

9 June 2016

COMPANY UPDATE

SAU Transaction

Further to its announcement dated 23 December 2015 and subsequent shareholder approval received at a general meeting of shareholders on 29 April 2016, Kangaroo Resources Ltd ("KRL" or the "Company") is pleased to announce that settlement of the SAU transaction has occurred with its strategic alliance partner and majority shareholder, PT Bayan Resources Tbk (**Bayan**).

Bayan has paid US\$12 million in consideration for the Company's SAU Infrastructure Assets comprising a haul road between one of its Pakar concessions and the Senyur Port and land, infrastructure, buildings and fixed equipment at Pakar and the Senyur Port.

The sale proceeds have been used to repay Bayan in part repayment of KRL's existing loan from Bayan. The completion of the SAU transaction has the dual benefit of reducing the loan outstanding to Bayan and will provide the Company access to Bayan's 16 metre wide coal haul road and barge loading facilities rated to 6,000 tonnes per hour that it has already constructed in the Tabang/Pakar area.

Managing Director, Russell Neil said "The completion of the SAU transaction provides us rights to use Bayan's infrastructure that it has already constructed and brings us one step closer to achieving commercial production."

Remuneration arrangements for Managing Director, Russell Neil

On 5 May 2016, the Company announced the appointment of Mr Russell Neil as Chief Executive Officer and Managing Director. Mr Neil, an executive with Bayan will remain an employee of Bayan but his services, representing approximately 50% of his time, will be provided to the Company on a secondment basis for the period up to May 2017. The Company will pay a fee of US\$18,000 per month for Mr Neil's services, representing approximately 50% of the total cost to Bayan of employing Mr Neil.

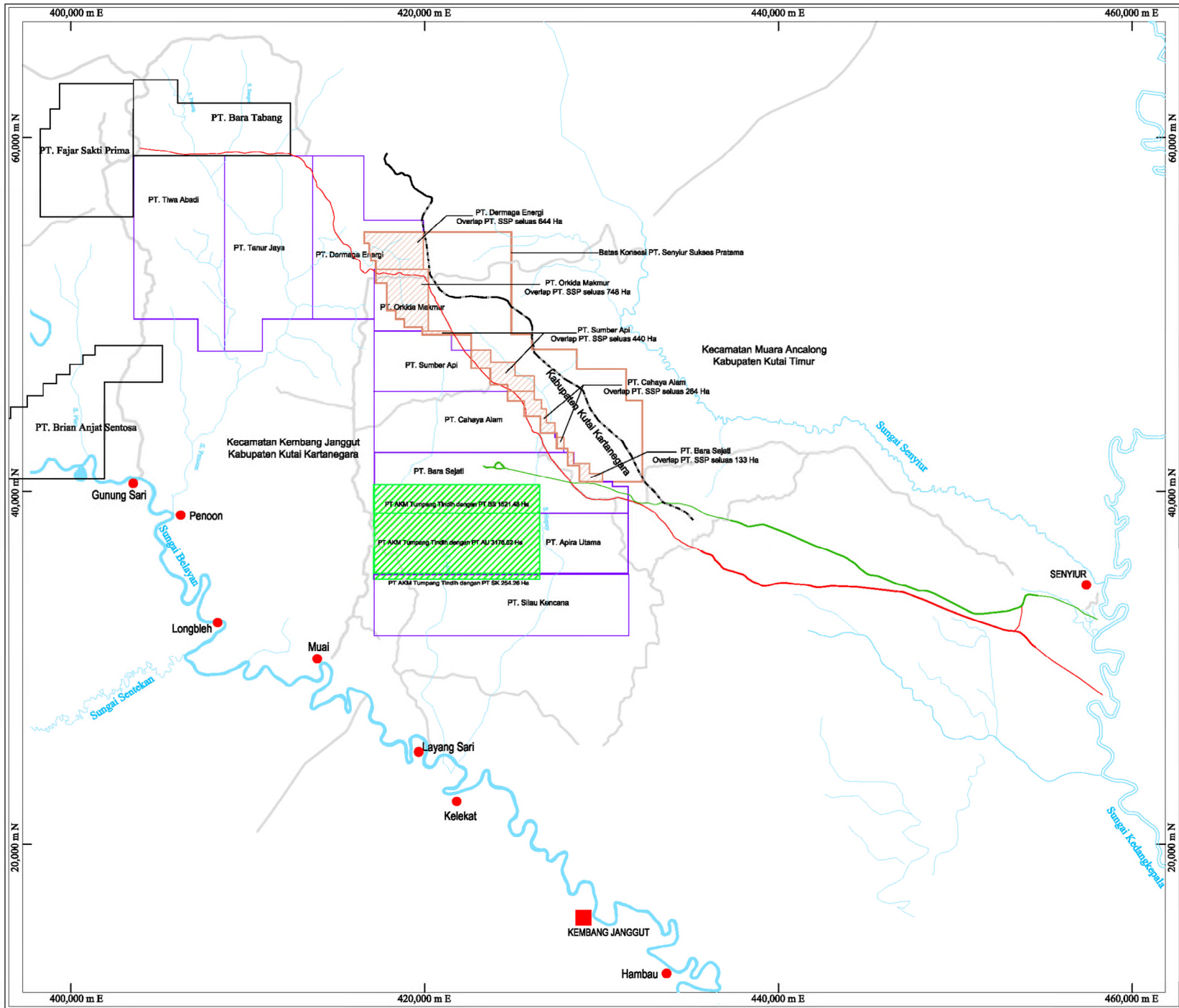
FURTHER INFORMATION:

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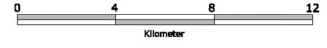
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Skala 1 : 200.000

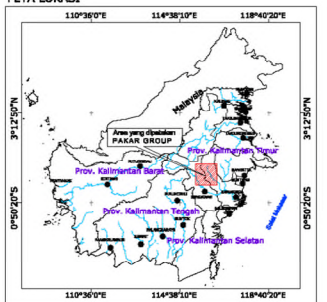


- KETERANGAN**
- : Batas IUP ILTHABI Group
 - : Batas IUP PT. Aditya Kirana Mandiri
 - : Batas IUP PT. Senyur Sukses Pratama
 - : Jalan Lokal
 - : Jalan Tambang PT. Bara Tabang
 - : Jalan Tambang Ex. PT. IBU
 - : Desa
 - : Kecamatan
 - : Sungai
 - : Batas Kabupaten

Sumber Data Batas Kabupaten :

1. Lampiran Surat Gubernur No.136/9187/PPMK/2012 Tanggal 31 Oktober 2012, Perihal Penegasan Batas Wilayah antara Kabupaten Kutai Kartanegara dengan Kabupaten Kutai Timur

PETA LOKASI



Survey Datum : WGS84 Spheroid
Projection : UTM Zona 50N

PAKAR GROUP

Drawing No.	A3 SIZE	SHEET NO 1 OF 1
Scale	Drawn by	Date
1 : 200.000	Mining Dept.	April 2018

<p>PETA LOKASI PAKAR GROUP Kecamatan Kembang Janggut Kabupaten Kutai Kartanegara Provinsi Kalimantan Timur</p>		Rev. No. Date
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PAKAR GROUP

File Location : R:\CP\PAKAR\Mapa\Batas Daerah\Coordinate\Batas Daerah_Kutai Timur\Batas Kabupaten_Sektor_SSP_Vol_Luas\Batas\Batas_0284.kml