



Notice of General Meeting and Explanatory Statement

The General Meeting of

BARU RESOURCES LIMITED

ACN 147 324 847

*Will be held at
11:00am (AEST) on Wednesday 4 April 2012*

At

*Suite 304, 22 St Kilda Road
ST KILDA VIC 3182*

This Notice of General Meeting and Explanatory Statement should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor without delay

BARU RESOURCES LIMITED

A.C.N. 147 324 847

Registered office: Suite 304, 22 St Kilda Road, St Kilda, Victoria 3182

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of shareholders of Baru Resources Limited ("Baru" or the "Company") will be held at Suite 304, 22 St Kilda Road, St Kilda VIC 3182 on Wednesday 4th April 2012 at 11.00am (AEST).

AGENDA

The Explanatory Statement and proxy form which accompany and form part of this Notice, describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the proxy form in their entirety.

ORDINARY BUSINESS

Resolution 1: Ratification of Option Issue

To consider, and if thought fit, to pass with or without amendment the following resolution, as an ordinary resolution:

*"For the purposes of ASX Listing Rule 7.4 and for all other purposes, that shareholders ratify the issue of 4,575,350 options to sophisticated investors (being investors who fall within one or more of the classes of exemptions in Section 708 of the Corporations Act 2001) (**Investors**) upon the terms and conditions described in the Explanatory Statement."*

Voting Exclusion

The Company will disregard any votes cast on this resolution by any Investors who were issued with options and any associates of Investors who were issued with options.

However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 2: Approval of Grant of Options

To consider, and if thought fit, to pass with or without amendment the following resolution, as an ordinary resolution:

*"For the purposes of ASX Listing Rule 7.1 and for all other purposes, that shareholders approve the issue of 13,424,650 options to sophisticated investors (being investors who fall within one or more of the classes of exemptions in Section 708 of the Corporations Act 2001) (**Investors**) upon the terms and conditions described in the Explanatory Statement."*

Voting Exclusion

The Company will disregard any votes cast on this resolution by any Investors who will be issued with options and any associates of an Investor who will be issued with options.

However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By order of the Board



Melanie Leydin
Company Secretary

1 March 2012

EXPLANATORY STATEMENT

BACKGROUND

On 10 February 2012, the Company announced a placement of 18,000,000 options at an issue price of \$0.001 (one tenth of one cent) per option to raise \$18,000 (in accordance with the terms set out in Attachment A to this Explanatory Statement).

The Company granted 4,575,350 options on 10 February 2012 under the Company's 15% capacity. The remainder of the placement, being 13,424,650 options are to be granted following shareholder approval.

The passing of the resolutions below will mean that the Company will be in a position to issue further securities to meet its ongoing expenditure and capital requirements as it will have available the capacity to issue securities up to the full 15% limit under Listing Rule 7.1.

Resolution 1: Ratification of option Issue

This resolution seeks ratification of shareholders for the prior issue of 4,575,350 options which was announced to the market on 10 February 2012.

ASX Listing Rule 7.4 provides that a company may reinstate its capacity to issue up to 15% of the ordinary securities on issue in a 12 month period if shareholders ratify the previous issue of securities.

The information for shareholders required by the ASX Listing Rules is:

- (a) the total number of securities which have been allotted and/or issued under Resolution 1 is 4,575,350 options expiring 23 December 2016 exercisable at \$0.20 (20 cents) each.
- (b) the recipients of these options were as follows: Mount Street Investments Pty Ltd, Terluc Investments Pty Ltd, Mr Ian Lovett, Reynolds (Nominees) Pty Ltd, HK Securities Pty Ltd, Verbena Road Pty Ltd, Mr William P G Williams & Mrs Cheryl Williams, Mr Cameron J Pratt, Mr Peter D Russell, Penryth Pty Ltd, Ms Sally H Molyneux, Soprano Investments WA Pty Ltd, Mr Cameron R Robertson, Albatross Pass Pty Ltd, Cunningham Peterson Sharvane Securities Pty Ltd, Mrs Nicole Haynes & Mr Kyle Haynes, Mr Tarec Adaoud, Cascade Waters Pty Ltd, Vaplan Pty Ltd and Mounts Bay Investments Pty Ltd.
- (c) no securities pursuant to Resolution 1 were issued to Directors of the Company or their associates;
- (d) the terms of the securities are detailed in the Annexure A;
- (e) the securities will rank pari passu with all securities of that class; and
- (f) the issue of the securities is for the purpose of providing an incentive for future involvement and commitment of the Company's key corporate and strategic consultants.

Voting Exclusion

The Company will disregard any votes cast on this resolution by any Investors who were issued with options and any associates of Investors who were issued with options.

However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 2: Approval to Grant Options

This resolution seeks approval of shareholders for the issue of the remaining 13,424,650 options which was announced to the market on 10 February 2012.

ASX Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue or agree to issue during any 12 month period, any equity securities or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that twelve (12) month period

The information for shareholders required by the ASX Listing Rules is:

- (a) the total number of securities which will be allotted and/or issued under Resolution 2 is 13,424,350 options expiring 23 December 2016 exercisable at \$0.20 (20 cents) each.
- (b) the recipients of these options will be as follows: Mr Bruce McKay, Mr Graeme Watchirs, Hawera Pty Ltd, Mr Frengky Manuru, Mr Beny Manuru, PT Sarana Mukti Adijaya, Miss Kellie N Valentine, Tranaj Nominees Pty Ltd, Mr Matthew N Bull
- (c) no securities pursuant to Resolution 2 will be issued to Directors of the Company or their associates;
- (d) the terms of the securities are detailed in the Annexure A;
- (e) the securities will rank pari passu with all securities of that class; and
- (f) the securities will be issued within three months of this resolution.
- (g) the issue of the securities is for the purpose of providing an incentive for future involvement and commitment of the Company's key corporate and strategic consultants.

Voting Exclusion

The Company will disregard any votes cast on this resolution by any Investors who will be issued with options and any associates of an Investor who will be issued with options.

However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

PROXY AND VOTING INSTRUCTIONS

1. For the purposes of the Corporations Act, the Company has determined that all securities of the Company recorded on the Company's register as at 7.00 pm (AEDST) on the date 48 hours before the date of the General Meeting will be taken, for the purposes of the Meeting, to be held by the persons who held them at that time.
2. The details of the Resolutions contained in the Explanatory Statement accompanying this Notice of Meeting should be read together with, and forms part of this Notice of Meeting.
3. A shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a shareholder of the Company.
4. If a proxy is not directed how to vote on an item of business, the proxy may vote or abstain from voting on that resolution as they think fit.
5. If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the shareholder's behalf on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
6. Shareholders who return their proxy forms with a direction on how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf.
7. If a proxy form is returned but the nominated proxy does not attend the meeting, or does not vote on the resolution, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions.
8. Proxy appointments in favour of the Chairman of the meeting, the secretary or any Director that do not contain a direction on how to vote will be used where possible to support each of the resolutions proposed in this Notice.
9. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person excluded from voting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form, or where it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.
10. A proxy form is attached. If required it should be completed, signed and returned to the Company's registered office or Advanced Share Registry Ltd in accordance with the instructions set out in the proxy form by no later than 11:00 am (AEST) on 2 April 2012.

GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

“**ASIC**” means the Australian Securities and Investments Commission;

“**ASX**” means ASX Limited or the Australian Securities Exchange, as the context requires;

“**AEDST**” means Australian Eastern Daylight Savings Time.

“**Board**” means the Directors acting as the board of Directors of the Company or a committee appointed by such board of Directors;

“**Company**” means Baru Resources Limited ABN 50 147 324 847;

“**Corporations Act**” means the Corporations Act 2001 (Cth);

“**Director**” means a Director of the Company;

“**Listing Rules**” means the Listing Rules of the ASX;

“**Notice**” means the Notice of Meeting accompanying this Explanatory Statement;

“ANNEXURE A”

OPTION TERMS:

- (a) **Exercise price:** Each option entitles the holder to subscribe for 1 fully paid ordinary share in Baru Resources Limited at a subscription price of \$0.20 (20 cents) per share.
- (b) **Manner of exercise:** The options are exercisable at any time prior to 5:00pm (AEST) on 23 December 2016 by completing an option exercise form and delivering it to the Company’s Share Registry together with payment for the number of Shares in respect of which the options are exercised and the option holding statement for those options.
- (c) **Transferability of options:** Subject to the *Corporations Act 2001*, the ASX Listing Rules and the Company’s Constitution, the options are freely transferable and the Company may apply to the ASX for the options to be admitted to quotation.
- (d) **Ranking and quotation of shares:** All Shares issued upon exercise of options will rank equally in all respects with the Company’s then existing fully paid ordinary shares. The options will be quoted on the Australian Stock Exchange (**ASX**).
- (e) **Participation rights:** Holders of options may only participate in a new issue of securities to holders of ordinary shares in the Company if an option has been exercised and a Share issued in respect of that option before the record date for determining entitlements to the new issue, and the participation shall only be in respect of such Share issued. The Company must give holders of options at least 6 business days’ notice of the record date for determining entitlements to that new issue in accordance with the ASX Listing Rules.
- (f) **No change to option terms:** There will be no change to the exercise price of an option or the number of Shares over which an option is exercisable in the event of the Company making a pro rata issue of Shares or other securities to holders of ordinary shares in the Company (other than a bonus issue in which case the exercise price of an option will be adjusted down accordingly).
- (g) **Reorganisation of capital:** In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, all of the options will be reorganised as required by the ASX Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- (h) Holders of Options do not participate in dividends or in bonus issues unless the Options are exercised and the resultant Shares are issued prior to the record date to determine entitlements to the dividend or bonus issue.
- (i) The terms of the Options shall only be changed if holders (whose votes are not to be disregarded) of Shares approve of such a change. However, the terms of the Options shall not be changed to reduce the Exercise Price, increase the number of Options or change any period for exercise of the Options.

BARU RESOURCES LIMITED

Appointment of proxy

If you propose to attend and vote at the General Meeting, please bring this form with you. This will assist in registering your attendance.

All Registry communication to:
Advanced Share Registry Ltd
150 Stirling Highway
Nedlands WA 6009
PO Box 1156
Nedlands WA 6909
Telephone: (08) 9389 8033
Facsimile: (08) 9389 7871
Website: www.advancedshare.com.au
www.baru.com.au

I/We being a member(s) of BARU RESOURCES LIMITED ACN 147 324 847 and entitled to attend and vote hereby appoint.

A the Chairman of the Meeting (**mark box**)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy

Or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following instructions (or if no directions have been given, as the proxy sees fit) at the General Meeting of the Company to be held at 11.00am (AEDST) on Wednesday, 4th April 2012 and at any adjournment of that meeting. Where more than one proxy is to be appointed or where voting intentions cannot be adequately expressed using this form an additional form of proxy is available on request from the share registry. Proxies will only be valid and accepted by the Company if they are signed and received at the Company's registered office no later than 48 hours before the meeting.

If no directions are given, the Chair will vote in favour of all the Resolutions.

If the Chair of the General Meeting is appointed as your proxy, or may be appointed by default, and you do not wish to direct your proxy how to vote as your proxy in respect of the below Resolutions please place a mark in this box..

Should you desire to direct your proxy how to vote on any resolution please insert in the appropriate box below.

		For	Against	Abstain*
Resolution 1	Ratification of Option Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of Grant of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

B PLEASE SIGN HERE This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented

Securityholder 1 (individual)

Sole Director and Sole Company Secretary

Joint Securityholder 2 (individual)

Director/Company Secretary (Delete one)

Joint Securityholder 3 (individual)

Director

Contact Name

Contact Daytime Telephone or Email

____/____/____
Date

Proxy Instructions

Generally

A shareholder entitled to attend and vote at the General Meeting convened by the Notice is entitled to appoint not more than 2 proxies to vote on the shareholder's behalf. A proxy need not be a shareholder. The proxy appointment may be a standing appointment for all general meetings until it is revoked. Additional proxy forms are available from the Company.

If a representative of a shareholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission. A form of the certificate may be obtained from the Company's share registry by calling +61 8 9389 8033.

Appointing Two Proxies

A shareholder entitled to cast 2 or more votes may appoint 2 proxies. Where 2 proxies are appointed, if the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise one half of your votes. Fractions of votes will be disregarded.

Signing Instructions

Individuals: The shareholder must sign personally.

Joint Holding: If the holding is in more than 1 name, all of the shareholders must sign.

Company: Where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise this form must be signed by a director jointly with either another director or a company secretary. Please sign in the appropriate place to indicate the office held.

Power of Attorney: The attorney must sign and the power of attorney must be deposited at the Company's registered office for inspection and return, when the proxy is lodged.

Lodgement of a Proxy

Proxy forms (and the power of attorney, if any, under which the proxy form is signed) must be lodged at, or sent by facsimile transmission to, the offices of the Company so that it is received no later than 11.00am (AEDST), 2nd April 2012.

Documents may be lodged:

IN PERSON	Share Registry – Advanced Share Registry, 150 Stirling Highway Nedlands WA 6009, Australia
BY MAIL	Share Registry – Advanced Share Registry, PO Box 1156, Nedlands WA 6909, Australia
BY FAX	+61 8 9389 7871

Your Address

This is your address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form and sign it. Security holders sponsored by a broker (in which case your reference number overleaf will commence with an "X") should advise your broker of any changes. You cannot change ownership of your shares using this form.