BARRA RESOURCES LIMITED
ABN 76 093 396 859

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

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CORPORATE INFORMATION

Directors

Executive Chairman
Gary John Berrell BEc (Hons)

Non-Executive Director
Grant Jonathan Mooney CA BBus

Non-Executive Director
Lindsay Franker BEng – Mining, MAusIMM

Company Secretary

Grant Jonathan Mooney CA BBus

Registered office & Principal place of business

Ground Floor, 6 Thelma Street
West Perth WA 6005
Phone: +61 8 9481 3911
Fax: +61 8 9481 3283

Website: www.barraresources.com.au

Share Register

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6953
Phone: +61 8 9315 2333
Fax: +61 8 9315 2233
Email: registrar@securitytransfer.com.au

Auditors

HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000

Securities Exchange

The Company's securities are quoted on the Official List of the Australian Securities Exchange Limited (ASX)
152-158 St George's Terrace
Perth WA 6000

Stock Exchange Listings

Shares: BAR

DIRECTORS' REPORT

The Directors present their report together with the financial report on Barra Resources Limited ("Barra" or "the Company") for the year ended 30 June 2014. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Details of Directors

The names and particulars of the Directors of the Company holding office during the financial year and at the date of this report are:

GARY JOHN BERRELL

BEc (Hons)

Executive Chairman
Appointed 22 March 2005

Mr Berrell has a background in banking and finance and was an Executive Director of Macquarie Bank for seven years. He has had over 25 years experience trading a broad range of products including foreign exchange, bonds, equities, futures and commodities. He has held a variety of management positions throughout this time. He has been involved in extensive committee work for financial markets associations covering areas of market regulation and prudential risk management, and has represented Australia at numerous overseas foreign exchange market conferences.

GRANT JONATHAN MOONEY

BBus CA

Non-Executive Director and Company Secretary
Appointed 29 November 2002

Mr Mooney is the principal of Perth-based corporate advisory firm Mooney & Partners, specialising in corporate compliance administration to public companies. He has gained extensive experience in the areas of corporate and project management since commencing Mooney & Partners in 1999. His experience extends to advice on capital raisings, mergers and acquisitions and corporate governance.

Currently, Mr Mooney serves as a Director and Company Secretary to several ASX listed companies across a variety of industries including technology and resources. He is a Director of ASX listed resource companies Wild Acre Metals Limited, Talga Resources Limited, Phosphate Australia Limited and is Chairman of renewable energy company Carnegie Wave Energy Limited. Mr Mooney is a member of the Institute of Chartered Accountants in Australia.

LINDSAY FRANKER

FCA FAICD

Non Executive Director

Appointed 28 February 2013

Mr Franker is a graduate of the Western Australian School of Mines in Kalgoorlie and has over 17 years experience in mining and commodity related finance. He has worked for a number of mining companies in consultancy and operations specialising in both underground and open pit mining in Australia. Over the past decade he has worked as an investment banker with a global focus on mining projects, based out of Johannesburg and Singapore.

Directorship of Other Listed Companies

Directorships of other listed companies held by Directors in the three years immediately before the end of the financial year are as follows:

DIRECTORS NAME	COMPANY	PERIOD OF DIRECTORSHIP
Grant Jonathan Mooney	Attila Resources Limited	16 February 2010 to 10 October 2012
	Carbine Resources Limited	18 January 2012 to 2 September 2014
	Carnegie Wave Energy Limited	19 February 2008 to present
	Phosphate Australia Limited	14 October 2008 to present
	Talga Resources Ltd	20 February 2014 to present
	Wild Acre Metals Limited	1 July 2007 to present

DIRECTORS' REPORT

Directors' Share and Option Holdings

At the date of this report, the direct and indirect interest of the Directors in the shares and options of the Company were:

DIRECTORS NAME	ORDINARY SHARES NUMBER	OPTIONS (UNLISTED) NUMBER
Gary Berrell	1,178,412	-
Grant Jonathan Mooney	2,103,556	-
Lindsay Franker	-	-

Principal Activities

The Company's principal activity is gold, nickel and cobalt exploration and the development of its gold assets.

Operating Results

The loss from ordinary activities after income tax of the Company for the year ended 30 June 2014 was $792,599 *(2013: Loss $1,350,872).*

Future Developments

The Company intends to continue mineral exploration & exploitation activities while considering new project acquisitions.

Environmental Regulation

The Company is required to carry out its activities in accordance with the Mining Laws and Regulations in the areas in which it undertakes its exploration activities. The Company is not aware of any matter which requires disclosure with respect to any significant environmental regulation in respect of its operating activities.

Dividends

No dividends have been paid or declared since the start of the financial year and the Directors do not recommend the payment of a dividend in respect of the financial year.

Review of Operations

The following activities were undertaken by the Company during the financial year ended 30 June 2014:

BURBANKS PROJECT (Coolgardie, Western Australia)

- During the year, instalments of $600,000 were received from Blue Tiger Mines Pty Ltd ("BTM ") for the sale of the Birthday Gift Mine which forms part of the Burbanks Gold Project. The company received a further payment subsequent to the balance date of $50,000 on 27 August 2014. The total amount paid on the $2 million sale to the date of this report is $650,000. The remaining amounts payable totalling $1,350,000 are expected to be received within the next 12 months.
- BTM commenced mining at Birthday Gift in November 2013.
- Preliminary resources modelling was commenced on key prospect areas of the Burbanks mining lease.

PHILLIPS FIND PROJECT

- Review and update of resources modelling for Phillips Find was commenced.
- Planning for drill testing of lode extensions below Newhaven and Newminster in progress.

MT THIRSTY JOINT VENTURE (50% owned – Norseman , Western Australia)

- Metallurgical sample sent to Metaleach Consultants for testing using proprietary ammonia based Ammleach process for selective leaching of cobalt and nickel.
- A moving loop electromagnetic (MLEM) survey was completed over E63/1267 to test for potential nickel sulphide targets.

DIRECTORS' REPORT

Company Performance

The table below sets out summary information about the Company's earnings and movements in shareholder wealth for the five years to 30 June 2014:

	2014 $	2013 $	2012 $	2011 $	2010 $
Revenue	33,091	524,598	738,736	746,852	206,927
Net loss before tax	(792,599)	(1,362,631)	(44,182)	(1,244,072)	(8,672,598)
Net profit/(loss) after tax	(792,599)	(1,350,872)	37,950	(1,017,305)	(8,672,598)
		2013	2012	2011	2010
Share price at start of year (cents)	0.6	1.4	2.8	5.0	8.7
Share price at end of year (cents)	0.7	0.6	1.4	2.8	5.0
Shares on issue at end of year	373,247,883	373,247,883	373,247,883	314,914,550	314,914,550
Market capitalisation at end of year (undiluted)	$2,612,735	$2,239,487	$5,225,470	$8,817,607	$15,745,728
Basic earnings per share (cents)	(0.21)	(0.36)	0.01	(0.32)	(2.82)
Diluted earnings per share (cents)	(0.21)	(0.36)	0.01	(0.32)	(2.82)

Significant Changes in the State of Affairs

There was no significant change in the state of affairs of the Company during the financial year.

Significant Events Subsequent to End of Year

There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods, other than the following:

- The company received further payments from the sale of the Burbanks Birthday Gift Mine. On 27 August 2014, $50,000 was received. The total amount paid on the $2 million sale to the date of this report is $650,000. The remaining amounts payable totalling $1,350,000 are expected to be received within the next 12 months.

Share Options

During the financial year and to the date of this report 3,000,000 unlisted employee options were issued pursuant to the Company's Employee Share Option Plan.

At the date of this report, the following options are outstanding in respect of unissued ordinary shares in Barra:

NUMBER OF SHARES UNDER OPTIONS	EXERCISE PRICE	EXPIRY DATE
1,000,000 (i)	**$0.06**	21 March 2017
1,000,000 (i)	**$0.04**	21 March 2017
1,000,000 (i)	**$0.02**	21 March 2017

(i) *Issued under the Employee Share Ownership Plan*

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the Company or of any other body corporate or registered scheme.

No options were exercised during the year.

Indemnifying Officers or Auditor

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and all Executive officers of the Company and related body corporate against a liability incurred in the course of their duties as a Director, Secretary or Executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the amount of the premium.

The Company has not indemnified or agreed to indemnify the auditor of the Company or of any related body corporate against a liability incurred as the auditor.

DIRECTORS' REPORT

Directors' Meetings

There were 7 Directors' meetings held during the financial year ended 30 June 2014. The names of Directors who held office during the financial year and their attendance at Board meetings is detailed below:

DIRECTOR	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND
Gary Berrell	7	7
Grant Mooney	7	7
Lindsay Franker	7	7

There were also two (2) circular resolutions passed by the Board of Directors during the financial year.

As at the date of this report an Audit Committee of the Board of Directors did not exist due to the Directors of the Board having a close involvement in the operations of the Company. There are no other sub-committees of the Board.

Remuneration Report (audited)

This report, which forms part of the Directors' Report, details the amount and nature of remuneration of each member of the Key Management Personnel of the Company. Other than Directors, there were no Executive officers of the Company included in Key Management Personnel during the year.

Remuneration Policy

The remuneration policy is to provide a fixed remuneration component, performance related bonus and a specific equity-related component. The Board believes that this remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes and is appropriate in aligning executives objectives with shareholder and business objectives.

The remuneration policy in regards to settling terms and conditions for any Executive Directors has been developed by the Board taking into account market conditions and comparable salary levels for companies of similar size and operating in similar sectors.

The Board reviews the remuneration packages of all key management personnel on an annual basis. The maximum remuneration of Non-Executive Directors is to be determined by Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. At present the maximum aggregate remuneration of Non-Executive Directors is $400,000 per annum. The apportionment of Non-Executive Director Remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each Non-Executive Director. Remuneration is not linked to specific performance criteria.

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payment to the Non-Executive Directors and reviews their remuneration on an individual basis, based on market practices, duties and accountability. Independent external advice is sought when required. Remuneration is not linked to the performance of the Company.

The Company is a developing listed company with most of its funds allocated to specific exploration and new business development activities. As a result, the Board has chosen to issue options to executives as a key component of their remuneration, in order to retain the services of the executives. The Board considers that each Key Management Personnel's experience in the resources industry will greatly assist the Company in progressing its projects to the next stage of development and the identification of new projects. As such, the Board believes that the number of options granted to Key Management Personnel is commensurate to their value to the Company.

There are no service or performance criteria on the options granted to Key Management Personnel as, given the speculative nature of the Company's activities and the small management team responsible for its running, it is considered the performance of the Key Management Personnel and the performance and value of the Company are closely related. The Board has a policy of granting options to key management personnel with exercise prices above the respective share price at the time that the options were agreed to be granted. As such, options granted to Key Management Personnel will generally only be of benefit if the Key Management Personnel perform to the level whereby the value of the Company increases sufficiently to warrant exercising the options granted. Given the stage of development of the Company and the high risk nature of its activities, the Board considers that the prospects of the Company and resulting impact on shareholder wealth are largely linked to the success of this approach, rather than by referring to current or prior year earnings.

Executives receive a superannuation guarantee contribution required by the Government, which is currently 9.25% and do not receive any other retirement benefit. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation. The Directors are not entitled to any termination benefits.

The Board does not impose any restrictions in relation to a person limiting his or her exposure to the risk in relation to the options issued by the Company.

DIRECTORS' REPORT

Remuneration Report (audited) (continued)

Service Agreements

Executive Chairman Gary Berrell has an employment contract for a period of 3 years commencing on 1 September 2009 which expired on 1 September 2012 and continues on a month by month basis with one month's termination notice. The Contract provides for a Director's fee of $95,000 per annum plus statutory superannuation.

Non-Executive Director Grant Mooney has an Employee Services Agreement for a period of 3 years commencing on 1 September 2009 which expired on 1 September 2012 and continues on a month by month basis with one month's termination notice. The Contract provides for a Director's fee of $45,000 per annum plus statutory superannuation.

Non-Executive Director Lindsay Franker has an Employee Services Agreement for no fixed term commencing on 15 February 2013. The Contract provides for a Director's fee of $45,000 per annum plus statutory superannuation.

Mooney & Partners Pty Ltd, a company associated with Grant Mooney has a services contract with the Company to provide company secretarial and administrative services to the Company for a period of 3 years commencing on 1 September 2009 which expired on 1 September 2012 and continues on a month by month basis with one month's termination notice. The Contract provides for an annual fee of $96,000 per annum plus GST.

No key management personnel are entitled to any termination payment apart from remuneration payable up to and including the termination date and any amounts payable of accrued leave.

Remuneration

Details of remuneration provided to key management personnel during the financial year are as follows:

		SHORT-TERM EMPLOYEE BENEFITS		POST-EMPLOYMENT BENEFITS	SHARE-BASED PAYMENT		
DIRECTORS		SALARY & FEES $	BONUS $	SUPER-ANNUATION $	OPTIONS $	TOTAL $	PERCENTAGE PERFORMANCE RELATED %
Gary Berrell (Executive Chairman)	**2014**	**95,000**	-	**8,787**	-	**103,787**	**0%**
	2013	95,000	-	8,550	-	103,550	0%
Grant Mooney [1] (Non-Executive Director & Company Secretary)	**2014**	**141,000**	**-**	**4,163**	**-**	**145,163**	**0%**
	2013	141,000	-	4,050	-	145,050	0%
Lindsay Franker (Non-Executive Director)	**2014**	**41,284**	**-**	**3,819**	**-**	**45,103**	**0%**
	2013	13,761	-	1,239	-	15,000	0%
Mel Ashton (resigned 28/2/13) (Non-Executive Director)	**2014**	-	-	-	-	-	**-**
	2013	40,000	-	-	-	40,000	0%
TOTAL	**2014**	**277,284**	**-**	**16,769**	**-**	**294,053**	
TOTAL	2013	289,761	-	13,839	-	303,600	

[1] Amounts paid to Grant Mooney include director's fees of $45,000 (2013: $45,000) and fees paid to a related party in respect of company secretarial and corporate services, totaling $96,000 (2013: $96,000).

There are no contracts to which a Director is a party or under which the Director is entitled to a benefit other than as disclosed in the financial report. No director appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

There are no other individuals employed by the Company who meet the definition of key management personnel under the Corporations Act 2001.

DIRECTORS' REPORT

Remuneration Report (audited) (continued)

Employee Option Plan

On 11 December 2007 (grant date) the Company established an Employee Share Option Plan (ESOP) whereby the Company's employees are given an opportunity to purchase shares in the Company. Each option converts into one ordinary share of Barra on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of expiry. No options were issued during the financial year under this plan. There are presently 3,000,000 options on issue pursuant to the ESOP.

No directors have received options under this plan.

During the financial year, the following share-based payment arrangements were in existence.

OPTION SERIES	GRANT DATE	EXPIRY DATE	GRANT DATE FAIR VALUE	VESTING DATE
ESOP Tranche 2	11 December 2007	16 March 2014	$0.181	24 months from date of issue
ESOP Tranche 3	21 March 2014	21 March 2017	$0.002	24 months from date of issue

There are no further service or performance criteria that need to be met in relation to options granted under Tranches 2 or 3.

Key management personnel equity holdings

Fully paid ordinary shares issued by Barra Resources Limited

The movement during the reporting period in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each specified Director is as follows:

2014 DIRECTOR	BALANCE AS AT 1 JULY 2013	GRANTED AS REMUNERATION	RECEIVED ON EXERCISE OF OPTIONS	PURCHASED/ (SOLD)	ON RESIGNATION/ APPOINTMENT	BALANCE AS AT 30 JUNE 2014
Gary Berrell	1,178,412	-	-	-	-	1,178,412
Grant Mooney	2,103,556	-	-	-	-	2,103,556
Lindsay Franker	-	-	-	-	-	-

2013 DIRECTOR	BALANCE AS AT 1 JULY 2012	GRANTED AS REMUNERATION	RECEIVED ON EXERCISE OF OPTIONS	PURCHASED/ (SOLD)	ON RESIGNATION/ APPOINTMENT	BALANCE AS AT 30 JUNE 2013
Gary Berrell	1,178,412	-	-	-	-	1,178,412
Grant Mooney	2,103,556	-	-	-	-	2,103,556
Lindsay Franker	-	-	-	-	-	-

Share Options Issued by Barra Resources Limited

The Directors did not hold any options over ordinary shares in the Company (directly, indirectly or beneficially) in the current or prior year.

Value of options issued to Directors

During the year ended 30 June 2014 no options were issued to Directors.

END OF REMUNERATION REPORT (Audited)

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or 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 any part of those proceedings.

Non Audit Services

There were no non-audit services provided by the Company's auditor during the year.

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 page 8 and forms part of this Directors Report for the year ended 30 June 2014.

Signed on 22 September 2014 in accordance with a resolution of the Board, made pursuant to Section 298(2) of the Corporations Act 2001.

On behalf of the Directors:

GARY BERRELL – Chairman

Competent Persons Statement

The information in this report which relates to Exploration Results at Phillips Find, Burbanks and Mt Thirsty is based on information compiled by Mr Gary Harvey who is a Member of the Australian Institute of Geoscientists and a full-time employee of Barra Resources Ltd. Mr Harvey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mr Harvey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report which relates to the Mt Thirsty Oxide Deposit Mineral Resource is based on information compiled by Mr Alan Miller, a full time employee of Golder Associates Pty Ltd and who is a member of the Australasian Institute of Mining and Metallurgy. Mr Miller has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mr Miller consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report that relates Exploration Results at Riverina is based on information compiled by Mr Anthony Gray who is a Member of The Australian Institute of Geoscientists and a full-time employee of Octagonal Resources Limited. Mr Gray has sufficient experience which is relevant to the style of and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mr Gray consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report which relates to the Martin's Zone Oxide Deposit Mineral Resource is based on information compiled by Mr Anthony Gray, a full time employee of Octagonal Resources Limited and who is a member of the Australian Institute of Geoscientists. Mr Gray has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mr Gray consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The interpretations and conclusions reached in this report are based on current geological theory and the best evidence available to the authors at the time of writing. It is the nature of all scientific conclusions that they are founded on an assessment of probabilities and, however high these probabilities might be, they make no claim for complete certainty. Any economic decisions that might be taken on the basis of interpretations or conclusions contained in this report will therefore carry an element of risk.

It should not be assumed that the reported Exploration Results will result, with further exploration, in the definition of a Mineral Resource.

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Barra Resources Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
22 September 2014

M R W Ohm
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au
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Statement of Comprehensive Income
for the year ended 30 June 2014

	NOTE	30 JUNE 2014 $	30 JUNE 2013 $
Royalty income		-	235,727
Other income	5	33,091	288,871
Total Revenue		**33,091**	**524,598**
Impairment of exploration and evaluation costs	6(b)	(101,516)	(1,168,306)
Employee benefits expense		(313,409)	(280,792)
Depreciation expense	6(b)	(23,042)	(23,865)
Consulting expenses		(158,982)	(169,998)
Rental expenses		(71,954)	(78,167)
Administration expenses		(110,363)	(140,944)
Options issued expenses		(4,900)	-
Impairment/revaluation of financial assets	6(a)	(40,500)	(20,250)
Other expenses from ordinary activities		(984)	(4,907)
Loss before income tax expense		(792,559)	(1,362,631)
Income tax benefit	7	-	11,759
Profit/(Loss) for the year		**(792,559)**	**(1,350,872)**
Other Comprehensive Loss:			
Items that may be reclassified to profit or loss			
Net change in fair value of available-for-sale assets		(13,500)	(87,750)
Total Comprehensive Loss for the Year		**(806,059)**	**(1,438,622)**
Earnings Per Share			
Basic earnings/(loss) per share (cents per share)	28	(0.21) cents	(0.36) cents
Diluted earnings/(loss) per share (cents per share)	28	(0.21) cents	(0.36) cents

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position
as at 30 June 2014

	NOTE	30 JUNE 2014 $	30 JUNE 2013 $
CURRENT ASSETS			
Cash and cash equivalents	10	329,930	670,577
Trade and other receivables	11	1,452,720	90,797
Other	12	18,680	23,601
TOTAL CURRENT ASSETS		1,801,330	784,975
NON CURRENT ASSETS			
Financial assets	13	220,500	571,500
Rental bond	14	15,000	15,000
Property, plant and equipment	15	27,401	49,321
Exploration and evaluation expenditure	16	7,744,373	9,421,342
TOTAL NON CURRENT ASSETS		8,007,274	10,057,163
TOTAL ASSETS		9,808,604	10,842,138
CURRENT LIABILITIES			
Trade and other payables	17	172,310	111,061
Borrowings	18	-	297,000
Provisions	19	93,376	90,000
TOTAL CURRENT LIABILITIES		265,686	498,061
TOTAL LIABILITIES		265,686	498,061
NET ASSETS		**9,542,918**	**10,344,077**
EQUITY			
Issued capital	20	48,889,610	48,889,610
Reserves	21	4,900	2,153,396
Accumulated losses	22	(39,351,592)	(40,698,929)
TOTAL EQUITY		**9,542,918**	**10,344,077**

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Cash Flows
for the year ended 30 June 2014

	NOTE	30 JUNE 2014 $	30 JUNE 2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,805	379,481
Payments to suppliers and employees		(545,867)	(575,099)
Interest received		28,083	58,193
R&D tax offset received		-	11,759
NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES	23	(514,979)	(125,666)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(1,122)	(10,877)
Sales of exploration, evaluation and development		600,000	-
Payments for exploration, evaluation and development expenditure		(424,546)	(548,673)
Payment for rental bond		-	(15,000)
NET CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES		174,332	(574,550)
CASH FLOWS FROM FINANCING ACTIVITIES			
Return of cash from bank guarantees no longer required		297,000	75,092
Repayment of loans		(297,000)	-
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		-	75,092
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		(340,647)	(625,124)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		670,577	1,295,701
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	329,930	670,577

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
For the year ended 30 June 2014

	ORDINARY SHARES $	EQUITY-SETTLED BENEFITS RESERVE $	INVESTMENT REVALUATION RESERVE $	ACCUMULATED LOSSES $	TOTAL ATTRIBUTABLE TO EQUITY HOLDERS OF THE ENTITY $
BALANCE AS AT 1 JULY 2012	**48,889,610**	**2,139,896**	**101,250**	**(39,348,057)**	**11,782,699**
Loss for the year	-	-	-	(1,350,872)	(1,350,872)
Other comprehensive loss	-	-	(87,750)	-	(87,750)
Total comprehensive loss for the year	-	-	**(87,750)**	**(1,350,872)**	**(1,438,622)**
BALANCE AS AT 30 JUNE 2013	**48,889,610**	**2,139,896**	**13,500**	**(40,698,929)**	**10,344,077**
BALANCE AS AT 1 JULY 2013	**48,889,610**	**2,139,896**	**13,500**	**(40,698,929)**	**10,344,077**
Loss for the year	-	-	-	(792,559)	(792,559)
Impairment of financial assets	-	-	(13,500)	-	(13,500)
Total comprehensive loss for the year	-	-	**(13,500)**	**(792,559)**	**(806,059)**
Transfer of expired options	-	(2,139,896)	-	2,139,896	-
Issue of options	-	4,900	-	-	4,900
BALANCE AS AT 30 JUNE 2014	**48,889,610**	**4,900**	-	**(39,351,592)**	**9,542,918**

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements
for the year ended 30 June 2014

1. Corporate Information

Barra Resources Limited is a for-profit Company limited by shares incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange. Barra Resources Limited registered office and principal place of business is:

Ground Floor, 6 Thelma Street
West Perth 6005
Western Australia

The nature of the operations and principal activities of the Company are gold, nickel and cobalt exploration and the development of their gold assets within Australia.

2. Summary of Accounting Policies

The significant accounting policies, which have been adopted in the preparation of this financial report, are:

(a) Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 22 September 2014.

(b) Basis of preparation

The financial report has been prepared on the basis of historical cost, except for available-for-sale investments and derivative financial instruments which are carried at fair value. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

In the application of A-IFRS, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. If applicable, bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(d) Employee leave benefits

<u>Wages, salaries, annual leave and sick leave</u>

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of the services of employees up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

<u>Defined contribution plans</u>

Contribution to defined contribution superannuation plans are expensed when the employees have rendered services entitling them to the contributions.

(e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables, which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

2. Summary of Accounting Policies (continued)

(f) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability or asset to the extent that it is unpaid or refundable.

Deferred tax

Deferred tax is provided on all temporary differences at balance date between the tax base of an asset or liability and its carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences, unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except:

- when it relates to items credited or debited directly to equity in which case the deferred tax is also recognised directly in equity, or
- where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(g) Payables

Trade and other payables are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services.

(h) Property, plant and equipment

Plant and equipment and leasehold improvements are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on property, plant and equipment and is calculated on a straight line basis to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

Motor Vehicles - 3 years
Office Furniture and equipment 3 - 10 years

(i) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Notes to the Financial Statements
for the year ended 30 June 2014

2. Summary of Accounting Policies (continued)

(j) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying value directly. An allowance account is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Company in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to Company. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(k) Revenue recognition

Interest revenue
Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Sale of Goods
Sales revenue is recognised when significant risks and rewards of ownership have passed to the purchaser.

Royalty Income
Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

(l) Share-based payments

Equity settled transactions:
The Company provides benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes model, further details of which are given in Note 32.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Barra Resources Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 28).

2. Summary of Accounting Policies (continued)

(m) Exploration and evaluation

Exploration and evaluation expenditure costs are accumulated in respect of each separate area of interest.

Exploration and evaluation costs are carried forward where

- the right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or
- where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations, in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

These assets are considered for impairment on a six monthly basis, depending on the existence of impairment indicators including:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the company has decided to discontinue such activities in the specific area; and
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Accumulated costs in relation to an abandoned area are written off in full against profit/(loss) in the year in which the decision to abandon the area is made.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is then tested for impairment and the balance is then transferred to development.

(n) Development Costs

Development costs are recognised at cost less accumulated amortisation and any impairment losses. Exploration expenditure is reclassified to development expenditure once the technical feasibility and commercial viability of extracting the related mineral resource is demonstrable.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences. When production commences, carried forward development costs are amortised on a units of production basis over the life of the economically recoverable reserves.

Changes in factors such as estimates of proved and probable reserves that affect unit-of production calculations are dealt with on a prospective basis.

(o) 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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

(p) Provision for restoration and rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of exploration, development, production, transportation or storage activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the cost of removing facilities, abandoning sites/wells and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal and other requirements and technology. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

The initial estimate of the restoration and rehabilitation provision relating to exploration, development and milling/production facilities is capitalised into the cost of the related asset and depreciated/amortised on the same basis as the related asset, unless the present obligations arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

Notes to the Financial Statements
for the year ended 30 June 2014

2. Summary of Accounting Policies (continued)

(q) Jointly controlled entity

The Company's interest in its jointly controlled entity are accounted for using proportionate consolidation. The Company's share of the assets, liabilities, income and expenses from the jointly controlled entity is combined with equivalent items in the financial statements on a line-by-line basis.

(r) Financial instruments

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangements.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit and loss' or other 'financial liabilities'. The Company only holds other financial liabilities, including borrowings. Other financial liabilities are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost, with interest expense recognised on an effective yield basis.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

(s) Financial Assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms requires legal transfer of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Financial assets are classified into the following specific categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition and reviewed at each reporting date.

Financial assets at fair value through profit and loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

Available for sale financial assets

Certain financial assets that are non-derivative financial assets are designated as available for sale and are stated at fair value. Gain and losses are recognised directly in equity, with the exception of impairment losses. When the financial assets are disposed of or are determined to be impaired, the gain or loss previously recognised in equity is recognised in profit and loss for the period.

Loans and receivables

Trade receivables, loan and other receivables are recorded at amortised cost less impairment.

Impairment of financial assets

Financial assets, other than those recorded at fair value through the profit and loss, are assessed for indicators of impairment at each balance date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment 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.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals or impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Notes to the Financial Statements
for the year ended 30 June 2014

2. Summary of Accounting Policies (continued)

(s) Financial Assets (continued)

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(t) Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the statement of comprehensive income immediately.

(u) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(v) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Barra Resources Limited.

(w) Earnings per share

Basic earnings per share is calculated as net profit/(loss) attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit/loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Notes to the Financial Statements
for the year ended 30 June 2014

2. Summary of Accounting Policies (continued)

(x) Adoption of new and revised accounting standards

In the year ended 30 June 2014, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

STANDARD/ INTERPRETATION	SUMMARY	APPLICATION OF START DATE	IMPACT ON FINANCIAL REPORT	APPLICATION DATE FOR COMPANY
AASB 11 "Joint Arrangements" and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standard	AASB 11 uses the principle of control in AASB 10 to determine joint control, and therefore the determination of whether joint control exists may change. In addition, it removes the option to account for jointly controlled entities using proportionate consolidation. Instead, accounting for a joint venture arrangements is dependent on the nature of rights and obligations arising from the arrangement. Joint operations that give venturers a right to the underlying assets and obligations themselves are accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method.	1 January 2013	The Company has assessed the Mt Thirsty Joint Venture arrangements as a joint operation. AASB 11 states a joint operator should take its share of assets, liabilities, revenue and expenses. This has resulted in no change the previous accounting for the joint venture.	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards.	AASB 12 brings together a single standard of all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements and associates and unconsolidated structured entities.	1 January 2013	There has been no impact on the net assets of the Company from changes to this standard. This standard requires disclosure of the Mt Thirsty Joint Venture in relation to the nature, risks and financial effects of the Joint Venture.	30 June 2014
AASB128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards.	This Standard supersedes AASB 128 Investments in Associates and prescribes the accounting for investments in associated and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines 'significant influence' and provides guidance on how the equity method is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment.	1 January 2013	The Company's joint interests are classified as joint operations and equity accounting does not therefore apply.	30 June 2014

Notes to the Financial Statements
for the year ended 30 June 2014

2. Summary of Accounting Policies (continued)

(x) Adoption of new and revised accounting standards (continued)

STANDARD/ INTERPRETATION	SUMMARY	APPLICATION OF START DATE	IMPACT ON FINANCIAL REPORT	APPLICATION DATE FOR COMPANY
AASB 13 'Fair Value Measurement" and AASB 2011-8 – 'Amendments to Australian Accounting Standards arising from AASB 13'	AASB 13 provides a single source of guidance on how fair value is measured and replaces the fair value measurement guidance that is currently dispersed throughout Australian Accounting Standards. Subject to limited exceptions, AASB is applied when fair value measurements or disclosures are required or permitted by other AASBs.	1 January 2013	There is no major impact from the change in this standard on the Company.	30 June 2014

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the entity's accounting policies

The following are the critical judgements (apart from those involving estimations, which are dealt with below), that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Exploration and evaluation expenditure

The Company is currently capitalising exploration and evaluation expenditures on various tenements until such time as production is commenced or the area of interest is deemed unlikely to yield benefits either through successful exploitation or sale, at which stage the costs will be recognised in profit and loss.

During the year, the Directors conducted a review to determine the existence of any indicators of impairment in accordance with AASB 6 "Exploration for and Evaluation of Mineral Resources". Based on this review the Company recorded an impairment loss of $101,516 (2013: $1,168,306) on the carrying value of capitalised gold assets.

The Directors have made an assessment in relation to the extent of any necessary reclassification of exploration expenditure to development expenditure as at 30 June 2014. The terms of the agreement with Blue Tiger Mining Pty Ltd only permit mining to a depth of 65 metres and the main ore body associated with the area of interest is below this depth and would require the development of an underground mine operation. The Directors are of the view that the capitalised exploration and evaluation asset pertains to this main ore body and the agreement with Blue Tiger is a commercial arrangement designed to provide short-term cash flows through the extraction of any surface ore. Accordingly, the Directors have maintained the classification of the associated expenditure within exploration and evaluation expenditure.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Provision for rehabilitation costs

Upon cessation of production and exploration activities, the Company will have a statutory requirement to restore disturbed sites through earthmoving, capping and bunding, and reseeding work. The Company has made an estimation of the costing rates and disturbed hectares to calculate a rehabilitation provision as at 30 June 2014. In addition, the discount rate and risk rate used in the calculation are subject to estimation.

Notes to the Financial Statements
for the year ended 30 June 2014

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Reserve estimates

Reserves are estimates of the amount of product that can be economically and legally extracted from the Company's properties. In order to calculate reserves, estimates and assumptions are required about a large range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. Because the economic assumptions used to estimate reserves change from period to period, and because additional geological data is generated during the course of operation, estimates of reserves may change from period to period.

Changes in reported reserves may affect the Company's financial results and financial position in a number of ways, including the following:

- Asset carrying values may be affected due to changes in estimated future cash flows;
- Depreciation and amortisation charged in the statement of comprehensive income may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change; and
- Decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities.

4. Going Concern

As at 30 June 2014 the Company had cash and cash equivalents of $329,930 and generated a net loss for the year of $792,559.

Notwithstanding the above, the Board considers that the Company is a going concern and recognises that additional funding may be required to ensure the Company can continue to fund its operations and further develop its mineral exploration and evaluation assets. The Board has made the assessment that the Company is a going concern after consideration of the following factors.

In August 2013, the Company signed an agreement with Blue Tiger Mines Pty Ltd for the sale of its Birthday Gift underground mine at the Burbanks Gold Project for a consideration of $2,000,000 plus royalty of $25 per ounce of gold after the first 6,000 ounces of gold produced. The consideration of $2,000,000, receivable in five tranches over an 18 month period, will provide a direct cash flow for the Company. A total of $650,000 has been received to the date of this report, with the remaining amount of $1,350,000 due on varying dates up to 22 February 2015.

In the event any further funding is required, this could be derived from an equity placement or selective reduction of both exploration and administrative expenditure.

Accordingly, the Directors believe the Company is a going concern and that it is appropriate to adopt that basis of accounting in the financial report.

5. Revenue from Ordinary Activities	30 JUNE 2014 $	30 JUNE 2013 $
Other Income:		
Interest received from other parties	30,286	55,126
Royalty from Blue Tiger Mining Pty Ltd for access to surface ore at Newminster	-	232,342
Other revenue	2,805	1,403
Total Revenue	33,091	288,871

6. Loss from Ordinary Activities

Loss from ordinary activities before income tax has been determined after:

(a) Gains and losses		
Change in fair value of financial assets classified at fair value through profit or loss:		
Revaluation of options held and listed shares	-	(20,250)
Impairment of options held and listed shares	(40,500)	-
(b) Other expenses:		
Depreciation of property, plant and equipment	23,042	23,865
Annual & long service leave charge	46,666	13,400
Impairment of exploration and evaluation costs	101,516	1,168,306

7. Income Tax	30 JUNE 2014 $	30 JUNE 2013 $
(a) Income tax benefit		
Current tax benefit in respect of the current year	(237,767)	(408,789)
Deferred tax benefit relating to the origination and reversal of timing differences	-	-
Deferred tax assets not brought to account	237,767	408,789
R&D tax offset	-	(11,759)
Total tax benefit reported in the statement of comprehensive income	-	(11,759)

The prima facie income tax benefit on pre-tax accounting loss from operations reconciles to the income tax benefit in the financial statement as follows:

Loss from continuing operations	**(792,559)**	**(1,362,631)**
Income tax benefit calculated at 30% (2013: 30%)	(237,767)	(408,789)
Non deductible expenses in determining taxable loss	1,487	-
Temporary differences not brought to account as a deferred tax asset	10,125	-
Tax losses not brought to account as a deferred tax asset	376,155	408,789
Non assessable income	(150,000)	-
R&D tax offset	-	(11,759)
Income tax benefit	-	(11,759)
(b) Deferred Tax liability		
Capitalised Exploration expenditure	2,023,831	2,529,886
Less: Deferred tax assets recognised (tax losses)	(2,023,831)	(2,529,886)
	-	-
(c) Deferred tax assets		
Deferred tax assets – temporary differences	58,209	-
Deferred tax assets – losses*	14,873,312	12,521,422
Deferred tax liabilities	(2,040,235)	(2,529,886)
Deferred tax assets not recognised	12,891,286	9,991,536

* Included in the losses are capital losses of $2,529,886 (2013: $2,529,886).

The deferred tax asset arising from the tax losses has not been recognised as an asset in the statement of financial position because recovery is not probable.

The taxation benefit of tax losses not brought to account will only be obtained if:
(a) assessable income is derived of a nature and of an amount sufficient to enable the benefits to be realised;
(b) conditions for deductibility imposed by the law are complied with; and
(c) no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

Notes to the Financial Statements
for the year ended 30 June 2014

8. Remuneration Benefits

a) The following were key management personnel of the Company during the financial year:
Gary Berrell (*Executive Chairman*)
Grant Mooney (*Non-Executive Director and Company Secretary*)
Lindsay Franker *(Non-Executive Director)*

The aggregate compensation made to key management personnel of the Company is set out below:

	30 JUNE 2014 $	30 JUNE 2013 $
Short-term employee benefits	277,284	289,761
Post-employment benefits	16,769	13,839
	294,053	303,600

Details of Key Management personnel remuneration has been included in the remuneration report section of the Directors' Report.

For details of Key Management Personnel holdings in shares and options and related party disclosures refer to the remuneration report.

9. Auditors' Remuneration

Amounts received, or due and receivable by the current auditors, HLB Mann Judd, for audit or review of the financial report	29,850	31,000

10. Cash and Cash Equivalents

Cash at bank	148,520	116,800
Short term deposits	181,410	553,777
	329,930	670,577

Cash at bank earns interest at the floating rates based on the daily bank deposit rates.
Short term deposits are made for varying periods depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

11. Trade and Other Receivables - Current

Trade debtors	48,078	86,616
Further amounts receivable under Blue Tiger agreement (Note 4)	1,400,000	-
Other debtors	4,642	4,181
	1,452,720	90,797

Normal trade terms are 30 days and no interest is charged on overdue amounts. No allowance for bad debts has been made as the Directors are of the opinion that all amounts are fully recoverable.

Ageing of amounts that are past due but not impaired:

30-60 days	48,078	-
60-90 days	-	86,616
90+ days	-	-
	48,078	86,616

12. Other - Current Assets

Prepayments	18,680	23,601

Notes to the Financial Statements
for the year ended 30 June 2014

13. Financial Assets – Non Current

	30 JUNE 2014 $	30 JUNE 2013 $
Mining tenement bonds	180,000	477,000
Available-for-sale investments carried at fair value – listed company shares	40,500	81,000
Financial assets at fair value through profit or loss – listed company options	-	13,500
	220,500	571,500

14. Rental Bond – Non Current

Rental Bond for West Perth office	15,000	15,000

15. Property, Plant & Equipment

Motor Vehicles – at cost	45,065	46,065
less accumulated depreciation	(45,065)	(46,065)
	-	-
Office furniture and equipment - at cost	215,301	225,224
less accumulated depreciation	(187,900)	(175,903)
	27,401	49,321
Total Property, Plant and Equipment	27,401	49,321

	Motor Vehicles $	Office Furniture & Equipment $	Total $
Cost			
Balance at 30 June 2012	46,065	214,347	260,412
Acquisitions	-	10,877	10,877
Disposals	-	-	-
Balance at 30 June 2013	46,065	225,224	271,289
Acquisitions	-	1,122	1,122
Disposals	(1,000)	(11,045)	(12,045)
Balance at 30 June 2014	45,065	215,301	260,366
Accumulated Depreciation			
Balance at 30 June 2012	(45,880)	(152,223)	(198,103)
Depreciation expense for year	(185)	(23,680)	(23,865)
Balance at 30 June 2013	(46,065)	(175,903)	(221,968)
Disposals	1,000	11,045	12,045
Depreciation expense for year	-	(23,042)	(23,042)
Balance at 30 June 2014	(45,065)	(187,900)	(232,965)

Notes to the Financial Statements
for the year ended 30 June 2014

16. Exploration and Evaluation Expenditure

	30 JUNE 2014 $	30 JUNE 2013 $
Mineral exploration and evaluation expenditure costs carried forward (exploration and evaluation phase)		
Balance at beginning of financial year	9,421,342	10,040,675
Less: exploration expenditure written off	(101,516)	(1,168,306)
Less: Sale of part of Burbanks (i)	(1,951,542)	-
Exploration and evaluation expenditure	376,089	548,973
Total exploration and evaluation expenditure	7,744,373	9,421,342

(i) The Burbanks mine was disposed of during the year for consideration of $2 million less costs of disposal of $48,458.

The recovery of the costs of expenditure carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the discovery of commercially viable mineral and other natural resource deposits and their development and exploration or alternatively their sale.

The Company's title to certain mining tenements is subject to Ministerial approval and may be subject to successful outcomes of native title issues (Refer Note 30).

A review of all capitalised exploration and evaluation expenditure is carried out at each reporting date to determine whether impairment indicators are present (Refer Note 3).

17. Trade and Other Payables

	30 JUNE 2014 $	30 JUNE 2013 $
Trade payables	63,524	47,045
Employee entitlements	22,456	17,393
Other	86,330	46,623
	172,310	111,061

The average credit period on purchases of goods is 60 days. No interest is charged on the trade payables for the first 60 days from the date of the invoice. Thereafter, interest is charged at varying rate per supplier on the outstanding balance. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

18. Borrowings

Secured – at amortised cost

	30 JUNE 2014 $	30 JUNE 2013 $
Current Borrowings		
Loan – Other (i)	-	297,000

(i) Funds held on trust for third parties to secure transfer of mineral titles. Funds held on trust were returned upon transfer of mining titles, such borrowings being interest free to the Company.

19. Provisions - Current

	30 JUNE 2014 $	30 JUNE 2013 $
Rehabilitation expenses (a)	60,000	90,000
Long service leave provision	33,376	-
	93,376	90,000

(a) The rehabilitation provision has decreased by $30,000 (2013: increased $2,000) based upon the Company's best estimate of the likely cost of tenements in performing rehabilitation work relating to currently disturbed ground. The decrease was mainly due to the part sale of Burbanks.

Notes to the Financial Statements
for the year ended 30 June 2014

19. Provisions – Current (continued)

	30 JUNE 2014 $	30 JUNE 2013 $
Movements in other provisions		
Movements in each class of provisions during the financial year (excluding employee benefits) are set out below:		
Carrying amount at start of year	90,000	88,000
Increase/(decrease) in provision recognised	(30,000)	2,000
Carrying amount at end of year	60,000	90,000

20. Issued Capital

	Number Shares	$
Opening Balance 1 July 2012	373,247,883	48,889,610
Closing Balance 30 June 2013	**373,247,883**	**48,889,610**
Opening Balance 1 July 2013	373,247,883	48,899,610
Closing Balance 30 June 2014	**373,247,883**	**48,899,610**

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Share options granted under the Employee Share Option Plan (ESOP)
In accordance with the provisions of the ESOP, as at 30 June 2014, executives (Non Directors) and senior employees have options over 3,000,000 ordinary shares, in aggregate, expiring on 21 March 2017. As at 30 June 2013, executives and senior employees had options over 3,000,000 ordinary shares, in aggregate, expiring on 16 March 2014. Share options granted under the Employee Share Option Plan carry no rights to dividends and no voting rights. Further details of the Employee Share Option Plan are contained in Note 32 to the financial statements.

Other Share Options
As at 30 June 2014, the Company has no listed share options on issue (2013: Nil).

As at 30 June 2014, the Company has no unlisted Director Options on issue (2013: Nil).

21. Reserves

	30 June 2014 $	30 June 2013 $
(a) Equity-settled benefits reserve		
Opening Balance	2,139,896	2,139,896
Transfer of expired options	(2,139,896)	-
Employee share options expensed	4,900	-
Total Equity-settled benefits reserve (i)	4,900	2,139,896
(b) Investment revaluation reserve		
Opening Balance	13,500	101,250
Movements during the year	(13,500)	(87,750)
Total investment revaluation reserve (ii)	-	13,500
Total Reserves	4,900	2,153,396

Notes to the Financial Statements
for the year ended 30 June 2014

21. Reserves (continued)

(i) The share option reserve is used to record the value of share options granted to employees as part of the Employee Share Option Plan. Increases in the reserve are recognised on a time basis over the vesting period of the options. Refer to Note 32 for further information.
(ii) The investment revaluation reserve is used to record changes in the fair value attributable to available-for-sale financial assets.

22. Accumulated Losses

	30 June 2014 $	30 June 2013 $
Balance at the beginning of the financial year	(40,698,929)	(39,348,057)
Transfer of expired options	2,139,896	-
Net profit/(loss)	(792,559)	(1,350,872)
Balance at the end of the financial year	(39,351,592)	(40,698,929)

23. Notes to the Statement of Cash Flows

Reconciliation of Operating Profit/(Loss) to Net Cash Flows provided by/(used in) Operating Activities

Profit/(loss) from ordinary activities after income tax	(792,559)	(1,350,872)
• Depreciation expense	23,042	23,865
• Write off exploration, evaluation and development expenses	101,516	1,168,306
• Revaluation of options held	40,500	20,250
• Issue of employee options	4,900	-
Changes in assets and liabilities		
• Decrease/(Increase) in other debtors	38,076	(39,276)
• Decrease/(Increase) in prepayments	4,922	(5,740)
• (Decrease)/Increase in other provisions	3,376	2,000
• Increase/(Decrease) in trade creditors	61,248	55,801
Net cash used in Operating Activities	**(514,979)**	**(125,666)**

24. Statement of Operations by Segment

The Company has adopted AASB 8 Operating Segments which requires operating segments to be identified on the basis of internal reports about components of the Company that are reviewed by the chief operating decision maker in order to allocate resources to the segment and assess its performance. The chief operating decision maker of Barra Resources Limited reviews internal reports prepared as financial statements and strategic decisions of the Company are determined upon analysis of these internal reports. During the period, the Company operated predominantly in the business and geographical segment being the minerals exploration sector in Western Australia. Accordingly, under the 'management approach' outlined only one operating segment has been identified and no further disclosure is required in the notes to the financial statements.

25. Interest in Joint Venture

The Company has a 50% interest in the Mt Thirsty Joint Venture, which is involved in exploration, development and exploitation of cobalt, nickel and manganese in Western Australia.

26. Related Party Transactions

(a) Key management personnel compensation

Details of key management personnel compensation are disclosed in Note 8 to the financial statements.

(b) Transactions with Director related entities

Grant Mooney (Mooney and Partners Pty Ltd) was paid $141,000 (2013: $141,000) for Company Secretarial and Directors fees for the financial year ended 30 June 2014. These fees are included in the Directors remuneration as disclosed in the Directors' Report.

(d) Joint Venture interests

The Company has a 50% interest in the assets, liabilities and output of Mount Thirsty Joint Venture (2013: 50%). The Company has not entered into any transactions with the joint venture during the year (2013: Nil).

Notes to the Financial Statements
for the year ended 30 June 2014

27. Financial Instruments

(a) Financial risk management objectives and policies:

Overview

The Company's principal financial instruments comprise receivables, payables, available-for-sale and derivative financial instruments, cash and borrowings. The main risks arising from the Company's financial instruments are interest rate risk, credit risk, liquidity risk and equity price risk.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Given the stage of development of the Company, the Board's objective is to minimise debt and raise funds only as required through the issue of shares or debt.

Interest rate risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective average interest rates in classes of financial assets and liabilities. The following table details the exposure to liquidity risk and interest rate risk as at year end.

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	FIXED INTEREST RATE $	FLOATING INTEREST RATE $	NON-INTEREST BEARING $	CARRYING AMOUNT $
2014					
Financial Assets					
Cash	2.81	181,410	124,769	23,751	329,930
Security deposits	3.49	180,000	-	-	180,000
Receivables	-	-	-	1,452,720	1,452,720
Available-for-sale and derivative financial assets	-	-	-	40,500	40,500
		361,410	124,769	1,516,971	2,003,150
Financial Liabilities					
Accounts payable		-	-	172,310	172,310
		-	-	172,310	172,310
2013					
Financial Assets					
Cash	3.29	553,776	116,801	-	670,577
Security deposits	4.00	477,000	-	-	477,000
Receivables	-	-	-	90,797	90,797
Available-for-sale and derivative financial assets	-	-	-	94,500	94,500
		1,030,776	116,801	185,297	1,332,874
Financial Liabilities					
Accounts payable	-	-	-	111,061	111,061
Loan – other	-	-	-	297,000	297,000
		-	-	408,061	408,061

27. Financial Instruments (continued)

(a) Financial risk management objectives and policies: (continued)

Interest rate risk (continued)

The following table represents a summary of the interest rate sensitivity of the Company's Financial Assets and Financial liabilities at year end upon the loss for the period and upon equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period:

		-1% CHANGE		+1% CHANGE	
	CARRYING AMOUNT $	LOSS $	EQUITY $	LOSS $	EQUITY $
2014					
Financial Assets					
Cash	329,930	(1,248)	(1,248)	1,248	1,248
Security deposits	180,000	-	-	-	-
Receivables	1,452,721	-	-	-	-
Shares in unlisted companies	40,500	-	-	-	-
		(1,248)	**(1,248)**	**1,248**	**1,248**
Financial Liabilities					
Accounts payable	172,310	-	-	-	-
		-	**-**	**-**	**-**
Total Increase/(Decrease)		**(1,248)**	**(1,248)**	**1,248**	**1,248**

		-1% CHANGE		+1% CHANGE	
	CARRYING AMOUNT $	PROFIT/LOSS $	EQUITY $	PROFIT/LOSS $	EQUITY $
2013					
Financial Assets					
Cash	670,577	(1,168)	(1,168)	1,168	1,168
Security deposits	477,000	-	-	-	-
Receivables	90,797	-	-	-	-
Shares and options in listed companies	94,500	-	-	-	-
		(1,168)	**(1,168)**	**1,168**	**1,168**
Financial Liabilities					
Accounts payable	111,061	-	-	-	-
Loan – other	297,000	-	-	-	-
		-	**-**	**-**	**-**
Total Increase/(Decrease)		**(1,168)**	**(1,168)**	**1,168**	**1,168**

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The risk arises principally from cash and cash equivalents and trade and other receivables. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any allowances for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements. The Company does not have any significant customers and accordingly does not have any significant exposure to bad or doubtful debts.

27. Financial Instruments (continued)

(a) Financial risk management objectives and policies: (continued)

Interest rate risk management (continued)

The Company is exposed to interest rate risk through funds on deposit at floating interest rates. The Company manages cash to ensure that the majority of cash is held in higher interest bearing accounts. The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the interest rate risk section of this note.

Fair value

The fair value of financial assets and financial liabilities approximate their carrying value. Net fair value and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to and forming part of the financial statements.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- 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 2), and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table present the Company's assets and liabilities measured and recognised at fair value at 30 June 2014.

	LEVEL 1 $	LEVEL 2 $	LEVEL 3 $	TOTAL $
2014				
Assets				
Available-for-sale and derivative financial assets	40,500	-	-	40,500
	40,500	**-**	**-**	**40,500**
2013				
Assets				
Available-for-sale and derivative financial assets	94,500	-	-	94,500
	94,500	**-**	**-**	**94,500**

Fair values for the listed financial assets above are determined by reference to quoted ASX market prices and therefore there are no unobservable inputs in fair value.

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern, whilst optimising the debt/equity structure to support the long-term strategic objectives of the Company. The Company's overall strategy remains unchanged from 2012.

The capital structure of the Company consists of debt, which includes the borrowings disclosed in Note 18, cash and cash equivalents disclosed in Note 10 and equity attributable to the shareholders, comprising issued capital and reserves, as disclosed in Notes 20 and 21.

There are no externally imposed capital requirements.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash at bank, finance leases and hire purchase contracts. The Company has appropriate procedures to manage cash flows to ensure that sufficient funds are available to meet its commitments.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Notes to the Financial Statements
for the year ended 30 June 2014

27. Financial Instruments (continued)

(a) Financial risk management objectives and policies: (continued)

Liquidity and interest risk tables

The following tables detail the Company's remaining contractual maturity for its non derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	LESS THAN 3 MONTHS $	3–12 MONTHS $	1-5 YEARS $	GREATER THAN 5 YEARS $	TOTAL $
2014					
Financial liabilities:		-	-	-	
Accounts payable	172,310	-	-	-	172,310
	172,310	-	-	-	172,310
2013					
Financial liabilities:					
Accounts payable	111,061	-	-	-	111,061
Borrowings	-	297,000	-	-	297,000
	111,061	297,000	-	-	408,061

Market risk

The Company does not trade in foreign currency and is not materially exposed to other price risk.

Equity Price risk

The Company is exposed to equity price risks arising from available-for-sale and derivative financial assets. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments. The derivatives are held by the Company are minor investments in listed shares and options. To manage its price risk arising from investments in equity securities, the Company monitors the share prices of the investments.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the balance date.

At balance date, if the equity prices had been 5% higher or lower:

- Net loss for the year ended 30 June 2014 would decrease/increase by $2,025 (2013: $675) as a result of the changes in fair values of shares and options held in a listed company; and
- Other equity reserves would decrease/increase by $Nil (2013: $4,050) for the Company, as a result of the changes in fair value of available-for-sale shares.

28. Earnings per Share	30 JUNE 2014 Cents	30 JUNE 2013 Cents
Basic earnings/(loss) per share (cents per share)	(0.21)	(0.36)
Diluted earnings/(loss) per share (cents per share)	(0.21)	(0.36)

Basic earnings/(loss) per share

The loss and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:	30 JUNE 2014 $	30 JUNE 2013 $
Profit/(Loss)	(792,559)	(1,350,872)

	30 JUNE 2014 Nº.	30 JUNE 2013 Nº.
Weighted average number of ordinary shares	373,247,883	373,247,883

The options on issue are considered to be potential ordinary shares and are therefore excluded from the weighted average number of ordinary shares used in the calculation of basic earnings per share. Where dilutive, potential ordinary shares are included in the calculation of diluted earnings per share.

All potential ordinary shares have no dilutive effect to the diluted loss per share.

29. Significant Events Subsequent to Year End

There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods, other than the following:

- The company received a further payment from the sale of the Burbanks Birthday Gift Mine. On 27 August 2014, $50,000 was received.. The total amount paid on the $2 million sale to the date of this report is $650,000. The remaining amounts payable totalling $1,350,000 are expected to be received within the next 12 months.

30. Contingent Liabilities

In June 1992, the High Court of Australia held in the Mabo case that the common law of Australia recognises a form of native title. The full impact that the Mabo decision may have on tenements held by the Company is not yet known. The Company is aware of native title claims that have been lodged with the National Native Title Tribunal ("the Tribunal") over several areas in Western Australia in which the Company holds interests. The native title claims have been accepted by the Tribunal for determination under section 63(1) of the Native Title Act 1993 (Commonwealth).

31. Commitments for Expenditure

These amounts are payable, if required, over various times over the next five years. In addition, royalty payments may be payable if certain conditions are met in the future. At this time, the Directors do not consider the payments to be probable.

1. Operating Lease Commitment:

The Company rents an office which has a lease term of 36 months from 1 September 2012.

	30 JUNE 2014 $	30 JUNE 2013 $
Due within 1 year	76,431	81,518
Due within 2 to 5 years	13,220	92,712
Due after 5 years	-	-

2. Exploration Expenditure Commitments

The Company has minimum statutory commitments as conditions of tenure of certain mining tenements. Whilst these obligations may vary, a reasonable estimate of the minimum commitment projected to 30 June 2014 if it is to retain all of its present interests in mining and exploration properties, are as follows:

Due within 1 year	291,700	378,750
Due within 2 to 5 years	-	-
Due after 5 years	-	-

32. Share Based Payments

The following share based payments were in existence in the current and comparative reporting periods:

OPTION SERIES	ISSUE DATE	NUMBER	GRANT DATE	EXPIRY DATE	EXERCISE PRICE $	FAIR VALUE AT GRANT DATE $
ESOP (i)	16 March 2011	1,000,000	16 March 2011	16 March 2014	0.20	0.0050
ESOP (i)	16 March 2011	1,000,000	16 March 2011	16 March 2014	0.15	0.0070
ESOP (i)	16 March 2011	1,000,000	16 March 2011	16 March 2014	0.10	0.0090
ESOP (ii)	21 March 2014	1,000,000	21 March 2014	21 March 2017	0.06	0.0023
ESOP (ii)	21 March 2014	1,000,000	21 March 2014	21 March 2017	0.04	0.0015
ESOP (ii)	21 March 2014	1,000,000	21 March 2014	21 March 2017	0.02	0.0011

(i) On 16 March 2011, the Company issued 3,000,000 options to employees under the Employee Share Option Plan. The number of options were issued in 3 parcels of 1,000,000 options each at the expiry dates as shown in the table above.

(ii) On 21 March 2014, the Company issued 3,000,000 options to employees under the Employee Share Option Plan. The number of options were issued in 3 parcels of 1,000,000 options each at the expiry dates as shown in the table above.

32. Share Based Payments (continued)

Reconciliation of movements in options

	2014		2013	
	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE $	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE $
Balance at Beginning of year	3,000,000	0.15	3,500,000	0.22
Granted	3,000,000	0.04	-	-
Expired	(3,000,000)	(0.15)	(500,000)	(0.65)
Exercised	-	-	-	-
Forfeited	-	-	-	-
Balance at end of year	3,000,000	0.04	3,000,000	0.15

Exercised during the year

There were no share options exercised during the year.

Directors' Declaration

1. In the opinion of the Directors of Barra Resources Limited (the 'Company'):

   a. the financial statements, notes and the additional disclosures of the Company are in accordance with the Corporations Act 2001 including:

      i. giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year then ended; and

      ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001, professional reporting standards and other mandatory requirements.

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

   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

This declaration is signed in accordance with a resolution of the Board of Directors.

On behalf of the Directors:

GARY BERRELL
Chairman

Dated this 22nd day of September 2014

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Barra Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Barra Resources Limited ("the company"), which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, the statement of changes in equity and the 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 for Barra Resources Limited.

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(a), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

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 judgement, 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 company'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 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

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Independent Auditor's Report

HLB Mann Judd
Accountants | Business and Financial Advisers

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Barra Resources Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the entity's financial position as at 30 June 2014 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(a).

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. 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 Barra Resources Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

M R W Ohm
Partner

Perth, Western Australia
22 September 2014

Additional Information and Corporate Governance

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report. The information was prepared based on share registry information processed up to 15 September 2014.

SPREAD OF HOLDINGS			TOTAL SHAREHOLDERS	TOTAL OPTIONHOLDERS
1	-	1,000	66	-
1,001	-	5,000	379	-
5,001	-	10,000	338	-
10,001	-	100,000	918	-
100,001	-	and over	464	1
		Number of Holders	2,165	1

Number of shareholders holding less than a marketable parcel: 1,316

Substantial Shareholders

SHAREHOLDER NAME	NUMBER OF SHARES
FMR Investments Pty Limited	81,700,262

Voting Rights

All ordinary shares carry one vote per share without restriction. Options for ordinary shares do not carry any voting rights.

Statement of Quoted Securities

Listed on the Australian Securities Exchange are 373,247,883 fully paid shares.

Company Secretary

The name of the Company Secretary is Grant Jonathan Mooney.

Registered Office

The registered office is at
Ground Floor
6 Thelma Street
West Perth Western Australia 6005

The telephone number is:
(08) 9481 3911

Twenty Largest Holders of Each Class of Quoted Equity Securities

ORDINARY FULLY PAID SHARES as at 15 September 2014

SHAREHOLDER NAME	NUMBER OF SHARES	PERCENTAGE OF CAPITAL
FMR Investments Pty Ltd	81,700,262	21.89%
Luitingh Lafras	10,669,990	2.86%
Hahn Props Pty Ltd <Hahn Asset A/c>	7,410,515	1.99%
Lippo Securities Nominees BVI Ltd <Client A/c>	7,329,000	1.96%
Alban Horst Hasslinger	6,298,000	1.69%
JP Morgan Nominees Australia Ltd	6,070,790	1.63%
Timmid Pty Ltd	4,488,506	1.20%
Alan & Melinda Brien <A&M Brien Super Fund A/c>	4,267,556	1.14%
Neptune Design Ltd	3,900,000	1.04%
Citicorp Nominees Pty Ltd	3,883,404	1.04%
Lawrence Crowe Cons. Pty Ltd <LCC Super Fund A/c>	3,824,384	1.02%
Ragged Holdings Pty Ltd <Ragged Super A/c>	3,700,000	.99%
Laurie Barichello	3,250,000	.87%
Bonos Pty Ltd	3,000,000	.80%
Sllan Stanley & DH Hahn	3,000,000	.80%
Lamb Family Super Fund Pty Ltd <Lamb Family Super fund A/c>	2,800,000	.75%
Green Drilling Pty Ltd	2,770,550	.74%
Nothers Friend	2,675,000	.72%
UOB Kay Hian Private Ltd <Clients A/c>	2,297,365	.62%
HSBC Custody Nominees Australia Ltd	2,206,993	.59%
TOTAL	**165,542,315**	**44.34%**

Holders of Securities in an Unquoted Class

OPTIONS (DIRECTORS)

There are no directors’ options on issue as at 30 June 2014.

OPTIONS (EMPLOYEES)

There are a total of 3,000,000 unlisted options issued to employees. These options have been issued pursuant to the Company's Employee Share Option Plan. 1,000,000 of these options are exercisable on or before 21 March 2017 at an exercise price of $0.02 each, 1,000,000 of these options are exercisable on or before 21 March 2017 at an exercise price of $0.04 each and 1,000,000 of these options are exercisable on or before 21 March 2017 at an exercise price of $0.06 each.

Additional Information and Corporate Governance

Corporate Governance

(a) The Board of Directors

The primary responsibility for the Board is to represent and advance Shareholder's interests and to protect the interests of all stakeholders. To fulfil this role the Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board recognises the need for the Company to operate with the highest standards of behaviour and accountability. The Company has adopted the ASX *Corporate Governance Principles and Recommendations* with some amendments where applicable after giving consideration to the Company's size and the resources it has available.

As the Company's activities develop in size, nature and scope the implementation of additional corporate governance structures will be given further consideration. A summary of the Company's key policies follow.

(b) Board and Senior Executive Evaluation

The Board considers the ongoing development and improvement of its own performance as critical input to effective governance. The Board will undertake an annual evaluation of its effectiveness as a whole. The Chairman will review the individual performance of each Board member annually.

The Chairman's performance is evaluated by the Board annually. All senior executives of Barra Resources are subject to an annual performance evaluation. Each year, senior executives establish a set of performance targets with her or his superior. These targets are aligned to overall business goals and requirements of the position. In the case of the Managing Director (if present), these targets are established between the Managing Director and the Board.

(c) Code of Conduct

The Board, management and all employees of Barra Resources are committed to implementing Barra Resources' core principles and values as stated in this Code of Conduct when dealing with each other and with customers, suppliers, government authorities, creditors and the wider community.

Barra Resources is dedicated to delivering outstanding performance for investors and employees. Barra Resources aspires to be a leader in its field while operating openly, with honesty, integrity and responsibility and maintaining a strong sense of corporate social responsibility. In maintaining its corporate social responsibility Barra Resources will conduct its business ethically and according to its values, encourage community initiatives, consider the environment and ensure a safe, equal and supportive workplace.

(d) Continuous Disclosure

In accordance with the ASX Listing Rules, Barra Resources will immediately notify the ASX of information concerning Barra Resources that a reasonable person would expect to have a material effect on the price or value of Barra Resources securities.

The only exception to this requirement is where the ASX Listing Rules do not require such information to be disclosed.

Upon confirmation of receipt from the ASX, Barra Resources will post all information disclosed to ASX on its website.

(e) Selection of External Auditor

The Board identifies and recommends an appropriate external auditor for appointment, in conjunction with senior management and/or Barra Resources in general meeting. The appointment is made in writing.

The external auditor is required to rotate its audit partners so that no partner of the external auditor is in a position of responsibility in relation to Barra Resources' accounts for a year of more than five consecutive years. Further, once rotated off Barra Resources' accounts, no partner of the external auditor may assume any responsibility in relation to Barra Resources' accounts for a period of five consecutive years.

The Company has appointed, with their consent, HLB Mann Judd as its auditors.

Additional Information and Corporate Governance

(f) Senior Executives Remuneration

Barra Resources is committed to remunerating its senior executives in a manner that is market competitive, consistent with best practice and supports the interests of shareholders. Consequently, senior executives' remuneration consists of a fixed salary, statutory superannuation and, subject to the terms of their engagement, a fully serviced motor vehicle and mobile phone expenses.

All reasonable out of pocket expenses incurred by the senior executive in connection with the performance of duties on behalf of Barra Resources will be reimbursed.

In addition, the Company has established an employee share option plan ("ESOP") in order to provide an incentive for senior executives and other employees to participate in the future growth of the Company. The ESOP is administered in accordance with the ESOP rules which can be viewed, in full, on the Company's website.

(g) Non-executive Directors Remuneration

Non-executive Directors are paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. The sum each Non-Executive Director is paid is determined by the Board from time to time. Additional fees may be paid for participation on Board Committees however, the total fees paid to Non-Executive Directors, including fees paid for participation on Board Committees, are kept within the total amount approved by shareholders. At present the maximum aggregate remuneration of Non-Executive Directors is $400,000 per annum.

(h) Selection and Appointment of New Directors

Candidates for the Board are considered and selected by reference to a number of factors which include, but are not limited to, their relevant experience and achievements, compatibility with other Board members, credibility within Barra Resources' scope of activities, and intellectual and physical ability to undertake Board duties and responsibilities. Directors are initially appointed by the full Board, subject to election by shareholders at the next general meeting.

(i) Risk Management

Risk recognition and management are viewed by Barra Resources as integral to the Company's objectives of creating and maintaining shareholder value, and the successful execution of the Company's mineral exploration and development.

There are a range of specific risks that have the potential to have an adverse impact on Barra Resources' business. The Company has developed a framework for a risk management policy and internal compliance and control system which covers organisational, financial and operational aspects of the Company's affairs.

Management reports to the Board annually in relation to the key business risks, the control system in place to manage such risks and how effective the risk management system is operating.

(j) Security Trading

Barra Resources recognises that directors, officers and employees may hold securities in Barra Resources and that most investors are encouraged by these holdings. It is the responsibility of the individual director, officer or employee to ensure that any trading by the director, officer or employee complies with the Corporations Act 2001, the ASX Listing Rules and Company Policy.

A breach of this policy may lead to disciplinary action. It may also be a breach of the law.

On 24 December 2010, the Company adopted a new Securities Trading Policy which sets out procedures and protocols to be complied with if a director, officer or employee wishes to trade in the Company's securities. These procedures and protocols include the clear establishment of "blackout periods" where trading in the Company's securities by a director, officer or employee is prohibited as well as approvals required for trading in securities during non-blackout periods.

(k) Shareholder Communication Policy

The Board aims to ensure that shareholders are informed of all major developments affecting Barra Resources. All shareholders receive the Company's annual report, and may also request copies of the Company's half-yearly and quarterly reports. The Board also encourages full participation of shareholders at the Company's annual general meeting.

In addition, the Company maintains a website at www.barraresources.com.au which is regularly updated.

Additional Information and Corporate Governance

(l) Independent Professional Advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

(m) Matters for Approval by the Board of Directors

The Board has adopted a list of matters required to be brought before the Board of Directors for approval. This provides an important means of dividing responsibility between the Board and management, assisting those affected by corporate decisions to better understand the respective accountabilities and contributions of the Board and the Senior Executives.

(n) Diversity Policy

The Company recognises that a diverse and talented workforce is a competitive advantage and that the Company's success is the result of the quality and skills of our people. As such, the Board has adopted a policy to recruit and manage on the basis of qualification for the position and performance, regardless of gender, age, nationality, race, religious beliefs, cultural background, sexuality or physical ability. It is essential that the Company employs the appropriate person for each job and that each person strives for a high level of performance.

(o) Explanations for Departure From Best Practice Recommendations

During the reporting year from the Company has complied with each of the Essential Corporate Governance principles and the corresponding Best Practice Recommendations as published by ASX Corporate Governance Council ("ASX Principles and Recommendations"), other than in relation to the matters specified below.

EXPLANATION FOR DEPARTURE FROM BEST PRACTICE RECOMMENDATIONS

The Company has complied with each of the Eight Corporate Governance Principles and Recommendations as published by ASX Corporate Governance Council, other than in relation to the matters specified below.

Principle No	Best Practice Principle	Commentary	Mechanism for Dealing with Non-Compliance
1	Lay Solid Foundations for Management and Oversight	The Company complies with this Principle. The Company has a policy for the evaluation of the Board and Senior Executives Evaluation Policy. A policy on matters reserved for the Board is outlined in this Report and is available on the Company's website.	Not applicable
2	Structure the Board to Add Value	The Company does not comply with recommendation 2.4: • **The Board should establish a Nomination Committee.** Given the Company's size, it is not considered necessary to have a separate Nomination Committee. In addition to the above, the following information is provided: The skills, experience and expertise of each of the Company's directors are set out in the Company's Annual Report. If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his office as a director then provided the director must first obtain approval for incurring such expense from the Chairman the Company will pay the reasonable expenses associated with obtaining such advice.	The Board, in consultation with external advisers where required, undertakes this role. A separate policy for *Selection and Appointment of New Directors* has been adopted by the Board which provides for the proper assessment of prospective directors and include, but are not limited to, their relevant experience and achievements, compatibility with other Board members, credibility within the Company's scope of activities, and intellectual and physical ability to undertake Board duties and responsibilities.

Additional Information and Corporate Governance

EXPLANATION FOR DEPARTURE FROM BEST PRACTICE RECOMMENDATIONS (Cont'd)

Principle No	Best Practice Principle	Commentary	Mechanism for Dealing with Non-Compliance
3	Promote Ethical and Responsible Decision Making	The Company complies with this Principle.	Not applicable.
4	Safeguard Integrity in Financial Reporting	The Company does not comply with the following recommendation: • **The Board should establish an Audit Committee.** The Company does not presently have an Audit Committee. The Company has a separate policy for the Selection and Appointment of External Auditors. A copy of this policy is provided on the Company's website.	The Directors are of the view that given the size of the Company, the relatively small number of directors and only two independent directors, it is not practical to have an Audit Committee. The Board undertakes this role. The Board meets on a regular basis and discusses matters normally captured under the terms of reference of an audit committee, being company risk, controls and general and specific financial matters.
5	Make Timely and Balanced Disclosure	The Company complies with this Principle.	Not applicable.
6	Respect the Rights of Shareholders	The Company complies with this Principle.	Not applicable.
7	Recognise and Manage Risk	The Company complies with this Principle. The Board of Directors has received a report in relation to the effectiveness of the Company's management of the Company's material business risks. The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration in relation to section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. The Company also has a separate policy in relation to Risk Management which is available on the Company's website.	Not Applicable

EXPLANATION for DEPARTURE FROM BEST PRACTICE RECOMMENDATIONS (Cont'd)

Principle No	Best Practice Principle	Commentary	Mechanism for Dealing with Non-Compliance
8	Remunerate Fairly and Responsibly	The Company does not comply with the following recommendation: • **The Board should establish a Remuneration Committee.** The Company does not presently have a Remuneration Committee. There is presently no scheme for retirement benefits, other than superannuation for non-executive directors.	The Directors are of the view that given the size of the Company, the relatively small number of directors and the fact that there are only two independent directors, it is not practical to have a Remuneration Committee. The Board undertakes this role with the assistance of any external advice which may be required from time to time. The Company has separate policies relating to the remuneration of non-executive directors as opposed to senior executives. These policies provide a basis for distinguishing the type of remuneration which is suitable for the two classes.
9	Diversity Policy	• The Board 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 established a Diversity Policy.	The Board is accountable for ensuring this policy is effectively implemented. This is assessed annually. Each employee has a responsibility to ensure that these objectives are achieved. The Company does not comply with this recommendation. The Company has not yet set measurable objectives for achieving diversity. The Board continues to monitor diversity across the organisation and is satisfied with the current level of gender diversity within the Company. Due to the size of the Company, the Board does not consider it appropriate at this time to formally set objectives for gender diversity. The Company currently employs (including on a consulting basis) 6 staff; 2 females and 4 males.