

MT CARBINE SOUTH
PARTIAL RELINQUISHMENT REPORT

EPM 14871

For the period 13 December 2005 to December 2007

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1. INTRODUCTION

This tenement was pegged by Lightstar Ltd, and sold into Stonebase Pty Ltd, a totally owned subsidiary of Kangaroo Metals Limited. The tenement was pegged to explore for metallic minerals of economic potential. As much of the area relinquished has been heavily explored by previous tenement holders, additional exploration by Kangaroo Metals would be unlikely to yield further discoveries. Previous exploration has identified a number of anomalous areas within the tenement, with some priority targets recommended for follow up work. These priority areas have been retained and additional field work will now commence to delineate targets.

2. LOCATION

The tenement is located 60 kilometres northwest of Cairns.

3. TENEMENTS

EPM 14871 of 64 sub-blocks was pegged to explore for metallic minerals. After a desktop study of historical reports, and exploration data, and a field visit, Kangaroo Metals Limited has decided to relinquish 32 sub-blocks, and to retain 32 of the currently held sub-blocks. Table 1 details the tenement holdings. Block and sub-block information are shown in Figure 1, with the relinquished sub-blocks cross-hatched.

Table 1

Tenement details:

| | |
|---------------------|--------------------------|
| Project Name | Mt Carbine South |
| Tenement No. | EPM14871 |
| Holder | Stonebase PTY LTD |
| Grant Date | 13/12/2005 |
| Expiry | 12/12/2010 |
| Sub blks | 64 |

4. EXPLORATION WORK COMPLETED

The exploration program conducted on EPM 14871 was initiated after Kangaroo Metals Limited undertook capital raising and listing on the ASX.

It comprised:

- Use of DME aeromagnetic, geochemical, geophysical data as an initial screen of the available data.
- Review of company and open file reports to assess potential in the region and restrict target areas.
- The desktop study concluded that within the time parameters available prior to relinquishment that no targets could be identified in the listed sub-blocks that should be advanced.
- Design of the Aeromagnetics flight plan for 2008.
- The decision was therefore made to relinquish the listed sub-blocks.

5. CONCLUSIONS AND RECOMMENDATIONS

The work program for the remaining sub-blocks will be advanced within the 2008-2009 year to the target areas.

The programs are designed to advance the prospects to drill testing by:

- Prospecting areas of metallic mineral anomalism identified by previous explorers. Soil sampling in areas identified through geophysical interpretation as favourable structures.
- Identifying the extremes of said region and designing a short drill plan to advance the targets.

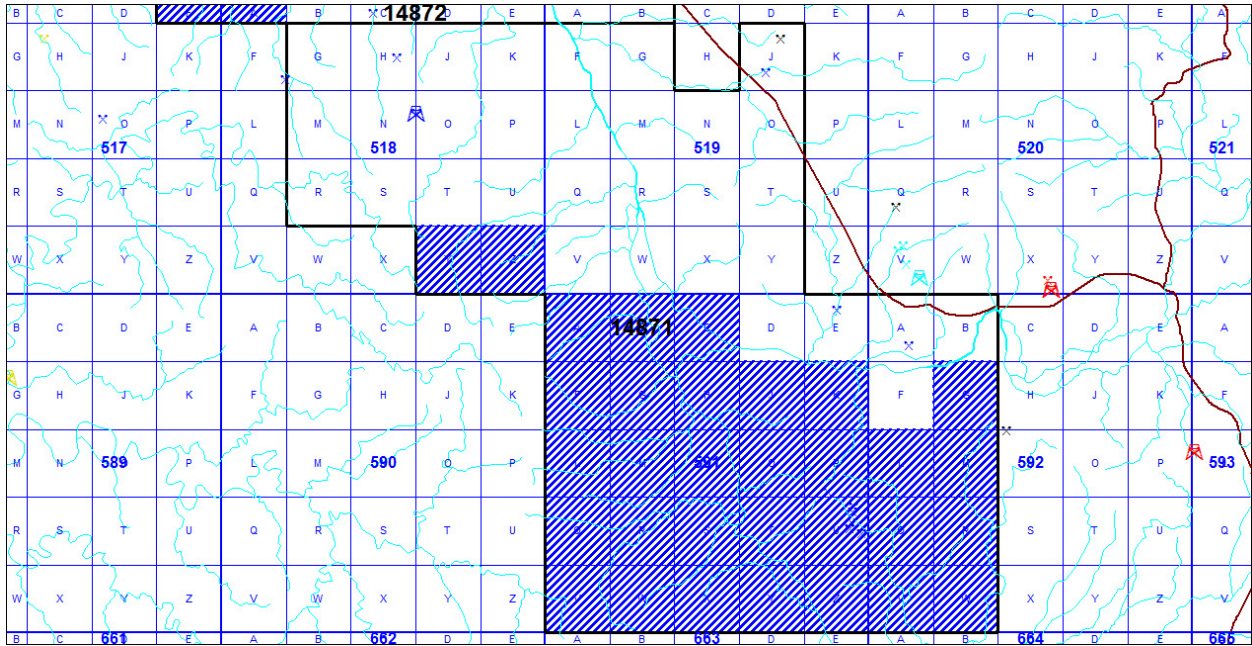
6. REFERENCES

Nil

Figure 1

EPM 14871 Tenement in Black.

Relinquished blocks (shown with crosshatching).



| BIM | BLK | SBLK |
|------|-----|------|
| TOWN | 518 | Y |
| TOWN | 518 | Z |
| TOWN | 591 | A |
| TOWN | 591 | B |
| TOWN | 591 | C |
| TOWN | 591 | F |
| TOWN | 591 | G |

| | | |
|------|-----|---|
| TOWN | 591 | H |
| TOWN | 591 | J |
| TOWN | 591 | K |
| TOWN | 592 | G |
| TOWN | 591 | L |
| TOWN | 591 | M |
| TOWN | 591 | N |
| TOWN | 591 | O |
| TOWN | 591 | P |
| TOWN | 592 | L |
| TOWN | 592 | M |
| TOWN | 591 | Q |
| TOWN | 591 | R |
| TOWN | 591 | S |
| TOWN | 591 | T |
| TOWN | 591 | U |
| TOWN | 592 | Q |
| TOWN | 592 | R |
| TOWN | 591 | V |
| TOWN | 591 | W |
| TOWN | 591 | X |
| TOWN | 591 | Y |
| TOWN | 591 | Z |
| TOWN | 592 | V |
| TOWN | 592 | W |

