



## Baru Resources Limited

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13 September 2012

ASX Announcement

### Longreach Project Exploration Target of between 582 million and 6171 million tonnes received

#### Board of Directors

Peter Avery (Non-executive Chairman)

Kevin Nichol (Executive Director)

Andrew Bald (Non-executive Director)

#### Company Secretary

Melanie Leydin

#### Securities on Issue:

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

**BACO:** 42,898,005 options

Baru Resources Ltd (ASX: BAC) wishes to advise of the following independent summary of the Longreach Project Exploration Targets on its Exploration Permit for Coal Applications (EPCA's).

#### Highlights

- The **Longreach Project** has an independent consulting geologist's (MDM) estimated Exploration Target of **582 Mt to 6.17 Bt** of coal with thermal potential from the Eromanga Basins at varying depths (20 – 250m).
- The Report confirms the Winton Formation outcrops over western portion of the project area and is the primary exploration target.
- Initial drilling plan to be developed after a complete review of the extensive seismic data covering the project area.

#### Exploration Target

An exploration target (Winton Formation, Mackunda Formation, Westbourne Formation and Hooray Sandstone) has been estimated for each for Exploration Permit for Coal Applications (EPCA's) within the project area (**Table 1**). An estimated coal thickness was produced by Moultrie Database & Modelling after a process of interrogating the public domain data available for the surrounding area. At the end of this process conservative cumulative coal seam thicknesses were used in estimating the Exploration Target Tonnage range for the project area. The Winton Formation was the primary exploration target and was intersected at depth potentially suitable for open-cut mining (20 - 250 m).

Table 1 - Exploration Target Tonnage Range for the Project Area

EPC	Area (km <sup>2</sup> )	Seam Thickness Range (m)	Relative Density Range (mg/kg <sup>3</sup> )	Minimum Exploration Target (Mt) <sup>1</sup>	Maximum Exploration Target (Mt) <sup>1</sup>
2837	949.6	0.15 – 2.40	1.45 - 1.55	85.1	876.8
2838	727.3	0.15 – 2.40	1.45 - 1.55	82.0	661.3
2839	951.4	0.15 – 2.40	1.45 - 1.55	98.0	1866.3
2840	571.6	0.15 – 1.00	1.45 - 1.55	124.3	531.6
2912	946.4	0.15 – 1.20	1.45 - 1.55	57.0	418.4
2917	953.4	0.15 – 2.40	1.45 - 1.55	159.2	1817.6
<b>Total</b>	<b>5099.6</b>	-	-	<b>582.2</b>	<b>6171.9</b>

<sup>1,2</sup> Constraints on the Exploration Target Tonnages are as follows:

- 1.) The tonnages quoted above are conceptual in nature and there has been insufficient exploration to define a coal resource. No coal quality data within the project area was uncovered in previous reports. Although a preliminary analysis was undertaken, insufficient data exists to confidently correlate coal seams and generate a grid mesh model. It is uncertain whether further exploration may lead to the reporting of a JORC-standard resource, however there is some evidence to support the current exploration tonnage calculations and the sufficient coal thicknesses interpreted from historic drilling, to warrant further investigation in some areas;
- 2.) Coal thicknesses <0.15 m excluded;
- 3.) The depth range of estimation was from the base of weathering to 650 m below natural topography;
- 4.) A confidence factor varying from 10-80% was applied to the initial estimation. This accounts for unexpected geological loss, mainly due to seam splitting and thinning over large distances between boreholes.

## The Longreach Project Area

The Longreach Project is located in Central Queensland, near the township of Longreach, 716 km west of Gladstone. The tenements are aligned north-south and stretch from 160 km north to 45 km south of Longreach. The tenements, Figure 1, were pegged by Baru Resources Ltd in late 2011 to complement the Company's existing Queensland coal projects.

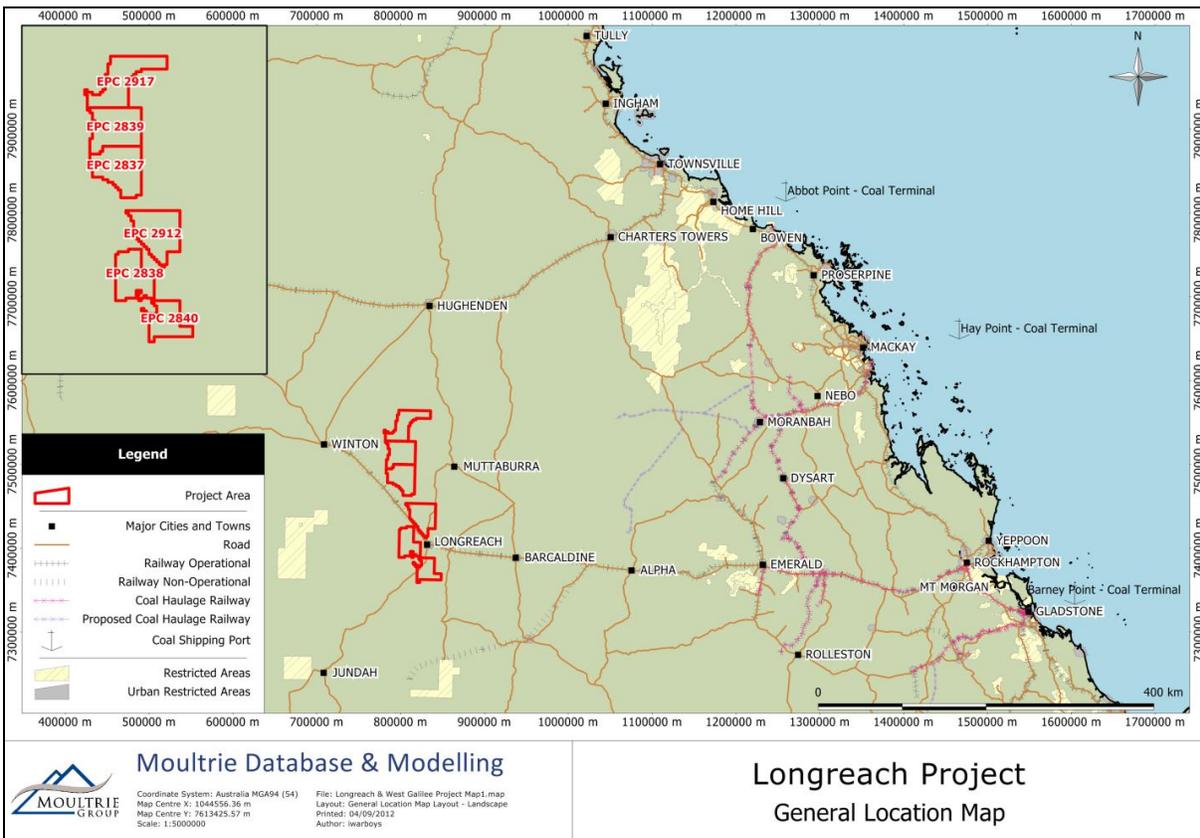


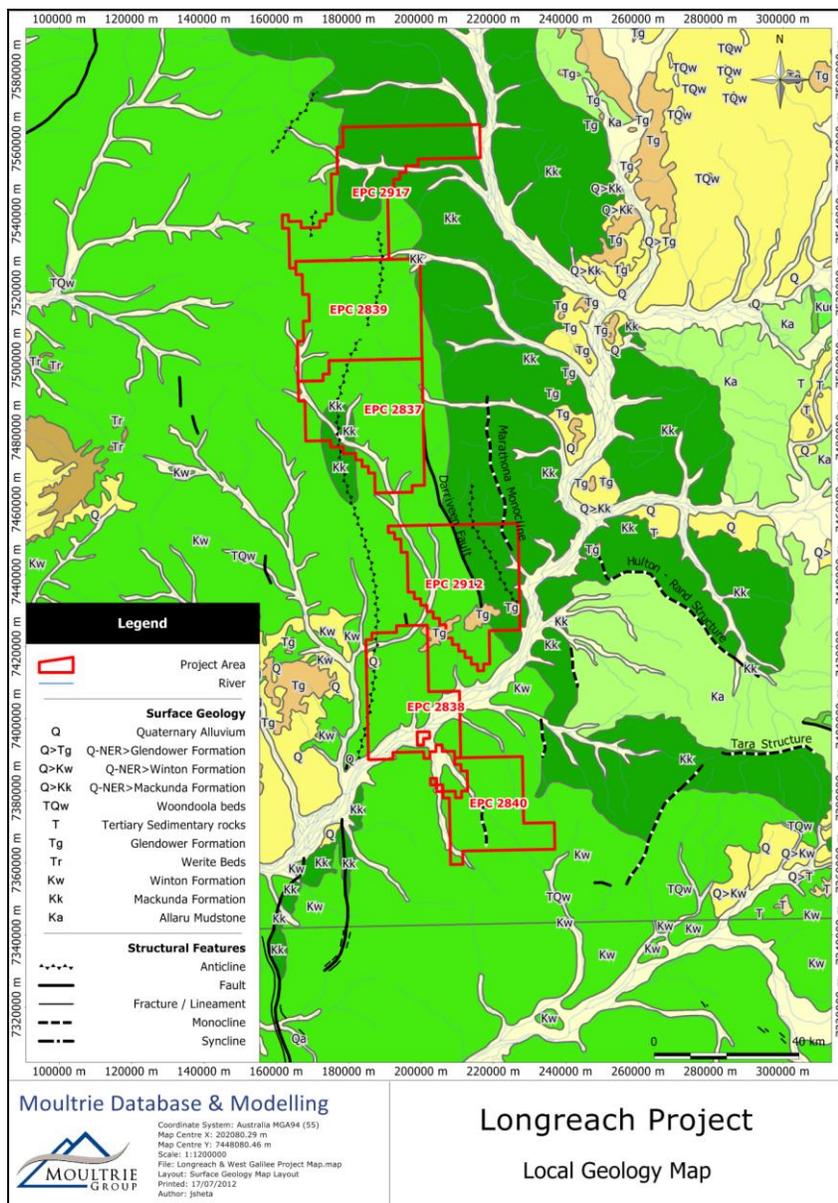
Figure 1 - Longreach Project Location

Baru Resources Ltd holds the following tenement applications EPCAs 2837, 2838, 2839, 2840, 2912 and 2917 contained in the Eromanga Basin, Queensland Australia and which form the Longreach Project.

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.

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 EPCA's 2917, 2839 and 1912. Remnants of the Tertiary Glendower Formation can be seen trending southwest northeast through EPCA's 2912 and EPC 2838.

The most prominent structure in the project area is a north-south trending anticline. This structure extends from the western margin of EPCA 2838 in the south, through EPCA 2837 and EPCA 2839 and into EPCA 2917 in the north. The Mackunda Formation has been uplifted to the surface in two areas in the hinge of this anticline. A map of the local geology is shown in below (**Figure 2**).



**Figure 2 - Local Geology Map**

There are no operating coal mines within the vicinity of the Longreach Project area. However, the tenements are located north of projects held by East Energy Resources Ltd (ASX: EER), International Coal Ltd (ASX: ICX), Coalbank Limited (ASX: CBQ) and NSL Consolidated (ASX: NSL). All four companies are targeting large tonnage thermal coal Resources within the lower part of the Winton Formation. Three of these companies have now announced large tonnage JORC compliant resources: East Energy Resources 1.2 billion tonnes at its Blackall Project, International Coal 728 million tonnes at its South Gumbardo Creek Project and Coal Bank Limited's 1.3 billion tonnes at its Inverness Project. All three identified deposits have thick average cumulative coal seams of between 6-14 m; all are shallow to flat dipping and occur in the first 200m from surface. As a result they are expected to have low waste to coal ratios.

In addition, thick intersections of coal have been reported by Sentry Petroleum Ltd (NASDAQ:SPLM) directly to the south of the Longreach Project and Liberty Resources Ltd (ASX: LBY) have defined a JORC-compliant coal resource at depth in the Betts Creek Formation of the Galilee Basin to the east of the Project area.

### **Future Work Program**

Baru Resources Ltd is now planning on reviewing the available seismic data to identify areas of thicker near surface coal seams as initial drill targets. Once the tenements have been granted, Baru Resources Ltd will be in a position to complete an initial round of drilling targeting the highest priority areas as soon as practical after the tenements are granted. Once the results of the first drilling program are analysed a more extensive drilling program will be undertaken to further the understanding of the coal potential of the tenements.

### **Coal Resource Statement of Competence and Compliance**

#### **Resource Estimation:**

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

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

#### **Competent Persons Qualification**

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

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

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

<b>Name</b>	<b>Job Title</b>	<b>Professional Affiliation</b>	<b>Resource Experience (Years)</b>
<b>Kim Maloney</b>	Senior Resource Geologist General Manager Moultrie Database & Modelling	AusIMM 229120	6

### **For further information:**

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