



## Baru Resources Limited

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24 January 2013

## DECEMBER 2012 QUARTERLY REPORT

### Board of Directors

Peter Avery (Chairman)

Kevin Nichol (Managing Director)

Andrew Bald (Non-executive Director)

### Company Secretary

Melanie Leydin

### Quarterly Share Price Activity

Low \$0.046

High \$0.085

Close \$0.08

### Securities on Issue:

**BAC:** 49,796,009 ordinary shares

**BACO:** 42,898,005 20c listed options

### Market Capitalisation as at 23 January 2013:

\$3,485,720

### Highlights

The following highlights occurred during the December 2012 quarter:

- The first tenement in the Longreach Project EPC2840 was granted during the Quarter. It is expected the remaining 5 tenements will be granted in the March Quarter of 2013. An independent review of the project produced an exploration target of based on publically available information for the Longreach Project produced an exploration target of 582 to 6,171 Mt<sup>1</sup>.
- Baru Resources has investigated a number of potential acquisitions in Australia and Overseas and is now at an advanced stage of negotiations regarding the purchase of a small low cost thermal coal project in Indonesia to complement our existing Australian thermal coal projects.
- During the quarter 6 tenements of the West Galilee Project were dropped allowing Baru to focus on the most northerly tenement in the project EPC2076.

Baru Resources total project area comprises 16 tenements (2 granted Coal Exploration Permits and 14 Coal Exploration Permit Applications) covering a total of ~16,000km<sup>2</sup> within the Eromanga and Galilee Basins.

<sup>1</sup> It should be noted that the tonnages quoted above are conceptual in nature and there has been insufficient exploration to define a coal resource. No coal quality data within the project area was uncovered in previous reports. Although a preliminary analysis was undertaken, insufficient data exists to confidently correlate coal seams and generate a grid mesh model. It is uncertain whether further exploration may lead to the reporting of a JORC-standard resource, however there is some evidence to support the current exploration tonnage calculations and the sufficient coal thicknesses interpreted from historic drilling, to warrant further investigation in some areas.

## About Baru Resources Limited

Baru Resources Limited (“Baru” or “the Company”) is an Australian public company that is focused on the identification and development of export hard coking coal and export thermal coal projects. The Company has three projects areas all located in Queensland, the Longreach Project, the West Galilee Project and the Galilee Project.

Baru Resources Ltd is looking to expand into other projects outside coal in Australia. The Company has looked at many potential projects and has issued several term sheets. At this stage we have not found the right fit and continue to search.

## Longreach Project

The Longreach Project, consisting of six (6) EPCA’s totaling 5099.6km<sup>2</sup> is located in Central Queensland, near the township of Longreach 716 km west of Gladstone. The tenements are aligned north south and stretch 160km north to 45km south of Longreach. The tenements were pegged by Baru Resources in late 2011 to compliment the Company’s existing Queensland coal project. (Figure 1)

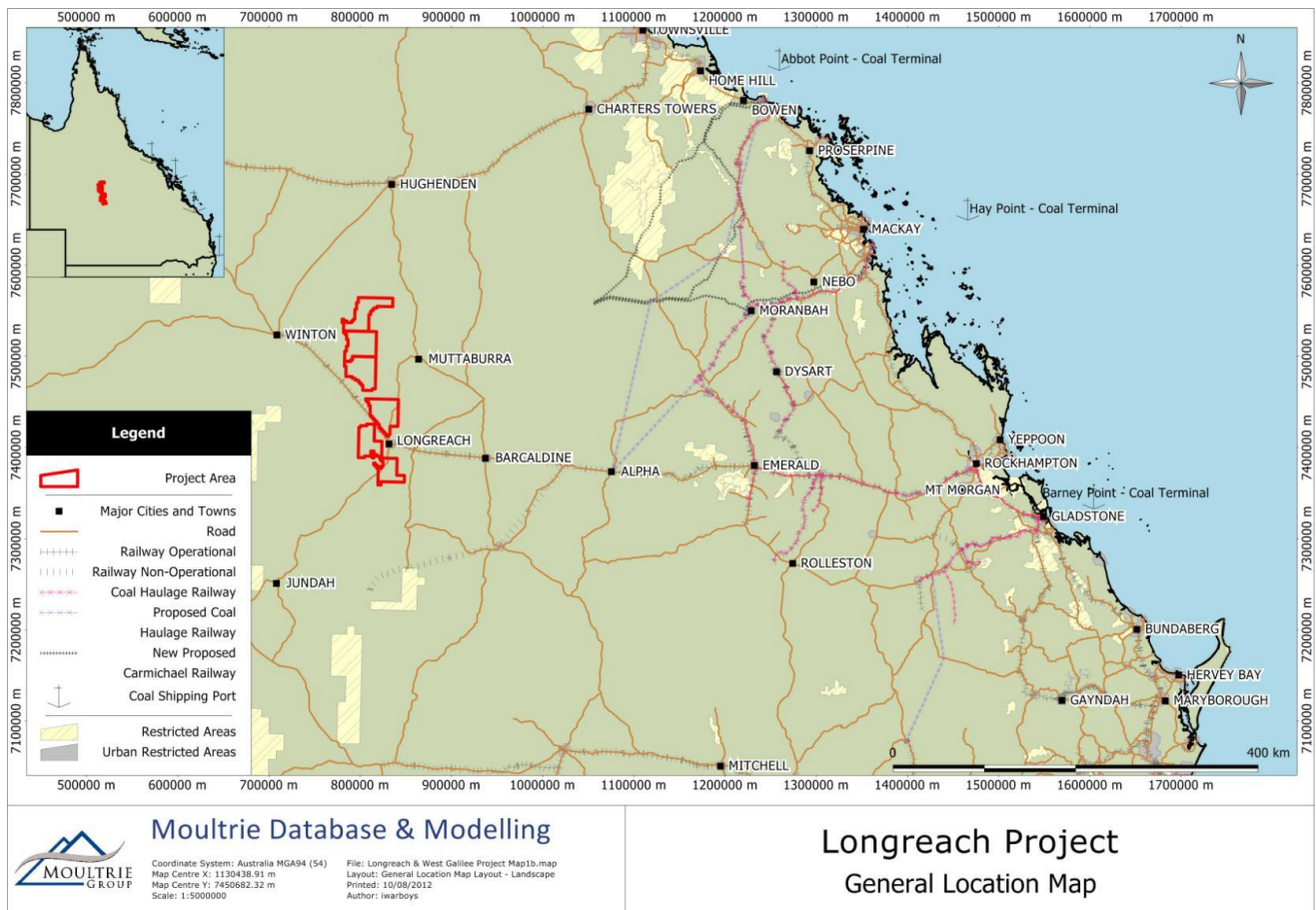


Figure 1 - Longreach Project Location

### Regional Geology

The project area is underlain by two distinct sedimentary Basins, the Eromanga and Galilee Basins; the Basins are separated by a major unconformity. Eromanga Basin sediments outcrop over much of the Project Area, while the Galilee Basin strata occur at depth in the northern Half of the project area. **(Figure 2)**

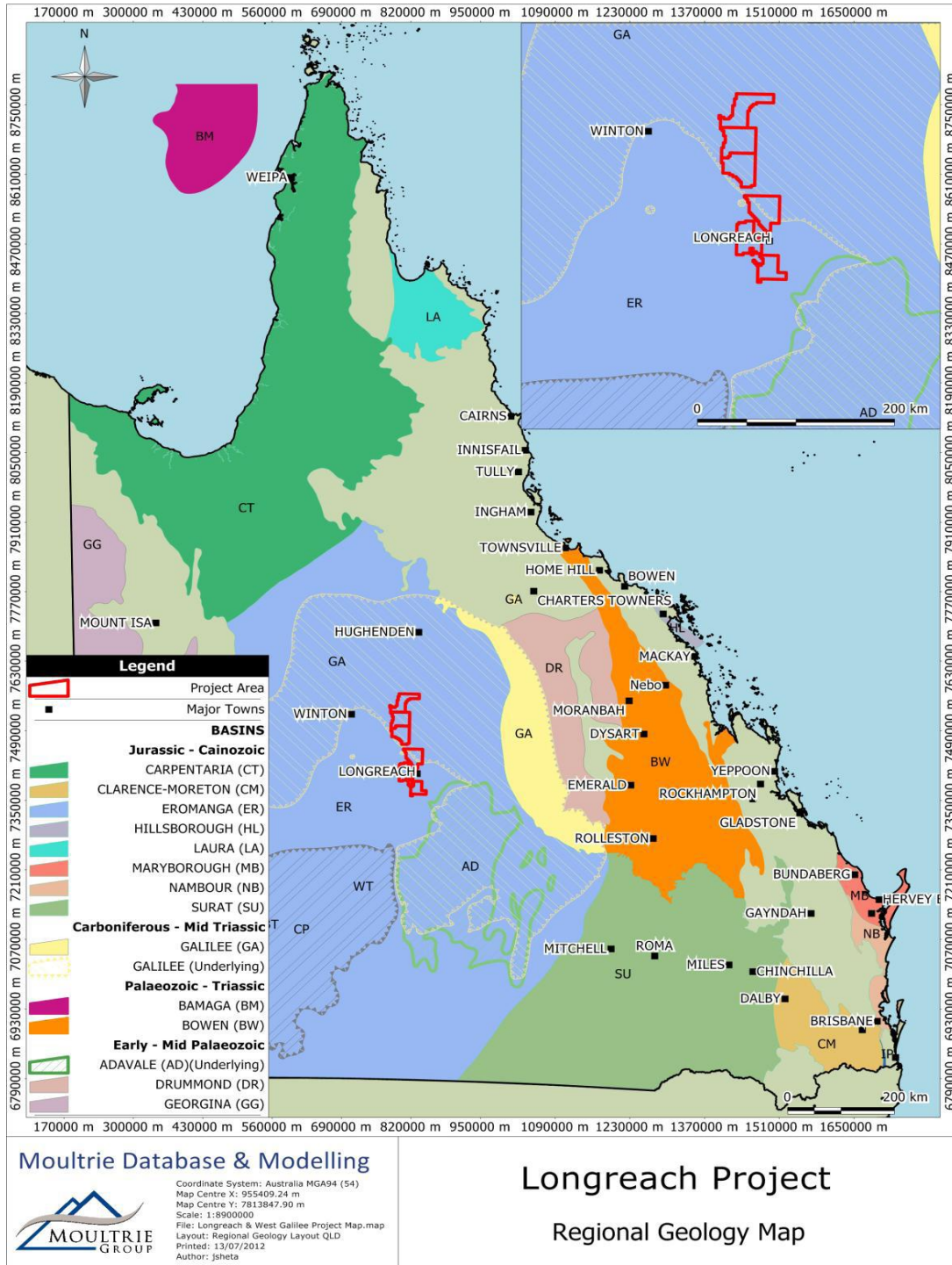


Figure 2 - Regional Geology Map



### Local Geology

The surface geology is dominated by the Late Cretaceous Winton Formation of the Eromanga Basin, which conformably overlies the Early Cretaceous Mackunda Formation. The Mackunda Formation outcrops in the eastern regions of EPC's 2917, 2839 and 1912. Remnants of the Tertiary Glendower Formation can be seen trending southwest northeast through EPC2912 and EPC2838.

The most prominent structure in the project area is a north south trending anticline. The structure extends from the western margin of EPC 2838 in the south, through EPC2837 and EPC 2839 and into EPC 2917 in the north. The Muckunda Formation has been uplifted to the surface in two areas in the hinge of this anticline. A map of the local geology is shown in below. **(Figure 3)**

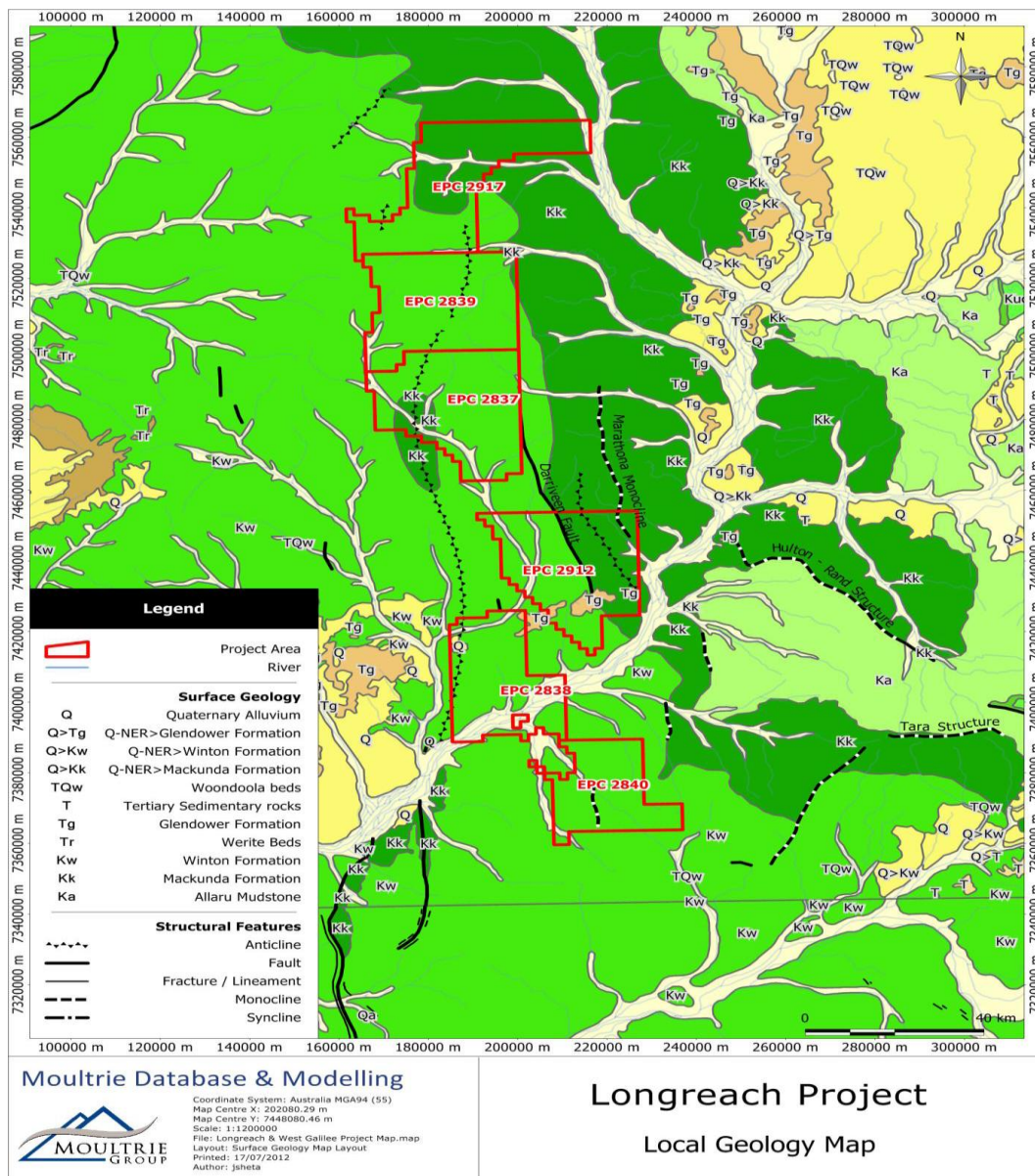


Figure 3 - Local Geology Map

### **Galilee Project**

The Galilee Project consists of 9 EPCA's, 8,484.9km<sup>2</sup> in area. The project is situated on the margin of the Galilee basin in Central Queensland.

There has been limited exploration for coal within the project area to date, however recent drilling targeting gas has highlighted extensive coal seams within the Betts Creek beds throughout and adjacent to the project area. The success of this drilling has highlighted the potential for large tonnages of coal potentially suitable for underground coal gasification with the Aramac and Betts Creek Beds. Baru is currently assessing options to advance this project.

### **West Galilee Project**

During the quarter, 6 tenements of the West Galilee Project were dropped allowing Baru to focus efforts on EPC2076 in the northern portion of the tenement. The project area is some 375km east of Mt Isa and 16km north of the town of Richmond, close to the northern margin of the Eromanga Basin, which overlies the Galilee Basin in central Queensland.

Details of the Longreach, West Galilee and Galilee Project tenements are detailed within Tables 1, 2 and 3.

*Table 1 – Longreach Project Tenement Details*

<b>Tenure</b>	<b>Status</b>	<b>Date Lodged</b>	<b>Date Granted</b>	<b>Date Expires</b>	<b>Principal Holder</b>	<b>No. of Sub blocks</b>
<b>EPCA2837</b>	Application	10-Oct-11	TBA	TBA	Baru Resources Ltd	300
<b>EPCA2838</b>	Application	10-Oct-11	TBA	TBA	Baru Resources Ltd	231
<b>EPCA2839</b>	Application	10-Oct-11	TBA	TBA	Baru Resources Ltd	300
<b>EPCA2840</b>	Application	10-Oct-11	22-Oct-12	21-Oct-17	Baru Resources Ltd	182
<b>EPCA2912</b>	Applications	13-Dec-11	TBA	TBA	Baru Resources Ltd	300
<b>EPCA2917</b>	Applications	13-Dec-11	TBA	TBA	Baru Resources Ltd	298

*The Longreach Project is 100% owned by Baru Resources.*

*Table 2 – Galilee Project Tenement Details*

Tenure	Status	Date Lodged	Date Granted	Date Expires	Principal Holder	No. of Sub blocks
EPCA2909	Application	13-Dec-11	TBA	TBA	Baru Resources Ltd	300
EPCA2910	Application	13-Dec-11	TBA	TBA	Baru Resources Ltd	300
EPCA2911	Application	13-Dec-11	TBA	TBA	Baru Resources Ltd	279
EPCA2913	Applications	13-Dec-11	TBA	TBA	Baru Resources Ltd	300
EPCA2914	Applications	13-Dec-11	TBA	TBA	Baru Resources Ltd	300
EPCA2916	Applications	13-Dec-11	TBA	TBA	Baru Resources Ltd	300
EPCA2918	Applications	13-Dec-11	TBA	TBA	Baru Resources Ltd	300
EPCA2919	Applications	13-Dec-11	TBA	TBA	Baru Resources Ltd	300
EPCA2920	Applications	13-Dec-11	TBA	TBA	Baru Resources Ltd	300

*The Galilee Project is 100% owned by Baru Resources.*

*Table 3 - West Galilee Exploration Pty Ltd Tenement Details*

Tenure	Status	Date Lodged	Date Granted	Date Expires	Principal Holder	No. of Sub blocks
EPC2076*	Granted	04-Mar-10	29-Mar-11	28-Mar-13	West Galilee Exploration Pty Ltd	300

*\* West Galilee Exploration Pty Ltd is now 100% owned by Baru Resources.*

**For further information:**

**Kevin Nichol**  
**Managing Director**

**Coal Resource Statement of Competence and Compliance**

**Resource Estimation:**

The estimates of Exploration Targets, and Coal Resources presented in this Report are considered to be a true reflection of the Coal Resources as at 04 September 2012 and have been carried out in accordance with the principles and guidelines of the Australian Code for Reporting of Coal Resources and Coal Reserves published in September 2004 (JORC Code).

The undersigned have sufficient experience relevant to the style and type of coal deposit under consideration and to the activity, which is being undertaken to qualify as a Competent Person (or Recognised Mining Professional) or Technical Specialists as defined in the 2004 Edition of the JORC Code. The undersigned consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

**Competent Persons Qualification**

This Report has been prepared by Kim Maloney for and on behalf of Baru Resources Ltd. Kim Maloney has over 10 years of experience in coal mining and extractive industry throughout Australia. Kim has experience within the Central Queensland coal mines and has held various roles in these mine's Technical Services, including Exploration Geologist, Mine Geologist and Geology Superintendent.

Kim is a Competent Person for coal as defined by the JORC Code (2004) and Kim's experience has required her to develop, implement and maintain geological models (structural & quality), geological databases, temporal and spatial reconciliation processes, coal quality (loss and contamination), slope dump management plans, geotechnical audits, reserves and resources audits, exploration programs and provide geological training and support for different facies of the mining industry as well as business improvement initiatives.

Kim is a Senior Resource Geologist within Moultrie Database & Modelling, a part of the Moultrie Group and holds the position of General Manager. Her principal qualifications are a Bachelor of Science from James Cook University and a Masters of Business Administration (Human Resource Management) from the Central Queensland University. Kim is a Member of The Australasian Institute of Mining & Metallurgy (# 229120) and a Member of the Bowen Basin Geological Group.

<b>Name</b>	<b>Job Title</b>	<b>Professional Affiliation</b>	<b>Resource Experience (Years)</b>
<b>Kim Maloney</b>	Senior Resource Geologist General Manager Moultrie Database & Modelling	AusIMM 229120	7

Kim Maloney

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MBusAdmin(HRMgt), Bsc, MAusIMM 229120