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INDONESIAN COAL GIANT PT BAYAN RESOURCES APPROVES PAKAR TRANSACTION

KANGAROO SET TO ACQUIRE WORLD-CLASS THERMAL COAL ASSET

International coal producer Kangaroo Resources Limited ("KRL" or the "Company") is pleased to report that shareholders in the leading Indonesian coal conglomerate PT Bayan Resources Tbk ("Bayan") have **voted overwhelmingly in favour of the proposed sale of the Pakar Coal Project to Kangaroo.**

The shareholder approval, which was obtained at a General Meeting of shareholders held in Jakarta on Tuesday 07 June, clears one of the final remaining conditions required for Kangaroo to complete this company-transforming transaction.

The only remaining condition is approval by Kangaroo shareholders. Kangaroo is scheduled to hold its own General Meeting in Perth, Western Australia on 13 June 2011.

Under the transaction, KRL is acquiring the Pakar Project from Bayan in return for the issue of 2.305 billion new shares.

KRL Managing Director, Mr Mark O'Keeffe, said: *"This is a great result which paves the way for Kangaroo to approve the Pakar acquisition at its own General Meeting, to be held next week, and to complete this transformational transaction".*

"The acquisition of Pakar and establishment of a strategic and operational alliance with Bayan Resources represent company-changing events for Kangaroo," he added. *"We have no doubt that the Company is on the verge of moving into a new era as a leading mid-tier mining company."*

ENDS

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ABOUT KANGAROO RESOURCES

Kangaroo Resources Limited (ASX: KRL) is an emerging international mining Company with eight 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 build production in the short term from up to three existing projects.

ABOUT BAYAN RESOURCES

PT. Bayan Resources Tbk is a leading Indonesian-focused coal producer which is listed on the Indonesian Stock Exchange. Bayan produced approximately 11.8 million tonnes of coal in 2010 from six projects, making it one of Indonesia's largest coal producers. In addition, Bayan owns the Balikpapan Coal Terminal, one of Indonesia's largest coal terminals, as well as an innovative floating transfer station. Bayan is also the joint venture partner with White Energy in a coal beneficiation plant in East Kalimantan.

Bayan is committed to expanding its overall coal production and its association with Kangaroo as major shareholder, operating and off-take partner will assist in this regard. Bayan has the necessary resources, experience and expertise to help Kangaroo drive forward its Indonesian coal strategy.

Both Kangaroo and Bayan see many synergies in their two operating coal businesses in Indonesia and are seeking to take advantage of these as well as realise all available economies of scale.

Appendix 1: KRL Project Location Map – East Kalimantan, Indonesia

