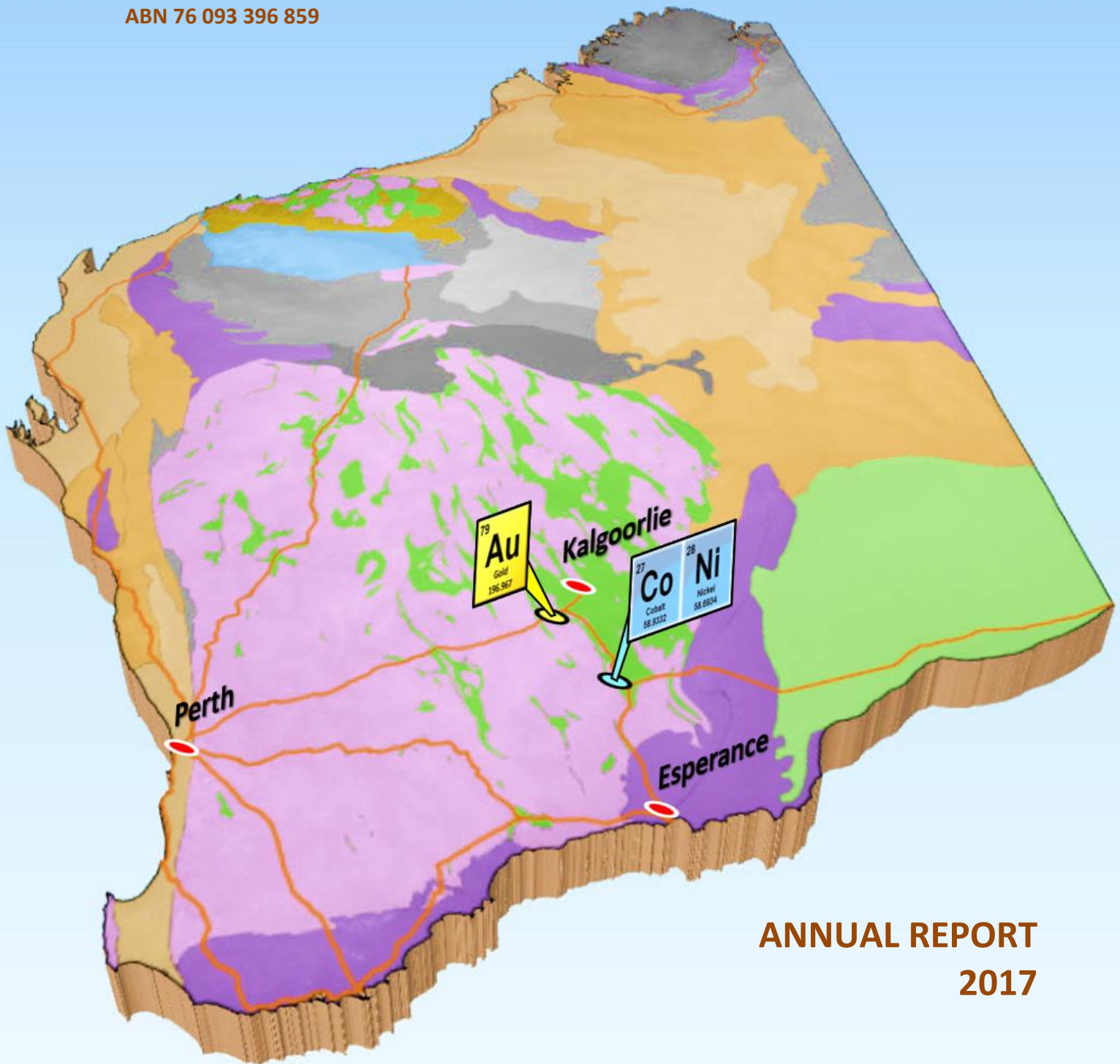
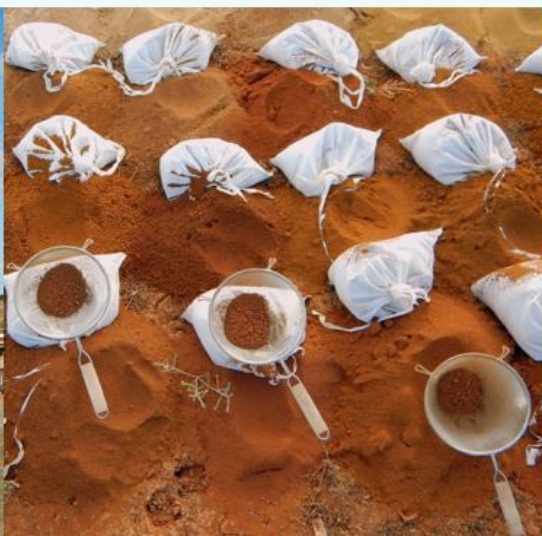


# BARRA RESOURCES LIMITED

ABN 76 093 396 859



## ANNUAL REPORT 2017



# BARRA RESOURCES LIMITED

ABN 76 093 396 859

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## CORPORATE INFORMATION

### Directors

Executive Chairman  
Gary John Berrell BEc (Hons)

Non-Executive Director  
Grant Jonathan Mooney BBus CA

Non-Executive Director  
Jonathan Alister Young BCom CA F Fin

### Company Secretary

Grant Jonathan Mooney BBus CA

### 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](http://www.barraresources.com.au)

### Share Register

Security Transfer Australia Pty Ltd  
Perth Office  
770 Canning Highway  
Applecross, WA 6153  
Phone: 1300 992 916  
Fax: +61 (0)8 9315 2233  
Email: [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)  
Website: [www.securitytransfer.com.au](http://www.securitytransfer.com.au)

### Auditors

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

### Stock Exchange

The Company's securities are quoted on the  
Official List of the Australian Securities  
Exchange Limited (ASX)  
2 The Esplanade  
Perth, WA 6000

### ASX Code

Shares: BAR

Dear Shareholder,

On behalf of the Board of Directors I take great pleasure in presenting the 2017 Annual Report.

2017 has been the year “driven” by Electric Vehicles.

From market research analysts to multinational boardrooms to market speculators, the popular topic of conversation has been centred around lithium and cobalt battery production (combined with a variety of other hybrid forms based around those two key components) and the impending demand and supply inequality. Public statements from global car manufacturers, pledging commitment to replace all, or a significant portion of, future production from internal combustion engines to EV's, is a tectonic shift in automobile strategy. The goal is emissions reduction in response to changing community views and legislated requirements.

Simple arithmetic concludes there is not enough current cobalt production to meet this EV demand, regardless of the institutionalised demand from other key end-use applications such as high-performance alloys, catalysts, dyes, agricultural supplements and tools. Supply is still concentrated in the politically volatile Democratic Republic of Congo. Given issues on both sides of the economic equation, it is understandable that the price of cobalt has risen from US\$15 a pound last year to currently sit around US\$27 a pound, having reached a high of US\$28.35 per pound.

The Mt Thirsty Cobalt Joint Venture has now completed the Scoping Study, being the first technical and economic assessment of the potential viability of the project. Standout highlights of the Study showed a preferred case NPV of A\$290 million (with a range of A\$245 million to A\$335 million), an IRR of 21.5% and a 21-year mine life. The key component to the Study was extensive metallurgical test work over many months, enabling the Mt Thirsty Joint Venture to confidently declare sulphur dioxide as the preferred reagent to extract the cobalt and nickel from the deposit under the relative benign conditions of atmospheric leaching. For further information, please refer to the ASX Release dated 5<sup>th</sup> October 2017 – “Mt Thirsty Cobalt Project Scoping Study”.

Barra is justifiably proud of the work done, in conjunction with our independent consultants, in being part of a Joint Venture that has lead the way in developing an alternative, simpler and dramatically cheaper process in extracting valuable metals from the oxidised ore by focussing on selective leaching of the manganese enriched zones only. Traditionally, the extraction of metals from laterite ores is generally attempted using an extremely expensive high pressure, high temperature intensive acid leaching process.

Previous work has been done in other countries using a version of atmospheric leaching with sulphur dioxide as the reagent but none have progressed to the level of the Mt Thirsty Cobalt Project. By simplifying the leaching process, we have been able to simplify the flowsheet design and thus bringing operating costs down. We are planning to produce an intermediate product rather than go to full metal production. This reduces the scale of the plant for an acceptable reduction in the percentage payable for the final product.

With the successful completion of our Scoping Study, Barra and its JV partner Conico (ASX:CNJ) can now boast having one of the most advanced pre-development projects in the increasingly popular cobalt sector.

The Board now has the task to translate this potential world class project into shareholder value. We will evaluate all development options within our very strict internal guidelines. The pathway to development has many options but, regardless of choice, we remain committed to increasing shareholder value as our number one criterion.

While the market focus has been on Mt Thirsty, the Company has not waived from our dual cobalt/gold strategy. We have been developing short, medium and long-term strategies aimed at adding resource ounces to our gold tenement holdings at our Burbanks and Phillips Find Gold Projects.

During the year we completed successful drilling programs at Burbanks Gold Project, targeting the historic Main Lode Gold Mine and the Burbanks North Deposit. At Phillips Find, we completed an

extensive geological mapping program and commenced a new auger geochemical sampling program, all aimed at generating and prioritising new drill targets for the next phases of drilling. All these activities continue to add to our understanding of the geological framework underlying both of these highly prospective gold systems. All data obtained will be critical input for future resource modelling, a necessary step prior to the next stage of exploration drilling. The more complete our understanding of the geological controls the greater our expectation of drilling success.

Your Board enters the 2017/18 financial year with unbounded enthusiasm for what lays ahead. The long gestation period for Mt Thirsty is coming to an end as we enter the final feasibility stages, prior to the very real expectation that construction will begin in the very near term. A booming cobalt price, a recovering nickel price and a global focus on battery technology have placed Barra in an enviable position. Our task is to place Mt Thirsty at the forefront of Australian cobalt projects, concomitant with a detailed and expansive plan to bring our gold assets into near term production.



**Gary Berrell**  
**Executive Chairman**



## REVIEW OF OPERATIONS

### DRILLING STATISTICS AND PROJECT LOCATIONS

Table 1: Drilling Statistics for 2016-2017 Financial Year

|                              |         | Burbanks Project |        | Mt Thirsty Project |        | Phillips Find Project |        | TOTAL |        |
|------------------------------|---------|------------------|--------|--------------------|--------|-----------------------|--------|-------|--------|
|                              | Quarter | Holes            | Metres | Holes              | Metres | Holes                 | Metres | Holes | Metres |
| Aircore Drilling             | 1       | 80               | 2438   |                    |        |                       |        | 80    | 2438   |
|                              | 2       |                  |        | 6                  | 234    |                       |        | 6     | 234    |
|                              | 3       |                  |        | 31                 | 1084   |                       |        | 31    | 1084   |
|                              | 4       | 103              | 2788   |                    |        |                       |        | 103   | 2788   |
| Reverse Circulation Drilling | 1       |                  |        |                    |        |                       |        |       |        |
|                              | 2       |                  |        |                    |        |                       |        |       |        |
|                              | 3       | 31               | 2881   |                    |        |                       |        | 31    | 2881   |
|                              | 4       | 1                | 368    |                    |        |                       |        | 1     | 368    |
| TOTAL                        |         |                  |        |                    |        |                       |        | 252   | 9,793  |

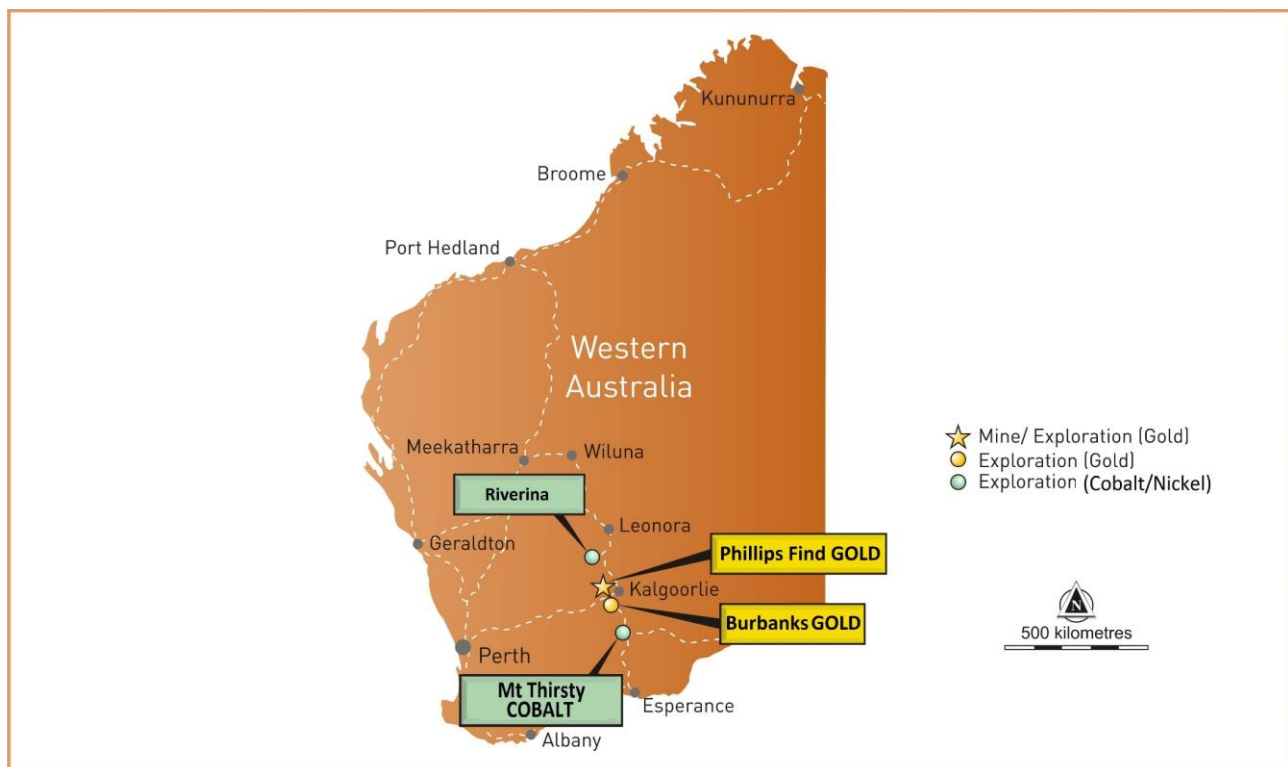


Figure 1: Project Location Plan

# COBALT – NICKEL PROJECTS

## MT THIRSTY COBALT PROJECT

(50% Barra; 50% Conico Ltd)

### BACKGROUND

The Mt Thirsty Cobalt Project covers an area of 18 square kilometres and is located 20 kilometres north-northwest of Norseman, Western Australia, in a well-endowed nickel terrain (Figure 2). The Mt Thirsty Joint Venture (MTJV) is a 50:50 joint venture between the Company and ASX listed Conico Ltd.

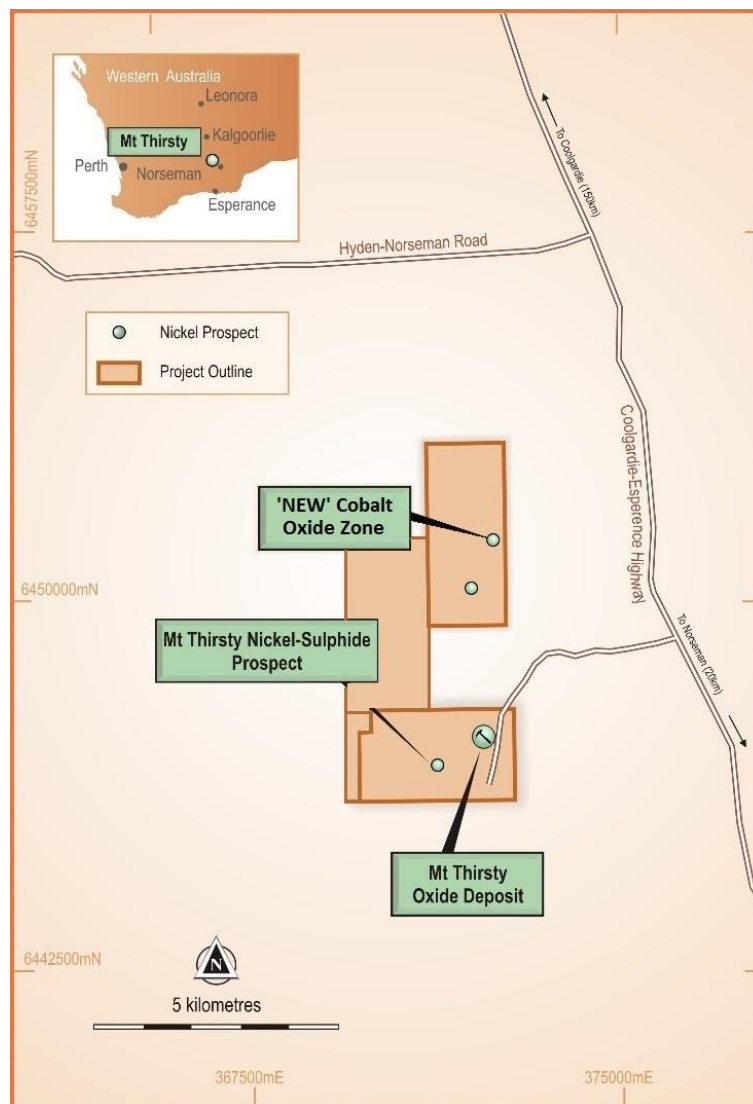


Figure 2: Mt Thirsty Project Map

The Project hosts the Mt Thirsty Cobalt Oxide Deposit (Table 2) which has the potential to emerge as significant producer of cobalt.

Extensive metallurgical test work in recent years has indicated that high recoveries of cobalt can be achieved via an efficient low temperature, atmospheric leaching process which uses sulphur dioxide (SO<sub>2</sub>) as the preferred reagent, resulting in a more practical and economic leaching method by specifically targeting cobalt attached to manganese oxides within the deposit.

## REVIEW OF OPERATIONS

Barra has excellent exposure to the cobalt market through its 50% interest in the Mt Thirsty Cobalt Project.

**Table 2: Mt Thirsty Cobalt Oxide Deposit Mineral Resource Summary (Un-cut)**

| Mineral Resource Category     | Tonnes            | Cobalt (Co) (%) | Nickel (Ni) (%) | Manganese (Mn) (%) |
|-------------------------------|-------------------|-----------------|-----------------|--------------------|
| Indicated                     | 16,600,000        | 0.14            | 0.60            | 0.98               |
| Inferred                      | 15,340,000        | 0.11            | 0.51            | 0.73               |
| <b>Total Mineral Resource</b> | <b>31,940,000</b> | <b>0.13</b>     | <b>0.55</b>     | <b>0.86</b>        |

*The Mt Thirsty Cobalt Oxide Deposit mineral resource was prepared and first reported in accordance with the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported; refer to ASX announcement 8<sup>th</sup> March 2011: "Resource Upgrade Mt Thirsty Cobalt-Nickel Oxide Deposit": available to view at [www.barraresources.com.au](http://www.barraresources.com.au)). The Company is not aware of any new information or data that materially affects the information included in the previous announcement and that all of the previous assumptions and technical parameters underpinning the estimates in the announcement dated 8<sup>th</sup> March 2011 have not materially changed.*

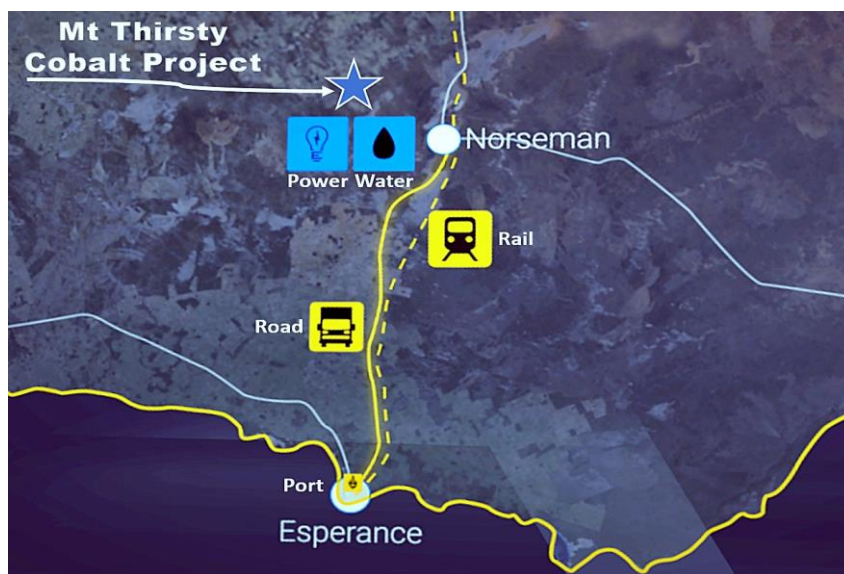
Demand for cobalt looks very bright as the world becomes more dependent on rechargeable power sources (Figure 3). Innovations with portable electronics and electric vehicle design are adding to this surging demand. However, the battery industry is also competing with demand for cobalt from producers of superalloys, aircraft turbines and chemical industries.

Demand is likely to escalate exponentially with battery production; however, supply is uncertain due to:

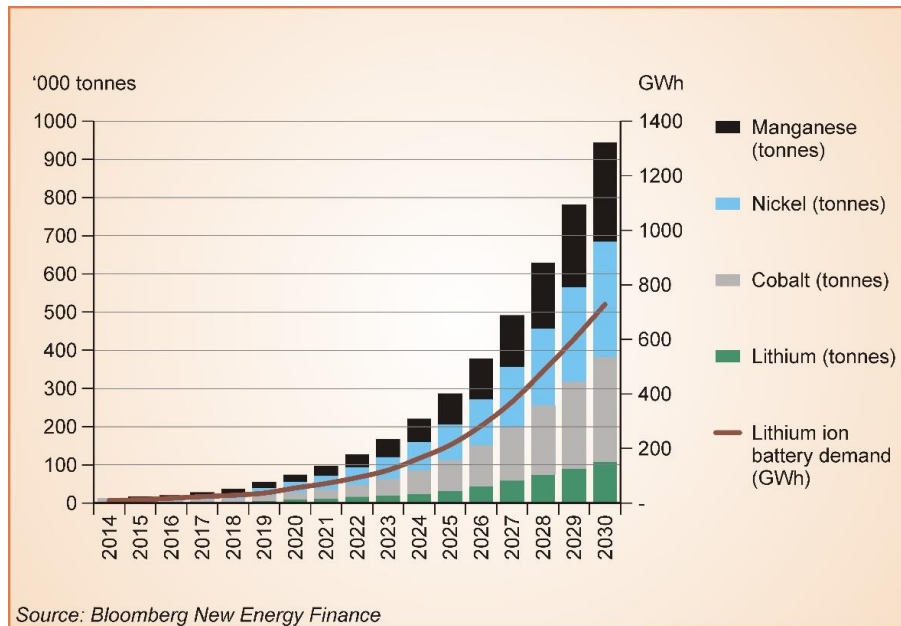
- Over 60% of global supply coming from the politically unstable African countries such the Democratic Republic of Congo, Central African Republic and Zambia.
- Cobalt is largely a by-product of copper and nickel mining and there are an increasing number of mine closures and project deferments due to low commodity prices.

With potential supply constraints and surging demand many commentators see pricing pressure as a likely eventuality.

The undeveloped Mt Thirsty Cobalt Project has a significant JORC 2004 reported resource with a potential to have a long mine life. It is close to all necessary infrastructure (rail, road, power, water, and sea port) and, being in a mining orientated state, has the potential to attract a variety of interested parties including end users of cobalt. The MTJV is working collaboratively to exploit this joint opportunity.



*Mt Thirsty Cobalt Deposit and nearby infrastructure*



**Figure 3: Global lithium-ion battery and materials demand forecast from EV sales, 2015-2030.**

The Project also hosts primary nickel sulphide (Ni-S) mineralisation with intersections of Ni-S mineralisation up to 6m down-hole @ 3.5% Ni made by the MTJV in 2010 (*ASX Release dated 19<sup>th</sup> May 2010*).

Please see further information regarding mineral resources in the Mineral Resources and Ore Reserves Statement (MROR) section.

## WORK COMPLETED

Work carried out during the period included:

- Scoping study completed to guide development pathway including;
  - Reverse circulation (RC) drilling to obtain new metallurgical samples
  - Metallurgical test work
  - Appointment of independent consultants to run the Scoping Study process
- Aircore (AC) drilling on E63/1267

## OPERATIONS – SCOPING STUDY

### Outcomes

On 5 October 2017, the Mt Thirsty Joint Venture (MTJV) released the Scoping Study results, demonstrating a robust set of financial metrics. The Scoping Study manager, Provide Advantage, collated the flowsheet design by CPC Engineering, metallurgical results from ALS Metallurgy, and mine resource and scheduling by CSA Global.

The Scoping Study returned a preferred case Net Present Value (NPV) of A\$290 million (within a range of A\$245 million to A\$335 million) over a 21-year mine life with a low capital cost of A\$212 million (incl. A\$34 million contingency), with a healthy 21.5% Internal Rate of Return (IRR) and an expected 4-year pay back. Life of mine operating costs are projected to be A\$43 per tonne of treated ore due to the very low reagent consumption.



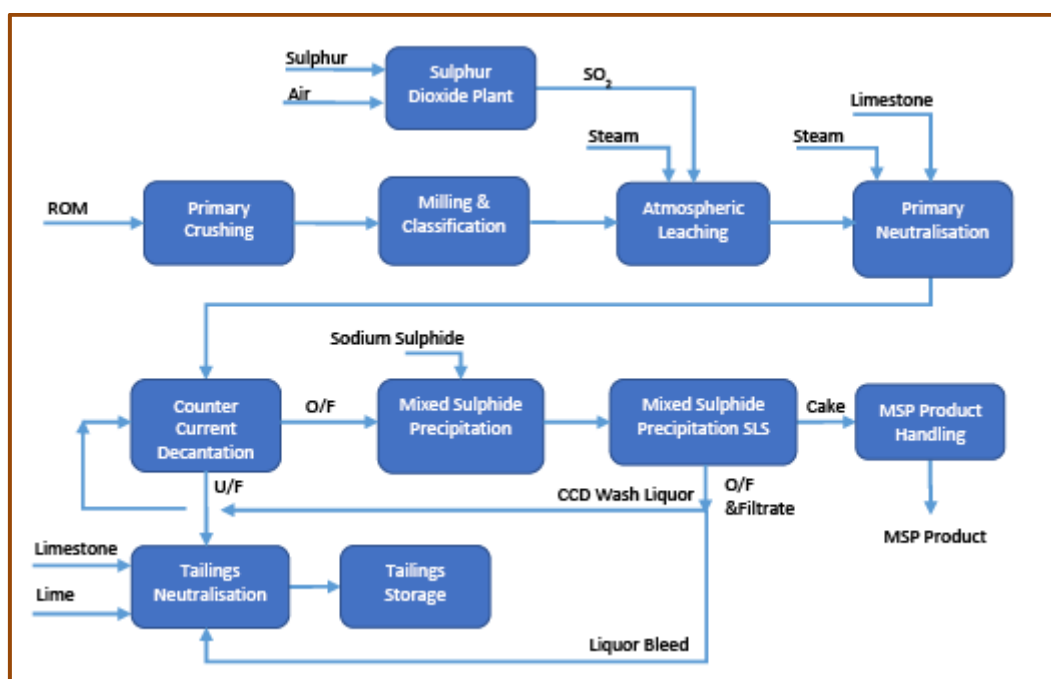
## REVIEW OF OPERATIONS

The plant will employ an atmospheric sulphur dioxide leaching process with overall base case metal recoveries of 73% for cobalt and 21.5% for nickel. Planned optimisation testwork will focus on significantly improving metal recoveries.

The first 5 years of production will be targeting up 1,900 tonnes of cobalt and up to 1,760 tonnes of nickel. Over the life of the mine, up to 27,000 tonnes of cobalt and up 35,000 tonnes of nickel will be potentially produced.

The results collectively confirm the MTJV's view that the Mt Thirsty Cobalt Project represents a long mine life, low capital and operating cost opportunity in a stable jurisdiction with excellent logistics.

The MTJV will seek out potential end-users or partners to assist in funding to the next stage of development.



*Mt Thirsty scoping study simplified block flow diagram (source: MTJV Scoping Study, 4/10/2017).*

### RC Drilling for Metallurgical Sample

A six-hole (6) reverse circulation (RC) drilling program (234m) was completed in November 2016 (ASX June 2017 Quarterly Report). The holes were drilled within the area of the JORC (2004) Indicated Mineral Resource to provide a range of samples for further metallurgical test work. All the available sample material derived from intersections through the resource zone (1.5 tonnes in total) was used in the ensuing metallurgical test work.

### Metallurgical Test Work

The 1.5 tonnes of RC drill sample were sent to ALS Metallurgy in Perth in January 2017 and the final stage of this test work was completed in August.

This current phase of metallurgical test work has expanded on and increased the level of confidence in previous test work undertaken which had shown that agitated leaching using sulphur dioxide (SO<sub>2</sub>) at atmospheric pressure and low temperature (<50°C) extracts up to 80% of the cobalt and over 20% of the nickel within a few hours of leaching. The results of the metallurgical test work were fed directly into the Scoping Study over the Mt Thirsty Cobalt Oxide Deposit.

Recent results from test work using the preferred reagent for the atmospheric leach process, sulphur dioxide (SO<sub>2</sub>), have been consistent with earlier studies which showed high recovery of cobalt. Metallurgical test work had also been conducted using ferrous sulphate as an alternate reagent, with

## REVIEW OF OPERATIONS

early tests producing some very promising results. This work was considered prior to the finalisation of flowsheet design but SO<sub>2</sub> was deemed superior.

The unique characteristics of the Mt Thirsty Cobalt Deposit had encouraged the MTJV to progress the Scoping Study on the basis of ore being treated via an atmospheric leaching process (at ambient pressure and relatively low temperature) instead of the traditional higher capex/opex HPAL process.

Now completed, the MTJV will now be able to better determine the funding requirement and development options which may be available to bring the Project to fruition.

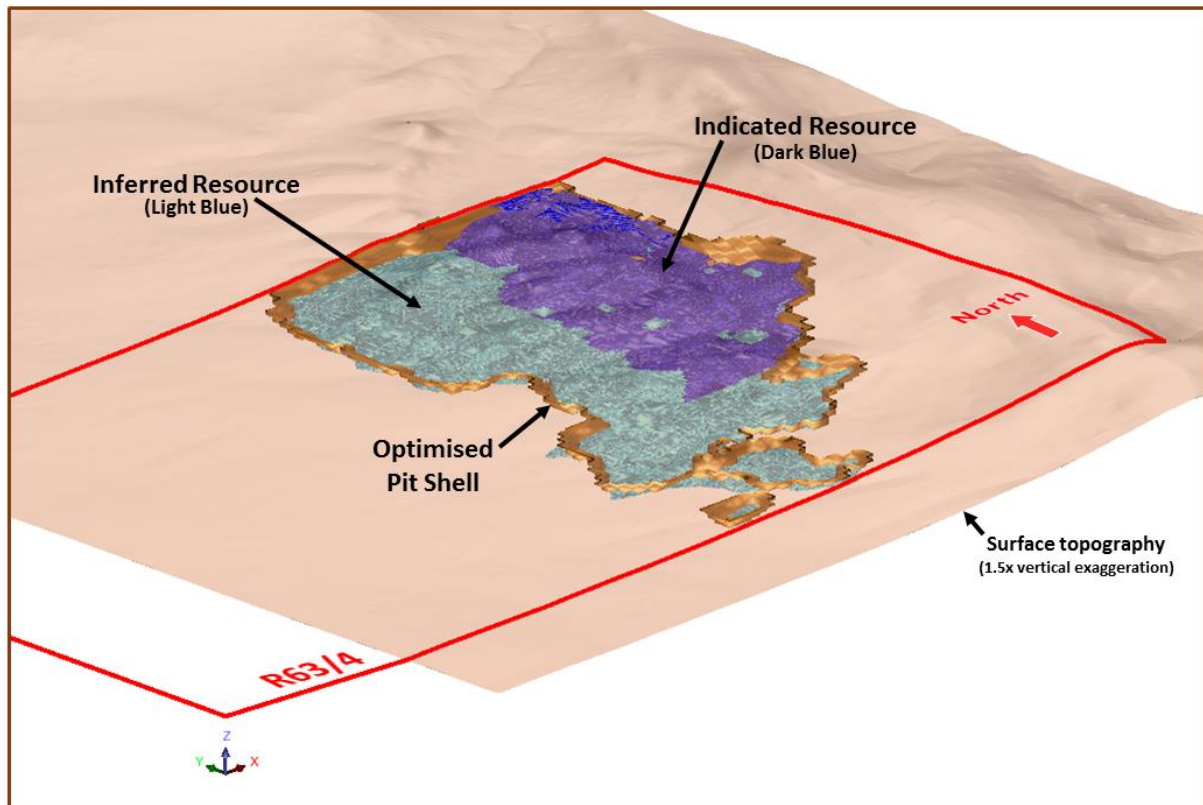


Figure 5: 3D perspective view of the Mt Thirsty Cobalt Oxide Resource showing indicated and inferred resource proportions within an optimised pit shell; Looking northeast.

## EXPLORATION

### *Aircore Drilling (E63/1267)*

Aircore (AC) drilling on E63/1267, located approximately 3km north of the Mt Thirsty Cobalt Deposit (Figure 2) delineated a new zone of cobalt-nickel oxide mineralisation. The mineralisation lies at shallow depth beneath outcropping laterite in strongly weathered ultramafic rocks and is of similar style to that of the Mt Thirsty Cobalt Deposit.

Thirty-one (31) shallow AC holes (1,084m) were drilled in late April to test an area of previously mapped laterite outcrop on the eastern side of E63/1267. A single traverse of 7 AC holes was previously drilled by the MTJV in 2015 and intersected significant cobalt (Co) and nickel (Ni) mineralisation in the three most eastern holes. The latest AC program aimed to infill and extend the strike of the previous drilling (Figure 4).

The program was very successful and intersections grading  $\geq 0.06\%$  cobalt over a true thickness of 2 metres or more were exhibited in 27 of the 31 holes drilled. Significant intersections included 14.0 metres grading 0.12% Co and 0.8% Ni, 18.0 metres grading 0.16% Co and 0.8% Ni, 10.0 metres grading

## REVIEW OF OPERATIONS

0.17% Co and 0.8% Ni, and 10.0 metres grading 0.13% Co and 1.0% Ni (ASX June 2017 Quarterly Report).

The newly defined zone of mineralisation extends over a strike length of about 600m and varies in width from 150-200m. Apart from the two northernmost lines, the mineralised zone has been closed off to the west, remains open to the east across the tenement boundary, and has potential to extend further to the north and south.

This newly defined zone on E63/1267 has the potential to provide further upside to the M Thirsty Project

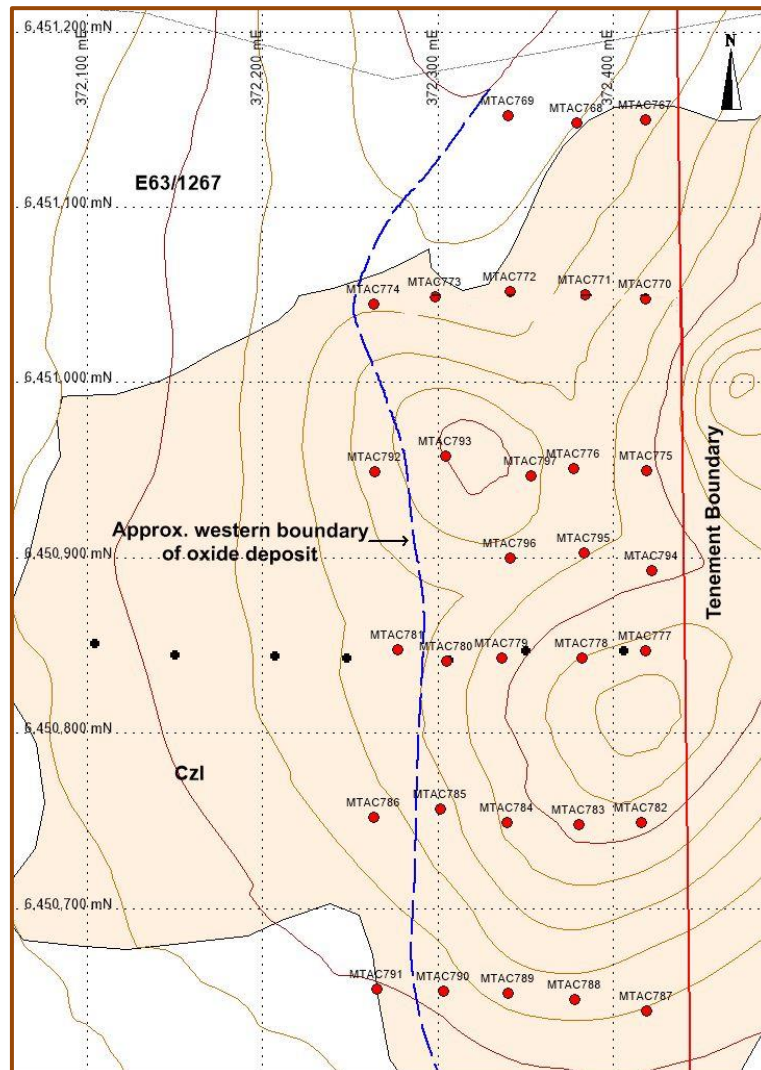


Figure 4: Location of recent air core drilling (red dots), 2015 drilling (black dots), and mapped laterite (shaded light brown). Blue dashed line is approximate western boundary of newly defined Co-Ni oxide mineralisation (Grid = AGD84 AMG Zone 51).

# GOLD PROJECTS

## BURBANK'S GOLD PROJECT

(100% Barra<sup>1</sup>)

### BACKGROUND

The Burbank's Gold Project area is centred about 9 kilometres southeast of Coolgardie, Western Australia. The Project comprises 3 contiguous tenements encompassing an area of 3.2 square kilometres and covers about 5 kilometres in strike length of the highly prospective Burbanks Shear Zone, the most significant gold producing structure within the Coolgardie Goldfield (Figure 6).

The core of the Burbanks Gold Project is Barra's sole and exclusive rights to explore and mine within the Reservation Area within mining lease M15/161. Kidman Resources Limited (ASX: KDR) own the mining lease and have rights only to the Birthday Gift Mine Area (BGMA) where they operate the Birthday Gift Underground Mine.

In addition to the Reservation Rights, Barra also has a royalty of \$25 per ounce of gold recovered from within the BGMA.

The Reservation Area includes the historical Main Lode underground mine, which produced 146,000t @ 18.3g/t Au for approximately 85,900ozs of gold (to a depth of 275m below surface) between 1885 and 1914. Underground mining at Main Lode ceased at a depth of 275m below surface with the advent of World War 2. There is excellent potential however to extend the high-grade system below this level and along strike where, until this year, limited exploration drilling has tested the broader mineralised system.

In addition to Main Lode, there are several other key prospects within the Project area including Burbanks North, Pipeline, Fangjaw, Salmon South and Kangaroo Hills. Burbanks North is the most advanced of these prospects and is currently being assessed as a potential shallow open-pit mining opportunity.

Please see further information regarding mineral resources in the Mineral Resources and Ore Reserves Statement (MROR) section.



*Photo: Phase 1 RC drilling at Main Lode, January 2017 (Copyright: G. Harvey)*

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<sup>1</sup> Includes 100% rights to Reservation Area affecting M15/161 (refer to Figure 6)



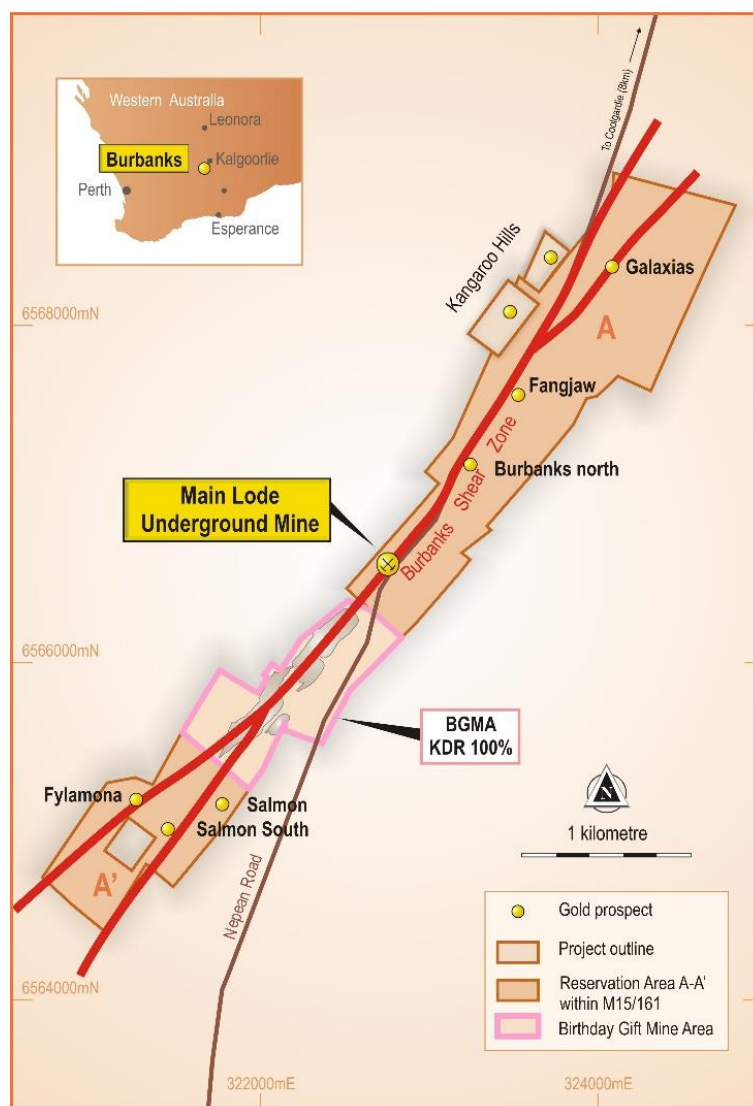


Figure 6: Burbank's Project Map

## WORK COMPLETED

Work carried out during the period included:

- Assessment of economic viability of mining at Burbanks North
- Aircore (AC) drilling at Burbanks North
- Reverse circulation (RC) drilling at Main Lode
- BGMA gold production

## RESOURCE DEVELOPMENT

### *Burbanks North*

A mineral resource estimate and scoping study was completed for the Burbanks North deposit. Due to non-JORC 2012 compliant nature of the mineral resource estimate for the purpose of the study, the mineral resource cannot be reported.

The scoping study included open-pit optimisation, financial analysis, and pit design work completed by Minecomp Pty Ltd. The early outcomes of the study were positive and indicated (using a gold price of A\$1,600/oz) a small yet profitable open-pit to a depth of 25m below surface could produce up to 2,000oz of gold. As work progressed however, the deposit's proximal location to public infrastructure



## REVIEW OF OPERATIONS

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meant certain design modifications were needed to minimise the impact potential mining would have on the public infrastructure. Given the size and scale of the deposit, the estimated extra capital expenditure required to adhere to these design modifications has rendered potential mining at Burbanks North unviable at this point in time.

## EXPLORATION

### ***Burbanks North Aircore Drilling***

In August 2016, an infill resource drilling program consisting of 80 aircore holes (2,438m) was completed at Burbanks North and specifically targeted the shallow oxidised deposit to a depth of 40m below the surface. This work preceded the abovementioned scoping study. The program was highly successful with best intersections including 15.0 metres grading 9.87 grams per tonne gold, 8.0 metres grading 6.22 grams per tonne gold, 5.0 metres grading 7.89 grams per tonne gold, 3.0 metres grading 9.94 grams per tonne gold, 3.0 metres grading 3.98 grams per tonne gold, 4.0 metres grading 5.63 grams per tonne gold, and 5.0 metres grading 3.80 grams per tonne gold (*ASX Release dated 25<sup>th</sup> August 2016*).

In 2017, the Company completed Phase 1 (103 holes, 2,788m) of an extensive aircore drilling program aimed at continuing to test the immediate Burbanks North deposit area as well as commencing testing of the northern strike extent of highly prospective Burbanks North Trend (Figure 7).

Phase 1 drilling yielded multiple intersections grading  $\geq 1.0$  g/t gold over down-hole widths up to 10m including 6.0 metres grading 6.39 grams per tonne gold (incl. 3.0 metres grading 11.91 grams per tonne gold), 9.0 metres at 4.76 grams per tonne gold (incl. 5.0 metres at 7.71 grams per tonne gold), 5.0 metres at 3.21 grams per tonne gold, 2.0 metres at 5.21 grams per tonne gold, and 10.0 metres at 1.03 grams per tonne gold (*ASX Release dated 27<sup>th</sup> July 2017*).

The results confirmed the Company's belief there is an excellent opportunity to identify multiple shoots of gold mineralisation along the exciting Burbanks North Trend. The Company is targeting completion of testing the remaining strike extent of the trend over next 6 to 12 months. The results from Phase 1 are being used to update the geological understanding of the area and will be incorporated into targeting for future exploration campaigns.

### ***Main Lode RC Drilling***

The Company completed its first phase of RC drilling at Main Lode with great success. A total of 31 RC holes (2,881m) tested the top 100m of the mine environment over an initial strike length of 300m (from 5900N to 6200N). Best intersections included 11.0 metres grading 5.70 grams per tonne gold (including 8.0 metres @ 6.66 grams per tonne gold), 5.0 metres grading 9.62 grams per tonne gold, 5.0 metres grading 8.65 grams per tonne gold, and 5.0 metres grading 3.70 grams per tonne gold (*ASX Release dated 14<sup>th</sup> March 2017*).

Multiple high-grade gold lodes were intersected within a 10m to 25m wide shear zone (Main Lode Shear) over a continuous strike length of 275m with continuity interrupted only by historical mine workings. Inclusive of previous drilling, a broad zone of significant mineralisation ( $\geq 1.0$ g/t Au) has now been defined over a strike length of about 400m (from 5900N to 6300N), located directly above and adjacent to the historic mine workings (Figure 8). Mineralisation remains open along strike to the north and down-dip.

The Main Lode mine has significant untapped potential at depth as evidence by historic channel sampling of the lowest developed, yet un-mined level of the mine, Level 8, which returned a spectacular pay-run of 160m grading 16.1g/t gold at an average width of 0.4m. Until this year, the depth potential of the mine had not been tested.

Following the completion of RC drilling to test the upper extent of the mine workings, the Company drilled its first deep RC hole to test the depth potential of the mine. Based on an interpretation that the mineralised system plunged to the north, the hole was designed to test the down-plunge

## REVIEW OF OPERATIONS

continuation of mineralisation below Level 6 (Figure 9). This was successfully achieved with hole BBRC256 (drilled to 368m) intersecting 3.0 metres grading 1.08 grams per tonne gold (*ASX Release dated 25<sup>th</sup> May 2017*), confirming both the continuation of the host shear and that it remains mineralised and open at depth.

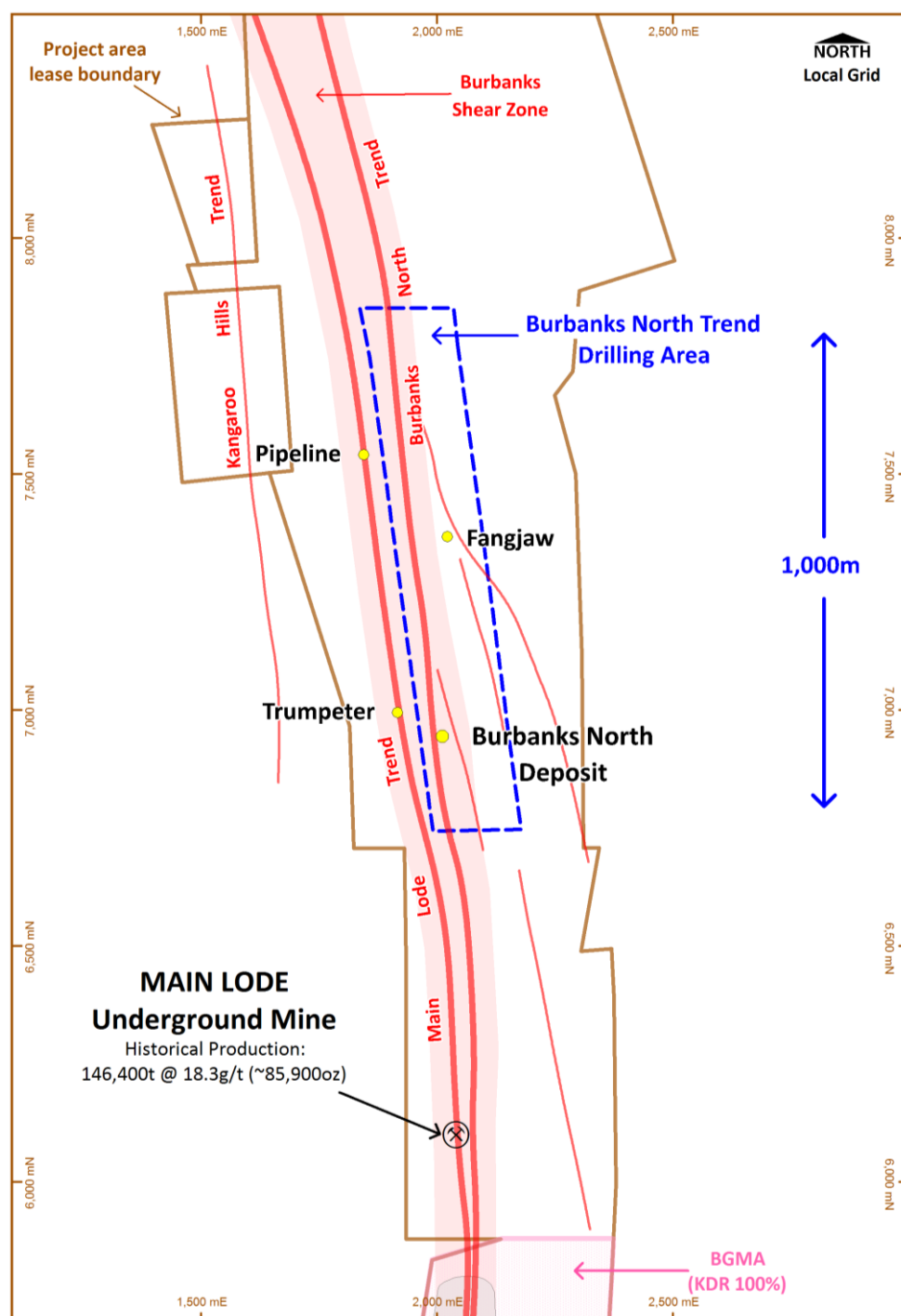


Figure 7: Plan showing location of Burbanks North, extent of the Burbanks North Trend to be tested, area of recent Phase 1 drilling and forthcoming Phase 2 drill program area.

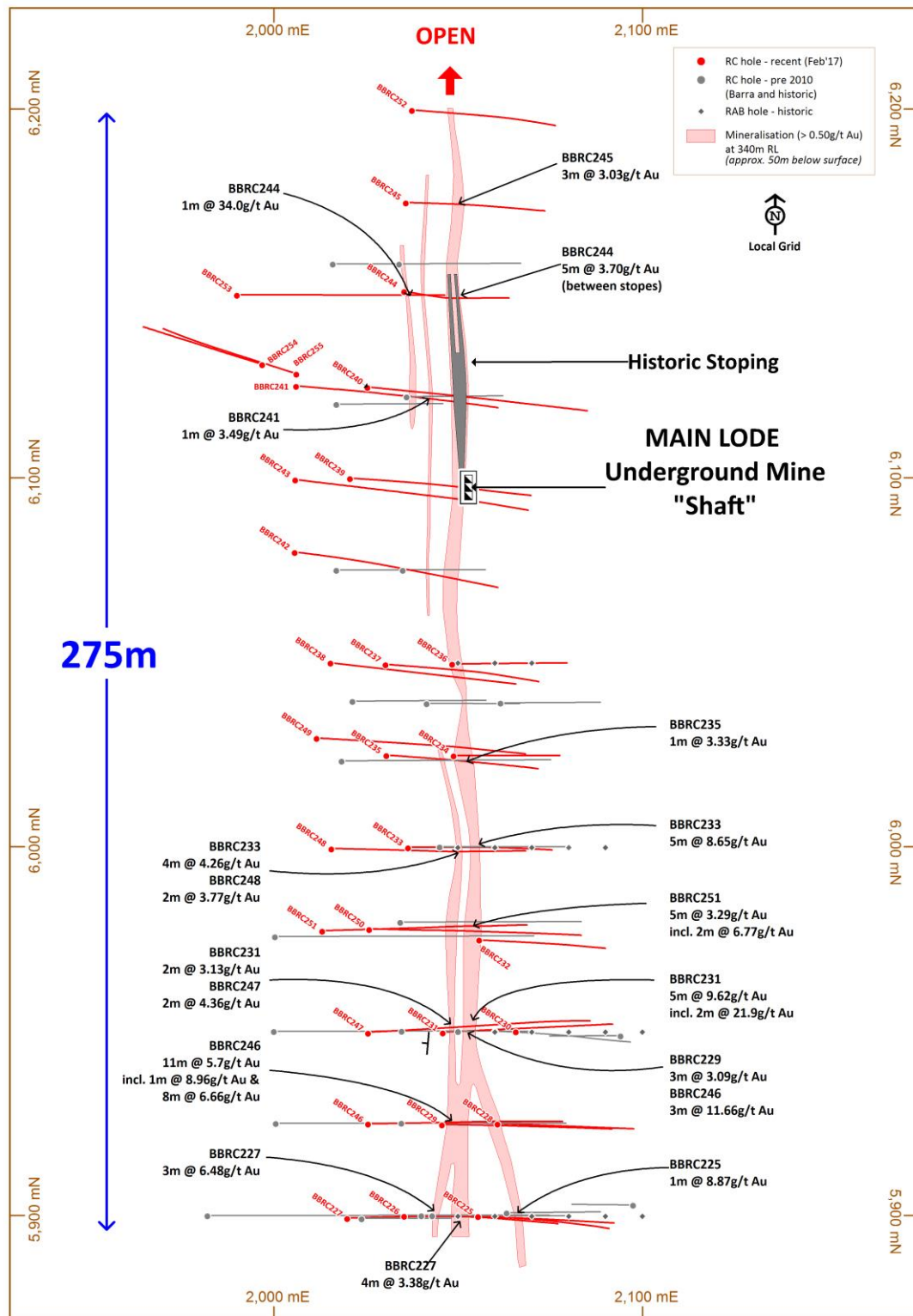


Figure 8: Schematic plan of first phase RC drilling at Main Lode showing drillhole trace, mineralised structure, and significant intersections greater than 3.0g/t Au.

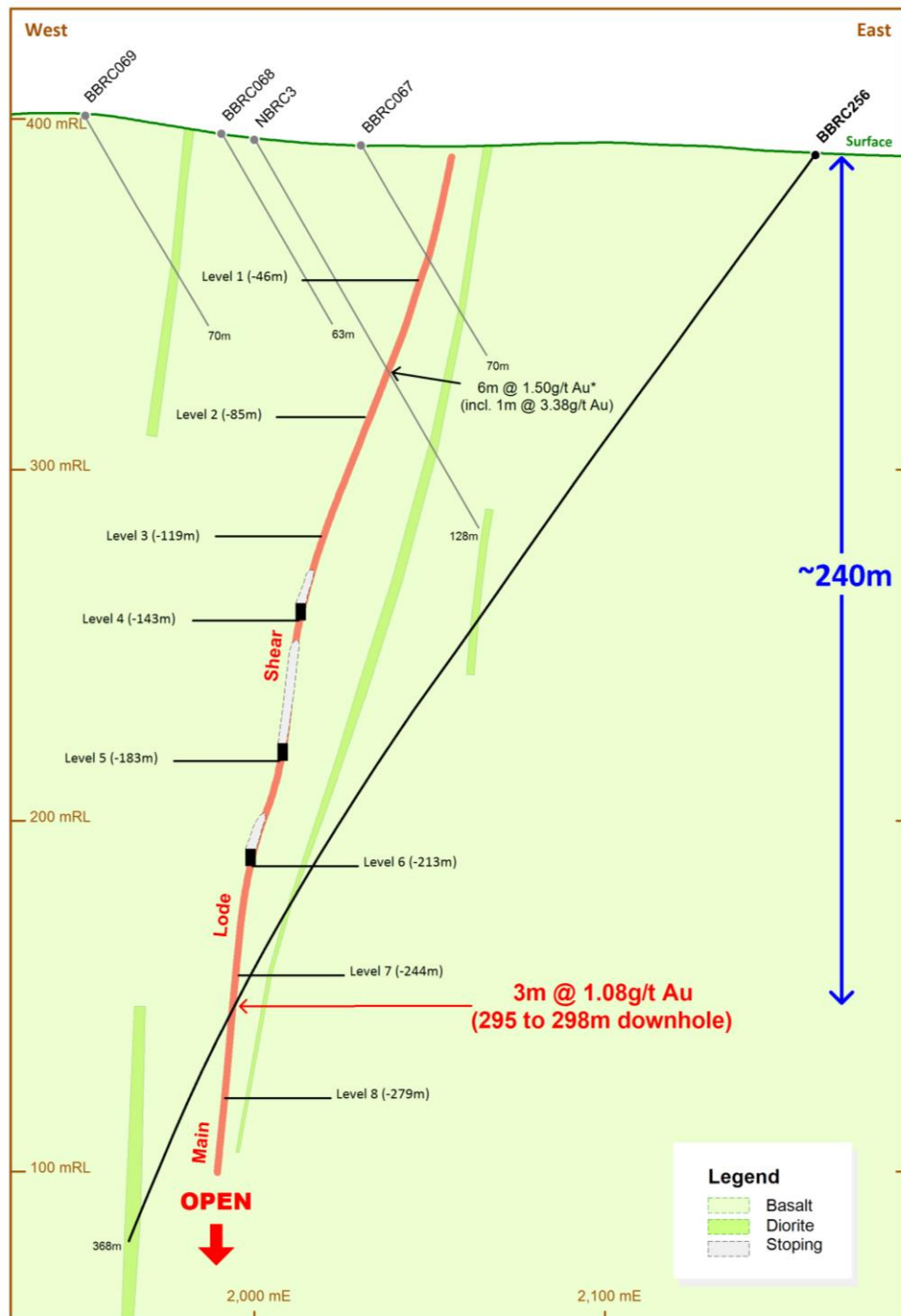


Figure 9: Main Lode schematic section 6275N showing BBRC256 intersecting the Main Lode shear below historic stope on Level 6.

### OPERATIONS (Birthday Gift Mine Area – BGMA)

Barra has a \$25 per ounce royalty on all gold produced from the BGMA (Figure 6) pursuant to the terms of a Tenement Sale Agreement executed in 2013.

During the period, owner and operator of the BGMA, Kidman Resources Limited (KDR), produced and sold 447 ounces of gold providing the Company with \$11,187 in gold royalties.

KDR announced in August 2016 their intention to sell its Burbanks Project which includes the BGMA, subsequently all mining operations were suspended and the BGMA was placed into care and maintenance.

## REVIEW OF OPERATIONS

Table 3 summarises gold produced from the BGMA subject to the Company's \$25 per ounce royalty.

**Table 3: KDR gold production from Birthday Gift Mine Area (BGMA)**

| Period                      | Gold Ounces Recovered* |
|-----------------------------|------------------------|
| Year ending 30 June 2014    | 2,102                  |
| Year ending 30 June 2015    | 6,030                  |
| Year ending 30 June 2016    | 5,743                  |
| 1 July 2016 to 30 June 2017 | 447                    |
| <b>Total</b>                | <b>14,322</b>          |

\* Rounded to nearest ounce.



*Photo: Landscape scene at different times of the day over Burbanks North prospect area, April 2017 (Copyright: G. Harvey)*



### PHILLIPS FIND GOLD PROJECT

(100% Barra<sup>2</sup>)

#### BACKGROUND

The Phillips Find Gold Project is located 45 kilometres north-northwest of Coolgardie, Western Australia. The Project is comprised of 37 tenements covering an area of 44 square kilometres (Figure 10). All but 4 tenements are held 100% by Barra.

The Project covers over 10 kilometres of strike of prospective greenstone stratigraphy which includes the Phillips Find Mining Centre (PFMC) where open-pit mining has produced 310,500t @ 3.3g/t Au for approximately 33,000 ounces of gold from three deposits; Bacchus Gift, Newhaven and Newminster. The most recent mining activity at the PFMC was the Newminster open-pit, which was mined in two stages between January 2013 and September 2015, and produced 111,100t @ 2.5g/t Au for approximately 9,000oz of gold.

All three deposits have the potential for further development via cut-back or underground mining with gold mineralisation remaining open below all three pits. The Company strategy is focussed on growing and developing this potential with the aim of developing a medium to long-term operation.

Exploration potential within the Project area is excellent with numerous targets defined by auger geochemical anomalism, aeromagnetic interpretation and drilling. Metal detecting over the past 20 years has yielded significant alluvial gold.

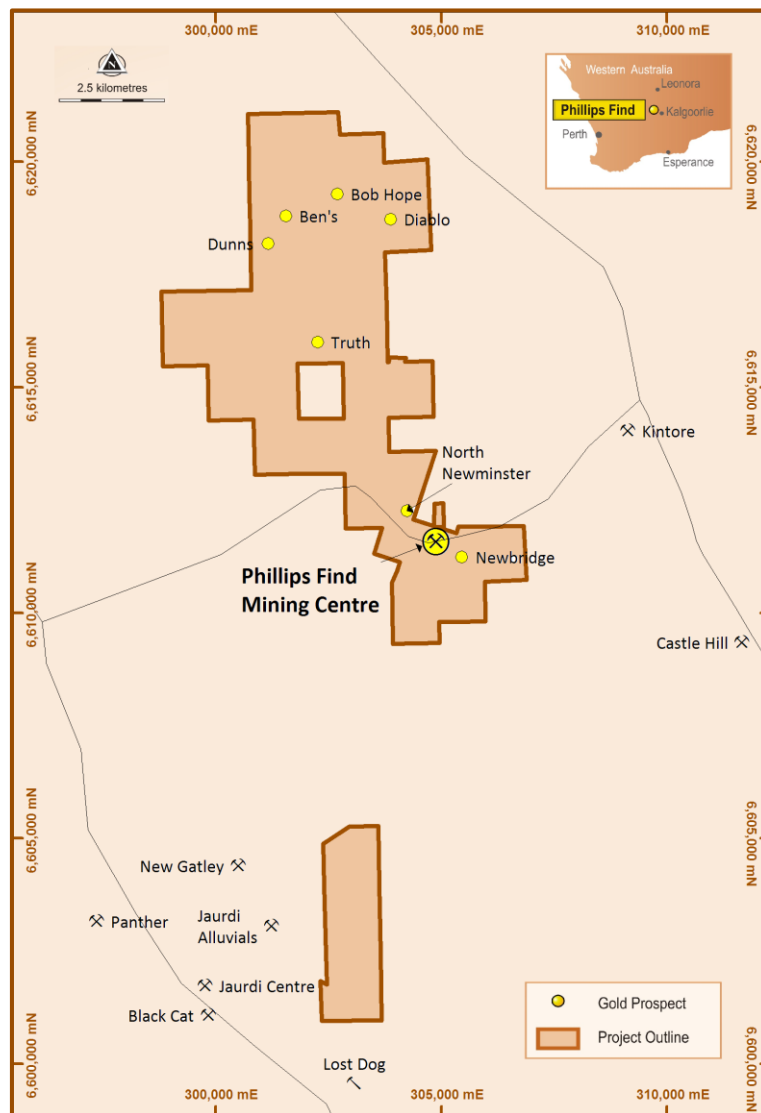
Please see further information regarding mineral resources in the Mineral Resources and Ore Reserves Statement (MROR) section.



*Photo: Newhaven pit mapping, September 2016 (Copyright: G. Harvey)*

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<sup>2</sup> Four (4) tenements are jointly held 85% Barra, 15% Evolution Mining Limited (refer to Tenement Listing)



**Figure 10: Phillip's Find Project Map**

## WORK COMPLETED

The Company's activities for the period included:

- New 1:10,000 scale geological mapping completed over the Project area.
- New auger geochemical sampling program commenced over the Project area.
- Structural mapping of the Newhaven pit.
- Re-assessment of the geological models for Newminster and Newhaven Pits following the completion of pit mapping.
- Target generation, prioritisation and drill planning in progress.

### EXPLORATION

#### Mapping

The Company completed its 1:10,000 scale detailed geological mapping program over the entire Phillips Find Project area. The mapping program is one of the key components of our exploration strategy to identify and develop a pipeline of prioritised targets for future drilling programs.

During the period, the Company engaged industry consultants Model Earth Global Geological Consultants (Model Earth) to help complete the mapping program. The solid geology interpretation by Model Earth has significantly advanced our understanding of the geologic and structural setting of the Phillips Find Project area.

A key outcome of the mapping program was the recognition of complex fold-thrust style deformation in the Truth prospect area which has resulted in folding and reverse faulting of the highly favourable mineralised host rocks: dolerite and interflow black shale units, mapped as the strike continuation of the host rock units at the PPMC (Figure 11).

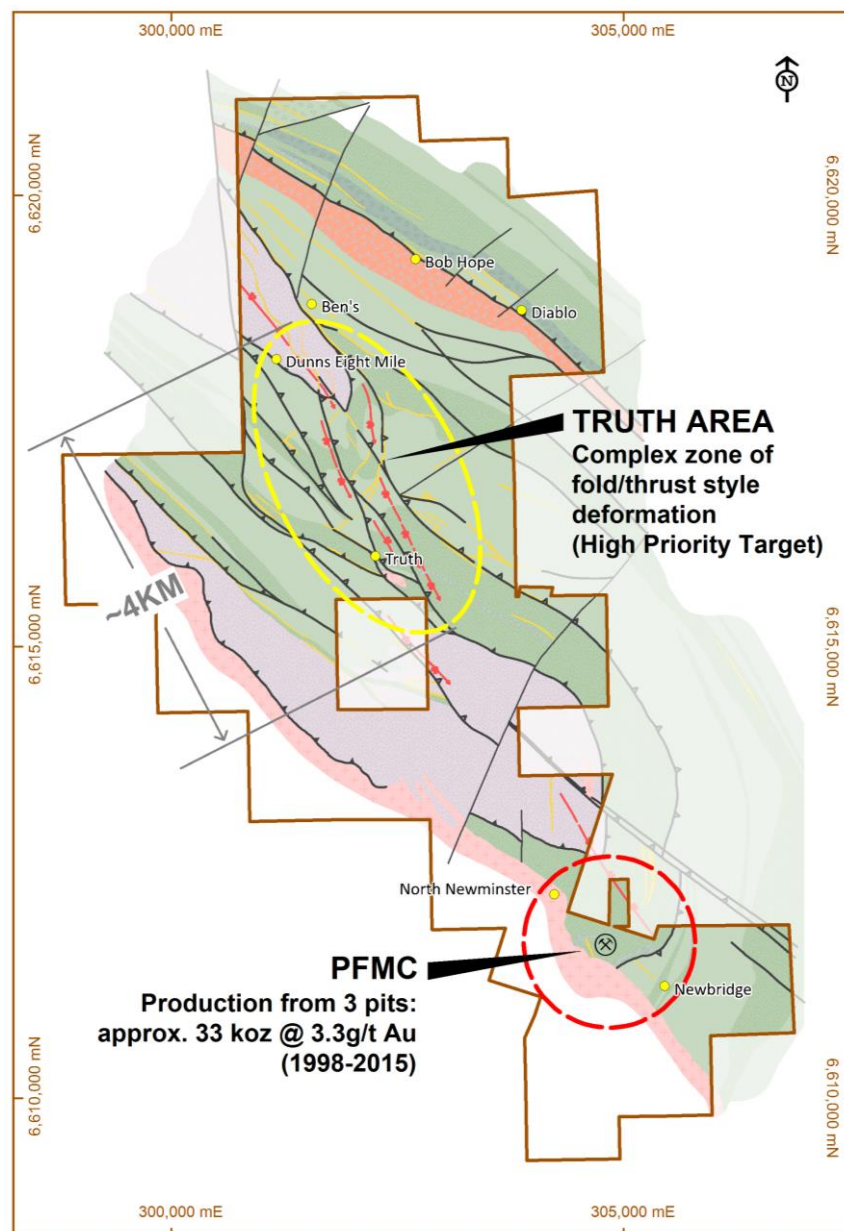


Figure 11: Phillip's Find solid geology showing structural complexity in Truth area.



### **Geochemistry**

Last year the Company instigated a review of its existing geochemical dataset, which was found to be ineffective due to insufficient or no analysis of ore (except gold) and pathfinder elements. The Company then completed several orientation surveys which identified two orogenic gold signatures; one recognised at the PFMC and Truth prospects, a magmatic ore fluid association, and a second signature recorded at Diablo, a more conventional metamorphic ore fluid association.

Continuing from the work completed last year, the Company commenced a new auger geochemical sampling program, analysing a much more comprehensive assay suite, over the entire Project area. The auger geochemical sampling program is the second key component of our exploration strategy to identify a pipeline of prioritised targets for future drilling programs.

The Company engaged CSA Global Consultants (CSA) to plan, manage, and interpret the results of the program. About one-third of the program has been completed with the remainder of the program due for completion in October 2017.

### **Pit Mapping and Modelling**

Following the successful mapping of the Newminster pit last year and the improvement in our understanding of the structural complexity and controls on gold mineralisation within the pit environment, the Company re-engaged Model Earth to complete a similar exercise at Newhaven (Figure 12).

The geology of the Newhaven pit was found to be similar to that mapped at Newminster. Mapping showed the intersection of a north-south striking lode shear zone with a west southwest – east northeast striking interflow chert unit has a fundamental control of the shape and continuity of gold mineralisation at Newhaven. The intersection of the lode shear zone with the cherty unit corresponds with the thickest development of gold mineralisation and plunges shallowly to the west.

Modelling of drillhole gold grades also indicates the presence of moderate north plunging shoots that extend from the southern end of the open pit. These shoot geometries need to be followed up with further drilling.

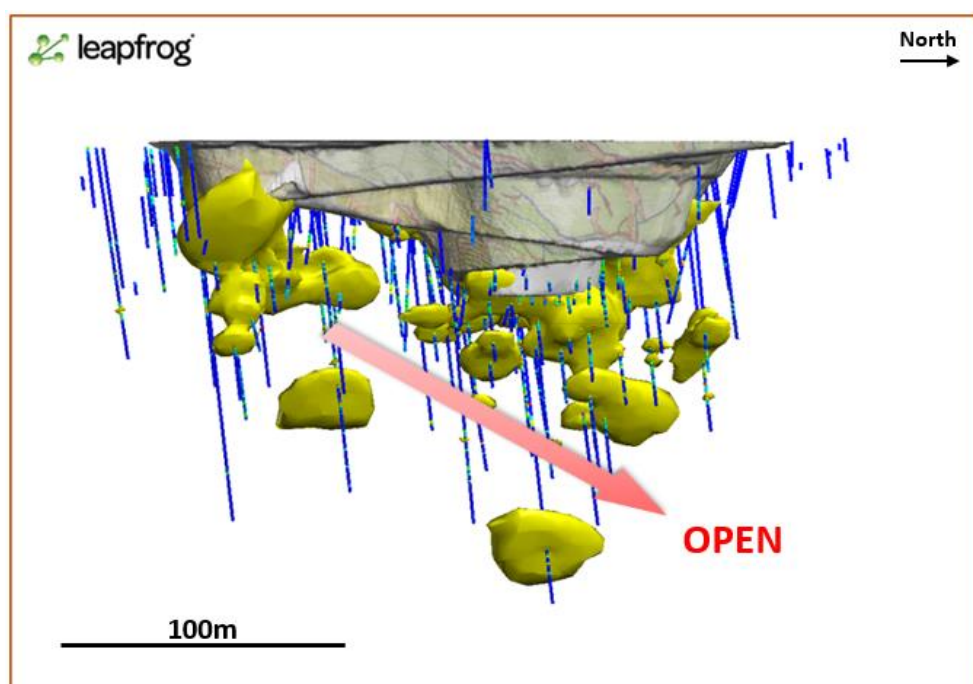


Figure 12: 3D model of the Newhaven pit showing moderate north plunging shoots requiring further drilling. Yellow grade shells are  $\geq 1.0\text{g/t Au}$ .

## REVIEW OF OPERATIONS

### ***Phillips Find Mining Centre (PFMC)***

Last year the Company stated its intention to establish a new JORC compliant mineral resource for the Newminster deposit following the last successful RC drilling program, which returned exceptional intersections including: 5.0 metres grading 11.0 grams per tonne gold, 8.0 metres grading 6.3 grams per tonne gold, 5.0 metres grading 7.5 grams per tonne gold, and 3.0 metres grading 4.0 grams per tonne gold.

The estimation process was deferred pending the completion of pit mapping programs and a re-assessment of the geological models for both Newminster and Newhaven deposits and indeed the PFMC as a whole. The outcome of this process has led to a change of approach and a variation in strategy for the PFMC.

Notwithstanding the potential for early underground development at Newminster, given the potential size and sale of the broader mineral system at the PFMC, the Company has opted to focus on growing the total resource base at the PFMC prior to establishing a global resource estimation for the Project.

Resource growth at the PFMC will be driven by targeting extensions to the mineralised systems beneath the existing Newminster, Newhaven and Bacchus Gift pits, specifically below 150 metres depth where limited drilling has occurred to date.

## MINORITY INTEREST PROJECTS

### **RIVERINA NICKEL PROJECT**

**(Nickel rights only, Riverina Joint Venture; 30% Barra, 70% Riverina Resources Pty Ltd)**

### **BACKGROUND**

The Riverina Nickel Project is located 125 kilometres north of Coolgardie in Western Australia. In 2008 the project was sold to Eastern Goldfields Limited with the Riverina Joint Venture (RJV) retaining 100% of the nickel rights only to the project. The RJV's nickel rights cover 15 tenements covering an area of 48 square kilometres (Figure 13). The RJV is managed by Riverina Resources Pty Ltd and is currently an inactive project.

Between 2005 and 2008, the RJV actively explored for economic concentrations of nickel laterite and nickel sulphide mineralisation. Exploration at the Martin's Zone Nickel Sulphide (Ni-S) prospect intersected narrow widths of high-grade remobilised massive nickel sulphide including a high-grade intersection of 0.37m down-hole grading 10.88% Ni from 215m (*ASX Release dated 7<sup>th</sup> July 2005*).

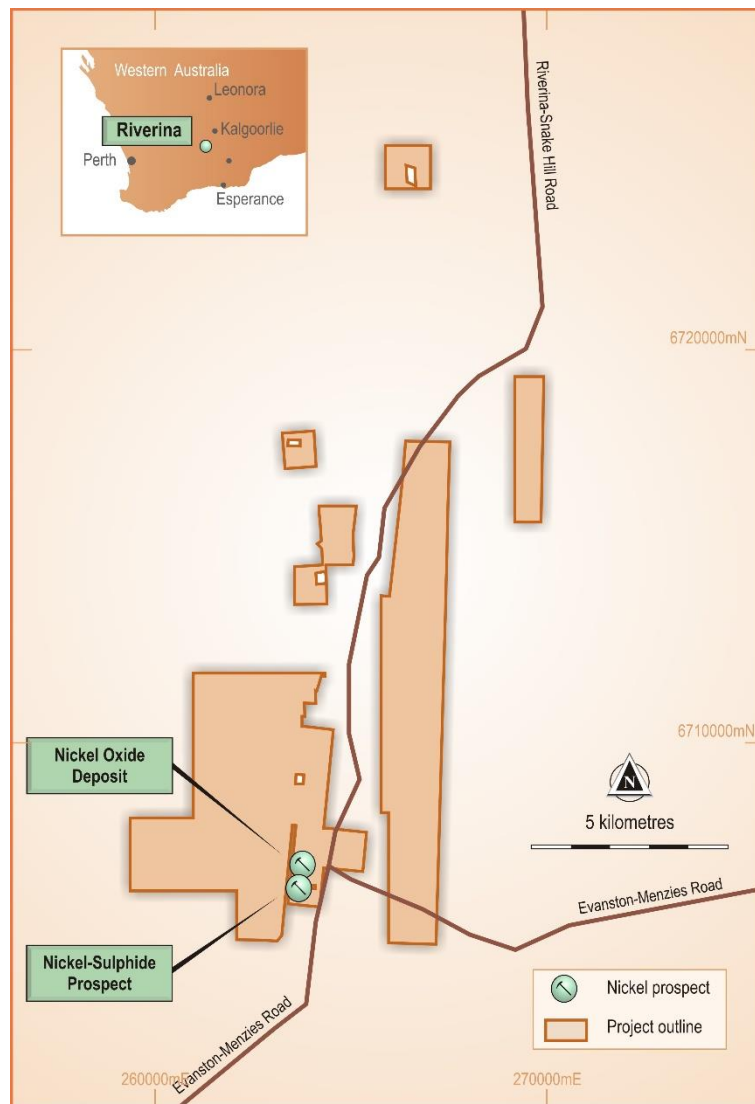
About 1 kilometre along strike to the north of the Martin's Zone Ni-S prospect the RJV successfully defined a nickel-cobalt laterite deposit (Martin's Zone Nickel-Cobalt Deposit) containing an Indicated Mineral Resource of 2,195,850 tonnes grading 1.01% Ni and 0.06% Co using a lower cut-off of 0.7% Ni (Table 4).

**Table 4: Martin's Zone Nickel-Cobalt Deposit Mineral Resource Summary**

| Mineral Resource Category   | Tonnes    | Nickel (Ni) (%) | Cobalt (Co) (%) |
|-----------------------------|-----------|-----------------|-----------------|
| Indicated (0.7% Ni cut-off) | 2,195,850 | 1.01            | 0.06            |
| Indicated (1.0% Ni cut-off) | 837,820   | 1.32            | 0.09            |

*The Martin's Zone Nickel-Cobalt Deposit mineral resource was prepared and first reported in accordance with the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported; refer to ASX announcement 30<sup>th</sup> April 2007: "March 2007 Quarterly Report": available to view at [www.barraresources.com.au](http://www.barraresources.com.au). The Company is not aware of any new information or data that materially affects the information included in the previous announcement and that all of the previous assumptions and technical parameters underpinning the estimates in the announcement have not materially changed.*





**Figure 13: Riverina Project Map.**

Please see further information regarding mineral resources in the Mineral Resources and Ore Reserves Statement (MROR) section.

### WORK COMPLETED

- There was no work conducted on the Riverina Project during the period.

### COMPETENT PERSONS STATEMENT AND DISCLAIMER

- 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 a Competent Person and a full-time employee of Barra Resources Limited who is a Member of the Australian Institute of Geoscientists. 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 Mineral Resources at Mt Thirsty is based on information compiled by Mr Alan Miller, a Competent Person and former employee of Golder Associates Pty Ltd 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 and Mineral Resources at Riverina is based on information compiled by Mr Anthony Gray, a Competent Person and employee of Octagonal Resources Limited who is a Member of the Australian Institute of Geoscientists. 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 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.
- Forward-looking statements are statements that are not historical facts. Words such as “expect(s)”, “feel(s)”, “believe(s)”, “will”, “may”, “anticipate(s)” and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to statements regarding future production, resources or reserves and exploration results. All of such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Company, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include, but are not limited to: (i) those relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations, (ii) risks relating to possible variations in reserves, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined, (iii) the potential for delays in exploration or development activities or the completion of feasibility studies, (iv) risks related to commodity price and foreign exchange rate fluctuations, (v) risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals or in the completion of development or construction activities, and (vi) other risks and uncertainties related to the Company’s prospects, properties and business strategy. Our audience is cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof, and we do not undertake any obligation to revise and disseminate forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of or non-occurrence of any events.

**Abbreviations:** AC=Aircore, Au=gold, Co=cobalt, DEC=Department of Environment and Conservation, DD=Diamond, DMP=Department of Mines and Petroleum, g=grams, g/t=grams per tonne, kg=kilograms, km=kilometres, lb/s=pound/s, LME=London Metal Exchange, lt=litre, m=metres, min=minutes, ml=millilitre, mm=millimetre, Mn=manganese, Mt=million tonnes, Ni=nickel, oz/ozs=ounce/s, pH=measure (1-10) of acidity (1 acid, 7 neutral, 10 basic), ppb=parts per billion, ppm=parts per million, RAB=Rotary Air Blast, RC=Reverse Circulation, RL=Reduced Level, t=tonnes, tpa=tonnes per annum  $\mu$ m=micro metres, @=grading, %=percent

## REVIEW OF OPERATIONS

### TENEMENTS

| Phillips Find Project                                       |          |            | Burbanks Project                                  |          |            | Riverina Project (RJV) <sup>+</sup>   |          |            |
|---|----------|------------|---|----------|------------|---|----------|------------|
| Tenement  | Location | Interest % | Tenement  | Location | Interest % | Tenement  | Location | Interest % |
| M16/130   | WA       | 100        | M15/161**   | WA       | 100        | E30/333   | WA       | 30         |
| M16/133   | WA       | 100        | P15/5249  | WA       | 100        | M30/127   | WA       | 30         |
| M16/168   | WA       | 100        | P15/5412  | WA       | 100        | M30/133   | WA       | 30         |
| M16/171   | WA       | 100        | <b>** 100% Rights to Reservation Area Only</b>    |          |            | M30/182   | WA       | 30         |
| M16/242   | WA       | 100        | <b>Mt Thirsty Project (MTJV)</b>                  |          |            | M30/256***  | WA       | 30         |
| M16/258   | WA       | 100        |   |          |            | P30/1074  | WA       | 30         |
| M16/550   | WA       | 100        |   |          |            | P30/1112  | WA       | 30         |
| MLA16/551*  | WA       | 100        |   |          |            | P30/1113  | WA       | 30         |
| MLA16/552*  | WA       | 100        |   |          |            | P30/1114  | WA       | 30         |
| P16/2401  | WA       | 100        |   |          |            | P30/1115  | WA       | 30         |
| P16/2422  | WA       | 85         |   |          |            | P30/1116  | WA       | 30         |
| P16/2423  | WA       | 85         |   |          |            | P30/1117  | WA       | 30         |
| P16/2424  | WA       | 85         |   |          |            | P30/1118  | WA       | 30         |
| P16/2425  | WA       | 85         |   |          |            | P30/1119  | WA       | 30         |
| P16/2702  | WA       | 100        |   |          |            | P30/1120  | WA       | 30         |
| P16/2785  | WA       | 100        | <b>Tenement</b> <b>Location</b> <b>Interest %</b> |          |            | <b>*Nickel Rights Only</b><br><b>*** Incorporates the amalgamation of several tenements subject to RJV Ni Rights. RJV retains rights to former tenement area only</b> |          |            |
| P16/2786  | WA       | 100        |   |          |            |   |          |            |
| P16/2985  | WA       | 100        | E63/1267  | WA       | 50         |   |          |            |
| P16/2986  | WA       | 100        | E63/1790  | WA       | 50         |   |          |            |
| P16/2987  | WA       | 100        | P63/2045  | WA       | 50         |   |          |            |
| P16/2988  | WA       | 100        | R63/4   | WA       | 50         |   |          |            |
| P16/2989  | WA       | 100        |   |          |            |   |          |            |
| P16/2990  | WA       | 100        |   |          |            |   |          |            |
| P16/2991  | WA       | 100        |   |          |            |   |          |            |
| P16/2992  | WA       | 100        |   |          |            |   |          |            |
| P16/2993  | WA       | 100        |   |          |            |   |          |            |
| P16/2994  | WA       | 100        |   |          |            |   |          |            |
| P16/2995  | WA       | 100        |   |          |            |   |          |            |
| P16/2998  | WA       | 100        |   |          |            |   |          |            |
| P16/2999  | WA       | 100        |   |          |            |   |          |            |
| P16/3037  | WA       | 100        |   |          |            |   |          |            |
| P16/3038  | WA       | 100        |   |          |            |   |          |            |
| P16/3039  | WA       | 100        |   |          |            |   |          |            |
| P16/3040  | WA       | 100        |   |          |            |   |          |            |
| P16/3041  | WA       | 100        |   |          |            |   |          |            |
| P16/3042  | WA       | 100        |   |          |            |   |          |            |
| P16/3043  | WA       | 100        |   |          |            |   |          |            |
| <b>** Mining Lease applications over existing tenements</b> |          |            |   |          |            |   |          |            |

### 2017 MINERAL RESOURCES AND ORE RESERVES (MROR) STATEMENT

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#### SUMMARY

This statement represents the Mineral Resources and Ore Reserves (MROR) for Barra Resources Limited (Barra or the Company) as at 30 June 2017.

This MROR statement has been compiled and reported in accordance with the guidelines of the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (2012 JORC Code) also represents the first MROR statement for the Company.

This statement is to be reviewed and updated annually in accordance with Section 15 of the 2012 JORC Code. The nominated annual review date for this MROR statement is 30 June. The information in this statement has been extracted from the relevant reports as indicated below in each Mineral Resource table.

The Company's Mineral Resources remained unchanged at Mt Thirsty and Riverina. The Mineral Resource for the Burbanks North and Newminster Deposits have been removed from this statement as there has been material changes to both deposits due to mining and/or infill drilling during the period; new JORC compliant resources have not yet been estimated for either of these deposits.

The Mt Thirsty Cobalt Oxide Deposit and the Martin's Zone Nickel-Cobalt Deposit Mineral Resource estimates were first reported in accordance with the guidelines of the 2004 Edition of the JORC Code and have not been updated to comply with the 2012 JORC Code. The Company is not aware of any new information or data that materially affects the information included in the relevant market releases for these estimates. The Company confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market releases continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented here have not been materially modified.

The Newminster Mineral Resource estimate was first reported in January 2013 in accordance with the guidelines of the 2004 Edition of the JORC Code and has not been updated to comply with the 2012 JORC Code. The Newminster Mineral Resource has been partially depleted due to open pit mining activity between January 2013 and August 2015. Mining operations at Phillips Find have ceased and the mining area has been on care and maintenance since 31 August 2015.

#### MINERAL RESOURCES

As at 30 June 2017 the Company's Mineral Resources are:

##### **Phillips Find Gold Project, Western Australia (Barra 100%)**

There are no JORC 2012 compliant resources to report for the Phillips Find Gold Project. The previously reported mineral resource for the Newminster Deposit (2013) has materially changed, it has been partially depleted by open-pit mining activity and infill resource drilling which has extended mineralisation below the Newminster open-pit. Despite a partially depleted mineral resource remaining below the Newminster open-pit, a new JORC 2012 compliant resource estimate has not yet been estimated for the Newminster Deposit.

##### **Burbanks Gold Project, Western Australia (Barra 100% rights to Reservation Area Only, *refer to Figure 6*)**

There are no JORC 2012 compliant resources to report for the Burbanks Gold Project. The previously reported mineral resource for the Burbanks North Deposit (2013) has materially changed due to significant infill resource drilling during the period. A new JORC 2012 compliant resource estimate has not yet been estimated for the Burbanks North Deposit.

## REVIEW OF OPERATIONS

### Mt Thirsty Cobalt Project, Western Australia (Barra 50%)

|                                 |         |           | 2011       |           |      |
|---------------------------------|---------|-----------|------------|-----------|------|
| Deposit                         | Cut-off | Category  | Tonnes (t) | Grade (%) |      |
|                                 |         |           |            | Ni        | Co   |
| Mt Thirsty Cobalt Oxide Deposit | Un-cut  | Inferred  | 15,340,000 | 0.51      | 0.11 |
|                                 |         | Indicated | 16,600,000 | 0.6       | 0.14 |
| Total                           |         |           | 31,940,000 | 0.55      | 0.13 |

The Mt Thirsty Cobalt Oxide Deposit Mineral Resource was first reported March 2011 in accordance with the 2004 JORC Code (refer to ASX Release dated 8<sup>th</sup> March 2011 titled 'Resource Upgrade – Mt Thirsty Cobalt-Nickel Oxide Project', available to view at [www.barraresources.com.au](http://www.barraresources.com.au)). The original report titled 'Resource Update Mt Thirsty Ni-Co Deposit' was prepared by consultant Mr Alan Miller (CP) in February 2011.

### Riverina Nickel Nickel-Cobalt Project, Western Australia (Barra 30%, Nickel Rights Only)

|                             |         |           | 2007       |           |      |
|-----------------------------|---------|-----------|------------|-----------|------|
| Deposit                     | Cut-off | Category  | Tonnes (t) | Grade (%) |      |
|                             |         |           |            | Ni        | Co   |
| Martin's Zone Oxide Deposit | 0.7% Ni | Indicated | 2,195,850  | 1.01      | 0.06 |
| Total                       |         |           | 2,195,850  | 1.01      | 0.06 |

The Martin's Zone Nickel-Cobalt Deposit Mineral Resource was first reported April 2007 in accordance with the 2004 JORC Code (refer to ASX Release dated 30<sup>th</sup> April 2007 titled 'Activity Report for the Quarter Ended 31 March 2007', available to view at [www.barraresources.com.au](http://www.barraresources.com.au)). The original report titled 'Memorandum re: Results from Martin's Zone nickel laterite RC drilling program' was prepared by consultant Mr Anthony Gray (CP) in March 2007.

### Comparison with previous year's estimates

Since there has been no new information or data that materially affects the Mt Thirsty Cobalt Oxide Deposit and Martin's Zone Nickel-Cobalt Deposit Mineral Resources, a comparison with previous year's estimates cannot be made.

## ORE RESERVES

As at 30 June 2017 the Company had no reportable Ore Reserves in accordance with the 2012 JORC Code.

## GOVERNANCE SUMMARY

The Mineral Resource estimates listed in this report are subject to Barra's governance arrangements and internal controls.

Barra's Mineral Resource estimates are derived by Competent Person's (CP) with the relevant experience in the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking. Geology models in all instances are generated by Barra staff and are reviewed by the CP. The CP carries out reviews of the quality and suitability of the data underlying the Mineral Resource estimate, including a site visit. Barra management conducts its own internal review of the estimate to ensure that it honours the Barra geological model and has been classified and reported in accordance with the JORC Code.



### COMPETENT PERSONS STATEMENT

- The information in the report which relates to the Mt Thirsty Cobalt Oxide Deposit Mineral Resource is based on, and fairly represents, information and supporting documentation prepared and compiled by Mr Alan Miller, a Competent Person and former employee of Golder Associates Pty Ltd 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<sup>1</sup>.
- The information in the report which relates to the Martin’s Zone Nickel-Cobalt Deposit Mineral Resource is based on, and fairly represents, information and supporting documentation prepared and compiled by Mr Anthony Gray, a Competent Person and employee of Octagonal Resources Limited 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<sup>1</sup>.

<sup>1</sup> *The Company is not aware of any new information or data that materially affects the information included in the relevant market release. The Company confirms that all material assumptions and technical parameters underpinning the estimate in the relevant market release continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented here have not been materially modified.*

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**BARRA RESOURCES LIMITED**  
**ABN 76 093 396 859**

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**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**BARRA RESOURCES LIMITED**  
**ABN 76 093 396 859**

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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  
Jonathan Alister Young BCom CA FFin

**Company Secretary**

Grant Jonathan Mooney CA BBus

**Registered office &  
Principal place of business**

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Website: [www.barraresources.com.au](http://www.barraresources.com.au)

**Share Register**

Security Transfer Registrars Pty Ltd  
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Applecross WA 6153  
Phone: +61 8 9315 2333  
Fax: +61 8 9315 2233  
Email: [registrar@securitytransfer.com.au](mailto: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

**ASX Code**

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 2017. 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 Talga Resources Limited and POZ Minerals Limited and is a director of battery storage and micro-grid developer Carnegie Clean Energy Limited. Mr Mooney is a member of Chartered Accountants Australia and New Zealand.

**JONATHAN ALISTER YOUNG** BCom CA F Fin

Non-Executive Director

Appointed 5 January 2015

Mr Young holds a Bachelor of Commerce Degree from the University of Western Australia and is a member of the Chartered Accountants Australia and New Zealand. For nearly 30 years, Mr Young has worked in the financial markets and is currently Director, Wealth Management with Perth based national stock broking firm Patersons Securities Limited.

For 12 years, until the sale of the underground mining contractor Barmenco Limited in August 2007, Jon served as Non-executive Chairman of the Barmenco Group of companies, including Barmenco Limited where he continues to serve as an alternate director.

Mr Young is Chairman of Barra's major shareholder, FMR Investments Pty Ltd (formerly Barmenco Investments Pty Ltd).



**BARRA RESOURCES LIMITED**  
**ABN 76 093 396 850**

**DIRECTORS' REPORT**

**Directorships 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:

| DIRECTOR'S NAME       | COMPANY                       | PERIOD OF DIRECTORSHIP      |
|-----------------------|-------------------------------|-----------------------------|
| Grant Jonathan Mooney | Carnegie Clean Energy Limited | 19 February 2008 to present |
|                       | POZ Minerals Limited          | 14 October 2008 to present  |
|                       | Talga Resources Limited       | 20 February 2014 to present |
|                       | Nuheara Limited               | 1 July 2007 to 4 June 2016  |

**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:

| DIRECTOR'S NAME | ORDINARY SHARES<br>NUMBER | OPTIONS (UNLISTED)<br>NUMBER |
|-----------------|---------------------------|------------------------------|
| Gary Berrell    | 1,415,870                 | 6,000,000                    |
| Grant Mooney    | 2,775,462                 | 6,000,000                    |
| Jon Young       | 5,503,916                 | 6,000,000                    |

**Principal Activities**

The Company's principal activity is gold, nickel and cobalt exploration and development, as well as being the recipient of royalties from production at the Burbanks and Phillips Find projects.

**Operating Results**

The loss from ordinary activities after income tax of the Company for the year ended 30 June 2017 was \$1,436,648 (2016: Profit \$63,439).

**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 2017:

**BURBANKS PROJECT (Coolgardie, Western Australia)**

- Production totalled 447 ounces of gold from the Birthday Gift Mining Area generating \$11,187 in royalties
- Infill resource drilling at Burbanks North
- Second round of infill resource drilling at Burbanks North as well as an extensional drilling to the north of Burbanks North
- Preliminary assessment of economic viability of mining the Burbanks North Deposit
- Phase 1 RC drilling at Main Lode testing upper levels
- First deep RC hole at Main Lode drilled targeting plunging shoots below old workings

**BARRA RESOURCES LIMITED**  
**ABN 76 093 396 850**

**DIRECTORS' REPORT**

**Review of Operations (Continued)**

**PHILLIPS FIND GOLD PROJECT (Coolgardie, Western Australia)**

- Structural mapping of Newminster and Newhaven Pits completed
- Re-assessment of geological models for Newminster and Newhaven following completion of pit mapping
- New detailed geological mapping program conducted over entire project area
- Commencement of new auger geochemical sampling program over entire project area

**MT THIRSTY COLBALT PROJECT (50% owned – Norseman , Western Australia)**

- Extensive metallurgical testwork undertaken to define cobalt and nickel recoveries using various reagents and extraction processes
- Scoping Study (SS) commenced to guide development pathway
- Independent consultants appointed to run the SS, including CPC Engineering, ALS Metallurgy and Provide Advantage
- Aircore drilling defined a new cobalt – nickel oxide deposit 3 km north of Mt Thirsty on E63/1267

**RIVERINA NICKEL PROJECT (Menzies, Western Australia)**

- No activity was conducted during the period

**BITTER BORE COBALT PROJECT (Ora Banda, Western Australia)**

- 6-month option secured over Bitter Bore Cobalt Project, 70 km northwest of Kalgoorlie
- Option allowed to lapse following a project appraisal

**CORPORATE**

- \$1.9 million Share Purchase Plan and share placement completed heavily oversubscribed

**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 2017:

|  | 2017<br>\$   | 2016<br>\$   | 2015<br>\$  | 2014<br>\$  | 2013<br>\$  |
|--|--------------|--------------|-------------|-------------|-------------|
| Revenue  | 83,265       | 910,185      | 139,672     | 33,091      | 524,598     |
| Net profit/(loss) before tax                     | (1,436,648)  | 63,439       | (514,320)   | (792,559)   | (1,362,631) |
| Net profit/(loss) after tax                      | (1,436,648)  | 63,439       | (497,203)   | (792,559)   | (1,350,872) |
|  | 2017         | 2016         | 2015        | 2014        | 2013        |
| Share price at start of year (cents)             | 4.8          | 0.6          | 0.7         | 0.6         | 1.4         |
| Share price at end of year (cents)               | 6.3          | 4.8          | 0.6         | 0.7         | 0.6         |
| Shares on issue at end of year                   | 423,747,883  | 373,247,883  | 373,247,883 | 373,247,883 | 373,247,883 |
| Market capitalisation at end of year (undiluted) | \$26,961,166 | \$17,915,898 | \$2,239,487 | \$2,612,735 | \$2,239,487 |
| Basic earnings/(loss) per share (cents)          | (0.35)       | 0.02         | (0.13)      | (0.21)      | (0.36)      |
| Diluted earnings/(loss) per share (cents)        | (0.35)       | 0.02         | (0.13)      | (0.21)      | (0.36)      |

**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.

**DIRECTORS' REPORT**

**Share Options**

During the financial year and to the date of this report 24,000,000 unlisted employee and director options were on issue.

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      |
|--------------------------------|----------------|------------------|
| 4,000,000                      | \$0.04         | 11 November 2018 |
| 4,000,000                      | \$0.03         | 11 November 2018 |
| 4,000,000                      | \$0.02         | 11 November 2018 |
| 4,000,000                      | \$0.08         | 17 November 2019 |
| 4,000,000                      | \$0.07         | 17 November 2019 |
| 4,000,000                      | \$0.06         | 17 November 2019 |

During the year, 3,000,000 options were issued to employees under the Employee Incentive Option Scheme (ESOP) and 9,000,000 options issued to Directors following shareholder approval at Annual General Meeting.

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.

3,000,000 Employee Options were exercised during the year for a consideration of \$120,000.

**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 any 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' Meetings**

There were nine (9) Directors' meetings held during the financial year ended 30 June 2017. 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 | 9               | 9                         |
| Grant Mooney | 9               | 9                         |
| Jon Young    | 9               | 9                         |

There were also four (4) 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.

## **DIRECTORS' REPORT**

### **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 listed company with most of its funds allocated to specific exploration and new business development activities. Historically, 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.

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 9.5% 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.

### **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 Jon Young has an Employee Services Agreement for no fixed term commencing on 5 January 2015. 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 but was reduced to \$48,000 per annum plus GST in February 2015.

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 relating to accrued leave.



**BARRA RESOURCES LIMITED**  
**ABN 76 093 396 850**

**DIRECTORS' REPORT**

**Remuneration Report (audited) (continued)**

**Remuneration**

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

| DIRECTORS  |             | SHORT-TERM<br>EMPLOYEE BENEFITS |       | POST-<br>EMPLOYMENT<br>BENEFITS | SHARE-<br>BASED<br>PAYMENT | TOTAL          | PERCENTAGE<br>PERFORMANCE<br>RELATED<br>% |
|--|-------------|---------------------------------|-------|---------------------------------|----------------------------|----------------|---|
|  |             | SALARY<br>& FEES                | BONUS | SUPER-<br>ANNUATION             | OPTIONS                    |                |   |
|  |             | \$                              | \$    | \$                              | \$                         | \$             |   |
| Gary Berrell<br>(Executive Chairman)   | <b>2017</b> | <b>95,000</b>                   | -     | <b>9,025</b>                    | <b>65,800</b>              | <b>169,825</b> | 39%                                       |
|  | 2016        | 95,000                          | -     | 9,025                           | 8,800                      | 112,825        | 8%  |
| Grant Mooney <sup>(1)</sup><br>(Non-Executive Director &<br>Company Secretary) | <b>2017</b> | <b>93,000</b>                   | -     | <b>4,275</b>                    | <b>65,800</b>              | <b>163,075</b> | 40%                                       |
|  | 2016        | 97,000                          | -     | 4,275                           | 8,800                      | 110,075        | 8%  |
| Jon Young<br>(Non-Executive Director)  | <b>2017</b> | <b>45,000</b>                   | -     | <b>4,275</b>                    | <b>65,800</b>              | <b>115,075</b> | <b>57%</b>                                |
|  | 2016        | 47,020                          | -     | 4,467                           | 8,800                      | 60,287         | 15%                                       |
| <b>TOTAL</b>   | <b>2017</b> | <b>233,000</b>                  | -     | <b>17,575</b>                   | <b>197,400</b>             | <b>447,975</b> |   |
| <b>TOTAL</b>   | 2016        | 239,020                         | -     | 17,767                          | 26,400                     | 283,187        |   |

<sup>(1)</sup> Amounts paid to Grant Mooney include director's fees of \$45,000 (2016: \$45,000) and fees paid to a related party in respect of company secretarial services, totaling \$48,000 + GST (2016: \$52,000 13 months billed).

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.

**Employee Option Plan**

On 17 November 2016 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. During the year 3,000,000 ESOP options were exercised, and 3,000,000 options were issued. There are presently 6,000,000 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. There are no further service or performance criteria that need to be met in relation to options granted.

| OPTION SERIES  | GRANT DATE       | EXPIRY DATE      | GRANT DATE FAIR VALUE | VESTING DATE |
|----------------|------------------|------------------|-----------------------|--------------|
| ESOP Tranche 3 | 21 March 2014    | 21 March 2017    | \$0.002               | Immediate    |
| Tranche 4      | 11 November 2015 | 11 November 2018 | \$0.0035              | Immediate    |
| Tranche 4      | 11 November 2015 | 11 November 2018 | \$0.0029              | Immediate    |
| Tranche 4      | 11 November 2015 | 11 November 2018 | \$0.0024              | Immediate    |
| ESOP Tranche 5 | 11 January 2016  | 11 November 2018 | \$0.0083              | Immediate    |
| ESOP Tranche 5 | 11 January 2016  | 11 November 2018 | \$0.007               | Immediate    |
| ESOP Tranche 5 | 11 January 2016  | 11 November 2018 | \$0.0061              | Immediate    |
| Tranche 6      | 17 November 2016 | 17 November 2019 | \$0.0232              | Immediate    |
| Tranche 6      | 17 November 2016 | 17 November 2019 | \$0.0219              | Immediate    |

**BARRA RESOURCES LIMITED**  
**ABN 76 093 396 850**

**DIRECTORS' REPORT**

**Remuneration Report (audited)**  
**(continued)**

|                |                  |                  |          |           |
|----------------|------------------|------------------|----------|-----------|
| ESOP Tranche 6 | 17 November 2016 | 17 November 2019 | \$0.0207 | Immediate |
| ESOP Tranche 7 | 12 December 2016 | 17 November 2019 | \$0.0314 | Immediate |
| ESOP Tranche 7 | 12 December 2016 | 17 November 2019 | \$0.0298 | Immediate |
| ESOP Tranche 7 | 12 December 2016 | 17 November 2019 | \$0.0283 | Immediate |

**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:

| <b>2017<br/>DIRECTOR</b> | <b>BALANCE AS AT<br/>1 JULY 2016</b> | <b>GRANTED AS<br/>REMUNERATION</b> | <b>RECEIVED<br/>ON<br/>EXERCISE<br/>OF<br/>OPTIONS</b> | <b>PURCHASED/<br/>(SOLD)</b> | <b>ON<br/>RESIGNATION</b> | <b>BALANCE<br/>AS AT<br/>30 JUNE 2017</b> |
|--------------------------|--------------------------------------|------------------------------------|--|------------------------------|---------------------------|---|
| Gary Berrell             | 1,191,912                            | -                                  | -  | 223,958                      | -                         | 1,415,870                                 |
| Grant Mooney             | 2,103,556                            | -                                  | -  | 671,906                      | -                         | 2,775,462                                 |
| Jon Young                | 5,056,000                            | -                                  | -  | 447,916                      | -                         | 5,503,916                                 |
| <b>2016</b>              |                                      |                                    |  |                              |                           |   |
| Gary Berrell             | 1,191,912                            | -                                  | -  | -                            | -                         | 1,191,912                                 |
| Grant Mooney             | 2,103,556                            | -                                  | -  | -                            | -                         | 2,103,556                                 |
| Jon Young                | 5,056,000                            | -                                  | -  | -                            | -                         | 5,056,000                                 |

**Share Options Issued by Barra Resources Limited**

The Directors hold 18,000,000 options (tranche 4 and tranche 6) over ordinary shares in the Company (directly, indirectly or beneficially) at balance date.

**Value of options issued to Directors**

During the year ended 30 June 2017, 9,000,000 options (tranche 6) were issued to Directors, which were valued at \$197,400 (further details in Note 30).

**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.

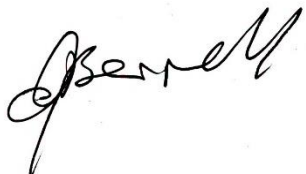
**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 9 and forms part of this Directors' Report for the year ended 30 June 2017.

**DIRECTORS' REPORT**

Signed on 21 September 2017 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 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.

**AUDITOR'S INDEPENDENCE DECLARATION**



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 2017, 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**  
**21 September 2017**

A handwritten signature in blue ink, appearing to read 'D I Buckley'.


**D I Buckley**  
**Partner**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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HLB Mann Judd (WA Partnership) is a member of  International, a world-wide organisation of accounting firms and business advisers

**BARRA RESOURCES LIMITED**  
**ABN 76 093 396 850**

**Statement of Comprehensive Income**  
**for the year ended 30 June 2017**

|   | NOTE | 30 JUNE 2017<br>\$ | 30 JUNE 2016<br>\$ |
|---|------|--------------------|--------------------|
| Royalty income  | 4    | 11,181             | 609,352            |
| Other income  | 4    | 72,084             | 300,833            |
| <b>Total Revenue</b>  |      | <b>83,265</b>      | <b>910,185</b>     |
| Impairment of exploration and evaluation costs                            | 5(a) | (511,056)          | (132)              |
| Exploration and evaluation costs written off                              |      | (52,670)           | -                  |
| Royalty expense   |      | -                  | (233,104)          |
| Employee benefits expense   |      | (286,806)          | (293,737)          |
| Depreciation expense  | 5(a) | (16,619)           | (20,817)           |
| Consulting expenses   |      | (115,655)          | (96,594)           |
| Rental expenses   |      | (68,684)           | (64,941)           |
| Administration expenses   |      | (179,979)          | (89,177)           |
| Options issued expenses   |      | (286,900)          | (47,800)           |
| Loss on sale of plant and equipment                                       |      | -                  | (34)               |
| Other expenses from ordinary activities                                   |      | (1,544)            | (410)              |
| Profit/(Loss) before income tax expense                                   |      | (1,436,648)        | 63,439             |
| Income tax benefit  | 6    | -                  | -                  |
| <b>Profit/(Loss) for the year</b>   |      | <b>(1,436,648)</b> | <b>63,439</b>      |
| <b>Other Comprehensive Income:</b>  |      |                    |                    |
| <i>Items that may be reclassified to profit or loss</i>                   |      |                    |                    |
| Net change in fair value of available-for-sale assets                     |      | 9,500              | 89,158             |
| <i>Items that will not be reclassified subsequently to profit or loss</i> |      |                    |                    |
| Disposal of available-for-sale assets                                     |      | (32,250)           | -                  |
| <b>Total Comprehensive Income/(Loss) for the Year</b>                     |      | <b>(1,459,398)</b> | <b>152,597</b>     |
| <b>Earnings Per Share</b>   |      |                    |                    |
| Basic earnings/(loss) per share (cents per share)                         | 26   | (0.35) cent        | 0.02 cent          |
| Diluted earnings/(loss) per share (cents per share)                       | 26   | (0.35) cent        | 0.02 cent          |

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



**BARRA RESOURCES LIMITED**  
**ABN 76 093 396 850**

**Statement of Financial Position**  
**as at 30 June 2017**

|  | NOTE | 30 JUNE 2017<br>\$ | 30 JUNE 2016<br>\$ |
|--|------|--------------------|--------------------|
| <b>CURRENT ASSETS</b>                  |      |                    |                    |
| Cash and cash equivalents              | 9    | 1,478,348          | 769,860            |
| Trade and other receivables            | 10   | 28,275             | 85,757             |
| Other                                  | 11   | 60,320             | 17,079             |
| <b>TOTAL CURRENT ASSETS</b>            |      | <b>1,566,943</b>   | <b>872,696</b>     |
| <b>NON CURRENT ASSETS</b>              |      |                    |                    |
| Financial assets                       | 12   | 91,249             | 114,000            |
| Rental bond                            | 13   | 15,000             | 15,000             |
| Property, plant and equipment          | 14   | 11,991             | 28,357             |
| Exploration and evaluation expenditure | 15   | 8,699,076          | 8,382,455          |
| <b>TOTAL NON-CURRENT ASSETS</b>        |      | <b>8,817,316</b>   | <b>8,539,812</b>   |
| <b>TOTAL ASSETS</b>                    |      | <b>10,384,259</b>  | <b>9,412,508</b>   |
| <b>CURRENT LIABILITIES</b>             |      |                    |                    |
| Trade and other payables               | 16   | 235,142            | 54,761             |
| Provisions                             | 17   | 130,793            | 111,635            |
| <b>TOTAL CURRENT LIABILITIES</b>       |      | <b>365,935</b>     | <b>166,396</b>     |
| <b>TOTAL LIABILITIES</b>               |      | <b>365,935</b>     | <b>166,396</b>     |
| <b>NET ASSETS</b>                      |      | <b>10,018,324</b>  | <b>9,246,112</b>   |
| <b>EQUITY</b>                          |      |                    |                    |
| Issued capital                         | 18   | 50,839,220         | 48,889,610         |
| Reserves                               | 19   | 401,108            | 141,858            |
| Accumulated losses                     | 20   | (41,222,004)       | (39,785,356)       |
| <b>TOTAL EQUITY</b>                    |      | <b>10,018,324</b>  | <b>9,246,112</b>   |

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

**BARRA RESOURCES LIMITED**  
**ABN 76 093 396 850**

**Statement of Cash Flows**  
**for the year ended 30 June 2017**

|  | NOTE | 30 JUNE 2017<br>\$ | 30 JUNE 2016<br>\$ |
|--|------|--------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                      |      |                    |                    |
| Receipts from customers  |      | 83,274             | 809,983            |
| Payments to suppliers and employees                              |      | (558,465)          | (814,571)          |
| Interest received  |      | 27,612             | 10,041             |
| NET CASH FLOWS (USED IN)/PROVIDED BY OPERATING ACTIVITIES        | 21   | (447,579)          | 5,453              |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                      |      |                    |                    |
| Payments for property, plant and equipment                       |      | (278)              | -                  |
| Proceeds from sale of available-for-sale investments             |      | 39,313             | 90,855             |
| Payments for exploration, evaluation and development expenditure | 15   | (827,678)          | (365,444)          |
| NET CASH FLOWS (USED IN) INVESTING ACTIVITIES                    |      | (788,643)          | (274,589)          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                      |      |                    |                    |
| Proceeds from the issue of shares                                |      | 2,020,000          | -                  |
| Payments for share issue costs                                   |      | (75,290)           | -                  |
| NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES                  |      | 1,944,710          | -                  |
| NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS HELD       |      | 708,488            | (269,136)          |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR           |      | 769,860            | 1,038,996          |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR                 | 9    | 1,478,348          | 769,860            |

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

**BARRA RESOURCES LIMITED**  
**ABN 76 093 396 859**

**Statement of Changes in Equity**  
**For the year ended 30 June 2017**

|  | ISSUED<br>CAPITAL | SHARE-BASED<br>PAYMENT<br>RESERVE | INVESTMENT<br>REVALUATION<br>RESERVE | ACCUMULATED<br>LOSSES | TOTAL EQUITY       |
|--|-------------------|-----------------------------------|--------------------------------------|-----------------------|--------------------|
|  | \$                | \$                                | \$                                   | \$                    | \$                 |
| <b>BALANCE AS AT 1 JULY 2015</b>         | <b>48,889,610</b> | <b>4,900</b>                      | <b>-</b>                             | <b>(39,848,795)</b>   | <b>9,045,715</b>   |
| Profit for the year                      | -                 | -                                 | -                                    | 63,439                | 63,439             |
| Revaluation of available-for-sale assets | -                 | -                                 | 89,158                               | -                     | 89,158             |
| Total comprehensive income for the year  | -                 | -                                 | <b>89,158</b>                        | <b>63,439</b>         | <b>152,597</b>     |
| Issue of options                         | -                 | 47,800                            | -                                    | -                     | 47,800             |
| <b>BALANCE AS AT 30 JUNE 2016</b>        | <b>48,889,610</b> | <b>52,700</b>                     | <b>89,158</b>                        | <b>(39,785,356)</b>   | <b>9,246,112</b>   |
| Loss for the year                        | -                 | -                                 | -                                    | (1,436,648)           | (1,436,648)        |
| Revaluation of available-for-sale assets | -                 | -                                 | 9,500                                | -                     | 9,500              |
| Disposal of available-for-sale assets    | -                 | -                                 | (32,250)                             | -                     | (32,250)           |
| Total comprehensive loss for the year    | -                 | -                                 | <b>(22,750)</b>                      | <b>(1,436,648)</b>    | <b>(1,459,398)</b> |
| Issue of shares                          | 1,900,000         | -                                 | -                                    | -                     | 1,900,000          |
| Share issue costs                        | (75,290)          | -                                 | -                                    | -                     | (75,290)           |
| Exercise of options                      | 124,900           | (4,900)                           | -                                    | -                     | 120,000            |
| Issue of options                         | -                 | 286,900                           | -                                    | -                     | 286,900            |
| <b>BALANCE AS AT 30 JUNE 2017</b>        | <b>50,839,220</b> | <b>334,700</b>                    | <b>66,408</b>                        | <b>(41,222,004)</b>   | <b>10,018,324</b>  |

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 2017**

## **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 Limited. 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 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 21 September 2017.

### **(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**

#### Wages, salaries, annual leave and sick leave

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.

#### Defined contribution plans

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.

**Notes to the Financial Statements**  
**for the year ended 30 June 2017**

**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 2017**

**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 using a Black-Scholes model, further details of which are given in Note 30.

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 26).

**Notes to the Financial Statements**  
**for the year ended 30 June 2017**

**2. Summary of Accounting Policies (continued)**

**(m) Exploration and evaluation expenditure**

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 2017**

**2. Summary of Accounting Policies (continued)**

**(q) Interests in joint operations**

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of the control of an arrangement, which exists on when decision about the relevant activities require unanimous consent of the parties sharing control.

When a Company undertakes its activities under joint operations, the Company as a joint operator recognizes in relation to its interest in a joint operation:

- its assets, including its share of any assets jointly held;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Company accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the relevant standards and interpretations applicable to the particular assets, liabilities, revenue and expenses.

When the Company transacts with a joint operation in which the Company is a joint operator (such as a sale or contribution of assets), the Company is considered to be conducting the transaction with other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Company's financial statement only to the extent of the other parties' interests in the joint operation.

When the Company transacts with a joint operation in which the Company is a joint operator (such as the purchase of assets), the Company does not recognise its share of the gains and losses until it resells those assets to a third party.

**(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.

**Notes to the Financial Statements**  
**for the year ended 30 June 2017**

**2. Summary of Accounting Policies (continued)**

**(s) Financial Assets (continued)**

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 or 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.

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.

**Notes to the Financial Statements**  
**for the year ended 30 June 2017**

**2. Summary of Accounting Policies (continued)**

**(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.

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

Standards and Interpretations applicable to 30 June 2017

In the year ended 30 June 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2017. As a result of this review the Directors have determined that there is no material impact, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

**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 \$511,056 (2016: \$132) on the carrying value of capitalised gold assets.



**Notes to the Financial Statements**  
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### 3. Critical accounting judgements and key sources of estimation uncertainty (continued)

#### 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 reseeded work. The Company has made an estimation of the costing rates and disturbed hectares to calculate a rehabilitation provision as at 30 June 2016. In addition, the discount rate and risk rate used in the calculation are subject to estimation.

#### 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.

#### Share-based Payments

The Company measures the cost of equity-settled transactions and cash-settled share-based payments with employees and directors by reference to the fair value of the equity instruments at the date at which they are granted. The fair value at the grant date is determined using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the instruments were granted and the assumptions detailed in Note 30.

### 4. Revenue from Ordinary Activities

|  | 30 JUNE 2017<br>\$ | 30 JUNE 2016<br>\$ |
|--|--------------------|--------------------|
| Royalties from gold sales                        | 11,181             | 609,352            |
| Other Income:                                    |                    |                    |
| Interest received from other parties             | 28,166             | 18,456             |
| Profit on sale of available-for-sale investments | 39,353             | 81,805             |
| Other revenue                                    | 4,566              | 200,572            |
| Total Revenue                                    | 83,265             | 910,185            |

### 5. Profit/(Loss) from Ordinary Activities

|   | 30 JUNE 2017<br>\$ | 30 JUNE 2016<br>\$ |
|---|--------------------|--------------------|
| Profit/loss from ordinary activities before income tax has been determined after: |                    |                    |
| (a) Other expenses:   |                    |                    |
| Depreciation of property, plant and equipment                                     | 16,619             | 20,817             |
| Annual & long service leave charge  | 13,497             | 14,578             |
| Impairment of exploration and evaluation costs                                    | 511,056            | 132                |

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**6. Income Tax**

**(a) Income tax benefit**

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:

|  | 30 JUNE 2017<br>\$ | 30 JUNE 2016<br>\$ |
|--|--------------------|--------------------|
| <b>Profit/(Loss) from continuing operations</b>                      | <b>(1,436,648)</b> | <b>63,439</b>      |
| Income tax expense/(benefit) calculated at 27.5% (2016: 28.5%)       | (395,078)          | 18,080             |
| Non deductible expenses in determining taxable loss                  | 78,901             | 13,631             |
| Temporary differences not brought to account as a deferred tax asset | (67,917)           | (110,807)          |
| Tax losses not brought to account as a deferred tax asset            | 394,916            | 102,152            |
| Non assessable income  | (10,822)           | (23,055)           |
| Income tax benefit   | -                  | -                  |

**(b) Deferred Tax liability**

|   |             |             |
|---|-------------|-------------|
| Capitalised Exploration expenditure                   | 2,392,246   | 2,389,000   |
| Other deferred tax liabilities                        | 23,966      | 51,995      |
| Less: Deferred tax assets not recognised (tax losses) | (2,416,212) | (2,440,994) |
|   | -           | -           |

**(c) Deferred tax assets**

|   |             |             |
|---|-------------|-------------|
| Deferred tax assets – temporary differences | 67,859      | 50,031      |
| Deferred tax assets – losses*               | 14,184,386  | 14,302,120  |
| Deferred tax liabilities                    | (2,416,212) | (2,440,994) |
| Deferred tax assets not recognised          | 11,836,033  | 11,911,157  |

\* Included in the losses are capital losses of \$2,304,457 (2016: \$2,399,471).

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.

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**7. Remuneration Benefits**

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*)

Jon Young (*Non-Executive Director*)

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

Short-term employee benefits

Post-employment benefits

Share based payments

| 30 JUNE 2017 | 30 JUNE 2016 |
|--------------|--------------|
| \$           | \$           |
| 233,000      | 239,020      |
| 17,575       | 17,767       |
| 197,400      | 26,400       |
| 447,975      | 283,187      |

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.

**8. Auditors' Remuneration**

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

Amounts received, or due and receivable by the Mt Thirsty JV auditors, BDO Audit (WA) Pty Ltd, for audit or review of the financial report

|        |        |
|--------|--------|
| 28,250 | 29,400 |
| 3,060  | -      |
| 31,310 | 29,400 |

**9. Cash and Cash Equivalents**

Cash at bank

Short-term deposits

|           |         |
|-----------|---------|
| 207,916   | 21,671  |
| 1,270,432 | 748,189 |
| 1,478,348 | 769,860 |

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.

**10. Trade and Other Receivables - Current**

Trade debtors

Other debtors

|        |        |
|--------|--------|
| 17,640 | 85,234 |
| 10,635 | 2,523  |
| 28,275 | 87,757 |

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

60-90 days

90+ days

|        |        |
|--------|--------|
| 17,640 | 85,234 |
| -      | -      |
| -      | -      |
| 17,640 | 85,234 |

**11. Other - Current Assets**

Prepayments

|        |        |
|--------|--------|
| 60,320 | 17,079 |
|--------|--------|

**12. Financial Assets – Non Current**

Mining tenement bonds

Available-for-sale investments carried at fair value – listed company shares

|        |         |
|--------|---------|
| 21,000 | 21,000  |
| 70,250 | 93,000  |
| 91,250 | 114,000 |

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**13. Rental Bond – Non Current**

|                                   | 30 JUNE 2017<br>\$ | 30 JUNE 2016<br>\$ |
|-----------------------------------|--------------------|--------------------|
| Rental Bond for West Perth office | 15,000             | 15,000             |

**14. Property, Plant & Equipment**

|  |               |               |
|--|---------------|---------------|
| Motor Vehicles – at cost                   | 34,350        | 38,316        |
| less accumulated depreciation              | (22,929)      | (15,447)      |
|  | 11,421        | 22,869        |
| Office furniture and equipment - at cost   | 185,886       | 215,427       |
| less accumulated depreciation              | (185,316)     | (209,939)     |
|  | 570           | 5,488         |
| <b>Total Property, Plant and Equipment</b> | <b>11,991</b> | <b>28,357</b> |

|                                 | Motor Vehicles<br>\$ | Office<br>Furniture &<br>Equipment<br>\$ | Total<br>\$ |
|---------------------------------|----------------------|--|-------------|
| <i>Cost</i>                     |                      |  |             |
| Balance at 30 June 2015         | 38,316               | 216,326                                  | 254,642     |
| Acquisitions                    | -                    | -  | -           |
| Disposals                       | -                    | (899)                                    | (899)       |
| Balance at 30 June 2016         | 38,316               | 215,427                                  | 253,743     |
| Acquisitions                    | -                    | 253                                      | 253         |
| Disposals                       | (3,966)              | (29,794)                                 | (33,760)    |
| Balance at 30 June 2017         | 34,350               | 185,886                                  | 220,236     |
| <i>Accumulated Depreciation</i> |                      |  |             |
| Balance at 30 June 2015         | (3,967)              | (201,467)                                | (205,434)   |
| Disposals                       | -                    | 865                                      | 865         |
| Depreciation expense for year   | (11,480)             | (9,337)                                  | (20,817)    |
| Balance at 30 June 2016         | (15,447)             | (209,939)                                | (225,386)   |
| Disposals                       | 3,966                | 29,794                                   | 33,760      |
| Depreciation expense for year   | (11,449)             | (5,170)                                  | (16,619)    |
| Balance at 30 June 2017         | (22,930)             | (185,315)                                | (208,245)   |

**15. Exploration and Evaluation Expenditure**

|   | 30 JUNE 2017<br>\$ | 30 JUNE 2016<br>\$ |
|---|--------------------|--------------------|
| Mineral exploration and evaluation expenditure costs carried forward (exploration and evaluation phase) |                    |                    |
| Balance at beginning of financial year  | 8,382,455          | 8,017,143          |
| Less: exploration expenditure written off (a)   | (511,056)          | (132)              |
| Exploration and evaluation expenditure  | 827,677            | 365,444            |
| <b>Total exploration and evaluation expenditure</b>   | <b>8,699,076</b>   | <b>8,382,455</b>   |

(a) Relates to capitalised expenditures on tenements that were relinquished during the year or are otherwise not expected to be recouped.

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 28).

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).

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**16. Trade and Other Payables**

|                       | 30 June 2017<br>\$ | 30 June 2016<br>\$ |
|-----------------------|--------------------|--------------------|
| Trade payables        | 89,483             | 12,657             |
| Employee entitlements | 28,000             | 23,660             |
| Other                 | 117,659            | 18,444             |
|                       | 235,142            | 54,761             |

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.

**17. Provisions - Current**

|                              | 30 June 2017<br>\$ | 30 June 2016<br>\$ |
|------------------------------|--------------------|--------------------|
| Rehabilitation expenses (a)  | 80,000             | 70,000             |
| Long service leave provision | 50,793             | 41,635             |
|                              | 130,793            | 111,635            |

(a) The rehabilitation provision has increased by \$10,000 (2016: decreased by \$15,000) based upon the Company's best estimate of the likely cost of tenements in performing rehabilitation work relating to currently disturbed ground. The increase was mainly due to the increase in provision for Phillips Find rehabilitation.

**Movements in provisions**

Movements in each class of provisions during the financial year (excluding employee benefits) are set out below:

|   | Rehabilitation | Long Service Leave |
|---|----------------|--------------------|
| Carrying amount at start of year            | 70,000         | 41,635             |
| Increase/(decrease) in provision recognised | 10,000         | 9,158              |
| Carrying amount at end of year              | 80,000         | 50,793             |

**18. Issued Capital**

|  | Number<br>Shares   | \$                |
|--|--------------------|-------------------|
| Opening Balance 1 July 2015                                | 373,247,883        | 48,889,610        |
| Closing Balance 30 June 2016                               | 373,247,883        | 48,889,610        |
| Opening Balance 1 July 2016                                | 373,247,883        | 48,889,610        |
| Placement of shares 14 October 2016                        | 12,500,000         | 500,000           |
| Shares issued under share purchase plan 28 October 2016    | 35,000,000         | 1,400,000         |
| Exercise of options @ \$0.02 plus option fee 16 March 2017 | 1,000,000          | 22,300            |
| Exercise of options @ \$0.04 plus option fee 16 March 2017 | 1,000,000          | 41,500            |
| Exercise of options @ \$0.06 plus option fee 16 March 2017 | 1,000,000          | 61,100            |
| Less share issue costs                                     | -                  | (75,290)          |
| <b>Closing Balance 30 June 2017</b>                        | <b>423,747,883</b> | <b>50,839,220</b> |

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



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**18. Issued Capital (continued)**

**Share options granted under the Employee Share Option Plan (ESOP)**

On 17 November 2016 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. During the year 3,000,000 ESOP options were exercised, and 3,000,000 options were issued. There are presently 6,000,000 options on issue pursuant to the ESOP.

**Other Share Options**

As at 30 June 2017, the Company has no listed share options on issue (2016: Nil).

As at 30 June 2017, the Company has other unlisted options over 18,000,000 ordinary shares, in aggregate, 9,000,000 unlisted Director Options expiring 11 November 2018 and 9,000,000 unlisted Director Options expiring 17 November 2019 (2016: 9,000,000).

**19. Reserves**

|   | 30 June 2017<br>\$ | 30 June 2016<br>\$ |
|---|--------------------|--------------------|
| (a) Equity-settled benefits reserve   |                    |                    |
| Opening Balance   | 52,700             | 4,900              |
| Employee share options expensed   | 89,500             | 21,400             |
| Directors share options expensed  | 197,400            | 26,400             |
| Employee share options exercised  | (4,900)            | -                  |
| Total Equity-settled benefits reserve (i)   | 334,700            | 52,700             |
| (b) Investment revaluation reserve  |                    |                    |
| Opening Balance   | 89,158             | -                  |
| Sale of available-for-sale investments  | (32,250)           | -                  |
| Movements during the year   | 9,500              | 89,158             |
| Total investment revaluation reserve (ii)   | 66,408             | 89,158             |
| Total Reserves  | 401,108            | 141,858            |
| (i) The share option reserve is used to record the value of share options granted to directors and 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 30 for further information. |                    |                    |
| (ii) The investment revaluation reserve is used to record changes in the fair value attributable to available-for-sale financial assets.  |                    |                    |

**20. Accumulated Losses**

|  |              |              |
|--|--------------|--------------|
| Balance at the beginning of the financial year | (39,785,356) | (39,848,795) |
| Net profit/(loss)                              | (1,436,648)  | 63,439       |
| Balance at the end of the financial year       | (41,222,004) | (39,785,356) |

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**Notes to the Financial Statements**  
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**21. Notes to the Statement of Cash Flows**

|   | 30 June 2017<br>\$ | 30 June 2016<br>\$ |
|---|--------------------|--------------------|
| Reconciliation of Net Loss to Net Cash Flows used in Operating Activities |                    |                    |
| Profit/(loss) from ordinary activities after income tax                   | (1,436,648)        | 63,439             |
| • Depreciation expense  | 16,619             | 20,818             |
| • Write off exploration and evaluation expenses                           | 511,056            | 132                |
| • Sale of motor vehicle   | -                  | 32                 |
| • Issue of employee options   | 286,900            | 47,800             |
| • Profit on available-for-sale assets                                     | (39,353)           | (81,805)           |
| Changes in assets and liabilities   |                    |                    |
| • Decrease/(Increase) in other debtors                                    | 57,486             | 1,628              |
| • Decrease/(Increase) in prepayments                                      | (43,241)           | (10,317)           |
| • (Decrease)/Increase in other provisions                                 | 23,497             | (6,766)            |
| • Increase/(Decrease) in trade creditors                                  | 176,105            | (29,508)           |
| <b>Net cash provided by/(used in) Operating Activities</b>                | <b>(447,579)</b>   | <b>5,453</b>       |

**22. 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.

**23. Interest in Joint Operation**

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

**24. Related Party Transactions**

**(a) Key management personnel compensation**

Details of key management personnel compensation are disclosed in Note 7 to the financial statements.

**(b) Transactions with Director related entities**

Grant Mooney (Mooney and Partners Pty Ltd) was paid \$48,000 (2016: \$97,000) exclusive of GST for Company Secretarial fees for the financial year ended 30 June 2017. 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 (2016: 50%). The Company has not entered into any transactions with the joint venture during the year (2016: Nil).

**25. 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.

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**25. Financial Instruments (continued)**

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

*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 interest rate risk as at year end.

|   | WEIGHTED<br>AVERAGE<br>EFFECTIVE<br>INTEREST RATE % | FIXED<br>INTEREST<br>RATE<br>\$ | FLOATING<br>INTEREST<br>RATE<br>\$ | NON-INTEREST<br>BEARING<br>\$ | CARRYING<br>AMOUNT<br>\$ |
|---|---|---------------------------------|------------------------------------|-------------------------------|--------------------------|
| <b>2017</b>   |   |                                 |                                    |                               |                          |
| <i>Financial Assets</i>                               |   |                                 |                                    |                               |                          |
| Cash  | 0.60%   | 1,255,432                       | 162,983                            | 44,932                        | 1,463,347                |
| Security deposits                                     | 2.57%   | 21,000                          | -                                  | -                             | 21,000                   |
| Receivables   | -   | -                               | -                                  | 28,275                        | 28,275                   |
| Rental Bond   | 2.40%   | 15,000                          | -                                  | -                             | 15,000                   |
| Available-for-sale and derivative<br>financial assets | -   | -                               | -                                  | 70,250                        | 70,250                   |
|   |   | 1,291,432                       | 162,983                            | 143,457                       | 1,597,872                |
| <i>Financial Liabilities</i>                          |   |                                 |                                    |                               |                          |
| Accounts payable                                      | -   | -                               | -                                  | 235,142                       | 235,142                  |
|   |   | -                               | -                                  | 235,142                       | 234,142                  |

|   | WEIGHTED<br>AVERAGE<br>EFFECTIVE<br>INTEREST RATE % | FIXED<br>INTEREST<br>RATE<br>\$ | FLOATING<br>INTEREST<br>RATE<br>\$ | NON-INTEREST<br>BEARING<br>\$ | CARRYING<br>AMOUNT<br>\$ |
|---|---|---------------------------------|------------------------------------|-------------------------------|--------------------------|
| <b>2016</b>   |   |                                 |                                    |                               |                          |
| <i>Financial Assets</i>                               |   |                                 |                                    |                               |                          |
| Cash  | 1.40  | 733,189                         | 4,795                              | 16,876                        | 754,860                  |
| Security deposits                                     | 2.40  | 21,000                          | -                                  | -                             | 21,000                   |
| Receivables   | -   | -                               | -                                  | 85,757                        | 85,757                   |
| Other deposits  | 2.00  | 15,000                          | -                                  | -                             | 15,000                   |
| Available-for-sale and derivative<br>financial assets | -   | -                               | -                                  | 93,000                        | 93,000                   |
|   |   | 769,189                         | 4,795                              | 195,633                       | 969,617                  |
| <i>Financial Liabilities</i>                          |   |                                 |                                    |                               |                          |
| Accounts payable                                      | -   | -                               | -                                  | 54,761                        | 54,761                   |
|   |   | -                               | -                                  | 54,761                        | 54,761                   |

The Company is not subject to material interest rate risk sensitivity.

*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.

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.

**Notes to the Financial Statements**  
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**25. Financial Instruments (continued)**

*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 2017.

|                                     | LEVEL 1       | LEVEL 2 | LEVEL 3 | TOTAL         |
|-------------------------------------|---------------|---------|---------|---------------|
|                                     | \$            | \$      | \$      | \$            |
| <b>2017</b>                         |               |         |         |               |
| <b>Assets</b>                       |               |         |         |               |
| Available-for-sale financial assets | 70,250        | -       | -       | 70,250        |
|                                     | <b>70,250</b> | -       | -       | <b>70,250</b> |
| <b>2016</b>                         |               |         |         |               |
| <b>Assets</b>                       |               |         |         |               |
| Available-for-sale financial assets | 93,000        | -       | -       | 93,000        |
|                                     | <b>93,000</b> | -       | -       | <b>93,000</b> |

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 2016.

The capital structure of the Company consists of cash and cash equivalents disclosed in Note 9 and equity attributable to the shareholders, comprising issued capital and reserves, as disclosed in Notes 18 and 19.

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.

**BARRA RESOURCES LIMITED**  
**ABN 76 093 396 859**

**Notes to the Financial Statements**  
**for the year ended 30 June 2017**

**25. Financial Instruments (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<br>3 MONTHS<br>\$ | 3–12 MONTHS<br>\$ | 1-5 YEARS<br>\$ | GREATER THAN<br>5 YEARS<br>\$ | TOTAL<br>\$    |
|------------------------|-----------------------------|-------------------|-----------------|-------------------------------|----------------|
| <b>2017</b>            |                             |                   |                 |                               |                |
| Financial liabilities: |                             |                   |                 |                               |                |
| Accounts payable       | 235,142                     | -                 | -               | -                             | 235,142        |
|                        | <b>235,142</b>              | <b>-</b>          | <b>-</b>        | <b>-</b>                      | <b>235,142</b> |
| <b>2016</b>            |                             |                   |                 |                               |                |
| Financial liabilities: |                             |                   |                 |                               |                |
| Accounts payable       | 54,761                      | -                 | -               | -                             | 54,761         |
|                        | <b>54,761</b>               | <b>-</b>          | <b>-</b>        | <b>-</b>                      | <b>54,761</b>  |

*Market risk*

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

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

*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 held by the Company are minor investments in listed shares. 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 2017 would decrease/increase by \$127 (2016: \$4,650) 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 \$127 (2016: \$4,650) for the Company, as a result of the changes in fair value of available-for-sale shares.

**26. Earnings per Share**

|   | 30 JUNE 2017<br>Cents | 30 JUNE 2016<br>Cents |
|---|-----------------------|-----------------------|
| Basic earnings/(loss) per share (cents per share)   | (0.35)                | 0.02                  |
| Diluted earnings/(loss) per share (cents per share)   | (0.35)                | 0.02                  |
| <b>Basic earnings/(loss) per share</b>  |                       |                       |
|   | 30 JUNE 2017<br>\$    | 30 JUNE 2016<br>\$    |
| The loss and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows: |                       |                       |
| Profit/(Loss)   | (1,436,648)           | 63,439                |
|   | 30 JUNE 2017<br>Nº.   | 30 JUNE 2016<br>Nº.   |
| Weighted average number of ordinary shares  | 406,615,006           | 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 material dilutive effect to the earnings per share at balance date.

**Notes to the Financial Statements**  
**for the year ended 30 June 2017**

**27. 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.

**28. 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).

**29. 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. The Company exercised its option to extend the lease for a further 24 months from 1 September 2015. The Company has recently agreed to a second extension for a further 24 months from 1 September 2017.

|                         | 30 JUNE 2017<br>\$ | 30 JUNE 2016<br>\$ |
|-------------------------|--------------------|--------------------|
| Due within 1 year       | 14,362             | 71,556             |
| Due within 2 to 5 years | -                  | 71,556             |
| 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 2017 if it is to retain all of its present interests in mining and exploration properties, are as follows:

|                   |         |         |
|-------------------|---------|---------|
| Annual commitment | 256,100 | 268,800 |
|-------------------|---------|---------|

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**BARRA RESOURCES LIMITED**  
**ABN 76 093 396 859**

**Notes to the Financial Statements**  
**for the year ended 30 June 2017**

**30. 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<br>\$ | FAIR VALUE AT<br>GRANT DATE<br>\$ |
|----------------|------------------|-----------|------------------|------------------|----------------------|-----------------------------------|
| ESOP (i)       | 21 March 2014    | 1,000,000 | 21 March 2014    | 21 March 2017    | 0.06                 | 0.0023                            |
| ESOP (i)       | 21 March 2014    | 1,000,000 | 21 March 2014    | 21 March 2017    | 0.04                 | 0.0015                            |
| ESOP (i)       | 21 March 2014    | 1,000,000 | 21 March 2014    | 21 March 2017    | 0.02                 | 0.0011                            |
| Directors (ii) | 11 November 2015 | 3,000,000 | 11 November 2015 | 11 November 2018 | 0.04                 | 0.0024                            |
| Directors (ii) | 11 November 2015 | 3,000,000 | 11 November 2015 | 11 November 2018 | 0.03                 | 0.0029                            |
| Directors (ii) | 11 November 2015 | 3,000,000 | 11 November 2015 | 11 November 2018 | 0.02                 | 0.0035                            |
| ESOP (iii)     | 11 January 2016  | 1,000,000 | 11 January 2016  | 11 November 2018 | 0.04                 | 0.0061                            |
| ESOP (iii)     | 11 January 2016  | 1,000,000 | 11 January 2016  | 11 November 2018 | 0.03                 | 0.0070                            |
| ESOP (iii)     | 11 January 2016  | 1,000,000 | 11 January 2016  | 11 November 2018 | 0.02                 | 0.0083                            |
| Directors (iv) | 17 November 2016 | 3,000,000 | 17 November 2016 | 17 November 2019 | 0.08                 | 0.0207                            |
| Directors (iv) | 17 November 2016 | 3,000,000 | 17 November 2016 | 17 November 2019 | 0.07                 | 0.0219                            |
| Directors (iv) | 17 November 2016 | 3,000,000 | 17 November 2016 | 17 November 2019 | 0.06                 | 0.0232                            |
| ESOP (v)       | 12 December 2016 | 1,000,000 | 17 November 2016 | 17 November 2019 | 0.08                 | 0.0283                            |
| ESOP (v)       | 12 December 2016 | 1,000,000 | 17 November 2016 | 17 November 2019 | 0.07                 | 0.0298                            |
| ESOP (v)       | 12 December 2016 | 1,000,000 | 17 November 2016 | 17 November 2019 | 0.06                 | 0.0314                            |

- (i) 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. The risk free rate at grant date was 2.00% and the expected volatility was 100%. These options were exercised during the year.
- (ii) On 12 November 2015, the Company issued 9,000,000 options to Directors following shareholder approval at Annual General Meeting. The number of options were issued in 3 parcels of 3,000,000 options each at the expiry dates as shown in the table above. The risk free rate at grant date was 2.00% and the expected volatility was 100%.
- (iii) On 11 January 2016, 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. The risk free rate at grant date was 2.00% and the expected volatility was 100%.
- (iv) On 17 November 2016, the Company issued 9,000,000 options to Directors following shareholder approval at Annual General Meeting. The number of options were issued in 3 parcels of 3,000,000 options each at the expiry dates as shown in the table above. The risk free rate at grant date was 1.50% and the expected volatility was 100%.
- (v) On 12 December 2016, 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. The risk free rate at grant date was 1.50% and the expected volatility was 100%.

The weighted average remaining contractual life of options at balance date is 684 days (2016: 744 days)

The weighted average fair value of options granted during the year was \$0.05 (2016: \$0.0035)

**Reconciliation of movements in options**

|                              | 2017        |  | 2016       |  |
|------------------------------|-------------|--|------------|--|
|                              | NUMBER      | WEIGHTED AVERAGE<br>EXERCISE PRICE<br>\$ | NUMBER     | WEIGHTED AVERAGE<br>EXERCISE PRICE<br>\$ |
| Balance at Beginning of year | 15,000,000  | 0.0032                                   | 3,000,000  | 0.040                                    |
| Granted                      | 12,000,000  | 0.07                                     | 12,000,000 | 0.030                                    |
| Expired                      | -           | -  | -          | -  |
| Exercised                    | (3,000,000) | 0.04                                     | -          | -  |
| Forfeited                    | -           | -  | -          | -  |
| Balance at end of year       | 24,000,000  | 0.05                                     | 15,000,000 | 0.0032                                   |

**Exercised during the year**

There were 3,000,000 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 2017 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 2017.

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

On behalf of the Directors:



**GARY BERRELL**  
**Chairman**

Dated this 21<sup>st</sup> day of September 2017

**Independent Auditors' Report**



Accountants | Business and Financial Advisers

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Barra Resources Limited

**Report on the Audit of the Financial Report**

*Opinion*

We have audited the financial report of Barra Resources Limited ("the Company") which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

*Basis for opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

*Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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**Independent Auditors' Report**



| Key Audit Matter   | How our audit addressed the key audit matter   |
|--|--|
| <b>Carrying amount of exploration and evaluation expenditure</b><br>Note 15 of the financial report  |  |
| <p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Company capitalises all exploration and evaluation expenditure, including acquisition costs and subsequently applies the cost model after recognition.</p> <p>Our audit focussed on the Company's assessment of the carrying amount of the capitalised exploration and evaluation asset, as this is one of the most significant assets of the Company. We planned our work to address the audit risk that the capitalised expenditure might no longer meet the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of the exploration and evaluation asset may exceed its recoverable amount.</p> | <p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"><li>▪ We obtained an understanding of the key processes associated with management's review of the carrying values of each area of interest;</li><li>▪ We considered the Directors' assessment of potential indicators of impairment;</li><li>▪ We obtained evidence that the Company has current rights to tenure of its areas of interest;</li><li>▪ We examined the exploration budget for the year ending 30 June 2018 and discussed with management the nature of planned ongoing activities;</li><li>▪ We enquired with management, reviewed ASX announcements and reviewed minutes of Directors' meetings to ensure that the Company had not resolved to discontinue exploration and evaluation at any of its areas of interest;</li><li>▪ We substantiated a sample of expenditure incurred to supporting documentation; and</li><li>▪ We examined the disclosures made in the financial report.</li></ul> |

*Information other than the financial report and auditor's report thereon*

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

**Independent Auditors' Report**



In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

*Auditor's responsibilities for the audit of the financial report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Independent Auditors' Report**



**Report on the Remuneration Report**

*Opinion on the remuneration report*

We have audited the remuneration report included in the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Barra Resources Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

*Responsibilities*

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.

  
HLB Mann Judd  
Chartered Accountants

  
D I Buckley  
Partner

Perth, Western Australia  
21 September 2017



**BARRA RESOURCES LIMITED**  
**ABN 76 093 396 859**

**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 19<sup>th</sup> September 2017.

| SPREAD OF HOLDINGS |   |          | TOTAL SHAREHOLDERS | TOTAL OPTIONHOLDERS |
|--------------------|---|----------|--------------------|---------------------|
| 1                  | - | 1,000    | 141                | -                   |
| 1,001              | - | 5,000    | 406                | -                   |
| 5,001              | - | 10,000   | 522                | -                   |
| 10,001             | - | 100,000  | 1,505              | -                   |
| 100,001            | - | and over | 621                | 4                   |
| Number of Holders  |   |          | 3,195              | 4                   |

Number of shareholders holding less than a marketable parcel:

**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 423,747,883 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

**BARRA RESOURCES LIMITED**  
**ABN 76 093 396 859**

**Additional Information and Corporate Governance**

**Twenty Largest Holders of Each Class of Quoted Equity Securities**

ORDINARY FULLY PAID SHARES as at 19<sup>th</sup> September 2017

| SHAREHOLDER NAME  | NUMBER OF SHARES   | PERCENTAGE OF CAPITAL |
|---|--------------------|-----------------------|
| FMR INVESTMENTS PTY LTD                                     | 81,700,262         | 19.28%                |
| LUITINGH LAFRAS   | 12,829,081         | 3.03%                 |
| MOTTE & BAILEY PTY LTD <BAILEY SUPER FUND A/C>              | 9,000,000          | 2.12%                 |
| LIPPO SECURITIES LTD <CLIENT A/C>                           | 7,372,958          | 1.74%                 |
| LAMB FAMILY SUPER FUND PTY LTD <LAMB FAMILY SUPER FUND A/C> | 5,200,000          | 1.23%                 |
| JACANA GLEN PTY LTD <LARKING SUPER FUND NO 2 A/C>           | 4,010,940          | 0.95%                 |
| RAGGED HOLDINGS PTY LTD <RAGGED SUPER ACCOUNT>              | 3,923,958          | 0.93%                 |
| CITICORP NOMINEES PTY LTD                                   | 3,855,777          | 0.91%                 |
| HSBC CUSTODY NOMINEES AUSTRALIA LTD                         | 3,742,993          | 0.88%                 |
| JILLIBY PTY LTD   | 3,500,000          | 0.83%                 |
| JP MORGAN NOMINEES AUSTRALIA LTD                            | 3,223,465          | 0.76%                 |
| MUSHIN STEPHEN KEITH  | 2,753,400          | 0.65%                 |
| TRE PTY LTD <TIME ROAD SUPER A/C>                           | 2,230,000          | 0.53%                 |
| GEOFFREY & JANET FARNELL <FARNELL SUPER FUND A/C>           | 2,211,242          | 0.52%                 |
| BNP PARIBAS NOMINEES PTY LTD <DRP>                          | 2,131,277          | 0.50%                 |
| BREMERTON PTY LTD <BARTLETT FAMILY FUND>                    | 2,051,500          | 0.48%                 |
| BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAIL>            | 2,022,110          | 0.48%                 |
| GOUSSE HOLDINGS PTY LTD                                     | 2,000,000          | 0.47%                 |
| HAHN ADCL PTY LTD <HAHN SUPER FUND A/C>                     | 2,000,000          | 0.47%                 |
| CARLOS BRUCE WHILEY   | 2,000,000          | 0.47%                 |
| <b>TOTAL</b>  | <b>157,758,963</b> | <b>37.23%</b>         |

**Holders of Securities in an Unquoted Class**

| NUMBER OF SHARES UNDER OPTIONS | EXERCISE PRICE | EXPIRY DATE      |
|--------------------------------|----------------|------------------|
| 1,000,000 (i)                  | \$0.04         | 1 November 2018  |
| 1,000,000 (i)                  | \$0.03         | 11 November 2018 |
| 1,000,000 (i)                  | \$0.02         | 11 November 2018 |
| 3,000,000 (ii)                 | \$0.04         | 11 November 2018 |
| 3,000,000 (ii)                 | \$0.03         | 11 November 2018 |
| 3,000,000 (ii)                 | \$0.02         | 11 November 2018 |
| 1,000,000 (iii)                | \$0.08         | 17 November 2019 |
| 1,000,000 (iii)                | \$0.07         | 17 November 2019 |
| 1,000,000 (iii)                | \$0.06         | 17 November 2019 |
| 3,000,000 (iv)                 | \$0.08         | 17 November 2019 |
| 3,000,000 (iv)                 | \$0.07         | 17 November 2019 |
| 3,000,000 (iv)                 | \$0.06         | 17 November 2019 |

*Note: (i) & (iii) issued under the Employee Share Ownership Plan, (ii) & (iv) issued to Directors following shareholder approval at Annual General Meeting.*

**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.

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**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](http://www.barraresources.com.au) which is regularly updated.

**(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.

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**Additional Information and Corporate Governance**

**(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 1: Lay solid foundations for management and oversight**

***Recommendation 1.1***

*The listing entity should disclose:*

- (a) the respective roles and responsibilities of its board and management; and*
- (b) those matters expressly reserved to the board and those delegated to management.*

The Company complies with this recommendation.

A policy on matters reserved for the Board is outlined in the "Statement of Board and Management Functions" available on the Company's website.

The Company has established clear details of the roles and responsibilities of each of its board management members.

***Recommendation 1.2***

*A listed entity should:*

- (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and*
- (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.*

The Company complies with this recommendation.

The Company has a policy for the evaluation of the Board and Senior Executives in accordance with the Board Charter, available on the Company's website.

The appointment of any director is subject to subsequent approval by shareholders at the next Annual General Meeting of the Company. Meeting materials for such meeting incorporates all relevant details to assist shareholders in deciding whether or not to elect or re-elect that director.

***Recommendation 1.3***

*A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.*

The Company complies with this recommendation.

Prior to the formal appointment of any director, a written agreement is entered into between the Company and the director setting out the terms and conditions of their appointment.

*The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.*

The Company complies with this recommendation.

**Recommendation 1.5**

*A listed entity should:*

- (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;*
- (b) disclose that policy or a summary of it; and*
- (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:
  - (i) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or*
  - (ii) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under the Act.**

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).

**Recommendation 1.6**

*A listed entity should:*

- (a) have and disclose a process for periodically evaluation the performance of the board, its committees and individual directors; and*
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

The Company complies with this recommendation.

On an annual basis the Company undertakes a review of the Board, its committees and individual directors which is confirmed in the Annual Report.

**Recommendation 1.7**

*A listed entity should:*

- (a) have and disclose a process for periodically evaluating the performance of its senior executives; and*
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

The Company complies with this recommendation.

On an annual basis the Company undertakes a review of the senior executives which is confirmed in the Annual Report.

**Principle 2: Structure the board to add value**

**Recommendation 2.1**

*The board of a listed entity should:*

- (a) have a nomination committee which:
  - (i) has at least three members, a majority of whom are independent directors; and*
  - (ii) is chaired by an independent director; and disclose:*
  - (iii) the charter of the committee;*
  - (iv) the members of the committee; and*
  - (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**

*if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.*

The Company does not comply with this recommendation. 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:



**Additional Information and Corporate Governance**

- (a) the skills, experience and expertise of each of the Company's directors are set out in the Company's Annual Report;
- (b) the Board, in consultation with external advisers where required, undertakes this role; and
- (c) the Board Charter 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.

**Recommendation 2.2**

*A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.*

The Company complies with this recommendation.

The skills, experience and expertise of each of the Company's directors are set out in the Company's Annual Report.

**Recommendation 2.3**

*A listed entity should disclose:*

- (a) the names of the directors considered by the board to be independent directors;
- (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
- (c) the length of service of each director.

The Company complies with this recommendation.

Non-Executive Director Grant Mooney is considered an Independent Director while Jon Young and Gary Berrell are not considered to be independent.

The length of service of each Director is set out in the Annual Report.

**Recommendation 2.4**

*A majority of the board of a listed entity should be independent directors.*

The Company currently does not comply with this recommendation for the reason referred to above.

**Recommendation 2.5**

*The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.*

The Company does not comply with this recommendation.

Given the size of the Group, the Board considers it is prudent to combine the roles of Chairman and Executive to preserve funds.

**Recommendation 2.6**

*A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors efficiently.*

The Company complies with this recommendation.

The Company has established a process for induction of new directors and where possible, provides each director with opportunities for professional development such that they can improve their effectiveness as directors of the Company.

**Principle 3: Act ethically and responsibly**

**Recommendation 3.1**

*A listed entity should:*

- (a) have a code of conduct for its directors, senior executives and employees; and
- (b) disclose that code or a summary of it.

The Company complies with this recommendation.

The Company has established a code of conduct for all directors, senior executives and employees which is summarised in the Company's Annual Report.

**Principle 4: Safeguard integrity in corporate reporting**

**Recommendation 4.1**

**Additional Information and Corporate Governance**

*The board of a listed entity should:*

- (a) *have an audit committee which:*
  - (i) *has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and*
  - (ii) *is chaired by an independent director, who is not the chair of the board,*  
*and disclose:*
    - (iii) *the charter of the committee;*
    - (iv) *the relevant qualifications and experience of the members of the committee; and*
    - (v) *in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- (b) *if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.*

The Company does not comply with this recommendation.

The Directors are of the view that given the size of the Company and the relatively small number of 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, as detailed in Risk Management and Compliance and Control on the Company's website.

**Recommendation 4.2**

*The board of the listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.*

The Company complies with this recommendation. The Board receives 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.

**Recommendation 4.3**

*A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.*

The Company complies with this recommendation.

The Company's auditor attends the annual general meeting of the Company and is available to answer any question in relation to the audit.

**Principle 5: Make timely and balanced disclosure**

**Recommendation 5.1**

*A listed entity should:*

- (a) *have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and*
- (b) *disclose that policy or a summary of it.*

The Company complies with this recommendation.

The Company has a Continuous Disclosure policy which is set out on the Company's website.

**Principle 6: Respect the rights of security holders**

**Recommendation 6.1**

*A listed entity should provide information about itself and its governance to investors via its website.*

The Company complies with this recommendation.

A summary of the Company's Corporate Governance policies is set on the Company's website.

**Additional Information and Corporate Governance**

**Recommendation 6.2**

*A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.*

The Company complies with this recommendation.

The Company has established an investor relations program to ensure effective communications between the Company and shareholders and investors.

**Recommendation 6.3**

*A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.*

The Company complies with this recommendation.

The Company has a Shareholder Communication Policy which is set out on the Company website.

**Recommendation 6.4**

*A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.*

The Company complies with this recommendation.

The Company provides the option to shareholders to receive communications electronically, notification of this option is provided by the Company registry.

**Principle 7: Recognise and manage risk**

**Recommendation 7.1**

*The board of a listed entity should:*

(a) *have a committee or committees to oversee risk, each of which:*

(i) *has at least three members, a majority of whom are independent directors; and*

(ii) *is chaired by an independent director;*

*And disclose:*

(iii) *the charter of the committee;*

(iv) *the members of the committee; and*

(v) *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*

(b) *if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.*

The Company does not comply with this recommendation.

The Directors are of a view that given the size of the Company, it is not necessary to have a separate committee to oversee risk and this function is undertaken directly by the Board and senior management at regular intervals. The Risk Management Policy is available on the Company's website.

**Recommendation 7.2**

*The board or a committee of the board should:*

(a) *review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and*

(b) *disclose, in relation to each reporting period, whether such a review has taken place.*

The Company complies with this recommendation.

As stated above, in the forum of board meetings the board regularly addresses certain risks that may affect the Company's business interests and confirmation of these risks being addressed are noted in the Corporate Governance Policies within the Annual Report.

**Recommendation 7.3**

*A listed entity should disclose:*

(a) *if it has an internal audit function, how the function is structured and what role it performs; or*

(b) *if it does not have an internal audit function, that fact and the processes it employs for evaluation and continually improving the effectiveness of its risk management and internal control processes.*

The Company does not comply with this recommendation.

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**Additional Information and Corporate Governance**

The Directors are of the view that given the size of the Company, it is not practical to have an internal audit function and that risk management is undertaken by the Board and senior management.

**Recommendation 7.4**

*A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.*

The Company does not comply with this recommendation.

The Directors are of the view that given the Company's size, risks are addressed directly by the Board and senior management and are not disclosed externally.

**Principle 8: Remunerate fairly and responsibly**

**Recommendation 8.1**

*The board of a listed entity should:*

- (a) *have a remuneration committee which:*
  - (i) *has at least three members, a majority of whom are independent directors; and*
  - (ii) *is chaired by an independent director;**and disclose:*
  - (iii) *the charter of the committee;*
  - (iv) *the members of the committee; and*
  - (v) *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- (b) *if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.*

The Company does not comply with this recommendation.

The Company does not presently have a remuneration committee.

The Directors are of the view that given the size of the Company, the relatively small number of 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.

**Recommendation 8.2**

*A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.*

The Company complies with this recommendation.

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.

**Recommendation 8.3**

*A listed entity which has an equity-based remuneration scheme should:*

- (a) *have a policy on whether participants are permitted to enter into transaction (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and*
- (b) *disclose that policy or a summary of it.*

The Company complies with this recommendation.

The Company has a Securities Trading Policy which, among other things, sets out the Company's policy on trading the Company's securities. A copy of this policy is on the Company's website.