

29 April 2010

KRL SIGNS COAL EXPORT SALES CONTRACT WITH CHINESE OFF-TAKE PARTNER

KEY EXPORT CONTRACT SECURED WITH LARGE CHINESE ENERGY COMPANY

International coal producer Kangaroo Resources Limited ("KRL" or "the Company") is pleased to announce that it has secured an initial export sales contract for coal from the Company's operating coal projects located in East Kalimantan, Indonesia.

The agreement, which has been signed with a large Chinese energy company, Guandong Yudean Farnon Investment Co. Ltd ("Yudean Farnon"), involves the provision of **three trial shipments containing a total of 150,000 tonnes of coal** over a two-month period.

Upon successful completion of these shipments, KRL intends to extend this agreement to cover additional tonnages of coal.

The price negotiated for the coal is very competitive and is based on a formula reflecting fluctuation of the Chinese Coal Index. This represents significantly better value than pricing taken from the local Indonesian market and will provide KRL with a valuable income stream as it continues to ramp-up production from its Indonesian coal portfolio.

Importantly, the agreement is non-exclusive, with KRL able to consider other off-take partners. With this in mind, the Company is continuing in its discussions with other potential partners to further promote the Company's long-term strategic objectives.

KRL Managing Director Mark O'Keeffe said the signing of the export sales contract was a milestone event for the Company which would provide valuable revenue as well as an entry to the Chinese export market.

"This initial sales contract with Yudean Farnon provides a strong foundation from which we can continue to ramp up the mining and export of coal from our operations in Kalimantan in Indonesia.

"We are also very pleased to be associated with an organization of the size and prestige of Yudean Farnon, which gives us an important foothold in the dominant Chinese market.

"We are confident that this deal will be very successful and we look forward to a long and mutually beneficial relationship with Yudean Farnon" he added.

Yudean Farnon Managing Director Mr Chen stated "Kangaroo Resources Ltd represents a dynamic young company that has significant coal assets in Indonesia. Yudean Farnon is delighted to start a relationship with KRL and it hopes that the partnership will continue to grow as KRL builds its production ramp up."

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About Guangdong Yudean Group Co. Ltd. (Yudean Group) and Guangdong Yudean Farnon Investment Co. Ltd. (Yudean Farnon)

Guangdong Yudean Group Co. Ltd. ("Yudean Group") is one of the largest electric power suppliers for the Peoples Republic of China (PRC) with an extensive requirement for thermal coal.

Ranked at No.8 in the Top 100 Guangdong Enterprises and No. 124 in the Top 500 China Enterprises in 2009, Yudean Group is the largest power generation group in China's economically dynamic Guangdong Province.

The power generation capacities controlled by Yudean Group were around 19,800MW at the end of 2009 and comprise mainly coal-fired power plants. Yudean Group's workforce comprises more than 14,000 personnel.

As at 31 December 2009, Yudean's total assets of Yudean Group were approximately 150 billion RMB (~A\$24 billion).

Guangdong Yudean Farnon Investment Co. Ltd ("Yudean Farnon") is a key subsidiary of Yudean Group.

Yudean Farnon has indicated a desire to form a long-term relationship with KRL to receive coal from Indonesia based on mutually acceptable terms.

Production Update

KRL has focussed over the past Quarter on taking the Mamahak Coal Project into production in anticipation of delivering into an export coal sales agreement.

To date, the Company has added over 20,000 tonnes of fresh coking coal to the run-of-mine (ROM) stockpile at Mamahak, in addition to the ~30,000 tonnes of coal inherited in the acquisition of this project. An additional 15,000-20,000 tonnes of coal has been exposed at Mamahak and is ready to be mined and added to the stockpile.

This coal represents the bulk of the Mamahak coal product that will be required for the initial sales contract to Yudean and KRL is currently in the process of transporting the coal from stockpile down the Mamahak River to the Balikpapan Coal Terminal for export.

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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 KRL. 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 issues associated with mining and enter into off take arrangements with reputable third parties.

ABOUT KANGAROO RESOURCES

Kangaroo Resources Limited (ASX: KRL) is an emerging international mining Company with eight advanced coal projects in the East Kalimantan region of Indonesia.



The Company's projects host significant coking and thermal coal resources which will see KRL emerge as a significant Indonesian coal producer, with first production achieved in December 2009.

KRL is committed to building a sustainable mid-tier mining house, focusing on Indonesian coal and using the considerable experience and expertise of its exceptional in-country partners to fast track development and production.

The Company's medium term strategy entails vending in valuable new coal projects, while at the same time continuing to work towards production in the short term from at least three existing projects. The Company is targeting up to 1-2 million tonnes production in 2010, ramping up progressively thereafter to ultimately achieve up to +10 million tonnes coal per annum from operations within three years.

Appendix 1: Project Location Map – East Kalimantan, Indonesia

