

29 January 2016

## **DECEMBER 2015 QUARTERLY ACTIVITIES REPORT**

### **ACTIVITIES REPORT**

#### **HIGHLIGHTS**

- BAYAN continuing coal haulage & coal barging via the new road and port infrastructure.
- Barge loading capacity of 18Mtpa now commissioned at Senyur.
- Ongoing progress being made on applications for new production licenses for PAKAR North concessions and associated forestry permits.
- Clear and Clean Certificates received for TA and TJ concessions at Pakar.
- Restructuring of Australian corporate office functions and changes to the board of directors
- Cash at bank at the end of the Q4 was AU\$2.408 million.

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

##### Project Infrastructure for TABANG and PAKAR

The Company's major shareholder and project neighbour, BAYAN has commissioned and declared operational in 2Q 2015 its new 69km coal haul road from the TABANG coal concession area (adjoining the Company's Pakar project area) to Senyur Port location.

Construction of the 2<sup>nd</sup> barge loading conveyor adjacent to the Company's existing 6Mtpa barge loading conveyor was completed and commissioned during the quarter. Port barge loading facility now commissioned at a rated throughput of 6,000 metric tonnes per hour providing an annual throughput capacity of 18 Million metric tonnes.

Work continues on the construction of the port crushing and material handling facility which connect to both Senyur barge loading jetties.

##### Development of Pakar North Projects

Work continues on long term mine planning including work on design and planning of river and stream diversions required during the anticipated life of the mines.

Clear & Clean Certificates were issued for TA and TJ concessions. Progress ongoing for remaining 'Clear and Clean' certificates for the other Pakar concessions.

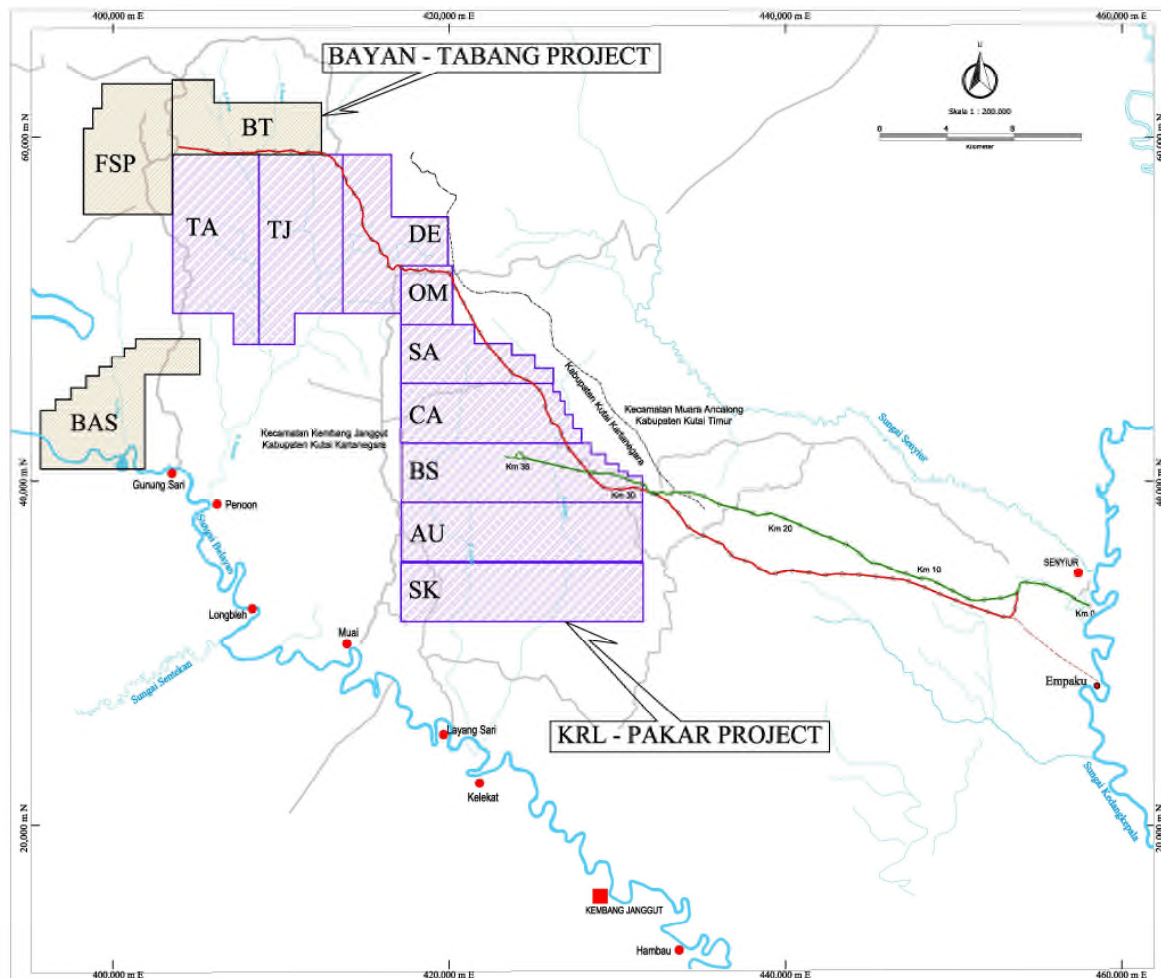
The Government has granted the Company's requests for exploration license suspensions/extensions to TA, TJ, DE, OM and SA due to ongoing delays in obtaining further approvals related to forestry.



## Utilisation of the New Road & Port Infrastructure

BIS Industries 300 tonne capacity road trains have continued to perform well hauling coal from BAYANS's TABANG mining concessions to the Senyur Port area during Q4.

TABANG Coal – total coal hauling along the new haul road at 31 December 2015 was around 3.2 Million tonnes and total coal barged from Senyur Port at 31 December 2015 was around 1.8 Million tonnes.



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

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

Mining operations remain suspended.

Remaining coal stocks now sold and revenues expected to be booked in Q1 of 2016.

Skeleton crew remains on site for care and maintenance.

Surplus equipment assets demobilized from site. Sale process for surplus assets is underway.



Government granted our requests for license suspensions to MEL and MBE due to ongoing delays in obtaining further approvals related to forestry.

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

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

Awaiting coal market upturn before development can be progressed.

### **COMMERCIAL**

The Company continues to rely on BAYAN to fund ongoing expenditure. BAYAN's own loan restructuring was successfully completed during the quarter.

Agreements have been entered into for the sale of the Company's Senyur port to BAYAN in return for cash consideration and access rights to the new road and port infrastructure. Please refer to the ASX announcement dated 23 December 2015 for further details. A regulatory approval process has commenced, leading up to a shareholders meeting for shareholder approval of these transactions.

### **BOARD CHANGES**

The following Board changes occurred during the quarter:

Mr Susmit Shah was appointed to the Board as an independent, non-executive Director. He is a Chartered Accountant and has been involved as a director and company secretary of various Australian public listed companies for over 20 years.

Mr Paul Jurman was appointed company secretary. He is a CPA with more than 15 years' experience and has been involved with a diverse range of Australian public listed companies in company secretarial and financial roles. He has extensive experience including liaison with ASX and ASIC, control and implementation of corporate governance, statutory financial reporting, and shareholder relations.

Mr Leonard Math resigned as a director and company secretary.



## LIST OF MINING TENEMENTS HELD AT 31 DECEMBER 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)

### **Changes in the Quarter to mineral interests / farm-in and joint venture agreements:**

None of the mineral interests listed above are the subject of any farm-in / farm-out or joint venture arrangements. There were no changes during the quarter.

## 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.