

Baru Resources Limited and controlled entities

ACN 147 324 847

Financial report for the period ended - 31 December 2011

Baru Resources Limited and controlled entities

Corporate directory

31 December 2011

Directors	Richard Anthon (Non-executive Chairman) Kevin Nichol (Executive Director) Peter Avery (Non-executive Director)
Company secretary	Melanie Leydin
Registered office	Suite 304 22 St Kilda Road St Kilda VIC 3182 Ph : (03) 9692 7222
Principal place of business	Suite 304 22 St Kilda Road St Kilda VIC 3182 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	Hemming and Hart Lawyers 307 Queen Street Brisbane QLD 4000
Bankers	Macquarie Bank Limited Level 26 101 Collins Street Melbourne Vic 3000
Stock exchange listing	Baru Resources Limited and controlled entities shares are listed on the Australian Securities Exchange (ASX code: BAC) (ASX Code Options: BACO)
Website address	www.baru.com.au

Baru Resources Limited and controlled entities
Review of Operations
31 December 2011

Highlights

- A detailed exploration plan covering the West Galilee project area was developed during the half-year. The first phase of drilling is expected to start in early 2012 when all required approvals have been received.
- Application was made for four (4) Exploration Coal permits during the half year at the Longreach Project located in Central Queensland. This project is prospective for thermal coal within the Winton formation of the Eromanga Basin.
- Applications were also made for a further eleven (11) Exploration Coal permits at the Galilee Project located in central Queensland. This project is prospective for thermal coal within the Galilee and Eromanga Basins.
- Additional coal project areas were reviewed for potential joint venture or acquisition.
- The Company was admitted to official listing on the Australian Stock Exchange following the successful raising of \$5,939,200 through the issue of 29,696,000 fully paid ordinary shares.

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 export hard coking coal and export thermal coal projects. The company has three projects areas all located in Queensland, the West Galilee Project, the Longreach Project and the Galilee Project. The total project area now comprises of 22 tenements (6 granted Coal Exploration Permits and 16 Coal Application Exploration Permits) covering a total of ~20,000km² within the Eromanga and Galilee Basins.

West Galilee Project

The Galilee Project is comprised of 6 Contiguous, granted Exploration Coal Permits and 1 application Exploration Coal Permit covering an area of 6,732.4km². The project area is some 375km east of Mt Isa and 16km west of the town of Richmond, close to the northern margin of the Eromanga Basin, which overlies the Galilee Basin and the newly defined Millungera Basin (refer to **Figure 1.**)

All three basins are prospective for coal and will be the subject of a targeted drilling program to define the more prospective areas at the conclusion of the wet season in 2012.

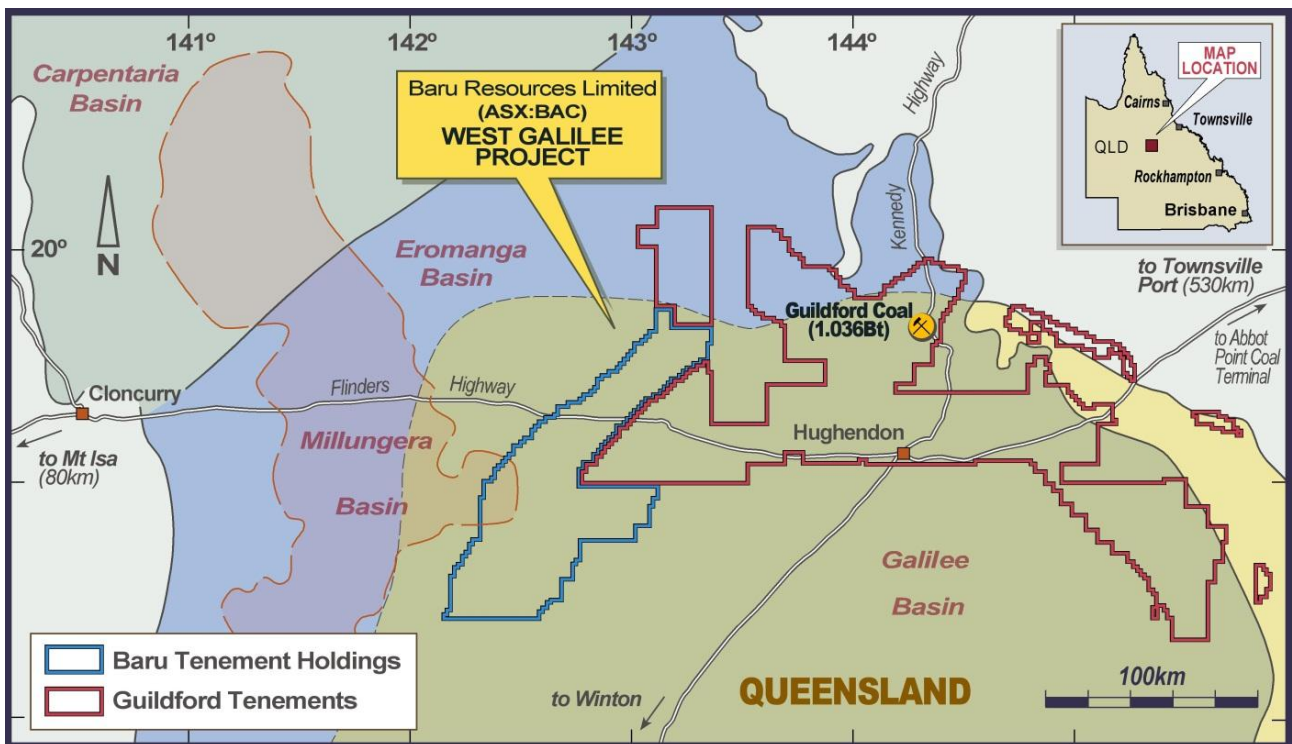


Figure 1 - Regional Geology: Sedimentary Basins and Guildford Coals Surrounding Tenements and Deposit Location

Galilee Project

The Galilee Project consists of 11 EPCA's, 10,381.7km² in area. It is situated on the margin of the Galilee basin in Central Queensland (refer to **Figure 2**). There has been limited exploration for coal within the project area to date. Previous exploration on the tenure focused on petroleum exploration which intersected coal in the Winton formation within the Eromanga Basin and the Aramac and Betts Creek Beds within the Galilee Basin. An initial exploration program is currently being developed and will use the extensive seismic data covering the area as well as the historical petroleum holes in the area to define drilling targets.

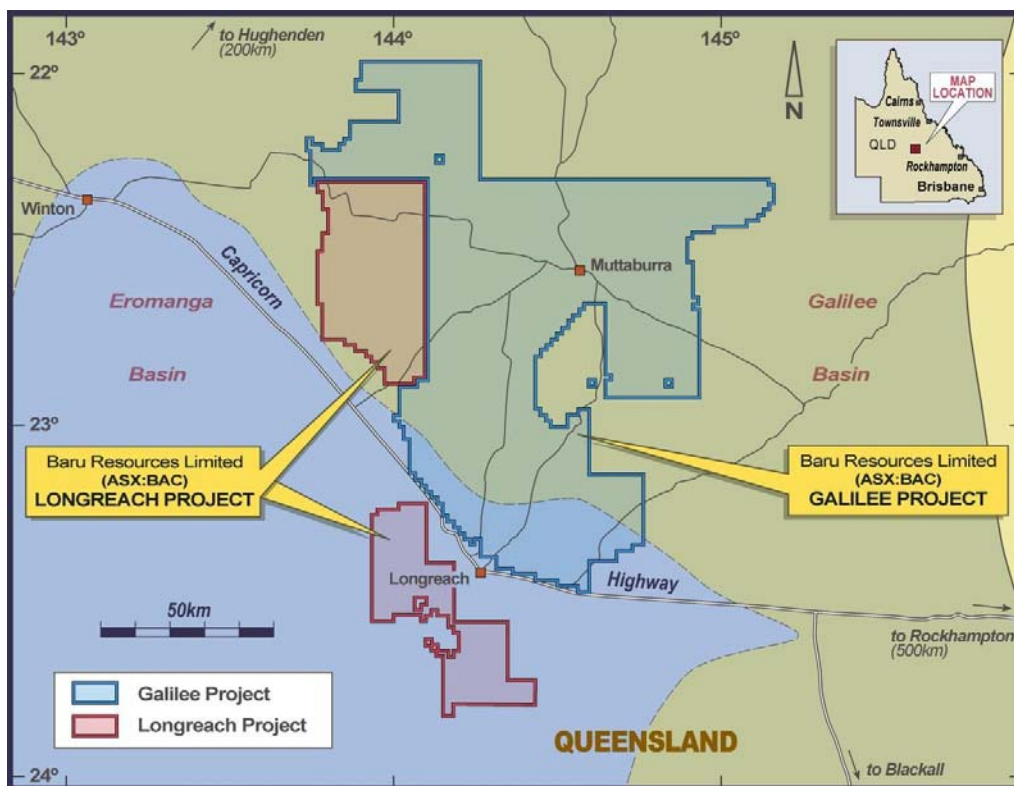


Figure 2 - Regional Geology: Sedimentary Basins in the Galilee and Longreach Project areas

Longreach Project

The Longreach Project comprising four (4) EPCA's totaling 3202.8km² in area, was pegged in October. The Cretaceous age Winton Formation covers the entire project area as both outcropping and sub-cropping sedimentary units. The Winton Formation is prospective for thermal quality coal. The Galilee Basin extends under the two northern tenements EPC2837 and EPC2839 as shown in **Figure 2**.

Details of the West Galilee and Longreach Project and Galilee Project tenements are detailed within Tables 1, 2 and 3.

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Table 1 - West Galilee Exploration Pty Ltd Tenement Details

Tenure	Status	Date Lodged	Date Granted	Date Expires	Principal Holder	No. of Sub blocks
EPC2072*	Granted	04-Mar-10	29-Mar-11	28-Mar-13	West Galilee Exploration Pty Ltd	300
EPC2073*	Granted	04-Mar-10	29-Mar-11	28-Mar-13	West Galilee Exploration Pty Ltd	300
EPC2074*	Granted	04-Mar-10	29-Mar-11	28-Mar-13	West Galilee Exploration Pty Ltd	300
EPCA2075*	Application	04-Mar-10	TBA	TBA	West Galilee Exploration Pty Ltd	300
EPC2076*	Granted	04-Mar-10	29-Mar-11	28-Mar-13	West Galilee Exploration Pty Ltd	300
EPC2077*	Granted	04-Mar-10	29-Mar-11	28-Mar-13	West Galilee Exploration Pty Ltd	300
EPC2078*	Granted	04-Mar-10	29-Mar-11	28-Mar-13	West Galilee Exploration Pty Ltd	300

**Baru Resources earning 80% of Coal rights and 20% of UCG deposits with in these tenements under a JV agreement with West Galilee Exploration Pty Ltd.*

Table 2 – Longreach Project Tenement Details

Tenure	Status	Date Lodged	Date Granted	Date Expires	Principal Holder	No. of Sub blocks
EPCA2837	Application	10-Oct-11	TBA	TBA	Baru Resources Limited	300
EPCA2838	Application	10-Oct-11	TBA	TBA	Baru Resources Limited	231
EPCA2839	Application	10-Oct-11	TBA	TBA	Baru Resources Limited	300
EPCA2840	Application	10-Oct-11	TBA	TBA	Baru Resources Limited	182

The Longreach Project is 100% owned by Baru Resources.

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Table 3 – Galilee Project Tenement Details

Tenure	Status	Date Lodged	Date Granted	Date Expires	Principal Holder	No. of Sub blocks
EPCA2909	Application	13-Dec-11	TBA	TBA	Baru Resources Limited	300
EPCA2910	Application	13-Dec-11	TBA	TBA	Baru Resources Limited	300
EPCA2911	Application	13-Dec-11	TBA	TBA	Baru Resources Limited	279
EPCA2912	Applications	13-Dec-11	TBA	TBA	Baru Resources Limited	300
EPCA2913	Applications	13-Dec-11	TBA	TBA	Baru Resources Limited	300
EPCA2914	Applications	13-Dec-11	TBA	TBA	Baru Resources Limited	300
EPCA2916	Applications	13-Dec-11	TBA	TBA	Baru Resources Limited	300
EPCA2917	Applications	13-Dec-11	TBA	TBA	Baru Resources Limited	298
EPCA2918	Applications	13-Dec-11	TBA	TBA	Baru Resources Limited	300
EPCA2919	Applications	13-Dec-11	TBA	TBA	Baru Resources Limited	300
EPCA2920	Applications	13-Dec-11	TBA	TBA	Baru Resources Limited	300

The Galilee Project is 100% owned by Baru Resources.

Competent Person's Statement

The information in this release relating to exploration is based on information compiled by Ms M. Kelly who is a member of the Australian Institute of Geoscientists (AIG). Ms M. Kelly is an Independent Geological Consultant to Baru Resources Ltd and consents to the inclusion in this type of report of the information presented. Ms M. Kelly has over thirty years of geological experience and has sufficient experience relevant to the style of mineralisation and to the type of activity described to qualify as a competent person as defined in the 2004 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Baru Resources Limited and controlled entities

Directors' report

31 December 2011

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 and controlled entities (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the period ended 31 December 2011.

Directors

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

Mr Richard Anthon

Mr Kevin Nichol

Mr Peter Avery

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$452,262 (31 December 2010: \$2,040).

On 3 August 2011 the Company lodged a prospectus with the Australian Securities and Investments Commission for the issue of a minimum 20,000,000 ordinary shares and a maximum of 30,000,000 to potentially raise between \$4,000,000 and \$6,000,000 respectively.

On 3 August 2011 the Company entered into a Unincorporated Joint Venture Agreement for the purpose of developing and exploiting both the coal and UCG potential of the tenements in the Joint Venture which provides the Company with a earn-in, ending on the second anniversary of the grant date of the newest tenements, by which the Company must have expended a minimum of \$2,000,000 (Minimum Expenditure) on tenement maintenance and exploration programmes. Upon expending the Minimum Expenditure, the Company will earn an 80% interest in the Joint Venture.

On 23 December 2011, the Company announced a pro rata non-renounceable offer to its shareholders of up to 24,898,005 options. Each option is exercisable at \$0.20 (twenty) cents on or before 23 December 2016 and will convert into one fully paid ordinary share. The options will have a issue price of \$0.001 (one tenth of a cent each) to be paid for on subscription raising approximately \$24,898 (before costs).

Financial Position

The net assets of the consolidated entity increased by \$4,911,799 to \$5,176,723 as at 31 December 2011. The major movements were in relation to increases of issued capital and exploration and evaluation expenditure during the financial year.

The consolidated entity's working capital, being current assets less current liabilities, increased to \$4,682,308 during the half-year (30 June 2011: \$12,894).

A review of operations for the half year has been presented preceding this Directors' Report.

Events after the reporting period

Refer to Note 9 for events that have occurred after the reporting period.

Significant changes in the state of affairs

On 16 September 2011, the Company issued 29,696,000 ordinary shares at an issue price of \$0.20 per share, raising \$5,939,200 before costs under the Company's initial public offering prospectus dated 3 August 2011.

On 22 September 2011, the Company was officially listed on the Australian Stock Exchange.

There were no other significant changes in the state of affairs of the consolidated entity during the financial period.

Baru Resources Limited and controlled entities
Directors' report
31 December 2011

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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in blue ink, appearing to read 'Richard Anthon', is written over a light blue rectangular background.

Richard Anthon
Non-executive Chairman

14 March 2012
Melbourne

**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 half-year ended 31 December 2011 there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

Hall Chadwick
Level 29, 31 Market Street
Sydney NSW 2000



DREW TOWNSEND
Partner
Date: 14 March 2012

SYDNEY

Level 29
St Martin's Tower
31 Market Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx: (612) 9263 2800

PARRAMATTA

Ph: (612) 9687 2100
Fx: (612) 9687 2900

PENRITH

Ph: (612) 4721 8144
Fx: (612) 4721 8155

MELBOURNE

Ph: (613) 8678 1600
Fx: (613) 8678 1699

PERTH

Ph: (618) 9489 2560
Fx: (618) 9489 2562

BRISBANE

Ph: (617) 3211 1250
Fx: (617) 3211 1249

GOLD COAST

Ph: (617) 5538 2322
Fx: (617) 5526 8599

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Baru Resources Limited and controlled entities
Financial report
For the period ended 31 December 2011

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General information

The financial report covers Baru Resources Limited and controlled entities as a consolidated entity consisting of Baru Resources Limited and controlled entities and the entities it controlled. The financial report is presented in Australian dollars, which is Baru Resources Limited and controlled entities'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 and controlled entities is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 304
22 St Kilda Road
St Kilda VIC 3182
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 14 March 2012. The directors have the power to amend and reissue the financial report.

Baru Resources Limited and controlled entities
Statement of comprehensive income
For the period ended 31 December 2011

		Consolidated	
	Note	31/12/11	31/12/10
		\$	\$
Revenue	4	80,038	723
Expenses			
Administration expenses		(68,585)	(2,000)
Corporate expenses		(312,721)	(763)
Employee benefits expense		(150,994)	-
		<u> </u>	<u> </u>
Loss before income tax expense		(452,262)	(2,040)
Income tax expense		-	-
		<u> </u>	<u> </u>
Loss after income tax expense for the period attributable to the owners of Baru Resources Limited and controlled entities		(452,262)	(2,040)
Other comprehensive income			
Loss on the revaluation of available-for-sale financial assets, net of tax		(111,159)	-
		<u> </u>	<u> </u>
Other comprehensive income for the period, net of tax		(111,159)	-
		<u> </u>	<u> </u>
Total comprehensive income for the period attributable to the owners of Baru Resources Limited and controlled entities		<u><u> </u></u>	<u><u> </u></u>
		Cents	Cents
Basic earnings per share	10	(1.23)	(0.03)
Diluted earnings per share	10	(1.23)	(0.03)

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Baru Resources Limited and controlled entities
Statement of financial position
As at 31 December 2011

		Consolidated	
	Note	31/12/11	30/6/11
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		4,670,815	140,151
Trade and other receivables		131,231	753
Other		7,997	-
Total current assets		<u>4,810,043</u>	<u>140,904</u>
Non-current assets			
Available-for-sale financial assets		185,280	-
Exploration and evaluation		309,135	252,030
Total non-current assets		<u>494,415</u>	<u>252,030</u>
Total assets		<u>5,304,458</u>	<u>392,934</u>
Liabilities			
Current liabilities			
Trade and other payables		127,735	128,010
Total current liabilities		<u>127,735</u>	<u>128,010</u>
Total liabilities		<u>127,735</u>	<u>128,010</u>
Net assets		<u>5,176,723</u>	<u>264,924</u>
Equity			
Contributed equity	5	5,850,479	375,259
Reserves		(111,159)	-
Accumulated losses		<u>(562,597)</u>	<u>(110,335)</u>
Total equity		<u>5,176,723</u>	<u>264,924</u>

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

Baru Resources Limited and controlled entities
Statement of changes in equity
For the period ended 31 December 2011

	Contributed equity \$	Available-for- sale reserves \$	Retained profits \$	Total equity \$
Consolidated				
Balance at 22 November 2010	9	-	-	9
Other comprehensive income for the period, net of tax	-	-	-	-
Loss after income tax expense for the period	-	-	(2,040)	(2,040)
Total comprehensive income for the period	-	-	(2,040)	(2,040)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	306,250	-	-	306,250
Balance at 31 December 2010	<u>306,259</u>	<u>-</u>	<u>(2,040)</u>	<u>304,219</u>
	Contributed equity \$	Available-for- sale reserves \$	Retained profits \$	Total equity \$
Consolidated				
Balance at 1 July 2011	375,259	-	(110,335)	264,924
Other comprehensive income for the period, net of tax	-	(111,159)	-	(111,159)
Loss after income tax expense for the period	-	-	(452,262)	(452,262)
Total comprehensive income for the period	-	(111,159)	(452,262)	(563,421)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	5,939,200	-	-	5,939,200
Capital Raising costs	(463,980)	-	-	(463,980)
Balance at 31 December 2011	<u>5,850,479</u>	<u>(111,159)</u>	<u>(562,597)</u>	<u>5,176,723</u>

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

Baru Resources Limited and controlled entities
Statement of cash flows
For the period ended 31 December 2011

Note	Consolidated	
	31/12/11	31/12/10
	\$	\$
Cash flows from operating activities		
Payments to suppliers (inclusive of GST)	(661,887)	-
Interest received	70,875	388
	<u> </u>	<u> </u>
Net cash from/(used in) operating activities	<u>(591,012)</u>	<u>388</u>
Cash flows from investing activities		
Payments for investments	(296,439)	-
Payments for exploration and evaluation	(57,105)	-
	<u> </u>	<u> </u>
Net cash used in investing activities	<u>(353,544)</u>	<u>-</u>
Cash flows from financing activities		
Proceeds from issue of shares	5,939,200	306,259
Capital raising costs	(463,980)	-
	<u> </u>	<u> </u>
Net cash from financing activities	<u>5,475,220</u>	<u>306,259</u>
Net increase in cash and cash equivalents	4,530,664	306,647
Cash and cash equivalents at the beginning of the financial period	140,151	-
	<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial period	<u>4,670,815</u>	<u>306,647</u>

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

Baru Resources Limited and controlled entities
Notes to the financial statements
31 December 2011

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2011 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Going concern

During the period ended 31 December 2011, the company incurred a loss of \$452,262 and raised \$5,939,200 through the issue of shares. The directors believe the company has sufficient funds to carry out exploration activities as planned and meet the debts of the company as and when they are due and payable. Accordingly, the Directors are of the opinion that the going concern basis is appropriate for the preparation of the half year financial statements for the period ended 31 December 2011.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses.) When the financial asset is derecognised, the cumulative gain or loss pertaining to that assets previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

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.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the consolidated entity's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations has not had a material impact and not resulted in changes to the Company's presentation of or disclosure in, its half-year financial statements.

Below is a listing of any new, revised or amending Accounting Standards or Interpretations that are mandatory but have not been early adopted as they are not relevant to the group:

- AASB 124: Related Party Disclosures (December 2009)
- AASB 2010-4: Further Amendments to Australia Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13].
- AASB 1054: Australian Additional Disclosures and AASB 2011-1.

Baru Resources Limited and controlled entities
Notes to the financial statements
31 December 2011

Note 2. 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 within the next financial year are discussed below.

Impairment of exploration and evaluation assets

The ultimate recoupment of the value of exploration and evaluation assets is dependent on the successful development and commercial exploitation of the exploration and evaluation assets. Impairment tests are carried out on a regular basis to identify whether the assets carrying value exceeds their recoverable amounts. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

The company did not believe there were any reasons to impair the carrying value of the exploration and evaluation assets as at 31 December 2011.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into one operating segments being 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 4. Revenue

	Consolidated	
	31/12/11	31/12/10
	\$	\$
<i>Other revenue</i>		
Interest	80,038	723
Revenue	<u>80,038</u>	<u>723</u>

Note 5. Equity - contributed

	Consolidated		Consolidated	
	31/12/11	30/6/11	31/12/11	30/6/11
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>49,796,009</u>	<u>20,100,009</u>	<u>5,850,479</u>	<u>375,259</u>

Baru Resources Limited and controlled entities
Notes to the financial statements
31 December 2011

Note 5. Equity - contributed (continued)

Movements in ordinary share capital

Details	Date	No of shares	Issue price	\$
Balance	1 July 2011	20,100,009		375,259
IPO shares		29,696,000	\$0.20	5,939,200
Less: Capital raising costs		<u>-</u>		<u>(463,980)</u>
Balance	31 December 2011	<u>49,796,009</u>		<u>5,850,479</u>

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.

Note 6. Equity - dividends

There were no dividends paid or declared during the current or previous financial period.

Note 7. Contingent liabilities

The consolidated entity had no contingent liabilities at 31 December 2011.

Note 8. Related party transactions

Parent entity

Baru Resources Limited and controlled entities is the parent entity.

Transactions with related parties

During the half year the Company paid \$118,859 to an entity related to Mr Richard Anthon for legal services provided in relation to joint venture agreements and the preparation of the Company for its initial public offering.

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	31/12/11	30/6/11
	\$	\$
Current receivables:		
Trade receivables from other related party	106,181	-

During the period the Company rendered services to International Coal Limited, a related party to Mr Richard Anthon. Mr Anthon resigned as a Director from International Coal Limited on 21 November 2011.

Loans to/from related parties

There were no loans to or from related parties at the reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions.

Baru Resources Limited and controlled entities
Notes to the financial statements
31 December 2011

Note 9. Events after the reporting period

On 1 February 2012, the Company announced that it had received acceptances in respect to 20,033,332 options with total funds received from the entitlement acceptances being \$20,034. The remaining shortfall of 4,864,173 options were allotted on 10 February 2012.

On 10 February 2012, the Company announced a placement of 18,000,000 options exercisable at \$0.20 (twenty cents per options and expiring on 23 December 2016 in order to provide an incentive for future involvement and commitment of the Company's key corporate and strategic consultants. The Company quoted 4,575,350 options on 10 February 2012 and the remaining options will be quoted following shareholder approval at the Company's general meeting of shareholders to be held on 4 April 2012.

No other matter or circumstance has arisen since 31 December 2011 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 10. Earnings per share

	Consolidated	
	31/12/11	31/12/10
	\$	\$
Loss after income tax attributable to the owners of Baru Resources Limited and controlled entities	<u>(452,262)</u>	<u>(2,040)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>36,651,878</u>	<u>6,078,956</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>36,651,878</u>	<u>6,078,956</u>
	Cents	Cents
Basic earnings per share	(1.23)	(0.03)
Diluted earnings per share	(1.23)	(0.03)

Note 11. Comparative information

The Company was incorporated on 23 November 2010. The comparative figures in the statement of comprehensive income and statement of cash flows cover the period from 23 November 2010 to 31 December 2010.

Baru Resources Limited and controlled entities
Directors' declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the financial period 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.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors



Richard Anthon
Non-executive Chairman

14 March 2012
Melbourne

**BARU RESOURCES LIMITED
ACN 147 324 847
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REVIEW REPORT TO
THE MEMBERS OF BARU RESOURCES LIMITED**

Report on the Half Year Financial Report

We have reviewed the accompanying half-year financial report of Baru Resources Limited which comprises the consolidated statement of financial position as at 31 December 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Baru Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting standards (including Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Baru Resources Limited's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Baru Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

SYDNEY

Level 29
St Martin's Tower
31 Market Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx: (612) 9263 2800

PARRAMATTA

Ph: (612) 9687 2100
Fx: (612) 9687 2900

PENRITH

Ph: (612) 4721 8144
Fx: (612) 4721 8155

MELBOURNE

Ph: (613) 8678 1600
Fx: (613) 8678 1699

PERTH

Ph: (618) 9489 2560
Fx: (618) 9489 2562

BRISBANE

Ph: (617) 3211 1250
Fx: (617) 3211 1249

GOLD COAST

Ph: (617) 5538 2322
Fx: (617) 5526 8599

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**INDEPENDENT AUDITOR'S REVIEW REPORT TO
THE MEMBERS OF BARU RESOURCES LIMITED**

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half- year financial report of Baru Resources Limited is not in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of the Baru Resources Limited financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- b) complying with AASB 134: Interim Financial reporting and the Corporations Regulations 2001.

Hall Chadwick
Level 29, 31 Market Street
Sydney, NSW 2000



DREW TOWNSEND
Partner
Date: 14 March 2012