



MT THIRSTY HIGHLY LEVERAGED TO INCREASING COBALT PRICES

ASX ANNOUNCEMENT

4th April 2018

BARRA RESOURCES LIMITED

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DIRECTORS

MD & CEO: Sean Gregory

Chairman: Gary Berrell
Non-Exec: Jon Young
Non-Exec: Grant Mooney

ORDINARY SHARES

473,747,883

OPTIONS

50,000,000

PROJECTS

Mt Thirsty Co-Ni Project
(50%)

Coolgardie Au Projects
(100%)

Barra Resources Limited (Barra) is pleased to update the market on the sensitivity of its Mt Thirsty Cobalt Nickel Project to increasing cobalt prices.

This is necessary because the October 2017 Scoping Study¹ was published based on a long-term cobalt price of US\$72,000/t. The published sensitivities at the time were limited to + - 20%. Since the Scoping Study was published spot cobalt prices have risen materially to US\$93,750/t.

The Mt Thirsty Project is highly leveraged to cobalt prices with approximately 80% of revenue being from cobalt; far higher than other nickel laterite projects. Figure 1 illustrates the effect alternative long-term cobalt prices have on the Net Present Value (NPV) of the Scoping Study. All other variables from the Scoping Study are fixed in this analysis.

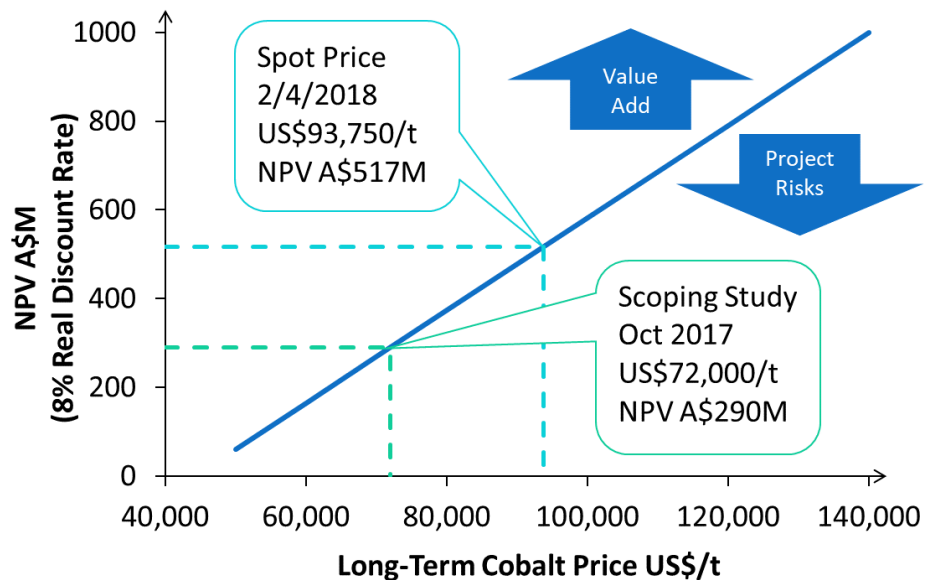


Figure 1: Mt Thirsty Scoping Study sensitivity to long-term cobalt prices.

The 2018 Pre-Feasibility Study will be conducted on behalf of the Mt Thirsty JV (50% Barra and 50% Conico Limited). It will test significant further upside value in all areas and de-risk the project.

Sean Gregory, Barra's Managing Director and CEO remarked "When these sensitivities are compared to our current market capitalisation of A\$24M the tremendous upside available to Barra shareholders is revealed."

Sean Gregory
Managing Director and CEO

Disclaimer

¹refer ASX Announcement 5/10/2017 for details of the Scoping Study including cautionary statements. The Scoping Study referred to in this report is based on low-level technical and economic assessments and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised. Cobalt price is one of many key sensitivities to the project. Other sensitivities including but not limited to nickel price, foreign exchange, land access, capital cost, availability of funding, operating cost, metal recoveries and resource inventory also present risks and opportunities to the economics of the project. The Scoping Study is based on an Inferred and Indicated JORC 2004 Mineral Resource. Further work is required during the Pre-Feasibility Study to move this through higher Mineral Resource and Ore Reserve categories under JORC 2012. Investors should form their own view on long-term cobalt prices. Given the uncertainties involved, investors should not make any investment decisions based solely around the outcomes of the Scoping Study or this sensitivity analysis.