Baru Resources Limited

ACN 147 324 847

Financial report for the year ended - 30 June 2013

Contents

Directors	Peter Avery (Non-Executive Chairman) Kevin Nichol (Managing Director) Ian Lovett (Non-Executive Director)
Company secretary	Melanie Leydin
Registered office	Level 4 100 Albert Road South Melbourne VIC 3205 Ph : (03) 9692 7222
Principal place of business	Level 4 100 Albert Road South Melbourne VIC 3205 Ph : (03) 9692 7222
Share register	Advanced Share Registry Ltd 150 Stirling Highway Nedlands WA 6009
Auditor	Hall Chadwick Level 29 St Martin's Tower 31 Market Street Sydney NSW 2000
Solicitors	Bennett & Co Ground Floor, BGC Centre 28 The Esplanade Perth WA 6000
Bankers	Macquarie Bank Limited Level 26 101 Collins Street Melbourne Vic 3000
Stock exchange listing	Baru Resources Limited shares are listed on the Australian Securities Exchange (ASX code: BAC) (ASX code options : BACO)
Website	www.baru.com.au

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Baru Resources Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the year ended 30 June 2013.

Directors
The following persons were directors of Baru Resources Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Peter Avery (Chairman and Non-Executive Director, appointed as Chairman on 25 July 2012)
Mr Richard Anthon (Non- Executive Chairman, resigned 25 July 2012)
Mr Kevin Nichol (Managing Director)
Mr Ian Lovett (appointed 2 July 2013)
Mr Andrew Bald (Non-Executive Director, appointed 25 July 2012, resigned 20 August 2013)
Mr Martin Bennett (Alternate Director, appointed and resigned 20 August 2013)

Principal activities
During the financial year the principal continuing activities of the consolidated entity consisted of:
- identification and development of export hard coking coal and export thermal coal;
- identification of other mineral resource opportunities.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $1,282,001 (30 June 2012: $1,307,586).

During the financial year the consolidated entity focused its operations on the Longreach coal project, Galilee coal project and West Galilee project for coal and coal seam gas, which was acquired in April 2012. The exploration licences for the West Galilee project have now been relinquished, and as a result $803,673 of exploration and evaluation expenditure has been written off to profit or loss during the year. As a result $280,628 remains as an exploration and evaluation asset at 30 June 2013 (2012: $855,531). The total net assets of the consolidated entity at 30 June 2013 amounted to $3,322,364 (2012: $4,730,493).

The consolidated entity has cash and cash equivalents at 30 June 2013 of $2,034,266 (2012:$2,778,643) and working capital, being current assets less current liabilities, of $3,214,753 (2012: $3,859,962). Included in working capital are investments in listed shares valued at $221,510, being market value. Significant trading of listed investments took place during the year, and the consolidated entity recognised a modest gain on the disposal of shares for the year of $19,263 (2012: $8,442 loss). However the market conditions resulted in a total reduction in the value of listed investments of $148,499 (2012: $201,085).

The consolidated entity entered into a memorandum of understanding to acquire 100% of the share capital of Horizon Mines Limited (‘Horizon’), and has signed a Takeover Bid Implementation Deed under which it is proposed that Baru Resources Limited will acquire all of the issued share capital of Argosy Mineral Limited (‘Argosy’). Horizon currently has exploration applications lodged in Myanmar is relation to copper and gold resources. Argosy has a graphite project in Namibia.

The consolidated entity continues to seek opportunities in the resource sector within Australia and overseas. The directors believe that the strong financial position that the consolidated entity is in at 30 June 2013 will enable it to exploit the opportunities that it identifies.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

On 2 July 2013 the company announced that it had signed a Takeover Bid Implementation Deed under which it is proposed that Baru will acquire all of the issued shares of Argosy Minerals Limited ("Argosy") in a share based transaction by way of an off-market takeover offer. Under the offer Argosy shareholders will receive one new Baru share for every one Argosy share held. Baru currently has on issue 49,796,009 shares and Argosy has on issue 126,029,105 shares. Baru will therefore issue 126,029,105 shares as consideration for the acquisition, plus 12,500,000 share options, being one Baru share option for every one Argosy share option held. The company dispatched a copy of the bidder's statement to the Argosy shareholders on 3 September 2013, which is the date of the offer. On 17 September 2013 Baru announced that it had received acceptances in excess of 50.1% and that the offer was now unconditional.

No other matter or circumstance has arisen since 30 June 2013 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The consolidated entity will continue to proceed with the Argosy Mineral Limited acquisition until completion. The consolidated entity will also continue to identify other mineral resource opportunities within Australia and overseas.

Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

Environmental aspects of the mining industry in Queensland are regulated by the Department of Environment and Resources Management (DERM) pursuant to the Environmental Protection Act 1994 (QLD) (EP Act). The EP Act regulates 'environmentally relevant activities' which are essentially activities that have environmental impacts and includes mining exploration and development activities. An environmental authority is required to carry out a mining activity.

The Company must, as a condition of its environmental authorities, comply with the Standard Environmental Conditions outlined in the Code of Environmental Compliance for Exploration and Mineral Development Projects (EP Code). If the Company is unable to comply with the Standard Environmental Conditions it will be required to apply to DERM for a new environmental authority to obtain a non-EP Code compliant environmental authority which will likely include conditions specifically relating to the operation of the new environmental authority.

Information on directors

Name:	Mr Peter Avery
Title:	Chairman and Non-executive Director
Qualifications:	Dip. Financial Planning
Experience and expertise:	Peter Avery has over 22 years professional experience within the stockbroking industry. During the previous 11 years, Peter has held a senior role as a private client advisor at Perth broking firm, DJ Carmichael (DJC). Prior to joining DJC, Peter developed specialist skills as an equity advisor at Todd Partners managing client portfolios. Peter’s industry experience includes extensive capital raisings within the resource and mining sectors and he holds a Diploma of Financial Planning from Deakin University.
Other current directorships:	None
Former directorships (in the last 3 years):	Celamin Holdings NL (resigned 18 November 2011)
Special responsibilities:	Member of the Audit Committee
Interests in shares:	3,000,003 fully paid ordinary shares
Interests in options:	1,500,001 options exercisable at $0.20 on or before 23 December 2016

Name:	Mr Kevin Nichol
Title:	Executive Chairman
Qualifications:	B.Comm (Hons) CFA
Experience and expertise:	After finishing his honours thesis in the energy sector, Kevin worked as a financial analyst for the late Kerry Packer's private company, Consolidated Press Holdings Pty Ltd (now Consolidated Media Ltd). In the mid 80s he joined Norths Stockbrokers, where he learnt his trade in the marketplace as an advisor. Kevin also spent several years on the trading floor of the Sydney Futures Exchange and traded commodities as well as interest-rate futures for several banking houses.
Other current directorships:	None
Former directorships (in the last 3 years):	Celamin Holdings NL (resigned 18 November 2011)
Special responsibilities:	Member of the Remuneration and Nomination Committee
Interests in shares:	2,489,800 fully paid ordinary shares
Interests in options:	None

Name:	Mr Ian Lovett (appointed 2 July 2013)
Title:	Non-executive Director
Experience and expertise:	Since leaving the University of Newcastle in 1975 with a degree in Commerce, Ian has been involved in the reporting, promoting and marketing of junior resource stocks. From 1975 through to 2005 he worked as a financial journalist with a long list of titles including the Sydney Morning Herald, the Financial Times, The Australian, The South China Morning Post and the Daily Telegraph. Ian's work was also syndicated across News Limited publications. In addition, he provided most of the material for Hot Line, a telephone share tipping service which specialised in junior miners in the 80s and 90s.
Other current directorships:	None
Former directorships (in the last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in options:	50,000 options exercisable at $0.20 on or before 23 December 2016

Name:	Mr Andrew Bald
Title:	Non-executive Director (resigned 20 August 2013)
Experience and expertise:	Andrew Bald has 25 years' experience in banking and corporate finance, having advised private and ASX listed companies in a number of industries. Prior to his role as a corporate advisor, he was an investment banker managing balance sheet and trading risks as well as advising on a number of significant project financing transactions.
Other current directorships:	None
Former directorships (in the last 3 years):	None
Special responsibilities:	Member of the Audit Committee
Interests in shares:	926,731 fully paid ordinary shares
Interests in options:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company secretary
Melanie Leydin resigned on 21 May 2012 and was re-appointed on 6 July 2012. Melanie has 22 years experience in the accounting profession and is a director and company secretary for a number of oil and gas, junior mining and exploration entities listed on the Australian Stock Exchange. She is a Chartered Accountant and is a Registered Company Auditor. She Graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 has been the principal of chartered accounting firm, Leydin Freyer specialising in outsourced company secretarial and financial duties for resources and biotechnology sectors.

Helen Clancy held the office of Company Secretary from 21 May 2012 to 6 July 2012.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') and of each board committee held during the year ended 30 June 2013, and the number of meetings attended by each director were:

	Full Board		Audit Committee		Remuneration and Nomination Committee	
	Attended	Held	Attended	Held	Attended	Held
Peter Avery	8	8	2	2	1	1
Kevin Nichol	8	8	2	2	1	1
Andrew Bald	8	8	2	2	1	1

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)
The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:
A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation

A Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's and company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity and company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

Alignment to shareholders' interests:
- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives

Alignment to program participants' interests:
- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee.

ASX listing rules requires that the aggregate non-executive directors remuneration shall be determined periodically by a general meeting. The most recent determination was at the General Meeting, held in August 2011, where the shareholders approved an aggregate remuneration of $350,000.

Executive remuneration
The consolidated entity and company aims to reward executives' with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has three components:
- base pay and non-monetary benefits
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and adds additional value to the executive.

The long-term incentives ('LTI') includes long service leave and share-based payments. The Nomination and Remuneration Committee intends to revisit the long-term equity-linked performance incentives specifically for executives at the end of each financial year.

Consolidated entity performance and link to remuneration
Remuneration packages do not include performance-based components. An individual member of staff's performance assessment is done by reference to their contribution to the Company's overall operational achievements. All Directors and Executives hold shares and options in the Company to facilitate goal congruence between Executives with that of the business and shareholders. Further information has not been disclosed as it is commercially confidential.

Voting and comments made at the company's 18 November 2012 Annual General Meeting ('AGM')

The company received 61.2% of 'for' votes in relation to its remuneration report for the year ended 18 November 2011, and will therefore require a "Spill resolution" at the next AGM under the Corporation Act's Two Strikes rule. If 25% or more of votes that are cast are voted against the adoption of the remuneration report at two consecutive AGM's (effectively "two stikes") shareholders will be required to vote at the second of those AGMs on a resolution (referred to as a "spill resolution") that another meeting be held within the 90 days at which all tof the company's directors (other than the Managing Director) must go up for re-election.

B Details of remuneration

Amounts of remuneration

Details of the remuneration of the key management personnel of consolidated entity are set out in the following tables.

2013	Short-term benefits			Post-employment benefits	Termination payments	Share-based payments	
Name	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	$	Equity-settled $	Total $
Non-Executive Directors:							
Peter Avery*	120,033	-	-	6,300	-	-	126,333
Rick Anthon	5,000	-	-	450	59,455	-	64,905
Andrew Bald	58,750	-	-	-	-	-	58,750
Executive Directors:							
Kevin Nichol	212,500	-	-	-	-	-	212,500
Other Key Management Personnel:							
Melanie Leydin **	93,000	-	-	-	-	-	93,000
Matthew Bull***	128,850	-	-	12,133	-	23,140	164,123
	618,133	-	-	18,883	59,455	23,140	719,611

* This amount includes $60,033 of consultants fees paid for services provided in relation to additional work completed during the year.

** Fees paid to Leydin Freyer Corporate Pty Ltd in respect of Company Secretarial and accounting services.

*** Terminated during the year.

2012	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
Name	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Peter Avery	83,450	-	-	5,400	-	-	88,850
Rick Anthon	60,000	-	-	5,400	-	-	65,400
Executive Directors:							
Kevin Nichol	171,667	-	-	-	-	-	171,667
Other Key Management Personnel:							
Melanie Leydin *	80,840	-	-	-	-	-	80,840
Helen Clancy**	12,000	-	-	-	-	-	12,000
Matthew Bull***	143,295	20,000	-	14,697	-	-	177,992
	551,252	20,000	-	25,497	-	-	596,749

* Fees paid to Leydin Freyer Corporate Pty Ltd in respect of Company Secretarial, accounting services and services rendered during the initial public offering and since the period of listing on the Australian Stock Exchange.
** Fees paid to Resources Corporate Pty Ltd in respect of Company Secretarial and accounting services rendered.
*** Appointed Cheif Executive Officer on 27 August 2011.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2013	2012	2013	2012	2013	2012
Other Key Management Personnel:						
Matthew Bull	100%	88%	- %	12%	- %	- %

The proportion of the cash bonus paid and forfeited is as follows:

	Cash bonus paid		Cash bonus forfeited	
Name	2013	2012	2013	2012
Other Key Management Personnel:				
Matthew Bull	- %	100%	- %	- %

C Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Kevin Nichol
Title:	Executive Director
Agreement commenced:	1 December 2012
Term of agreement:	No fixed term
Details:	Mr Nichol may resign from his position and thus terminate his contract by giving one months written notice. The Company may terminate the agreement by giving one month's notice in writing. On termination of the agreement, unless terminated due to misconduct, the Company must pay an amount equivalent to 12 months Service Fees. The contract may be terminated with immediate effect in the event of serious misconduct. Upon termination of Mr Nichol's contract, the Company may pay salary in lieu of the notice period.

Name:	Peter Avery
Title:	Chairman and Non Executive Director
Agreement commenced:	1 December 2012
Term of agreement:	Initial term of 12 months
Details:	Mr Avery may resign from his position and thus terminate his contract by giving one months written notice. The Company may terminate the agreement by giving one month's notice in writing. On termination of the agreement, unless terminated due to misconduct, the Company must pay an amount equivalent to 12 months Service Fees. The contract may be terminated with immediate effect in the event of serious misconduct.

Name:	Matthew Bull
Title:	Chief Geologist
Agreement commenced:	27 August 2011, amended 21 November 2012
Details:	The annual base salary per the agreement is $132,000. The contract was subject to termination by either party with one month's notice in writing. The contract was terminated during the year.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

All contracts stated above are currently being renewed and have not been completed as at the date of this report.

D Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2013.

Options
The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
8 February 2012	Immediately	23 December 2016	$0.20	$0.023

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2013 are set out below:

	Number of options granted during the year		Number of options vested during the year	
Name	2013	2012	2013	2012
Matthew Bull	1,000,000	-	1,000,000	-

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2013 are set out below:

Name	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $	Remuneration consisting of options for the year %
Matthew Bull	23,140	-	-	14

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of Baru Resources Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
1 February 2012	23 December 2016	$0.20	24,898,005
10 February 2012	23 December 2016	$0.20	4,575,350
4 April 2012	23 December 2016	$0.20	13,424,650
8 February 2012*	23 December 2016	$0.20	1,000,000
			43,898,005

* Options are unlisted

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options
There were no shares of Baru Resources Limited issued on the exercise of options during the year ended 30 June 2013 and up to the date of this report.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former audit partners of Hall Chadwick
There are no officers of the company who are former audit partners of Hall Chadwick.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Auditor
Hall Chadwick continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Kevin Nichol
Executive Director

30 September 2013
Melbourne

HALLCHADWICK
Chartered Accountants and Business Advisers

BARU RESOURCES LIMITED ACN 147 324 847
AND CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF BARU RESOURCES LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013 there have been:

(a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Hall Chadwick

Hall Chadwick
Level 29, St Martins Tower
31 Market Street, SYDNEY NSW 2001

Drew Townsend
Partner
Dated: 30 September 2013

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Baru Resources Limited
Corporate Governance Statement
30 June 2013

The Board of Directors ('the Board') of Baru Resources Limited (the 'Company') is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The table below summarises the Company's compliance with the ASX Corporate Governance Council's Revised Principles and Recommendations.

Principles and Recommendations		**Compliance**	**Comply**
Principle 1 – Lay solid foundations for management and oversight			
1.1	Establish the functions reserved to the Board and those delegated to manage and disclose those functions.	The Board is responsible for the overall corporate governance of the Company. The Board has adopted a Board charter that formalises its roles and responsibilities and defines the matters that are reserved for the Board and specific matters that are delegated to management. On appointment of a director, the Company issues a letter of appointment setting out the terms and conditions of appointment to the Board.	Complies.
1.2	Disclose the process for evaluating the performance of senior executives.	The Board meets annually to review the performance of executives. The senior executives' performance is assessed against performance of the Company as a whole.	Complies.
1.3	Provide the information indicated in *Guide to reporting on Principle 1.*	A Board charter has been disclosed on the Company's website and is summarised in this Corporate Governance Statement.	Complies.
		A performance evaluation process is included in the Board Charter, which has been disclosed on the Company's website and is summarised in this Corporate Governance Statement.	Complies.
		The Board will conduct a performance evaluation for senior executives on an annual basis in accordance with the process above.	Complies.
Principle 2 – Structure the Board to add value			
2.1	A majority of the Board should be independent directors.	The majority of the Board's directors are not independent directors of the Company. Mr Peter Avery is a Non-Executive Director and Chairman. Mr Kevin Nichol is the Managing Director. Mr Ian Lovett is a Non-Executive Director.	Due to the Company's size, the Board considers that a majority of independent Directors is not currently warranted. As the Company's activities expand, this policy will be reviewed, with a view to aligning the Company's policies to conformity with this recommendation. The Board recognises that Directors remain in office for the benefit of and are accountable to shareholders and that shareholders have the voting

Principles and Recommendations		**Compliance**	**Comply**
			power to elect members to the Board regardless of their standing, independent or otherwise.
2.2	The chair should be an independent director.	Mr Peter Avery is the Chairman and is not an independent Non-Executive Director.	Whilst the Board recognises that it is desirable for the Chairman to be an independent director, the Company's current early stage of development and size dictate that this is the most efficient mode of operation at the current time. The Board will review the appointment of an independent Chairperson should the Company's size and growth warrant this.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Mr Peter Avery is the Chairman and Mr Kevin Nichol is the Managing Director.	Complies.
2.4	The Board should establish a nomination committee.	The Company has established a Nomination and Remuneration Committee which consists of the entire Board. The Board has undertaken a review of the mix of skills and experience on the Board in light of the Company's principal activities and direction, and has considered diversity in succession planning. The Board considers the current mix of skills and experience of members of the Board and its senior management is sufficient to meet the requirements of the Company. The Board supports the nomination and election of the incumbent directors at the Company's Annual General Meeting.	Complies
2.5	Disclose the process for evaluating the performance of the Board, its committees and individual directors.	The Company conducts the process for evaluating the performance of the Board, its committees and individual directors as outlined in the Board Charter which is available on the Company's website. The Board's induction program provides incoming directors with information that will enable them to carry out their duties in the best interests of the Company. This includes supporting ongoing education of directors for the benefit of the Company.	Complies.
2.6	Provide the information indicated in the *Guide to reporting on Principle 2.*	This information has been disclosed (where applicable) in the Company's Prospectus and on the Company's website.	Complies.
		Mr Ian Lovett is currently the only independent Director. A director is considered independent when he substantially satisfies the test for independence as set out in the ASX Corporate	Complies

Principles and Recommendations		**Compliance**	**Comply**
		Governance Recommendations. Members of the Board are able to take independent professional advice at the expense of the Company. Mr Peter Avery, Non-Executive Chairman, was appointed to the Board at incorporation of the Company in November 2010. Mr Kevin Nichol, Managing Director, was appointed to the Board at incorporation of the Company in November 2010. Mr Ian Lovett, Non-Executive Director, was appointed to the Board at incorporation of the Company in July 2013. The Board has undertaken a review of the mix of skills and experience on the Board in light of the Company's principal activities and direction, and has considered diversity in succession planning. The Board considers the current mix of skills and experience of members of the Board and its senior management is sufficient to meet the requirements of the Company. In accordance with the information suggested in *Guide to Reporting on Principle 2*, the Company has disclosed full details of its directors on the Company's website along with other disclosure material on the Structure of the Board has been made available on the Company's website.	
Principle 3 – Promote ethical and responsible decision making			
3.1	Establish a code of conduct and disclose the code or a summary of the code.	The Board has adopted a code of conduct. The code establishes a clear set of values that emphasise a culture encompassing strong corporate governance, sound business practices and good ethical conduct. The code is available on the Company's website.	Complies.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.	The Board has undertaken a review of the mix of skills and experience on the Board in light of the Company's principal activities and direction. The Board has adopted a Diversity Policy that considers the benefits of diversity, ways to promote a culture of diversity, factors to be taken into account in the selection process of candidates for Board and senior management positions in the Company, education programs to develop skills and experience in preparation for Board and senior management positions, processes to include review and appointment of directors, and identify key measurable diversity performance objectives for the Board,	Complies

Principles and Recommendations		**Compliance**	**Comply**
		CEO and senior management.	
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	The Company is committed to the principles of employing people with a broad range of experiences, skills and views. The board and employees are responsible for promoting workforce diversity. The Remuneration and Nomination Committee sets the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Partially complies. Whilst the Company has not set formal measurable objectives for achieving gender diversity, the Company is nonetheless committed to recruiting employees from a diverse pool of qualified candidates.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	The Board currently comprises of 4 male Directors and members of senior management and one female in a senior management role being the company secretary. The proportion of females in the company is 20% being 1 out of a total of 5 employees.	Complies
3.5	Provide the information indicated in *Guide to reporting on Principle 3.*	The Company adopted a Diversity Policy during the financial year and will report in each annual report the measurable objectives for achieving gender diversity set by the Board. This information is available on the Company's website.	Complies
Principle 4 – Safeguard integrity in financial reporting			
4.1	The Board should establish an audit committee.	The Board has established an audit and risk committee which operates under an audit and risk committee charter to focus on issues relevant to the integrity of the Company's financial reporting.	Complies.
4.2	The audit committee should be structured so that it consists of only non-executive directors, a majority of independent directors, is chaired by an independent chair who is not chair of the Board and have at least 3 members.	The audit and risk committee consists of non-executive directors. Mr Ian Lovett (Chair of the audit and risk committee) is a Non-Executive Director and is not chair of the Board. The committee consists of two non-executive directors.	Complies
4.3	The audit committee should have a formal charter.	An audit and risk management charter has been adopted by the Audit and Risk Management Committee This charter is available on the Company's website.	Complies.
4.4	Provide the information indicated in *Guide to reporting on Principle 4.*	In accordance with the information suggested in *Guide to Reporting on Principle 2,* this has been will be in the directors' report in the Company's 2013 Annual Report and is summarised in this Corporate Governance Statement.	Complies.

Principles and Recommendations		**Compliance**	**Comply**
		The members of the audit and risk committee are appointed by the Board and recommendations from the committee are presented to the Board for further discussion and resolution. The audit and risk committee have not held any meetings to date and will meet at least twice per annum as a listed entity. The audit and risk charter, and information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners (which is determined by the audit committee), is available on the Company's website.	
Principle 5 – Make timely and balanced disclosure			
5.1	Establish written policies designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	The Company has adopted an ASX Disclosure Policy, to ensure that it complies with the continuous disclosure regime under the ASX Listing Rules and the Corporations Act 2001. This policy is available on the Company's website.	Complies.
5.2	Provide the information indicated in the *Guide to reporting on Principle 5.*	The Company's ASX Disclosure policy is available on the Company's website.	Complies.
Principle 6 – Respect the rights of shareholders			
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy.	The Company has adopted a shareholder communications policy. The Company uses its website (www.baru.com.au), annual report, market announcements, media disclosures and webcasting to communicate with its shareholders, as well as encourages participation at general meetings. This policy is available on the Company's website.	Complies.
6.2	Provide the information indicated in the *Guide to reporting on Principle 6.*	The Company's shareholder communications policy is available on the Company's website.	Complies.

Principles and Recommendations		**Compliance**	**Comply**
Principle 7 – Recognise and manage risk			
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of these policies.	The Company has adopted a risk management statement within the audit and risk committee charter. The audit and risk committee is responsible for managing risk; however, ultimate responsibility for risk oversight and risk management rests with the Board. The audit and risk charter is available on the Company's website and is summarised in this Corporate Governance Statement.	Complies.
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	The Board believes the risk management and internal control systems designed and implemented by the Directors and the Financial Officer are adequate given the size and nature of the Company's activities. The Board informally reviews and requests management internal control.	Management has not formally reported to the Board as to the effectiveness of the Company's management of its material business risks. Given the nature and size of the Company and the Board's ultimate responsibility to manage the risks of the Company this is not considered critical. The Company intends to develop the risk reporting framework into a detailed policy as its operations continue to grow.
7.3	The Board should disclose whether it has received assurance from the chief executive officer and chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating efficiently and effectively in all material respects in relation to the financial reporting risks.	The Board will receive statements from the chief executive officer and chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control and that the system is operating efficiently and effectively in all material respects in relation to the financial reporting risks.	Complies.
7.4	Provide the information indicated in *Guide to reporting on Principle 7.*	An audit and risk management charter has been adopted by the Audit and Risk Management Committee which includes a statement of the Company's risk policies. This charter is available on the Company's website and is summarised in this Corporate Governance Statement. The Company has identified key risks within the business and has received a statement of assurance from the chief executive officer and chief financial officer.	Complies.

Principles and Recommendations		**Compliance**	**Comply**
Principle 8 – Remunerate fairly and responsibly			
8.1	The Board should establish a remuneration committee.	The Board has established a Nomination and Remuneration Committee and has adopted a remuneration charter.	Complies.
8.2	The Remuneration Committee should be structured so that it consists of a majority of independent directors, is chaired by an independent director and has at least three members.	The Nomination and Remuneration Committee consists of the entire Board and is Chaired by Mr Peter Avery, who is not an independent director.	The Board recognises that it is desirable for the Chairman of the Nomination and Remuneration Committee to be an independent director, and will seek to appoint an independent chairman of the committee in coming periods.
8.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The Company complies with the guidelines for executive remuneration packages and non-executive director remuneration. No senior executive is involved directly in deciding their own remuneration.	Complies.
8.4	Provide the information indicated in *the Guide to reporting on Principle 8.*	The Board has adopted a Nomination and Remuneration Committee charter. The Company does not have any schemes for retirement benefits other than superannuation for non-executive directors.	Complies.

Baru Resources Limited's corporate governance practices were in place for the financial year ended 30 June 2013 and to the date of signing the directors' report.

Various corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by Baru Resources Limited, refer to our website: www.baru.com.au

Baru Resources Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2013

	Note	Consolidated 2013 $	Consolidated 2012 $
Revenue	5	503,092	332,306
Other income	6	19,263	-
Expenses			
Administration expenses		(110,589)	(222,383)
Corporate expenses		(307,355)	(437,364)
Employee benefits expense		(559,599)	(458,135)
Share-based payments		(23,140)	(456,174)
Exploration and evaluation expenditure		(803,673)	(57,394)
Loss on sale of available-for-sale financial assets		-	(8,442)
Loss before income tax expense		(1,282,001)	(1,307,586)
Income tax expense	8	-	-
Loss after income tax expense for the year attributable to the owners of Baru Resources Limited		(1,282,001)	(1,307,586)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Loss on the revaluation of available-for-sale financial assets, net of tax		(148,499)	(201,085)
Foreign currency translation		(769)	-
Other comprehensive income for the year, net of tax		(149,268)	(201,085)
Total comprehensive income for the year attributable to the owners of Baru Resources Limited		(1,431,269)	(1,508,671)

	Note	Cents	Cents
Basic earnings per share	31	(2.57)	(3.03)
Diluted earnings per share	31	(2.57)	(3.03)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Baru Resources Limited
Statement of financial position
As at 30 June 2013

	Note	Consolidated 2013 $	Consolidated 2012 $
Assets			
Current assets			
Cash and cash equivalents	9	2,034,266	2,778,643
Trade and other receivables	10	938,448	661,058
Available-for-sale financial assets	11	221,510	467,805
Other	12	126,607	19,476
Total current assets		3,320,831	3,926,982
Non-current assets			
Property, plant and equipment	13	2,621	-
Exploration and evaluation	14	89,990	855,531
Other	15	15,000	15,000
Total non-current assets		107,611	870,531
Total assets		3,428,442	4,797,513
Liabilities			
Current liabilities			
Trade and other payables	16	106,078	60,191
Employee benefits	17	-	6,829
Total current liabilities		106,078	67,020
Total liabilities		106,078	67,020
Net assets		3,322,364	4,730,493
Equity			
Issued capital	18	5,893,325	5,893,325
Reserves	19	128,961	255,089
Accumulated losses		(2,699,922)	(1,417,921)
Total equity		3,322,364	4,730,493

The above statement of financial position should be read in conjunction with the accompanying notes

Baru Resources Limited
Statement of changes in equity
For the year ended 30 June 2013

	Reserves $	Contributed equity $	Accumulated losses $	Total equity $
Consolidated				
Balance at 1 July 2011	-	375,259	(110,335)	264,924
Loss after income tax expense for the year	-	-	(1,307,586)	(1,307,586)
Other comprehensive income for the year, net of tax	(201,085)	-	-	(201,085)
Total comprehensive income for the year	(201,085)	-	(1,307,586)	(1,508,671)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 18)		5,982,098	-	5,982,098
Share-based payments	456,174	-	-	456,174
Capital raising costs	-	(464,032)	-	(464,032)
Balance at 30 June 2012	255,089	5,893,325	(1,417,921)	4,730,493

	Reserves $	Contributed equity $	Accumulated losses $	Total equity $
Consolidated				
Balance at 1 July 2012	255,089	5,893,325	(1,417,921)	4,730,493
Loss after income tax expense for the year	-	-	(1,282,001)	(1,282,001)
Other comprehensive income for the year, net of tax	(149,268)	-	-	(149,268)
Total comprehensive income for the year	(149,268)	-	(1,282,001)	(1,431,269)
Transactions with owners in their capacity as owners:				
Share-based payments	23,140	-	-	23,140
Balance at 30 June 2013	128,961	5,893,325	(2,699,922)	3,322,364

The above statement of changes in equity should be read in conjunction with the accompanying notes

Baru Resources Limited
Statement of cash flows
For the year ended 30 June 2013

	Note	Consolidated 2013 $	2012 $
Cash flows from operating activities			
Payments to suppliers (inclusive of GST)		(924,590)	(1,224,187)
Interest received		282,300	177,186
Other revenue		13,715	-
Interest and other finance costs paid		-	(1,230)
Net cash used in operating activities	30	(628,575)	(1,048,231)
Cash flows from investing activities			
Payments for investments		(124,612)	-
Payments for available-for-sale financial assets		(2,845,848)	(754,482)
Payments for exploration and evaluation		(104,156)	(425,995)
Payments for acquisition of subsidiary, net of cash acquired		-	(249,900)
Payments for property, plant and equipment		(3,325)	-
Proceeds from sale of available-for-sale financial assets		2,962,908	94,034
Loans to other entities		-	(495,000)
Net cash used in investing activities		(115,033)	(1,831,343)
Cash flows from financing activities			
Proceeds from issue of shares	18	-	5,939,200
Proceeds from issue of options		-	42,898
Payments for capital raising costs		-	(464,032)
Net cash from financing activities		-	5,518,066
Net increase/(decrease) in cash and cash equivalents		(743,608)	2,638,492
Cash and cash equivalents at the beginning of the financial year		2,778,643	140,151
Effects of exchange rate changes on cash		(769)	-
Cash and cash equivalents at the end of the financial year	9	2,034,266	2,778,643

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial report covers Baru Resources Limited as a consolidated entity consisting of Baru Resources Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Baru Resources Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Baru Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4
100 Albert Road
South Melbourne VIC 3205
Ph : (03) 9692 7222

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 30 September 2013. The directors have the power to amend and reissue the financial report.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

During the financial year the consolidated entity incurred a loss of $1,282,001, mainly as a consequence of the write off of $803,673 in relation to the West Galilee exploration and evaluation assets upon surrender of the exploration licences. The cash outflows from operating and exploration activities amounted to $628,575 and $104,156 respectively. However, at 30 June 2013 the consolidated entity had cash and cash equivalents of $2,034,266 and working capital, being current assets less current liabilities, of $3,214,753. Accordingly, the directors believe the consolidated entity has sufficient funds to carry out exploration activities as planned and meet the debts of the consolidated entity , inclusive of expenditures and debts arising from the acquisition of Argosy Minerals Limited, as and when they are due and payable in the next 12 months from the date of this report. The directors are therefore of the opinion that the going concern basis is appropriate for the preparation of the annual financial statements for the financial year ended 30 June 2013.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Note 2. Significant accounting policies (continued)

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 26.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Baru Resources Limited ('company' or 'parent entity') as at 30 June 2013 and the results of all subsidiaries for the year then ended. Baru Resources Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 2. Significant accounting policies (continued)

Foreign currency translation
The financial report is presented in Australian dollars, which is Baru Resources Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Note 2. Significant accounting policies (continued)

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Other receivables are recognised at amortised cost, less any provision for impairment.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

Note 2. Significant accounting policies (continued)

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Computer equipment	2.5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Exploration and evaluation assets
Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

At each reporting date the directors review each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest. Where it is determined that the costs incurred on an area of interest will not be recovered through sale or future development and exploitation of the resource the directors will write off costs to the profit or loss.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee benefits

Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Note 2. Significant accounting policies (continued)

Share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 2. Significant accounting policies (continued)

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Baru Resources Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2013. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and 2012-6 Amendments to Australian Accounting Standards arising from AASB 9
This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2015 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity’s own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The consolidated entity will adopt this standard from 1 July 2015 but the impact of its adoption is yet to be assessed by the consolidated entity.

Note 2. Significant accounting policies (continued)

AASB 10 Consolidated Financial Statements
This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of key management). The consolidated entity will not only have to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. The adoption of this standard from 1 July 2013 is not expected to have a significant impact on the consolidated entity.

AASB 11 Joint Arrangements
This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard defines which entities qualify as joint ventures and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets will use equity accounting. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities will account for the assets, liabilities, revenues and expenses separately,in accordance with Standards applicable to the particular assets, liabilities, revenues and expenses. The adoption of this standard from 1 July 2013 will not have a material impact on the consolidated entity.

AASB 12 Disclosure of Interests in Other Entities
This standard is applicable to annual reporting periods beginning on or after 1 January 2013. It contains the entire disclosure requirement associated with other entities, being subsidiaries, associates and joint ventures. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'. The adoption of this standard from 1 July 2013 will significantly increase the amount of disclosures required to be given by the consolidated entity such as significant judgements and assumptions made in determining whether it has a controlling or non-controlling interest in another entity and the type of non-controlling interest and the nature and risks involved.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13
This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets whereas liabilities would be based on transfer value. As the standard does not introduce any new requirements for the use of fair value, its impact on adoption by the consolidated entity from 1 July 2013 should be minimal, although there will be increased disclosures where fair value is used.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Exploration and evaluation costs
The consolidated entity has capitalised exploration and evaluation costs, net of impairments recognised, in accordance with AASB 6 Exploration for and evaluation of mineral resources. The consolidated entity assesses impairment at each reporting date by evaluating conditions specific to the consolidated entity and its areas of interest that may lead to impairment of assets. When an impairment trigger exists, the recoverable amount of the assets is determined.

Note 4. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into one operating segments: exploration for coal in Australia. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

Note 5. Revenue

	Consolidated	
	2013 $	2012 $
Facility fee income	55,000	55,000
Commissions received	6,250	-
Dividends received	3,500	-
Interest revenue	434,377	277,306
Other income	3,965	-
Revenue	503,092	332,306

Note 6. Other income

	Consolidated 2013 $	Consolidated 2012 $
Net fair value gain on available-for-sale financial assets	19,263	-

Note 7. Expenses

	Consolidated 2013 $	Consolidated 2012 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Computer equipment	704	-
Superannuation expense		
Defined contribution superannuation expense	18,883	25,497

Note 8. Income tax expense

	Consolidated 2013 $	Consolidated 2012 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(1,282,001)	(1,307,586)
Tax at the statutory tax rate of 30%	(384,600)	(392,276)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	6,942	136,852
Capital (gain)/loss	(5,779)	3,303
Other permanent differences	-	(4,953)
	(383,437)	(257,074)
Current year tax losses not recognised	190,547	387,729
Current year temporary differences not recognised	192,890	(130,655)
Income tax expense	-	-

Note 8. Income tax expense (continued)

	Consolidated 2013 $	2012 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	2,184,381	1,549,224
Potential tax benefit @ 30%	655,314	464,767

The benefit of these losses has not been brought to account at 30 June 2013 because the directors do not believe it is appropriate to regard realisation of the deferred tax asset as being probable at this point in time or that there are sufficient deferred tax liabilities to offset these losses. These tax losses are also subject to final determination by the Taxation authorities when the Group derives taxable income. The benefits will only be realised if:

(a) The company and its subsidiaries derive future assessable income of a nature and of an amount sufficient to enable the benefit of the deduction for the losses to be realised;
(b) The company and its subsidiaries continue to comply with the conditions for the deductibility imposed by law; and
(c) No changes in the tax legislation adversely affect the company and its subsidiaries in realising the benefit of the losses.

Note 9. Current assets - cash and cash equivalents

	Consolidated 2013 $	2012 $
Cash at bank	2,034,266	2,778,643

Note 10. Current assets - trade and other receivables

	Consolidated 2013 $	2012 $
Other receivables	66,026	99,056
Loans receivable	605,000	550,000
Interest receivable	252,197	1,065
GST receivable	15,225	10,937
	938,448	661,058

The average credit period on trade and other receivables is 30 days. Due to the short term nature of the receivables their carrying value is assumed to approximate their fair value. No collateral or security is held. No interest is charged on the receivables. The consolidated entity has financial risk management policies in place to ensure that all receivables are received within the credit timefrrame.

During the previous financial year, the Company provided a loan to another entity with a principal amount of $550,000. The Company generated income of $55,000 in consideration for providing this loan by way of a facility during the previous year. The Company generated a further $55,000 in consideration for renewal of the loan during the current financial year. The interest amount payable on the outstanding Principal, is 5% per month, payable without deduction.

Subsequent to 30 June 2013 the Company received in full the loan receivable of $605,000, plus the interest accrued of $245,000.

Note 11. Current assets - available-for-sale financial assets

	Consolidated	
	2013	**2012**
	$	**$**
Shares in listed entities	221,510	467,805

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out

Opening fair value	467,805	-
Additions	2,845,848	754,482
Disposals	(2,943,644)	(85,592)
Revaluation decrements	(148,499)	(201,085)
Closing fair value	221,510	467,805

Refer to note 20 for further information on financial instruments.

Investments are recorded at fair value at the date of purchase, being consideration paid plus transaction costs and are brought to account at market to market valuation at balance date. These investments are classified as available-for-sale on the basis they are not held for short term profit making. Revaluations are recorded in the available-for-sale reserve.

Note 12. Current assets - other

	Consolidated	
	2013	**2012**
	$	**$**
Prepayments	126,607	19,476

Included within prepayments is $124,612 relating to payments made under a Memorandum of Agreement ('MOA') the consolidated entity entered into during the year with Horizon Mines Limited ('Horizon'), an unlisted public company domiciled in Australia. Horizon is the holder or applicant of a number of mineral and geothermal permits ('tenements') in Myanmar. Under the MOA the consolidated entity has agreed to acquire 100% of the issued capital of Horizon subject to conditions precedent. The conditions precedent relate to obtaining shareholder approval and completion of due diligence into Horizon and the tenements.

At 30 June 2013 the conditions precedent had yet to be satisfied, and an extension of the due diligence period has been agreed by both parties.

Note 13. Non-current assets - property, plant and equipment

	Consolidated	
	2013	**2012**
	$	**$**
Computer equipment - at cost	3,325	-
Less: Accumulated depreciation	(704)	-
	2,621	-
	2,621	-

Note 13. Non-current assets - property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Computer Equipment $	Total $
Consolidated		
Balance at 1 July 2011	-	-
Balance at 30 June 2012	-	-
Additions	3,325	3,325
Depreciation expense	(704)	(704)
Balance at 30 June 2013	2,621	2,621

Note 14. Non-current assets - exploration and evaluation

	Consolidated 2013 $	Consolidated 2012 $
Exploration and evaluation	89,990	855,531

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Exploration & Evaluation $	Total $
Consolidated		
Balance at 1 July 2011	252,030	252,030
Additions through business combinations (note 27)	234,948	234,948
Expenditure during the year	425,947	425,947
Write off of assets	(57,394)	(57,394)
Balance at 30 June 2012	855,531	855,531
Additions	38,132	38,132
Write off of assets	(803,673)	(803,673)
Balance at 30 June 2013	89,990	89,990

During the year, the consolidated entity relinquished the exploration permits for coal in the West Galilee project. As a result of this relinquishment, the initial investment amounts and subsequent exploration costs incurred has been written off.

Note 15. Non-current assets - other

	Consolidated 2013 $	Consolidated 2012 $
Security deposits	15,000	15,000

Note 16. Current liabilities - trade and other payables

	Consolidated 2013 $	Consolidated 2012 $
Trade payables	59,608	11,389
Other payables	46,470	48,802
	106,078	60,191

Refer to note 20 for further information on financial instruments.

The average credit period on purchases is 30 days. No interest is charged on the trade payables. The consolidated entity has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Note 17. Current liabilities - employee benefits

	Consolidated 2013 $	Consolidated 2012 $
Annual leave	-	6,829

Note 18. Equity - issued capital

	Consolidated		Consolidated	
	2013 Shares	2012 Shares	2013 $	2012 $
Ordinary shares - fully paid	49,796,009	49,796,009	5,850,427	5,850,427
Options over shares	-		42,898	42,898
	49,796,009	49,796,009	5,893,325	5,893,325

Movements in ordinary share capital

Details	Date	No of shares	Issue price	$
Balance	1 July 2011	20,100,009		375,259
IPO shares	16 September 2011	29,696,000	$0.20	5,939,200
Less : cost of capital raising				(464,032)
Balance	30 June 2012	49,796,009		5,850,427
Balance	30 June 2013	49,796,009		5,850,427

Note 18. Equity - issued capital (continued)

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options on issue
There are no participating rights or entitlements inherent in the options and optionholders will not be entitled to participate in new issues of capital to Shareholders during the currency of the options.

A option does not confer the right to a change in exercise price or change in the number of underlying securities over which the option be exercised.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

Note 19. Equity - reserves

	Consolidated	
	2013 $	2012 $
Available-for-sale reserve	(349,584)	(201,085)
Foreign currency reserve	(769)	-
Share-based payments reserve	479,314	456,174
	128,961	255,089

Note 19. Equity - reserves (continued)

	Foreign currency $	Available-for-sale $	Share based payments $	Total $
Consolidated				
Balance at 1 July 2011		-	-	-
Revaluation - gross	-	(201,085)	-	(201,085)
Share based payments	-	-	456,174	456,174
Balance at 30 June 2012	-	(201,085)	456,174	255,089
Revaluation - gross	-	(148,499)	-	(148,499)
Foreign currency translation	(769)	-	-	(769)
Share based payments	-	-	23,140	23,140
Balance at 30 June 2013	(769)	(349,584)	479,314	128,961

Available-for-sale reserve
The reserve is used to recognise increments and decrements in the fair value of available-for-sale financial assets.

Foreign currency reserve
The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Note 20. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and are exposed to foreign currency risk through foreign exchange rate fluctuations, in relation to its Singapore-based subsidiary Baru Resources Pte Ltd.

The transactions entered into by, and the financial assets and liabilities of, Baru Resources Pte Ltd are not significant in the current or prior financial year.

Note 20. Financial instruments (continued)

Price risk
The consolidated entity is exposed to price risk in relation to its available-for-sale financial assets, which are investments in shares of listed entities and are carried on the statement of financial position at fair value, being market value less costs to sell.

The sensitivity of share prices to market changes are indicative of the risk associated with the financial assets. The table below shows the impact of a 10% change in the market price of all investments held at 30 June:

	Average price increase			Average price decrease		
Consolidated - 2013	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
Shares in listed entities	10%	-	22,151	10%	-	(22,151)

	Average price increase			Average price decrease		
Consolidated - 2012	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
Shares in listed entities	10%	-	44,680	10%	-	(44,680)

All revaluations are transferred to the Available-for-sale reserve in equity and do not impact the profit or loss.

Interest rate risk
The consolidated entity's cash and cash equivalents are held in current accounts and short term deposits, and are therefore subject to interest rate risk. Loans advanced are at fixed rates and therefore not subject to interest rate risk.

As at the reporting date, the consolidated entity had the following variable rate borrowings and interest rate swap contracts outstanding:

	2013		2012	
	Weighted average interest rate %	**Balance $**	**Weighted average interest rate %**	**Balance $**
Consolidated				
Cash at bank	3.43	2,034,266	4.37	2,778,643
Net exposure to cash flow interest rate risk		2,034,266		2,778,643

	Basis points increase			Basis points decrease		
Consolidated - 2013	**Basis points change**	**Effect on profit before tax**	**Effect on equity**	**Basis points change**	**Effect on profit before tax**	**Effect on equity**
Cash at bank	75	15,257	15,257	75	(15,257)	(15,257)

	Basis points increase			Basis points decrease		
Consolidated - 2012	**Basis points change**	**Effect on profit before tax**	**Effect on equity**	**Basis points change**	**Effect on profit before tax**	**Effect on equity**
Cash at bank	87	27,174	27,174	87	(27,174)	(27,174)

Note 20. Financial instruments (continued)

An increase/decrease in interest rates of 75 basis points (0.75%) would have a favourable/adverse affect on profit before tax of $15,257 per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2013	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	106,078	-	-	-	106,078
Total non-derivatives		106,078	-	-	-	106,078

Consolidated - 2012	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	60,191	-	-	-	60,191
Total non-derivatives		60,191	-	-	-	60,191

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 20. Financial instruments (continued)

Fair value of financial instruments

The following tables detail the consolidated entity's fair values of financial instruments categorised by the following levels:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Consolidated - 2013	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Available-for-sale financial assets - shares in listed entities	221,510	-	-	221,510
Total assets	221,510	-	-	221,510

Consolidated - 2012	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Available-for-sale financial assets - shares in listed entities	467,805	-	-	467,805
Total assets	467,805	-	-	467,805

There were no transfers between levels during the financial year.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Note 21. Key management personnel disclosures

Directors

The following persons were directors of Baru Resources Limited during the financial year:

Peter Avery
Richard Anthon (resigned 25 July 2012)
Kevin Nichol
Andrew Bald (appointed 25 July 2012, resigned 20 August 2013)

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Melanie Leydin (Company Secretary)
Matthew Bull (Chief Geologist)

Note 21. Key management personnel disclosures (continued)

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 2013 $	Consolidated 2012 $
Short-term employee benefits	618,133	571,252
Post-employment benefits	18,883	25,497
Termination benefits	59,455	-
Share-based payments	23,140	-
	719,611	596,749

Shareholding

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2013	Balance at the start of the year	Received as part of remuneration	Additions	Other	Balance at the end of the year
Ordinary shares					
Richard Anthon***	3,700,003	-	-	(3,700,003)	-
Kevin Nichol	1,000,003	-	1,489,797	-	2,489,800
Peter Avery	3,000,003	-	-	-	3,000,003
Andrew Bald*	-	-	926,731	-	926,731
Matthew Bull**	956,077	-	-	(956,077)	-
Melanie Leydin	15,000	-	-	-	15,000
	8,671,086	-	2,416,528	(4,656,080)	6,431,534

* Andrew Bald resigned subsequent to 30 June 2013.
** Matthew Bull's employment terminated during the financial year.
*** Richard Anthon resigned 25 July 2012.

2012	Balance at the start of the year	Received as part of remuneration	Additions	Other	Balance at the end of the year
Ordinary shares					
Richard Anthon	3,700,003	-	-	-	3,700,003
Kevin Nichol	1,000,003	-	-	-	1,000,003
Peter Avery	3,000,003	-	-	-	3,000,003
Matthew Bull	-	-	956,077	-	956,077
Melanie Leydin	-	-	15,000	-	15,000
	7,700,009	-	971,077	-	8,671,086

Note 21. Key management personnel disclosures (continued)

Option holding
The number of options over ordinary shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2013	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Peter Avery	1,500,001	-	-	-	1,500,001
Matthew Bull*	1,068,563	1,000,000	-	(2,068,563)	-
Melanie Leydin	7,500	-	-	-	7,500
	2,576,064	1,000,000	-	(2,068,563)	1,507,501

*   Matthew Bull's employment terminated during the financial year.

2013	Vested and exercisable	Vested and unexercisable	Vested at the end of the year
Options over ordinary shares			
Peter Avery	1,500,001	-	1,500,001
Matthew Bull*	2,068,563	-	2,068,563
Melanie Leydin	7,500	-	7,500
	3,576,064	-	3,576,064

*   Matthew Bull's employment terminated during the year.

2012	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Peter Avery	-	-	-	1,500,001	1,500,001
Matthew Bull	-	-	-	1,068,563	1,068,563
Melanie Leydin	-	-	-	7,500	7,500
	-	-	-	2,576,064	2,576,064

Related party transactions
Related party transactions are set out in note 25.

Note 22. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Hall Chadwick, the auditor of the company:

	Consolidated	
	2013	**2012**
	$	**$**
Audit services - Hall Chadwick		
Audit or review of the financial statements	32,645	25,200

Note 23. Contingent liabilities

The consolidated entity had no contingent liabilities at 30 June 2013 and 2012.

Note 24. Commitments

	Consolidated 2013 $	Consolidated 2012 $
Exploration and evaluation assets		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	145,600	2,760,000
One to five years	582,500	-
	728,100	2,760,000

The above capital contracted commitments are not recognised as liabilites at the reporting date.

In order to maintain current rights of tenure to exploration tenements, the Company and economic entity is required to outlay rentals and to meet the minimum expenditure requirements of the State Mines Departments. Minimum expenditure commitments may be subject to renegotiation and with approval may otherwise be avoided by sale, farm out or relinquishment.

In the previous year the consolidated entity had commitments that related to the West Galilee coal project. The exploration licences relating to this project were relinquished during the current year. Consequently the commitments are significantly reduced in the current year.

Note 25. Related party transactions

Parent entity
Baru Resources Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 28.

Key management personnel
Disclosures relating to key management personnel are set out in note 21 and the remuneration report in the directors' report.

Note 25. Related party transactions (continued)

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated 2013 $	Consolidated 2012 $
Payment for other expenses:		
Consulting fees paid to Hemming & Hart in relation to legal fees, a related party to Richard Anthon	-	56,532
Consulting fees paid to Hemming & Hart in relation to legal fees for the Company's initial public offering, a related party to Richard Anthon	-	79,106
Fees paid to DJ Carmichael Pty Ltd in relation to the Company's initial public offering, a related entity to Peter Avery	-	129,276

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 26. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2013 $	Parent 2012 $
Loss after income tax	(1,409,608)	(1,298,216)
Total comprehensive income	(1,409,608)	(1,298,216)

Note 26. Parent entity information (continued)

Statement of financial position

	Parent 2013 $	Parent 2012 $
Total current assets	3,197,192	3,925,354
Total assets	3,290,487	4,798,025
Total current liabilities	83,502	56,073
Total liabilities	83,502	56,073
Equity		
Issued capital	5,893,325	5,893,325
Available-for-sale reserve	(349,584)	(201,085)
Share-based payments reserve	479,314	456,174
Accumulated losses	(2,816,070)	(1,406,462)
Total equity	3,206,985	4,741,952

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its controlled entities as at 30 June 2013 and 2012.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2013 and 2012.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment.

Note 27. Business combinations

On 2 April 2012, the Company finalised an agreement to purchase the interest in the West Galilee joint venture for a consideration of $250,000. The Company acquired the 100% of the shares in West Galilee Exploration Pty Ltd as part of the acquisition.

Note 27. Business combinations (continued)

Details of the acquisition are as follows:

	Acquiree's carrying amount $	Fair value $
Cash and cash equivalents	100	100
Trade and other receivables	15,000	15,000
Exploration and evaluation	-	234,900
Net assets acquired	15,100	250,000
Goodwill		-
Acquisition-date fair value of the total consideration transferred		250,000
Representing:		
Cash paid or payable to vendor		250,000

	Consolidated 2013 $	Consolidated 2012 $
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	-	250,000
Less: cash and cash equivalents	-	(100)
Net cash used	-	249,900

Note 28. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name of entity	Country of incorporation	Equity holding 2013 %	Equity holding 2012 %
Baru Resources Pte Ltd*	Singapore	100.00	100.00
West Galilee Exploration Pty Ltd **	Australia	100.00	100.00

* Incorporated on 28 January 2011.
** Acquired on 2 April 2012

Note 29. Events after the reporting period

On 2 July 2013 the company announced that it had signed a Takeover Bid Implementation Deed under which it is proposed that Baru will acquire all of the issued shares of Argosy Minerals Limited ("Argosy") in a share based transaction by way of an off-market takeover offer. Under the offer Argosy shareholders will receive one new Baru share for every one Argosy share held. Baru currently has on issue 49,796,009 shares and Argosy has on issue 126,029,105 shares. Baru will therefore issue 126,029,105 shares as consideration for the acquisition, plus 12,500,000 share options, being one Baru share option for every one Argosy share option held. The company dispatched a copy of the bidder's statement to the Argosy shareholders on 3 September 2013, which is the date of the offer. On 17 September 2013 Baru announced that it had received acceptances in excess of 50.1% and that the offer was now unconditional.

No other matter or circumstance has arisen since 30 June 2013 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 30. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2013	**2012**
	$	**$**
Loss after income tax expense for the year	(1,282,001)	(1,307,586)
Adjustments for:		
Depreciation and amortisation	704	-
Share-based payments	23,140	456,174
Exploration expenditure written off	803,673	57,394
(Gain)/Loss on sale of available-for-sale financial assets	(19,263)	8,442
Facility fee income	(55,000)	(55,000)
Change in operating assets and liabilities:		
Increase in trade and other receivables	(156,739)	(113,531)
Decrease/(increase) in prepayments	13,731	(19,476)
Increase/(decrease) in trade and other payables	50,009	(67,819)
Decrease in employee benefits	(6,829)	(6,829)
Net cash used in operating activities	(628,575)	(1,048,231)

Note 31. Earnings per share

	Consolidated 2013 $	Consolidated 2012 $
Loss after income tax attributable to the owners of Baru Resources Limited	(1,282,001)	(1,307,586)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	49,796,009	43,142,807
Weighted average number of ordinary shares used in calculating diluted earnings per share	49,796,009	43,142,807
	Cents	**Cents**
Basic earnings per share	(2.57)	(3.03)
Diluted earnings per share	(2.57)	(3.03)

The rights to options by options holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for inclusion under AASB 133 - "Earnings per Share". The rights to options are non-dilutive as the consolidated entity is generating a loss and the options are currently three times the Company's share price in value.

Baru Resources Limited
Directors' declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Kevin Nichol
Executive Director

30 September 2013
Melbourne

BARU RESOURCES LIMITED
ACN 147 324 847
AND CONTROLLED ENTITIES

INDEPENDENT AUDIT REPORT TO
THE MEMBERS OF BARU RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Baru Resources Limited which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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BARU RESOURCES LIMITED
ACN 147 324 847
AND CONTROLLED ENTITIES

INDEPENDENT AUDIT REPORT TO
THE MEMBERS OF BARU RESOURCES LIMITED

Auditor's Opinion

In our opinion:

a. the financial report of Baru Resources Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the consolidated entities financial position as at 30 June 2013 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 11 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the remuneration report of Baru Resources Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

Hall Chadwick
Level 29, St Martins Tower
31 Market Street, SYDNEY NSW 2001

Drew Townsend
Partner
Date: 30 September 2013

Baru Resources Limited
Shareholder information
30 June 2013

The shareholder information set out below was applicable as at 20 September 2013.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of options over ordinary shares (BACO)
1 to 1,000	12	-
1,001 to 5,000	5	98
5,001 to 10,000	143	26
10,001 to 100,000	172	186
100,001 and over	86	58
	418	368
Holding less than a marketable parcel	160	323

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Nambia Pty Ltd <Super Fund A/C>	3,700,003	7.43
Dawesville Nominees Pty Ltd <Peter Avery Super Fund A/C>	3,000,003	6.02
Kevin Nichol	2,489,800	4.99
Frengky Manuru	2,489,800	4.99
Mr Graham Geoffrey Walker & Mrs Thelma Jean Walker	2,200,999	4.42
Beny Manuru	2,000,000	4.02
Tranaj Nominees Pty Ltd <FT Family A/C>	2,000,000	4.02
Mr Kong Hock Tan & Mrs Mary Meng May Ang	1,325,000	2.66
J & TW Dekker Pty Ltd <J & TW Dekker Family A/C>	1,000,000	2.01
Hera Investments Pty Ltd	926,731	1.86
Mr Matthew Norman Bull	699,700	1.41
Treluc Investments Pty Ltd	664,879	1.34
Hawera Pty Ltd <The Bailey Family A/C>	600,000	1.20
Thornbury Nominees Pty Ltd <The Stevens Family A/C>	520,000	1.04
Sharon Sargant	500,000	1.00
EZR Systems Pty Ltd	500,000	1.00
Ms Amber Louise Walker	500,000	1.00
Mr Fiorino Daniele & Mrs Carmela Daniele <F Daniele Super Fund A/C>	500,000	1.00
Nino Constructions Pty Ltd	500,000	1.00
Ms Sally J Molyneux	500,000	1.00
	26,616,915	53.41

	Options over ordinary shares (BACO) Number held	% of total options issued
Hawera Pty Ltd <The Bailey Family A/C>	4,570,700	10.65
Tranaj Nominees Pty Ltd <FT Family A/C>	4,147,350	9.67
Beny Manuru	3,000,000	6.99
Nambia Pty Ltd <The Anthon Family Super Fund A/C>	3,050,001	7.11
Frengky Manuru	2,132,500	4.97
PT Sarana M Adijaya	2,085,424	4.86
Dawesville Nominees Pty Ltd <Peter Avery Super Fund A/C>	1,500,001	3.50
Mr Matthew N Bull	1,020,000	2.38
Treluc Investments Pty Ltd	1,016,000	2.37
Ms Sally J Molyneux	1,000,000	2.33
Hawera Pty Ltd	844,724	1.97
Mr Graham G Walker & Mrs Thelma J Walker	700,000	1.63
R W Associates Pty Ltd <Super Fund A/C>	700,000	1.63
Mr Kong H Tan & Mrs Mary M W Ang	662,500	1.54
Vaplan Pty Ltd <Troy R Valentine FAM S/F A/C>	655,350	1.53
Soprano Investments (WA) Pty Ltd <MJ Marano Superfund A/C>	650,000	1.52
Mounts Bay Investments Pty Ltd	520,000	1.21
J & TW Dekker Pty Ltd <J & TW Dekker Family A/C>	500,000	1.17
Ekirtson Nominees Pty Ltd <GFCR Investment A/C>	400,000	0.93
Fariview Estate Vineyards Pty Ltd <Superannuation Fund Account>	362,500	0.85
	29,517,050	68.81

Unquoted equity securities

	Number on issue	Number of holders
Options exercisable at $0.20 (20 cents) on or before 23 December 2016	1,000,000	1

Substantial holders
Substantial holders in the company are set out below:

	Ordinary shares Number held	% of total shares issued
Nambia Pty Ltd <Super Fund A/C>	3,700,003	7.43
Dawesville Nominees Pty Ltd <Peter Avery Super Fund A/C>	3,000,003	6.02

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Tenements

Description	Tenement number	Interest owned
Longreach, Queensland	EPC2840	100.00%