "Clear and Clean" status from the Central Government of Indonesia.

Managing Director, Russell Neil said "It is never an ideal outcome where we have to relinquish parts of our concessions, however this action will pave the way for us to: (i) obtain "Clear and Clean" status in the near future; (ii) complete the Bayan/KRL transaction which has been outstanding for quite some time; (iii) obtain Borrow-Use (Pinjam Pakai) permits for the parts of our concessions that overlap with forestry concessions; and (iv) ultimately commence mining in the Pakar concessions."

FURTHER INFORMATION:

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