

31 July 2015

JUNE 2015 QUARTERLY ACTIVITIES REPORT

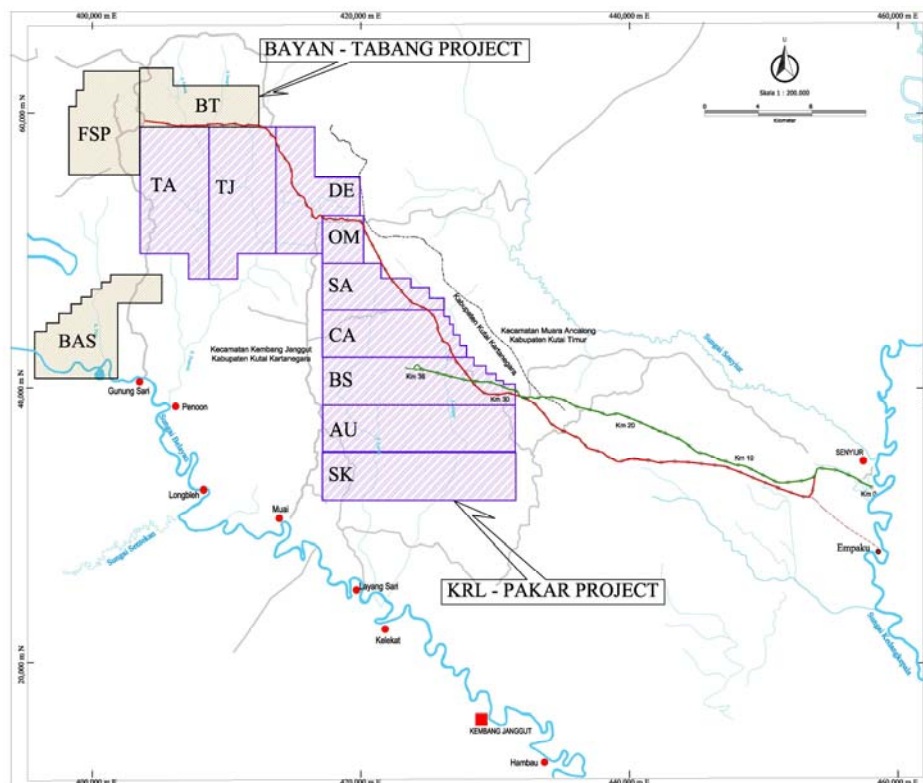
ACTIVITIES REPORT

HIGHLIGHTS

- TABANG infrastructure achieved 5Mtpa nominal annualized throughput in June.
- Barging of remaining coal from MCM to BCT completed.
- Ongoing progress 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\$ 2.812 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, and barging from, the Senyur Port.



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



Project Infrastructure for TABANG and PAKAR

Bayan's new 69km coal haul road from TABANG coal concession area to Senyur Port location is fully operational providing first class access to 7 of the PAKAR coal concession areas.

New fleet of Scania 300 tonne capacity road trains continued hauling coal from BAYANS's TABANG mining concessions to the Senyur Port area during Q2.

TABANG Coal – total hailed along new haul road at 30 June 2015 = 860,000 tonnes

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

TABANG Coal – total barged from Senyur Port at 30 June 2015 = 780,000 tonnes

Construction of an additional barge loading conveyor adjacent to the Company's existing 6Mtpa barge loading conveyor is ongoing and will increase overall port capacity at Senyur to 18Mtpa by Q4 2015.



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. River water levels have permitted ongoing barging activity throughout Q2, enabling all product stockpiles to be relocated from site to BCT. A total of 68,158 Tonnes has been barged in 2015, and it is anticipated that all this coal will be sold during Q3.



Further reductions in site care and maintenance are being implemented to reduce monthly expenditure.

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

GRAHA PANCA KARSA COAL PROJECT (GPK)

Production Licenses are in place for initial mining areas, now awaiting market upturn and additional check drilling program before finalizing start up plans and 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 JUNE 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

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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.