



Baru Resources Limited

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21 December 2011

COMPANY UPDATE

Board of Directors

Richard Anthon (Chairman)

Kevin Nichol (Executive Director)

Peter Avery (Non-executive Director)

Chief Executive Officer

Matt Bull

Company Secretary

Melanie Leydin

Securities on Issue:

BAC: 49,796,009 ordinary shares

Market Capitalisation as at 20 Dec 2011:

\$6,971,441

Baru Resources Ltd (Baru), the Company, is pleased to announce that 11 additional EPC's covering an area of 10,381.7 Km² have been applied for on the margin of the Galilee Basin of Queensland. The project area is defined as the Galilee Project and is contiguous with Baru Resources existing Longreach Project.

- The entire project area is underlain by outcropping or sub-cropping Eromanga Basin Sediments, which are prospective for thermal quality coal.
- The Aramac and Betts Creek coal seams within the Galilee Basin are expected to occur between 800-1300m depth in the project area and may be amenable to underground coal gasification or potentially underground mining.
- Applications will complement Baru Resources existing West Galilee and Longreach Projects both located in Queensland.

Galilee Project

The Galilee Project is situated on the margin of the Galilee basin in Central Queensland (refer to **Figure 1**). 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.

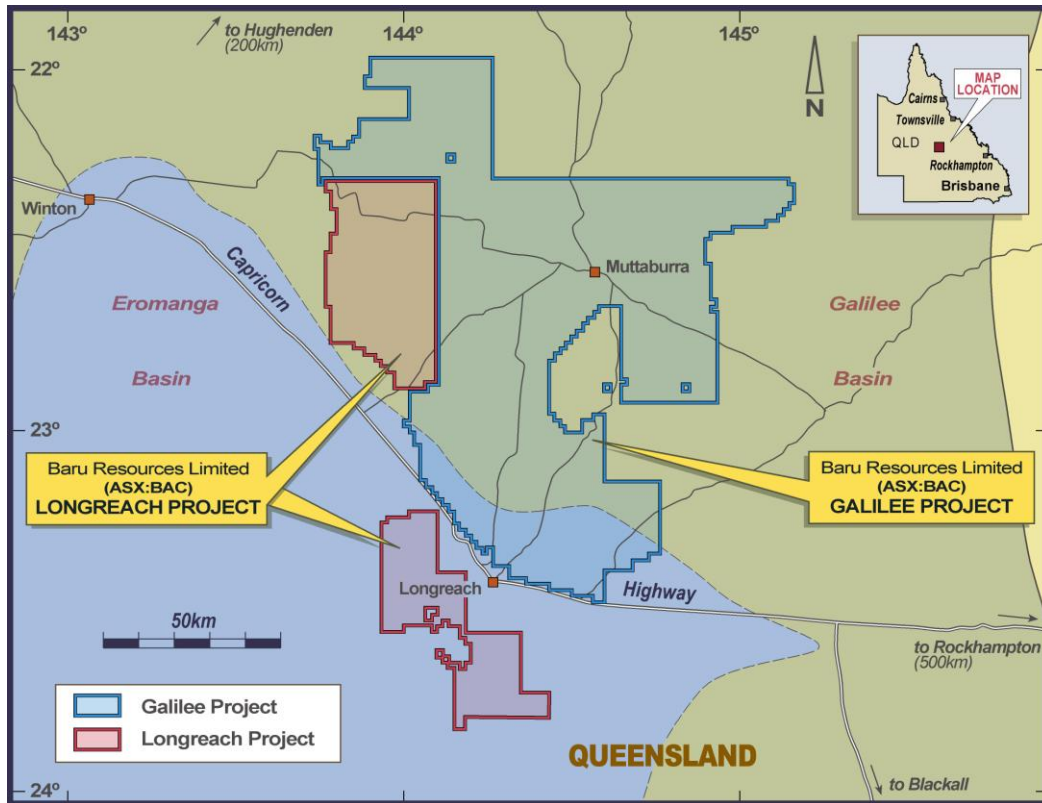


Figure 1 - Regional Geology: Sedimentary Basins in the Galilee and Longreach Project areas

Longreach Project

The Longreach Project comprises four EPCA's, 3202.8km² in area within the Winton Formation. The Winton Formation within the applications is both outcropping and sub-cropping across the entire project area. 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 1**.

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 2**.)

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 west season in 2012.

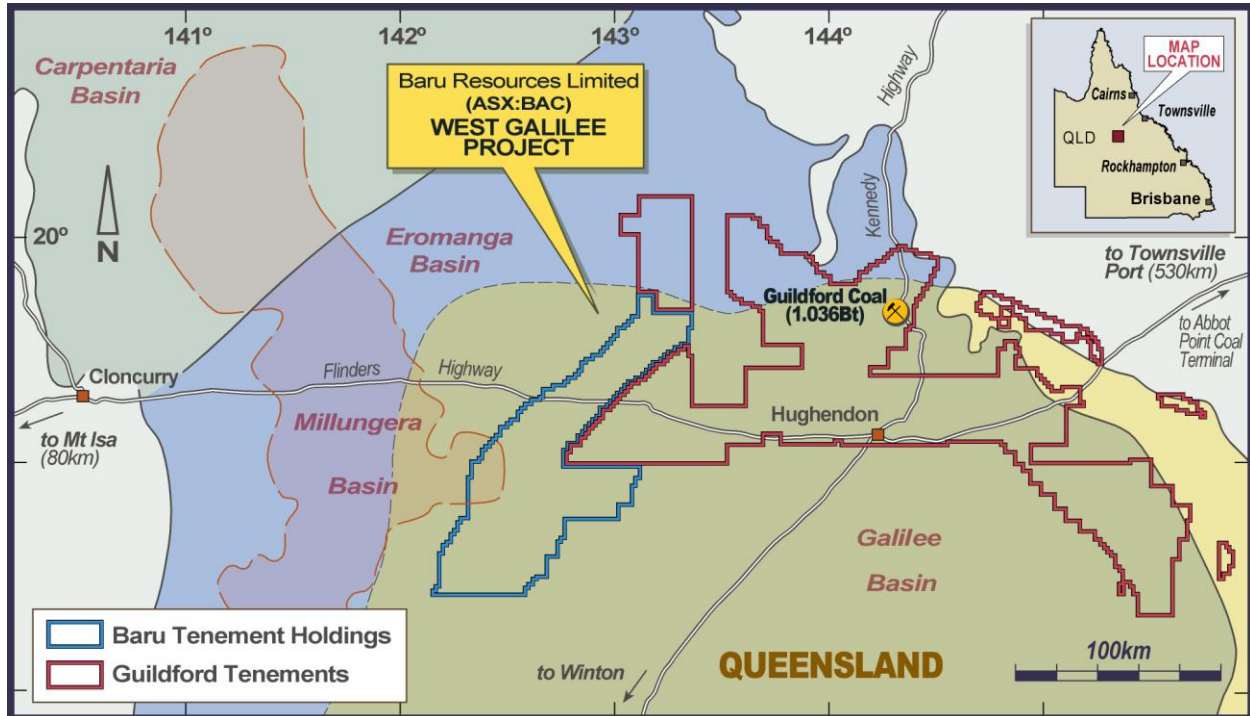


Figure 2 - Regional Geology: Sedimentary Basins and Guildford Coals Surrounding Tenements and Deposit Location

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

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 Limited.

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 Limited.

For further information:

Kevin Nichol
Executive Director

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.