



22 December 2016

CHAIRMANS UPDATE

Dear Investor,

As 2016 draws to an end, we can reflect on the year with a certain sense of achievement and look to the future with renewed confidence and enthusiasm.

A burst of trading activity in the March quarter on the back of renewed interest in the Mt Thirsty Cobalt Project, ably supported by our gold assets, was strong enough to maintain trading momentum throughout the calendar year. The lithium boom incited savvy investors to look at the wider renewable energy market's commodity inputs and realised there was some unique characteristics emerging in the cobalt market. We have been marketing the Mt Thirsty Cobalt Project as a potential world class primary supply of cobalt (meaning it isn't dependent on nickel being the primary revenue source with cobalt as the by-product) which put us in a very exclusive club across all global bourses. We will continue to market this point very hard into the new year. While the Board is pleased with the overall performance this year, we have set the bar much higher for next year as we plan to increase our profile as one of the very few mediums to get exposure to what we believe will be a very bullish outlook for cobalt prices.

We successfully completed a heavily oversubscribed Share Purchase Plan, aimed at current shareholders alongside a share placement, aimed at professional investors which collectively raised \$1.9 million.

The funds raised from this will be applied towards our share of the cost of the Scoping Study for the Mt Thirsty Cobalt Project plus exploratory drilling at the historic Main Lode Gold Mine and our Phillips Find Mining Centre.

We are pleased to confirm the Scoping Study is already underway and the gold exploration drilling will commence mid-January 2017.

As we head into the first few months of next year, we should be able to supply a steady flow of market updates as we get into the widely anticipated gold exploration programs at Main Lode and Phillips Find. Our geology team is confident their structural understanding of our two key gold projects should reap benefits. There are no guarantees with exploration drilling but we strongly believe our pre-drilling due diligence has reduced the potential risk to an acceptable quantum.

To conclude, on behalf of the board, we would like to thank the loyalty shown by many of our shareholders over many years. The board firmly believes this patience will be rewarded as we enter 2017 with high aspirations and a determined commitment to deliver shareholder growth. We wish you all a very merry Christmas, the best of health and good fortune for the New Year.

GARY BERRELL
Chairman



Competent Persons Statement

The information in this report which relates to Exploration Results is based on information compiled by Gary Harvey who is a Member of the Australian Institute of Geoscientists and a full-time employee of Barra Resources Limited. Gary 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". Gary Harvey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Disclaimer

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.