



# Kangaroo Resources Limited



## *Managing Director's Presentation*



ASX Code: KRL



# Disclaimer



This presentation includes "forward-looking statements" as that term within the meaning of securities laws of applicable jurisdictions. Forward-looking statements involve known and unknown risks, uncertainties and other factors that are in some cases beyond Kangaroo Resources Limited's control.

These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this presentation, including, without limitation, those regarding Kangaroo Resources Limited's future expectations. Readers can identify forward-looking statements by terminology such as "aim," "anticipate," "assume," "believe," "continue," "could," "estimate," "expect," "forecast," "intend," "may," "plan," "potential," "predict," "project," "risk," "should," "will" or "would" and other similar expressions. Risks, uncertainties and other factors may cause Kangaroo Resources Limited's actual results, performance, production or achievements to differ materially from those expressed or implied by the forward-looking statements (and from past results, performance or achievements).

These factors include, but are not limited to, the failure to complete and commission the mine facilities, processing plant and related infrastructure in the time frame and within estimated costs currently planned; variations in global demand and price for coal and base metal materials; fluctuations in exchange rates between the U.S. Dollar, the Indonesian Rupiah and the Australian dollar; failure to recover the resource and reserve estimates of the Project; the failure of Kangaroo Resources Limited's suppliers, service providers and partners to fulfil their obligations under construction, supply and other agreements; unforeseen geological, physical or meteorological conditions, natural disasters or cyclones; changes in the regulatory environment, industrial disputes, labour shortages, political and other factors; the inability to obtain additional financing, if required, on commercially suitable terms; and global and regional economic conditions.

Readers are cautioned not to place undue reliance on forward-looking statements. We assume no obligation to update such information.

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.

It is common practice for a company to comment on and discuss its exploration in terms of target size and type. The information herein 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.

- Rapidly growing ASX-listed international coal producer (ASX: KRL)
- Underpinned by strong Indonesian relationships and partners
- Developing three major coal production hubs in East Kalimantan:
  - *Mamahak: production Feb 2010, targeting ramp up to 1Mtpa (coking coal)*
  - *Tanur Jaya: production targeted FY 2011, targeting ramp up to 2-4Mtpa (thermal coal)*
  - *Kubah Indah: production targeted 2012, targeting ramp up to 2Mtpa (coking coal)*
- JORC compliant Resource and Reserve inventory totaling 555Mt
- World-class coal region with established local infrastructure (barging, ports, power plants)
- Deep project development pipeline:
  - *two projects settled, six subject to shareholder approval*
- Targeting up to 1Mtpa production by end of FY2011, ramping up to +10Mtpa by 2013



13 Mamahak Project – Operations truck in mining area



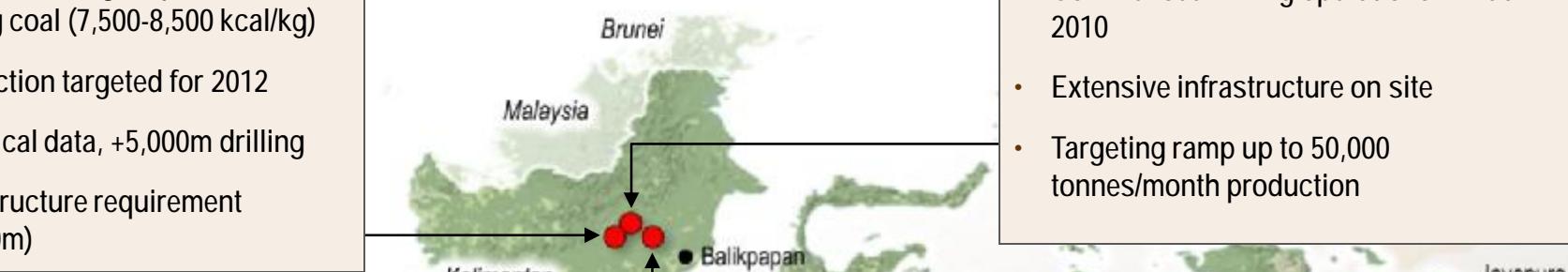
Mamahak Project – Stockpile and port facility

# Key Production Hubs



## Coking Coal Projects

KUBAH INDAH PROJECT (KRL 100%)
<ul style="list-style-type: none"> <li>Exploration target up to 100-140Mt coking coal (7,500-8,500 kcal/kg)</li> <li>Production targeted for 2012</li> <li>Historical data, +5,000m drilling</li> <li>Infrastructure requirement (~\$100m)</li> </ul>



MAMAHAK PROJECT (KRL 85%)
<ul style="list-style-type: none"> <li>10.2Mt JORC Resource (~7,500 kcal/kg)<sup>#1</sup></li> <li>Commenced mining operations in Feb 2010</li> <li>Extensive infrastructure on site</li> <li>Targeting ramp up to 50,000 tonnes/month production</li> </ul>



## Thermal Coal Project

TANUR JAYA PROJECT (KRL 49%)
<ul style="list-style-type: none"> <li>297Mt JORC Resource (5,255 kcal/kg), with 59Mt Measured, 107Mt Indicated &amp; 131Mt Inferred Resources<sup>#2</sup></li> <li>Includes 80Mt JORC Reserve (15Mt Proved &amp; 65Mt Probable Reserves)<sup>#2</sup></li> <li>Production targeted to commence in FY 2011</li> <li>Potential for up to 4-5Mtpa operation by 2012 direct selling to Indonesian utility PLN under contract or into export market</li> </ul>

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# Please refer to Appendix 1 for Competent Persons statement.

#1 & #2 Please refer to Appendix 1 for Competent Persons statement.

# Mamahak Coking Coal Project – Production



- High-margin, long-life coking coal production – KRL holds 85% interest
- 4 Concessions with 22,000Ha landholding
- Operations commenced in Feb 2010
- Currently producing at rate of up to 0.25Mtpa
- Production to increase up to 1Mtpa in 2011
- JORC Resource of 10.2Mt (~7,500 kcal/kg) #1
- >95% of project area un-explored
- Exploration Target up to 50Mt

#1 Please refer to Appendix 1 for Competent Persons statement.



15 Mamahak Project – Stockpile area



Mamahak Project – Port facility and stockpile area with conveyor and barge

# Tanur Jaya (TJ) Project – Development



- Potential for large-scale thermal coal production close to existing infrastructure
- KRL earning 49% interest (subject to agreed terms and conditions)
- Located adjacent to KRL Indonesian partner's 3.5 billion tonne Pakar Coal Project
- Infrastructure in place to support production of up to 20Mtpa
- 297Mt JORC Resource (5,255 kcal/kg) <sup>#2</sup>
  - 59Mt *Measured*, 107Mt *Indicated* and 131Mt *Inferred*
- Includes 80Mt JORC Reserve <sup>#2</sup>
  - 15Mt *Proved* and 65Mt *Probable Ore Reserves*
- Thick seams of up to 20m with shallow dips (5-15%)
- Mining operations targeted to commence in FY 2011
- Targeting production up to 4Mtpa during 2012
- Off-take agreement available

<sup>#2</sup> Please refer to Appendix 1 for Competent Persons statement



# Kubah Indah Project (KI) – Resource Development



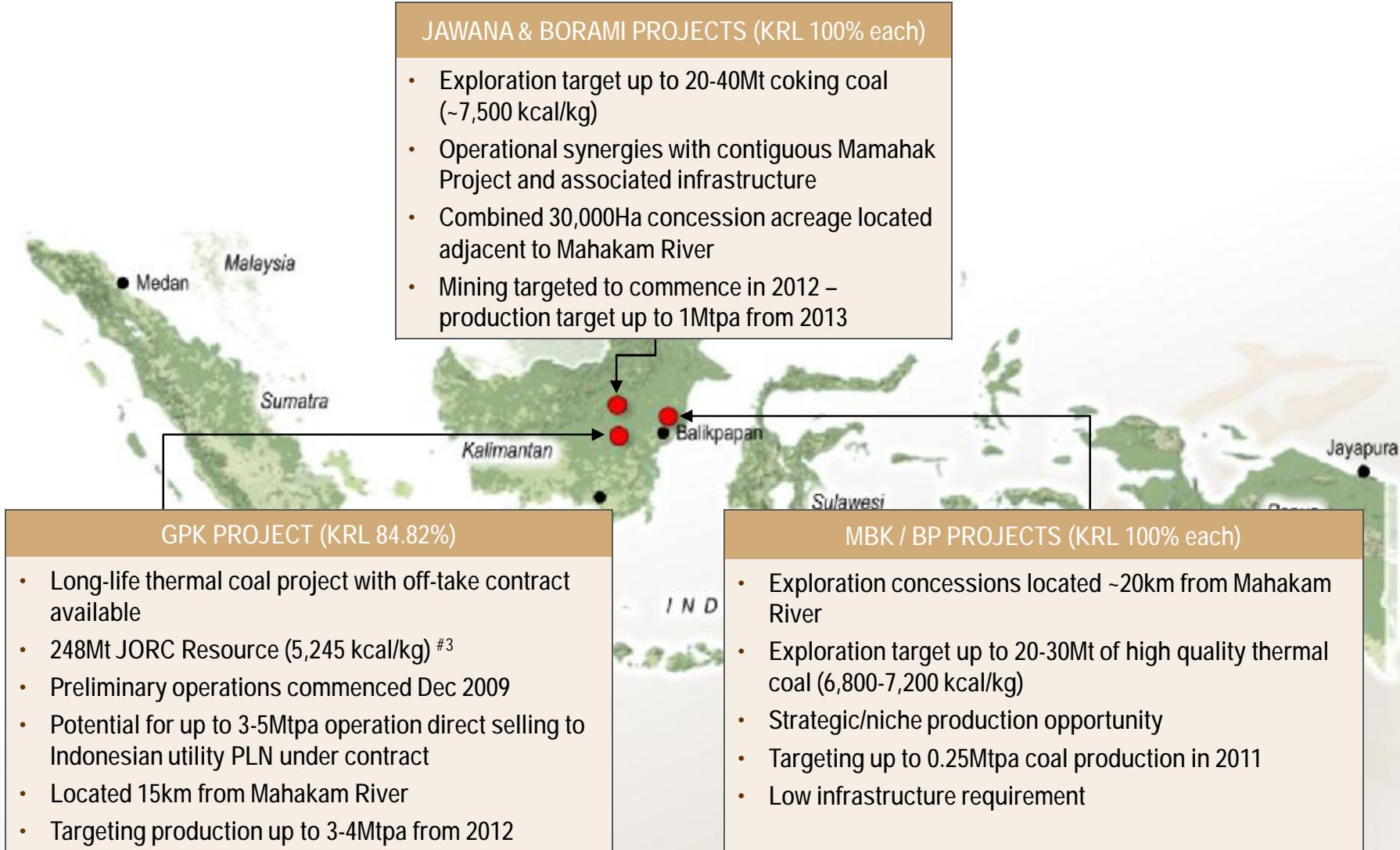
- Potential for a large scale coking coal project
- KRL earning into 100% interest (subject to shareholder approval)
- Exploration licenses located ~100km from Mahakam River
- +5,000m of historical drilling, seven main coal seams identified
- Exploration target up to 100-140Mt
- Targeting commencement of mining in 2012
- Production target of up to 2Mtpa from 2013
- Capex estimate ~US\$100m



# Other Projects

Coking Coal Projects

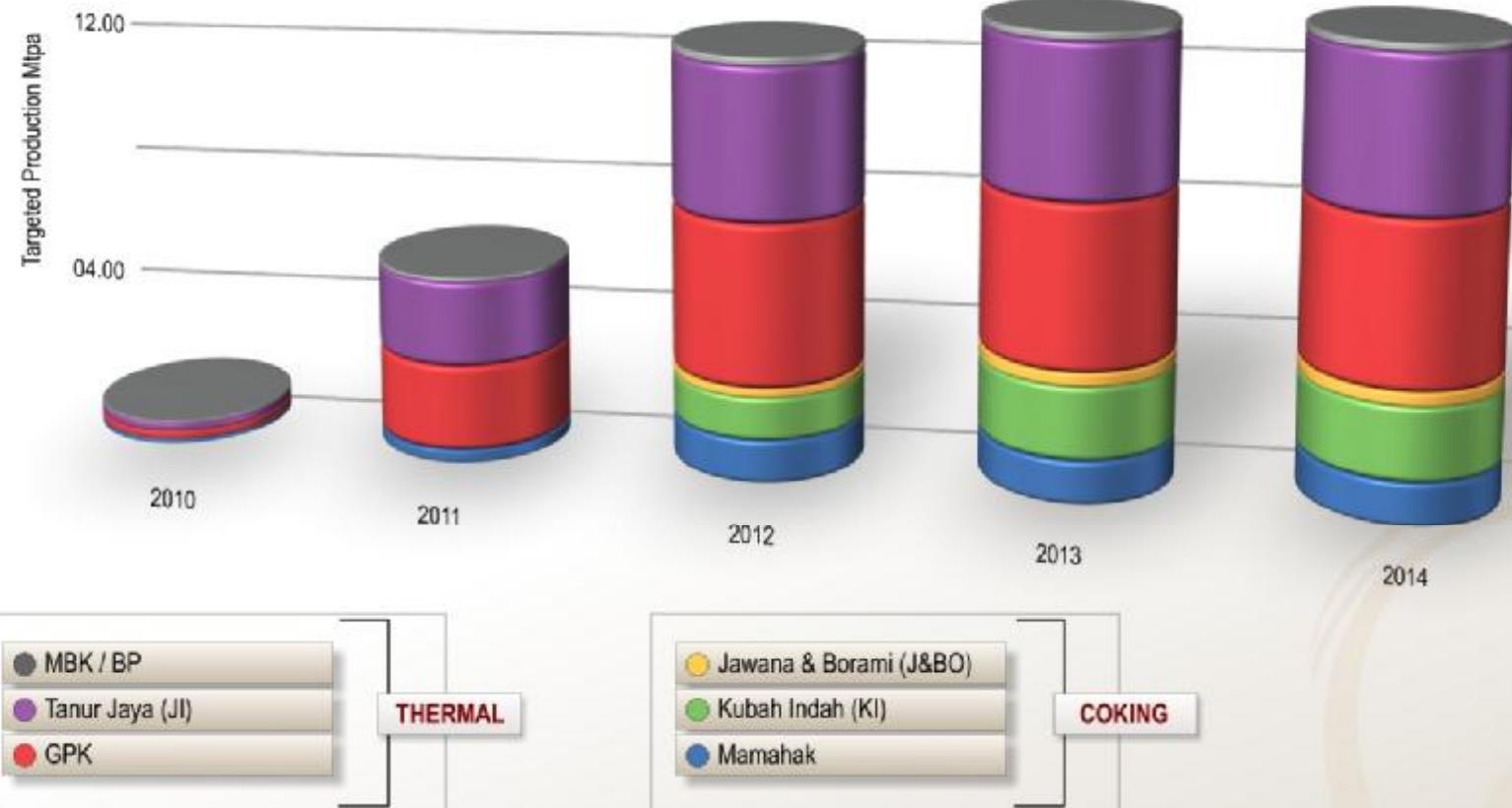
Thermal Coal Projects



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<sup>#3</sup> Please refer to Appendix 1 for Competent Persons statement.

# Production Growth Targets



# Long Standing & Solid Indonesian Relationships



- Strong relationships with key Indonesian partners
  - Key executives: *Robert Wachjo (CEO – KRL Indonesia) and Ilham Habibie*
  - Access to quality pipeline of new coal assets
  - Indonesian partners have significant equity ownership of KRL
  - Developed and manage Indonesian coal projects and coal marketing
- ASEAMCO
  - *Independent international geological and mining engineering consultancy with Indonesian presence and coal expertise*
- Tax Advisors – PWC (Indonesia)
- Legal Advisors – Blake Dawson (Indonesia)



20 Mamahak Project – Operations truck in mining area

Mamahak Project – Stockpile facility with conveyor

## Current Structure

- *Contractual agreements in place for all Projects with Indonesian Partners (Project Vendors)*
- *Mining Rights to deliver value via charging fees*
- *Exchangeable bonds for cash injected into projects – converts to equity (security)*
- *Only option available under existing Indonesian Mining Laws as at 2009*
- *Comfort in Indonesian Partners (Project Vendors) being major shareholders in KRL*

## Proposed Structure

- *Moving to full legal tenure with equity position in each KRL Project*
- *KRL targeting >95% stake in Indonesian Public listed company, which allows KRL full legal tenure via PLC.*
- *Process underway in Indonesia, likely completion early-2011*
- *Gives KRL complete equity control over all projects, plus ability to deliver value via dividends (tax efficient)*
- *KRL has the support of Indonesian Partners in this exercise*



- Focused and rapidly growing Indonesian coal producer
- Developing three substantial production hubs in the next three years
- Diversified production base of both high-quality coking coal and thermal coal
- Large JORC compliant resource and reserve base
- Proximity to existing high quality infrastructure
- Production target up to 1Mtpa by FY2011, ramping up to +10Mtpa by 2013
- Well placed to access significant new opportunities in Indonesia
- Experienced in-country and Australian management team
- Underpinned by strong partnerships and relationships in Indonesia



22 Mahakam River with coal barge transport



# Existing Project Portfolio Summary



PROJECT	JORC RESOURCES & RESERVES #					EXPLORATION TARGET	COAL QUALITY
	Inferred Resource	Indicated Resource	Measured Resource	Reserves	TOTAL		
<b>COKING COAL</b>							
MAMAHAK	0.16Mt	3.16Mt	6.90Mt		10.22Mt	25-40Mt	Coking Coal: ~7,500 kcal/kg (adb)
KUBAH INDAH						100-140Mt	Coking Coal: 7,500 – 8,500 kcal/kg (adb)
JAWANA & BORAMI						20-40Mt	Coking Coal: ~7,500 kcal/kg (adb)
<b>THERMAL COAL</b>							
GPK	107Mt	141Mt			248Mt		Thermal Coal: 5,245 kcal/kg (adb)
TANUR JAYA	131Mt	107Mt	59Mt	80Mt*	297Mt		Thermal Coal: 5,255 kcal/kg (adb)
MBK/BP						20-30Mt	Thermal Coal: 6,800-7,200 kcal/kg (adb)
<b>TOTAL</b>	<b>238Mt</b>	<b>251Mt</b>	<b>65.9Mt</b>	<b>80Mt*</b>	<b>555Mt</b>	<b>165-250Mt</b>	

\* JORC Reserves are inclusive of JORC Resources.

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# Kangaroo Resources Limited



*Building a World-Class Indonesian  
Coal Producer*



Thank You

ASX Code: KRL



# Appendix 1: Resources & Reserves Statements



#1 **Mamahak Project:** The resource estimate has been prepared in accordance with the 'JORC code' by PT SMG Consultants Pty Ltd (PT SMGC). The estimate of the Mamahak resources has been calculated and reviewed by Mr. Mark J Manners, B.Sc (Geology), an employee of PT SMGC, who was responsible for all content within the Technical Report titled "Resource Report – Mamahak Coal Project, Long Bagun District, Kutai Barat Regency, East Kalimantan – Indonesia, 12th October, 2009", and is a Competent Person in accordance with the requirements of the 2004 Australasian Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code). Mr Manners is a Member of the Australian Institute of Mining and Metallurgy.

#2 **Tanur Jaya Project:** The Statement has been issued under the MMC name. MMC is an associated entity of PT Runge Indonesia. The MMC report should be read in its entirety. The resource was estimated in accordance with the guidelines of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004).  
The Coal Resource estimates in the report were estimated by Mr. William Park, BSc (Geology), BEcon, MAIG who is a Member of the Australian Institute of Geoscientists. The estimates are based on information compiled and reviewed by Mr Park. He is a full time employee of MMC and has sufficient experience which is relevant to the style and type of deposit under consideration and to the activity undertaken to qualify him as a *Competent Person* as defined in the 2004 Edition of the JORC Code.  
The Coal Reserve estimates in the report were estimated by Mr Michael Trainor BE (Mining), MAusIMM, a Member of the Australasian Institute of Mining and Metallurgy. The estimates are based on information compiled and reviewed by Mr Trainor. He is a full time employee of MMC and has sufficient experience which is relevant to the style and type of deposit under consideration and to the activity undertaken to qualify him as a *Competent Person* as defined in the 2004 Edition of the JORC Code.

#3 **GPK Project:** The Statement reports the Coal Resources as at 30 November 2008, and has been undertaken in compliance with the requirements of the reporting guidelines of the 2004 Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australasian Institute of Geoscientists and Mineral Council of Australia ("The JORC Code"). The Resources information in the report, that relates to the Graha (GPK) Project Coal Resources is based on information compiled by Mr Attila Kovago, who is a Member of the Australian Institute of Mining and Metallurgy and was a full time employee (VP Exploration) of KAL Energy, Inc at the time of preparing the statement. Mr Kovago has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify him as a *Competent Person* as defined in the December 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2004 Edition)". The estimates of Coal Resources presented in the Statement have been carried out in accordance with the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (December 2004).