

30 October 2015

SEPTEMBER 2015 QUARTERLY ACTIVITIES REPORT

ACTIVITIES REPORT

HIGHLIGHTS

- ✦ BAYAN are continuing coal haulage & coal barging at TABANG using the new haul road and the first phase of the new Senyur port.
- ✦ Senyur Port expansion (completion of a 2nd Jetty by BAYAN) is on track to complete in Q4.
- ✦ Ongoing progress being made on applications for new production licenses for PAKAR North concessions and associated forestry permits.
- ✦ Cash at bank at the end of the Q3 was AU\$2.824 million.

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

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 and work is almost completed on the next phase of port expansion, the addition of a 2nd Jetty to increase the barge loading throughput.

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

Development of Pakar North Projects

Work continues on long term mine planning and 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 already started running coal to, and barging from, the Senyur Port.

The GOI Foreign Investment Coordinating Board (BKPM) has introduced a new one stop shop service (BPPMD) for licenses and permits in order to streamline the process.

Utilisation of the New Road & Port Infrastructure

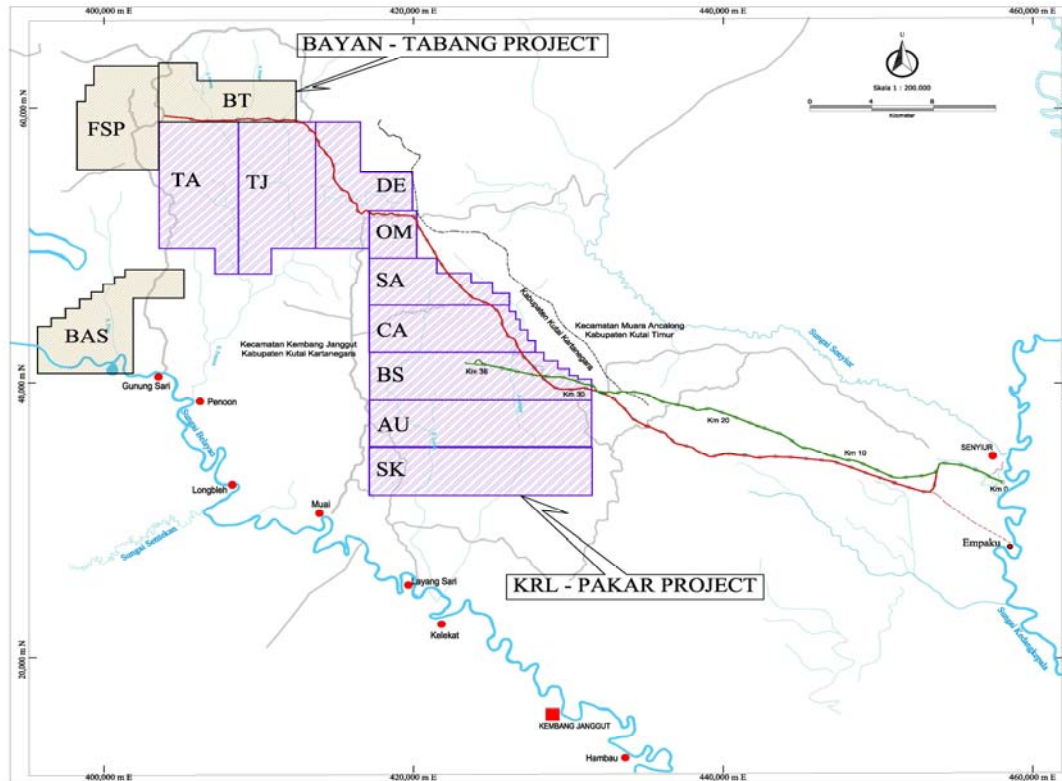
14 units Scania (300 tonne capacity) road trains being used to haul coal from BAYAN's TABANG mining concessions to the Senyur Port area during Q3. A further 5 units are in Country and awaiting delivery to site.

TABANG Coal – total coal hauling along new haul road at 30 September 2015 = 2,064Kt.



The Company's existing barge loading facilities at Senyur Port were used for barging using 7,500 to 8,000 tonne capacity barges on the Kedang Kepala River.

TABANG Coal – total coal barged from Senyur Port at 30 September 2015 = 1,342Kt.



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

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

Mining operations remain suspended. All remaining product stockpiles (a total of 68,158 tonnes) has been barged to BCT. It is anticipated that all this coal will be sold and revenues booked in Q4.

Further reductions in site care and maintenance have been made to minimise ongoing monthly expenditure. Surplus equipment assets have been put up for sale.

Resumption of mining activity at MCM remains 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 coal market upturn and additional check drilling program before finalizing start up plans and commencing field operations. The Company has explored opportunities for shared use of project infrastructure with neighbouring mining concessions that are already in production as a means of minimizing capital expenditure.



COMMERCIAL

The Company continues to rely on BAYAN to fund ongoing expenditure. BAYAN is currently restructuring its loan facility with their lenders and is confident that the restructuring will be completed shortly.

LIST OF MINING TENEMENTS HELD AT 30 SEPTEMBER 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)
- GOI – Government of Indonesia
- 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.