

30 April 2015

## **MARCH 2015 QUARTERLY ACTIVITIES REPORT**

### **ACTIVITIES REPORT**

#### **HIGHLIGHTS**

- ✦ BAYAN completed construction and commenced hauling coal on the new 69km coal haul road from TABANG area to Senyur Port location.
- ✦ Barging of coal from MCM to BCT carried out in January, February and March.
- ✦ Steady progress made on applications for new Production Licenses for PAKAR North concessions and associated forestry permits.
- ✦ Cash at bank at the end of the Q1 was AU\$ 3.006 million.

#### **PAKAR COAL PROJECT (TA, TJ, DE, OM, SA, CA, BS, AU & SK)**

Primary focus over the next 12 month period is on securing final mining (production) and forestry permits for PAKAR North projects (TJ and DE) to enable the Company to commence production alongside BAYAN's existing TABANG mining concessions which have now started running coal to Senyur Port.

#### **Project Infrastructure for TABANG and PAKAR**

BAYAN completed construction of new 69km coal haul road from TABANG coal concession areas to Senyur Port location and commenced hauling coal to the Senyur Port location. This new haul road now provides first class access to 7 of the PAKAR coal concession areas.

See Attachment 1 to this report – Layout of TABANG and PAKAR mining concessions, haul roads and port areas.

New fleet of Scania 300 tonne capacity road trains commenced hauling coal from BAYAN's TABANG mining concessions to the Senyur Port area.

The Company's existing barge loading facilities at Senyur Port were used to run trial barging using 7,000 tonne capacity barges on the Kedang Kepala River.

An additional barge loading conveyor is being constructed by BAYAN adjacent to the Company's existing 6Mtpa barge loading conveyor. This will increase overall port capacity at Senyur to 18Mtpa.



Photo 1 – New Scania haulage trucks (300 tonne capacity) transporting coal from BAYAN’s existing TABANG mining concessions to Senyur Port using the new 69Km long coal haul road.

### **MAMAHAK COAL PROJECT (MCM, MEL, MBE & BKL)**

Barging of MCM Coal from Long Hubung Jetty was recommenced in January. MCM has also been able to trial new Self Unloading Barges (SUB’s) alongside conventional barges and these have proved successful in the upper reaches of the river as they are faster and do not require the use of additional floating grab cranes for unloading.

River water levels have remained variable resulting in intermittent barging activity however 45,500 tonnes of coal has now been transferred to the Balikpapan Coal Terminal (BCT) with the remaining 26,000 tonnes expected to be transferred over April and May before the next ‘dry season’ returns.

Transfer of all the remaining coal stocks will also enable a further reduction in site care and maintenance expenditure.

Direct Sales on a barge-by-barge basis were not possible due to the ‘intermittent’ nature of the barging activities, however, the Company has already received expressions of interest from prospective buyers who will review further once we have all the available coal located at BCT and the necessary export sales licenses in place.

Resumption of mining activity at MCM is dependent on coal markets improving, and establishing more reliable logistics route for coal sales.



Photo 2 - Self Unloading Barges on the Mahakam River

### **GRAHA PANCA KARSA COAL PROJECT (GPK)**

Production Licenses are in place, now awaiting market upturn before commencing field operations.

The Company is currently exploring opportunities for shared use of project infrastructure with neighbouring mining concessions that are already in production.

### **LIST OF MINING TENEMENTS HELD AT 30 MAR 2015**

#### East Kalimantan, Indonesia

- PT Mamahak Coal Mining - 99% (Equity via KOJ)
- PT Bara Karsa Lestari - 99% (Equity via KOJ)
- PT Mahakam Energi Lestari - 99% (Equity via KOJ)
- PT Mahakam Bara Energi - 99% (equity via KOJ)
- PT Tiwi Abadi - 99% (currently pending share transfer from BAYAN to KRL)
- PT Tanur Jaya - 99% (Equity)
- PT Dermaga Energi - 99% (Equity)
- PT Orkida Makmur - 99% (Equity)
- PT Sumber Api - 99% (Equity)
- PT Cahaya Alam - 99% (currently pending share transfer from BAYAN to KRL)
- PT Bara Sejati - 99% (currently pending share transfer from BAYAN to KRL)
- PT Apira Utama - 99% (currently pending share transfer from BAYAN to KRL)



- PT Silau Kencana - 99% (Equity)
- PT Graha Panca Karsa - 84.82% (commercial interest currently pending conversion to equity, with a further obligation to transfer 8% to a third party after equity transfer)

## **GLOSSARY**

### **CORPORATE**

- Company – Kangaroo Resources Limited (ASX – KRL)
- BAYAN – PT Bayan Resources Tbk
- TABANG – 3 BAYAN concessions on the northern boundary of PAKAR North
- KML – Kangaroo Minerals Pty Limited (subsidiary company of KRL)
- WEC – White Energy Company Limited (ASX – WEC)
- PMA – Perusahaan Model Asing (local term used for a foreign investment company)
- BCT – Balikpapan Coal Terminal
- DPP – PT Dermaga Perkasapratama – (operators of BCT and owned by BAYAN)
- CnC – Clear & Clean Status (granted by Department of Mines)
- SPA – Sale & Purchase Agreement
- IP – PT Indonesia Pratama (services company owned by BAYAN)
- BIS – PT BIS Industries (current Coal Haulage Contractors for TABANG)
- PTP – PT Petrosea Tbk (current Mining & Construction Contractors at TABANG)
- BT – PT Bara Tabang (one of the 2 BAYAN owned existing coal-mines at TABANG)
- Mtpa – Million tonnes per annum

### **MAMAHAK**

- KOJ – PT Karsa Optima Jaya (the holding company for MCM, MEL, MBE & BKL)
- MCM – PT Mamahak Coal Mining
- BKL – PT Bara Karsa Lestari
- MEL – Mahakam Energi Lestari
- MBE – Mahakam Bara Energi
- Long Hubung (current Port location on Mahakam River for MAMAHAK projects)

### **PAKAR (NORTH)**

- TA – PT Tiwi Abadi (currently pending share transfer from BAYAN to KRL)
- TJ – PT Tanur Jaya
- DE – PT Dermaga Energi

### **PAKAR (SOUTH)**

- OM – PT Orkida Makmur
- SA – PT Sumber Api
- CA – PT Cahaya Alam (currently pending share transfer from BAYAN to KRL)
- BS – PT Bara Sejati (currently pending share transfer from BAYAN to KRL)
- AU – PT Apira Utama (currently pending share transfer from BAYAN to KRL)
- SK – PT Silau Kencana

### **PAKAR (NORTH & SOUTH)**

- SAU – PT Sumber Aset Utama
- Senyur – proposed port location on Kedang Kepala River for PAKAR projects
- Gunung Sari – existing Port location on Belayan River for TABANG projects

### **GRAHA PANCA**

- GPK – PT Graha Panca Karsa



## Further information:

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**DISCLAIMER:** The information concerning production targets in this announcement are not intended to be forecasts. They are internally generated goals set by the board of directors of Kangaroo Resources Limited. The ability of the company to achieve these targets will be largely determined by the company's ability to secure adequate funding, implement mining plans, resolve logistical & permitting issues associated with mining and enter into off take arrangements with reputable third parties.

It is common practice for a company to comment on and discuss its exploration in terms of target size and type. The information above relating to the exploration target should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature, since there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.





Attachment 1 - Layout of TABANG and PAKAR mining concessions, haul roads and port areas.

