



## Baru Resources Limited

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## MARCH 2013 QUARTERLY REPORT

### Board of Directors

Peter Avery (Non-executive Chairman)

Kevin Nichol (Managing Director)

Andrew Bald (Non-executive Director)

### Company Secretary

Melanie Leydin

### Quarterly Share Price Activity

Low \$0.045

High \$0.071

Close \$0.047

### Securities on Issue:

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

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

### Market Capitalisation as at 31 March 2013:

\$2,340,000

### Highlights

The following highlights occurred during the March 2013 quarter:

- Baru Resources acquired a 100% interest in Horizon Mines Limited which has 5 mineral exploration tenement applications in Myanmar. These primarily target porphyry copper/gold mineralisation as well as potential smaller, higher grade epithermal and sediment hosted gold deposits. Within the permit applications there are old mines noted.
- Myanmar is considered as a last frontier in the world and is very prospective for a wide range of metals. It has virtually been unexplored for 65 years despite very high prospectivity. The country has just been opened up for the grant of exploration tenements in 2013.
- No tenements within the Longreach Project were granted during the quarter. It is expected the remaining 5 tenements will be granted in the June Quarter. An independent review of the project produced an exploration target based on publically available information for the Longreach Project produced an exploration target of 582 to 6,171 Mt<sup>1</sup>.
- Baru Resources currently has an exploration team in Myanmar assessing its applications and discussing future potential exploration permits in Myanmar with that Government's officials. It is expected that further announcements will follow once the team concludes its assessment sometime in April.

Baru Resources total project area comprises 15 tenements (1 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 gold and base metals projects as well as other energy resources including coal and geothermal. The company holds a granted lease in a thermal coal project area in Queensland and several applications for geothermal energy in Myanmar. The company’s gold and copper applications are also in Myanmar.

### Myanmar Project

In February Baru Resources acquired 100% interest in Horizon mines. Horizons Mines holds 5 tenement applications in Myanmar, shown in **Figure 1**. These Applications target porphyry copper/gold mineralisation as well as potential smaller, higher grade epithermal and sediment hosted gold deposits. Within the permit applications there are old mines noted.

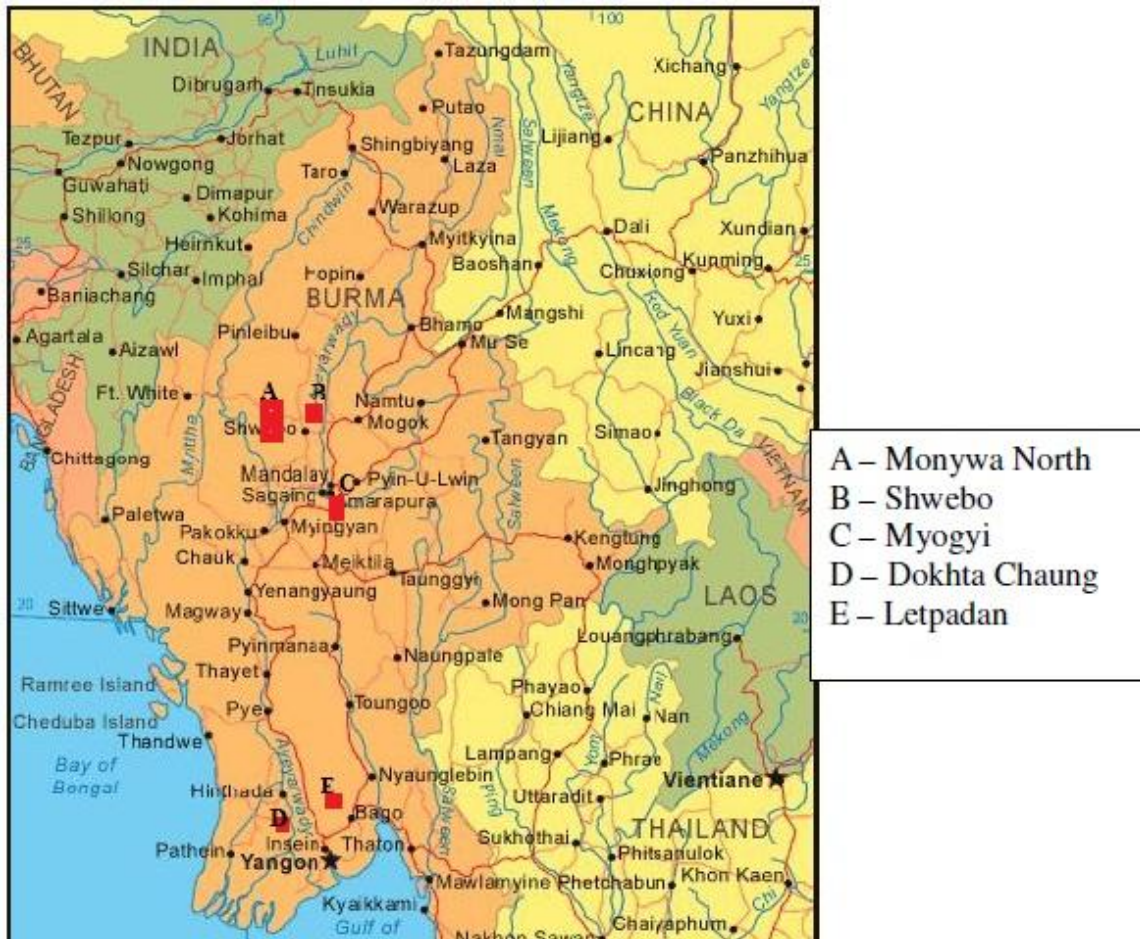


Figure 1 – Map of Myanmar Showing the Locations of Horizon mines applications

In addition to copper/gold mineralisation, Myanmar is prospective for other economically important metals. There are distinct ultramafic zones (prospective for Cr, Ni, Cu, Mg and Pt), as well as acid intrusive and extrusive style mineralisation in Precambrian age rocks (prospective for Pb, Zn, Ag, Mo, Cu and Au). More recent periods of granitic volcanism in the east of the country has resulted in tin, tungsten and antimony mineralisation.

The country is therefore highly prospective for a wide range of metals and mineralisation types and is virtually unexplored by modern exploration techniques. It is located on the structure that extends from Indonesia.

### **Exploration Target**

The initial exploration targets following evaluation of zones of mineralisation, previous mines and geology are;

- Porphyry type Cu/Au deposits associated with acid to intermediate volcanic and sub volcanic intrusives. These will be Oligocene to Miocene in age and will lie in the Central Volcanic Arc of Myanmar.
- Epithermal gold and VMS associated with granitic rocks of Miocene age also in the Central Volcanic Arc.
- Letpadaung style mineralisation (highly prospective for Cu) in the Eastern Highland Belt.
- Porphyry and Kuroko deposits near the Monywa mineralised shear zone.
- Other mineralisation styles and metals that may be noted once the exploration program is established. Given the early stage of modern exploration in the country there could be significant discoveries still to be made in many different commodities. For instance the company's application in the SW contains several noted graphite prospects.

### **The Transaction**

Baru will pay \$75,000 cash (\$10,000 on signing of this agreement) to the vendors of the Project and issue 400,000 fully paid ordinary shares in the Company upon receipt of the granted applications from the Department of Geological Survey and Mineral Exploration.

Payment of cash and shares is subject to 60 days Due Diligence and other regulatory approvals.

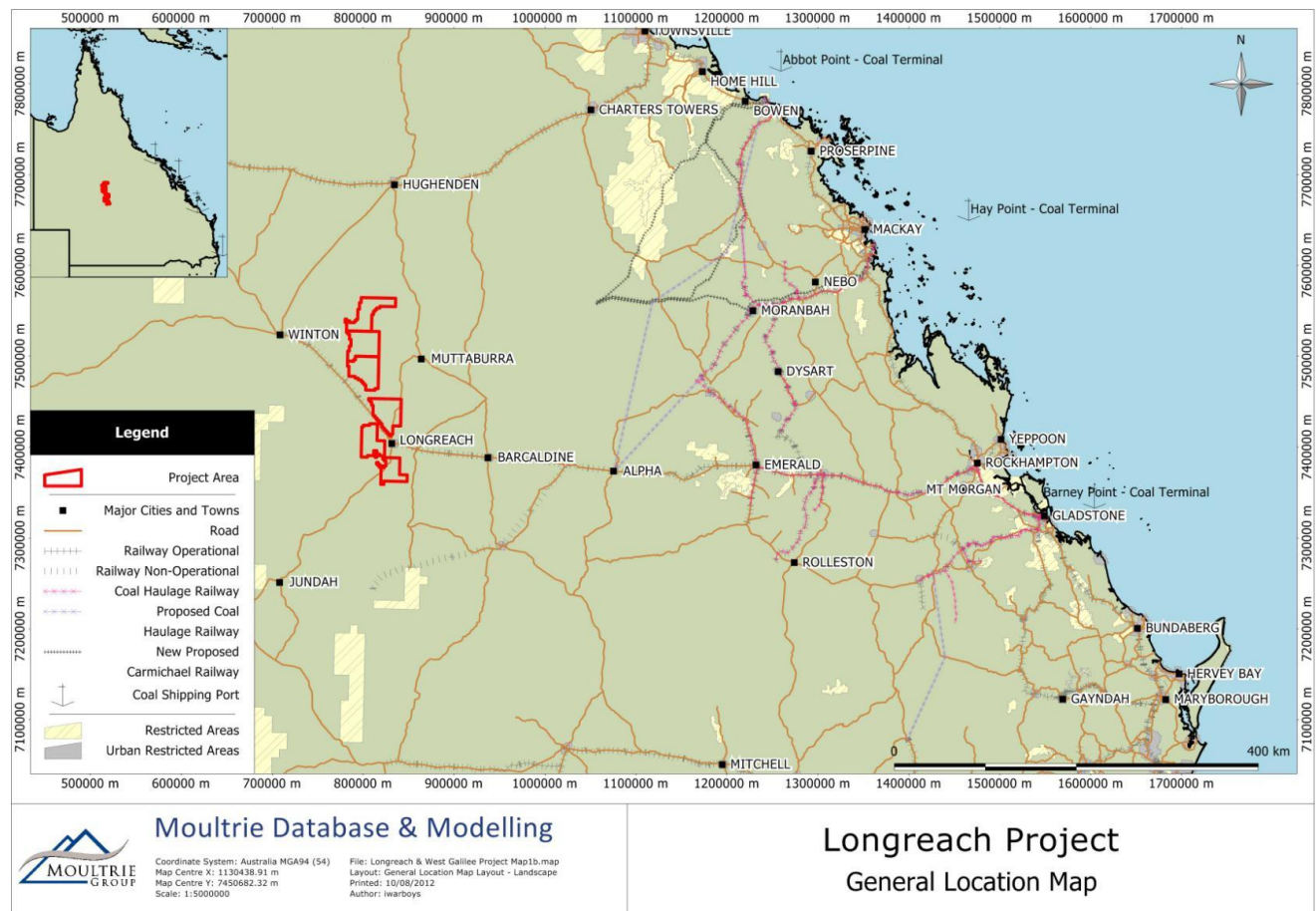
It is proposed that Baru will conduct exploration of the tenements over the next 12 months following the grant of the last exploration licence with a proposed investment amount of \$200,000.

**Summary**

Myanmar represents a highly prospective geological terrain which is expected to generate a large number of high quality deposits over the next 5-10 years as the country is now open for exploration. The country has a wide range of mineralisation types and commodities and Baru Resources will be in a position to acquire some of the most prospective ground by being one of the first explorers into the country.

**Longreach Project**

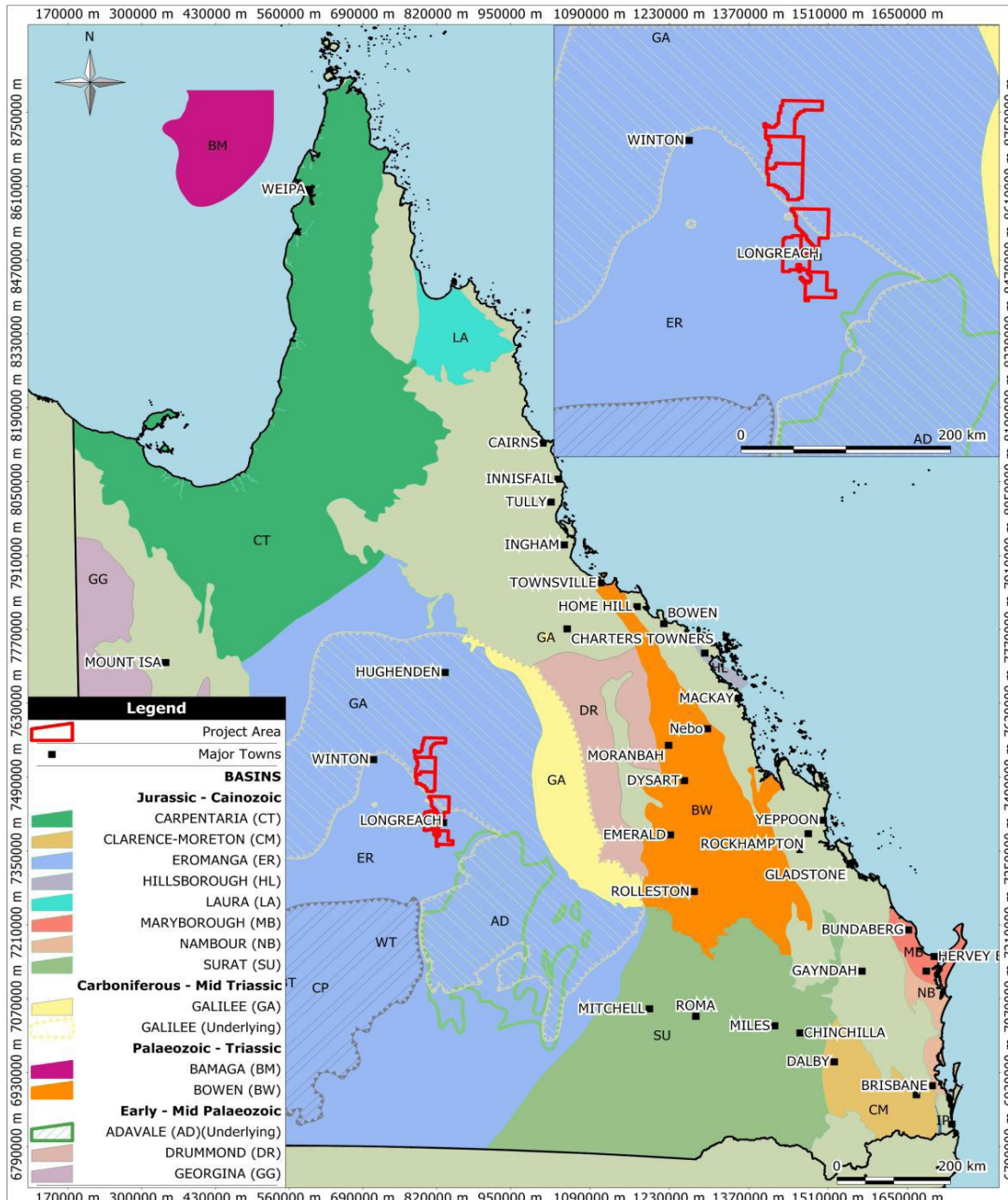
The Longreach Project consists of one (1) EPC and five (5) EPCAs totaling 5099.6km<sup>2</sup> and is located in Central Queensland, near the township of Longreach 716 km west of Gladstone. The tenements are aligned north south and stretch 160km north to 45km south of Longreach. The tenements were pegged by Baru Resources in late 2011 to complement the Company's existing Queensland coal project. **(Figure 2)**



*Figure 2 - 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 3)



Moultrie Database & Modelling  
  
 Coordinate System: Australia MGA94 (54)  
 Map Centre X: 955409.24 m  
 Map Centre Y: 7813847.90 m  
 Scale: 1:8900000  
 File: Longreach & West Galilee Project Map.map  
 Layout: Regional Geology Layout QLD  
 Printed: 13/07/2012  
 Author: jshta

Longreach Project  
Regional Geology Map

Figure 3 - 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 EPCs 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 4)**

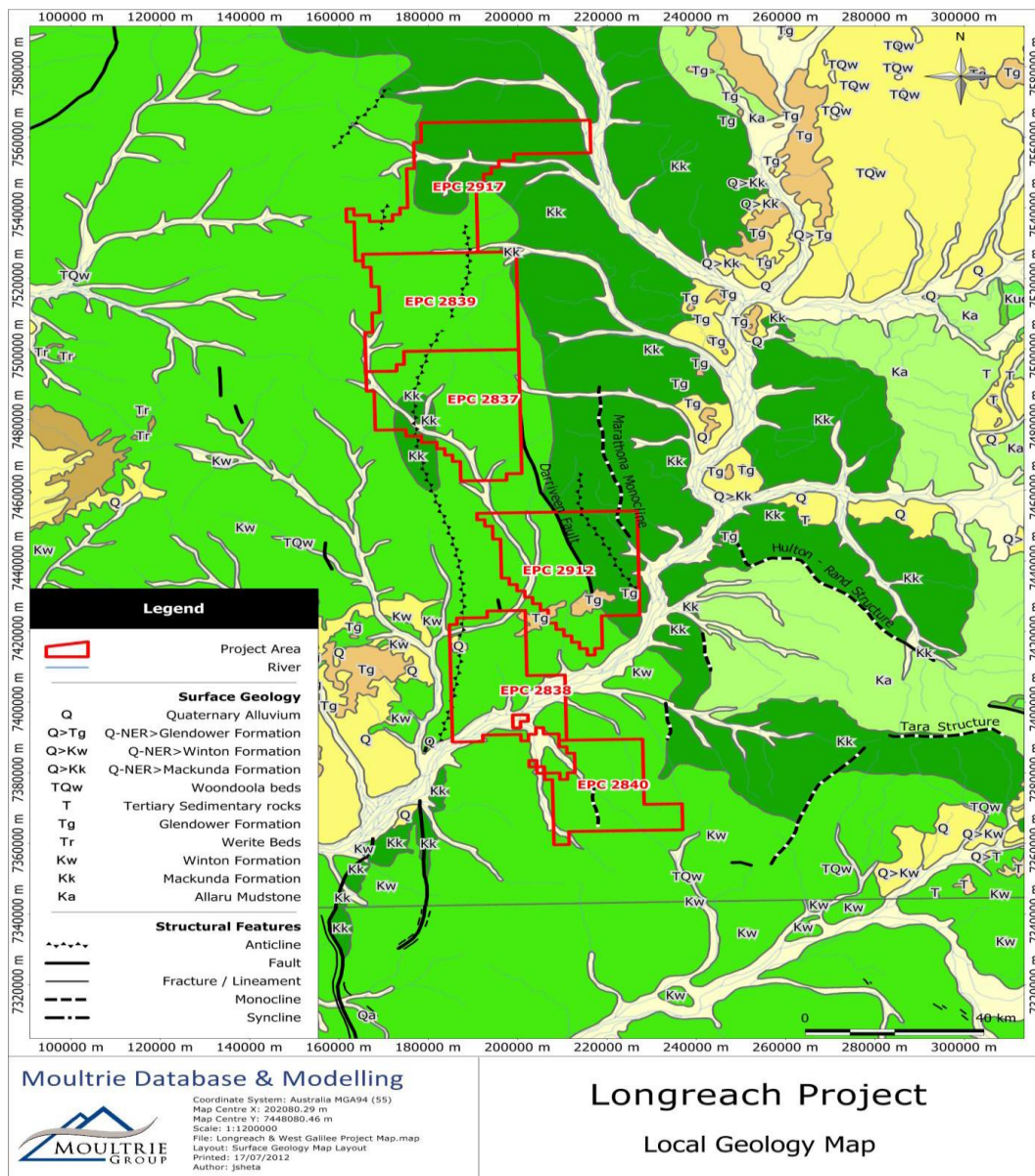


Figure 4 - Local Geology Map

**Galilee Project**

The Galilee Project consists of 9 EPCAs, 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. Details of the Longreach, and Galilee Project tenements are detailed within Tables 1, and 2.

**West Galilee Project**

During the quarter the remaining tenement within the West galilee Project EPC2076 was dropped. This will allow Baru to focus on the newly acquired assets of Horizon Mines.

*Table 1 – Longreach Project Tenement Details*

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

**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 facets 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).

<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