



## Baru Resources Limited

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29 July 2013

## JUNE 2013 QUARTERLY REPORT

### Board of Directors

Peter Avery (Non-executive Chairman)

Kevin Nichol (Managing Director)

Andrew Bald (Non-executive Director)

Ian Lovett (Non-executive Director)

### Company Secretary

Melanie Leydin

### Quarterly Share Price Activity

Low \$0.045

High \$0.051

Close \$0.051

### Securities on Issue:

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

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

### Market Capitalisation as at 30 June 2013:

\$2,539,956

### Highlights

The following highlights occurred during the June 2013 quarter:

- Baru Resources continued due diligence on the proposed acquisition of a 100% interest in Horizon Mines Limited which has 5 mineral exploration tenement applications in Myanmar. These primarily target porphyry copper/gold mineralisation as well as potential smaller, higher grade epithermal and sediment hosted gold deposits. Within the permit applications there are old mines noted.
- The Company announced a recommended off-market takeover of the shares in Argosy Minerals Limited.
- No tenements within the Longreach Project were granted during the quarter. It is expected the remaining 3 tenements will be granted in the coming Quarter.

Baru Resources total project area comprises 1 granted Coal Exploration Permits and 3 Coal Exploration Permit Applications covering a total of approximately 3,241.2km<sup>2</sup> within the Eromanga Basins.

### About Baru Resources Limited

Baru Resources Limited (“Baru” or “the Company”) is an Australian public company that is focused on the identification and development of mineral projects including coal. The company holds a granted lease in a thermal coal project area in Queensland. The company has gold and copper applications in Myanmar.

### Myanmar Project

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

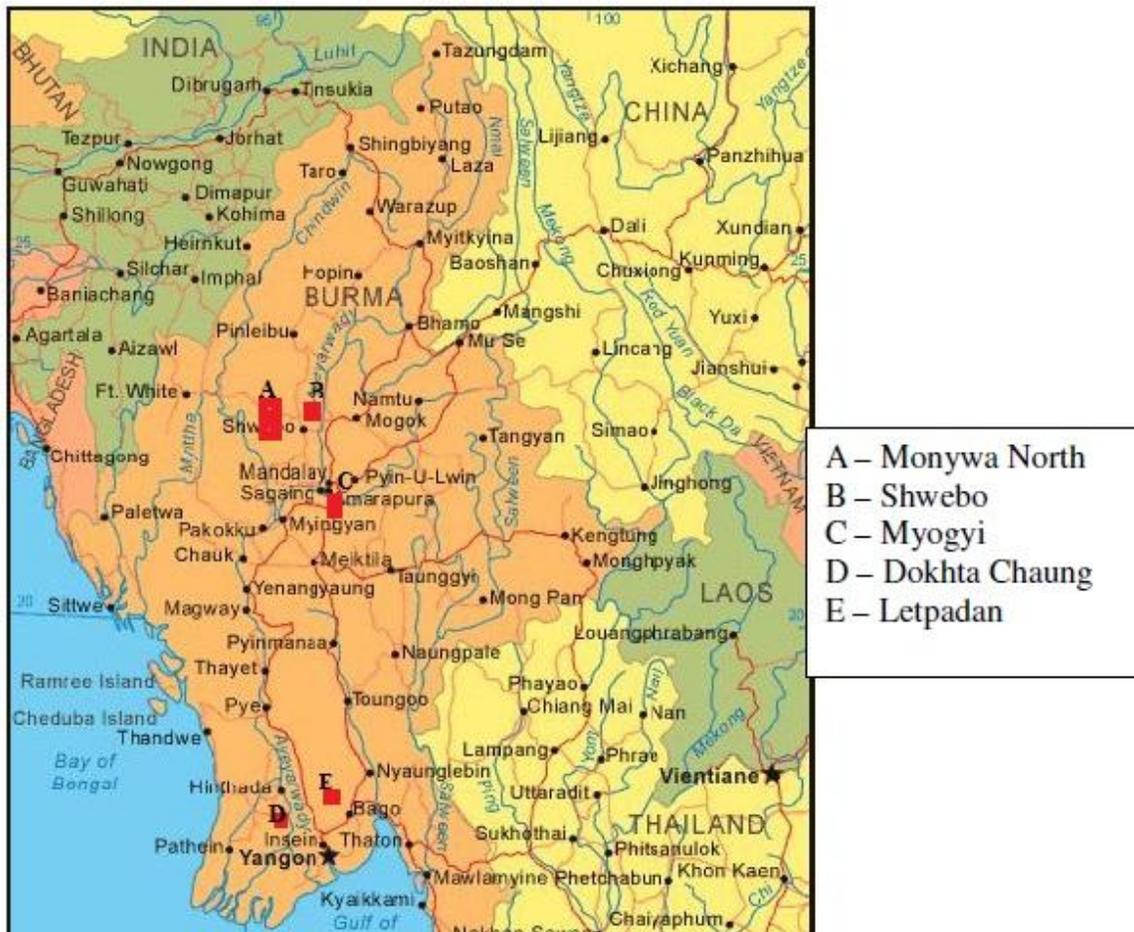


Figure 1 – Map of Myanmar Showing the Locations of Horizon mines applications

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

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

### **Exploration Target**

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

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

### **The Transaction**

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

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

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

## Summary

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

## Longreach Project

The Longreach Project consists of one (1) EPC and three (3) EPCAs approximately 3,241.2km<sup>2</sup> and is located in Central Queensland, near the township of Longreach 716 km west of Gladstone. The tenements are aligned north south and stretch 160km north to 45km south of Longreach. The tenements were pegged by Baru Resources in late 2011 to complement the Company's existing Queensland coal project. (Figure 2)

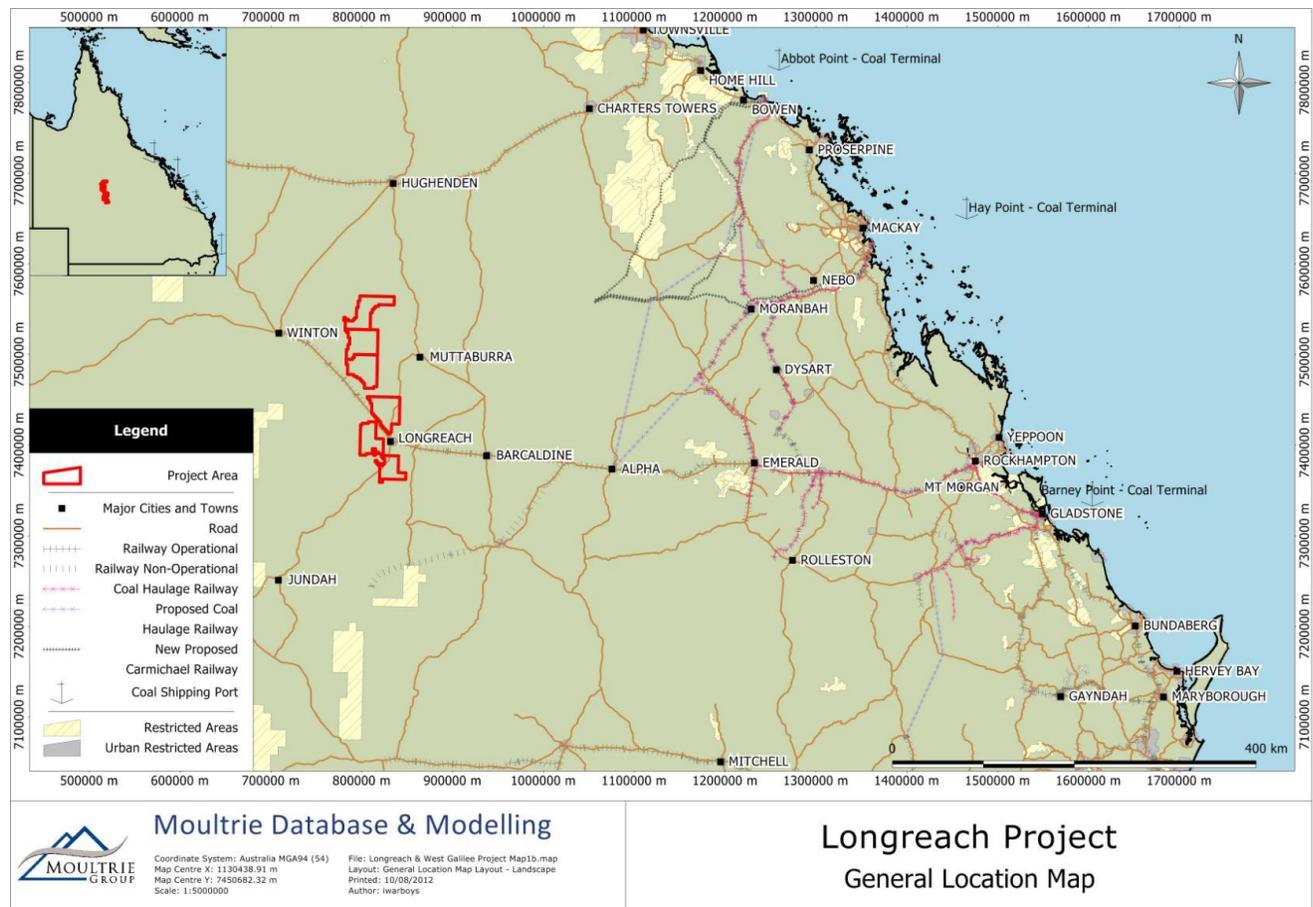


Figure 2 - Longreach Project Location

Regional Geology

The project area is underlain by two distinct sedimentary Basins, the Eromanga and Galilee Basins; the Basins are separated by a major unconformity. Eromanga Basin sediments outcrop over much of the Project Area, while the Galilee Basin strata occur at depth in the northern half of the project area. (Figure 3)

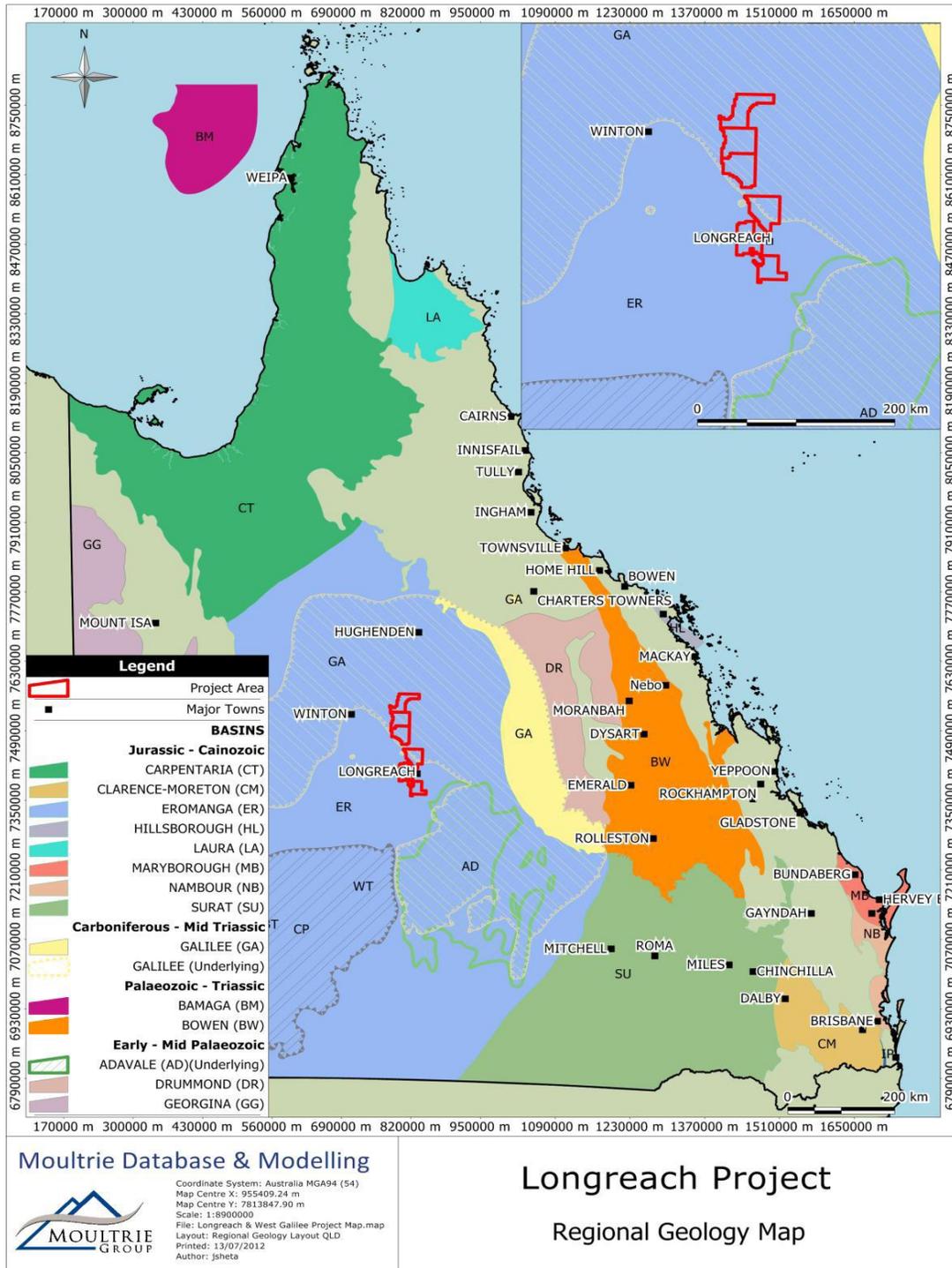


Figure 3 - Regional Geology Map

### **Local Geology**

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

The most prominent structure in the project area is a north south trending anticline. The structure extends from the western margin of EPC 2838 in the south, through EPC2837 and EPC 2839. The Muckunda Formation has been uplifted to the surface in two areas in the hinge of this anticline.

*Table 1 – Longreach Project Tenement Details*

<b>Tenure</b>	<b>Status</b>	<b>Date Lodged</b>	<b>Date Granted</b>	<b>Date Expires</b>	<b>Principal Holder</b>	<b>No. of Sub blocks</b>
<b>EPCA2837</b>	Application	10-Oct-11	TBA	TBA	Baru Resources Ltd	300
<b>EPCA2838</b>	Application	10-Oct-11	TBA	TBA	Baru Resources Ltd	231
<b>EPCA2839</b>	Application	10-Oct-11	TBA	TBA	Baru Resources Ltd	300
<b>EPC2840</b>	Application	10-Oct-11	22-Oct-12	21-Oct-17	Baru Resources Ltd	182

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

### **Since the end of the quarter**

Baru has released a Bid Implementation Agreement and recommended to shareholders its intention to make an off-market takeover bid for Argosy Minerals Limited. This recommendation is supported by the majority of the Baru board and is supported unanimously by the Argosy Board.

An outstanding loan was repaid to the Company. The interest and principal of the outstanding amount was \$850,000 and has been added to the Company's cash. The cash position is now nearly \$3 million.

## **Corporate**

The board of Baru has been able to increase the Company's cash position for a second consecutive quarter.

The Company has approximately \$3 million in cash and semi liquid assets. The Company has also generated approximately \$23,000 in trading profits in a difficult stockmarket.

The Company has wound up most of its positions in other listed Companies and continues to pursue the Myanmar projects. The Company has invested \$160,000 in due diligence, a site visit and payments securing Horizon Mines Limited ('Horizon'). There is one more payment of \$40,000 and the issue of 400,000 fully paid ordinary shares in the Company to finalise the purchase of Horizon which holds the Myanmar project applications. This payment will be made once the leases are granted.

### **For further information:**

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