

# **BARRA RESOURCES LIMITED**

ABN 76 093 396 859



# CORPORATE INFORMATION

#### **Directors**

Managing Director and CEO Sean Gregory BSc (Hons) MBA

Non-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**

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#### **Share Register**

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registrar@securitytransfer.com.au Email: Website: www.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)

2 The Esplanade Perth, WA 6000

#### **ASX Code**

Shares: BAR



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## **CHAIRMANS** REPORT

Dear Shareholder,

On behalf of the Board of Directors I take great pleasure in presenting the 2018 Annual Report.

The past 12 months has seen Barra move into the Pre-Feasibility Study (PFS) stage of the Mt Thirsty Cobalt Project, building on the base of the successfully completed Scoping Study.

The Board recognised we needed to add to our internal skill set to manage this task and we were extremely pleased to announce the appointment of Sean Gregory to the position of Managing Director and CEO at the end of 2017. Sean's experience in project management with previous employers such as Mineral Resources Ltd and BHP has given the Board confidence the right procedures and protocols will be adhered to during the PFS stage and beyond. Our JV partner also readily agreed to Sean being appointed Owners Representative to coordinate and liaise between the Project Management team (Wood) and the various expert consultants working on behalf of the JV. This role is pivotal in keeping testwork options and executions in line with budgetary constraints and timelines. We are focussed on bringing the PFS to completion on time and on budget. However, experience has shown a degree of flexibility is required with regard to adherence to timetables as testwork can throw up unforeseen outcomes requiring further investigation. Our intent is to deliver to the market a robust set of financial numbers and production outcomes that will withstand intensive market scrutiny and interrogation from peer reviewers.

The Board has long held the view the market is undervaluing the potential of the Mt Thirsty Cobalt Project. Our share price simply does not reflect the publicly available information regarding the project. To redress this issue, we have launched a sustained marketing campaign this past year to raise the profile of the project, with our CEO as the figurehead. We have actively participated in many conferences in WA and interstate and are actively promoting our project ahead of delivery of the PFS.

There is intense competition for the investor's dollar across all sectors of the share market, but



we believe we are well placed in the battery and renewable energy space. Some of our competitors are going down the extremely expensive high-pressure acid leach with capex requirements up towards \$2 billion; around 10 times more expensive than what we are forecasting for the Mt Thirsty atmospheric leach circuit. We need to keep campaigning to get our message across to the investing public that we represent great short, medium and long-term value.

While the PFS has been progressing in the background the Board and management have been actively exploring development opportunity post the release of the PFS to the market. We have been exploring various corporate and development opportunities to coincide with the release. We perceive a strong need to clearly explain the next steps in the project's development. We are very confident we will release a strong financial metric to back up the projects technical feasibility but how this next further study or development stage will be achieved and by whom will need to be explained in order for our share price to achieve upward momentum. A successful PFS is but one step in the process. Our aim will be to give clear direction to the market as to how we will bring this project through to production, so shareholders will have the best chance to see their shares rise in value

During the year we also completed an extensive review of all our gold tenements. The review was managed by our Exploration Manager, Gary Harvey, with assistance from an extremely well credentialled outside consultant with extensive technical knowledge. The results of this review then formed the basis of our updated gold strategy which we released to the market. This updated gold strategy will provide the road map for the coming few years as we aim to maximise the actual value and in-ground potential of our gold assets.

The Board is very confident your company is on the right path to a sustainable and exciting future. We share your, the shareholders, undoubted frustration at the lack of share price appreciation over the last financial year. There has been obvious volatility in the cobalt (and a lesser extent, nickel) price over the period but there is no doubt the medium and longer term outlook remains extremely positive for such a scarce and in-demand commodity. Annual cobalt production of around 120,000 tonnes will simply not meet future demand generated by traditional end users and the newer battery manufacturers. The Board is fully committed to stay the path to complete the best PFS possible with the expert team we have assembled. We intend to land this PFS with a clear corporate pathway through to production. We know we are adding value to our asset as the PFS progresses, but we need to translate the value-add proposition into share price appreciation and that will be our key focus in the 2018/19 financial year.

After the balance sheet date, Barra was pleased to announce a \$2 million placement of shares to Mineral Resources Limited (Min Res). Following the placement, Min Res became Barra's second largest shareholder, holding a 10.8% stake in Barra. Min Res is a prominent Western Australian mining services provider, known as a proven low cost developer and operator of greenfields resource projects; as our second largest shareholder we will welcome their input and support when we bring our projects into production. This investment by Min Res adds significant credibility to the quality of Barra's projects, Board and management. Barra is now fully funded through to the completion of the Mt Thirsty PFS and beyond. The board is extremely pleased to welcome Min Res to our share register.

On behalf of the board I would like to thank our very loyal shareholders and welcome our new shareholders as we look forward with unbounded optimism to 2019.

serrell

Gary Berrell
Non-Executive Chairman



# REVIEW OF OPERATIONS

FY 2017-2018



#### **DRILLING STATISTICS**

39 reverse circulation (RC) holes were drilled for 5,096m at the Burbanks Gold Project.



#### MT THIRSTY COBALT PROJECT

(50% Barra; 50% Conico Ltd)

The Mt Thirsty Cobalt Project covers an area of 18 square kilometres and is located 16 kilometres northwest of Norseman, Western Australia (Figure 2). The Mt Thirsty Joint Venture (MTJV) is a 50:50 joint venture between the Company and ASX listed Conico Ltd.

The Project contains the Mt Thirsty Cobalt-Nickel (Co-Ni) Oxide Deposit that has the potential to emerge as a significant cobalt producer. In addition to the Co-Ni Oxide Deposit, the Project also hosts nickel sulphide (Ni-S) mineralisation.

The undeveloped Mt Thirsty Cobalt Project has a significant JORC (2004) compliant resource with the potential to have a long mine life. The Project 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 great advantage of Mt Thirsty over other deposits is the mineralogy. The weathering which is deeper and more pervasive compared to other nickel cobalt oxide deposits, such that the cobalt has broken away from the silicates and the iron oxide and the cobalt is now with the manganese in a mineral called asbolane. Asbolane is amenable to agitated atmospheric leaching, which allows recovery of that cobalt at relatively low capital costs.

The Project is highly leveraged to cobalt prices with approximately 79% of potential revenue being from cobalt; far higher than other nickel laterite projects. The project is therefore heavily leveraged into the outperformance of cobalt as a required commodity for the burgeoning battery supply chain.

The Joint Venture partners are working collaboratively to exploit this joint opportunity and remain confident Mt Thirsty has the potential to rapidly move forward towards production.

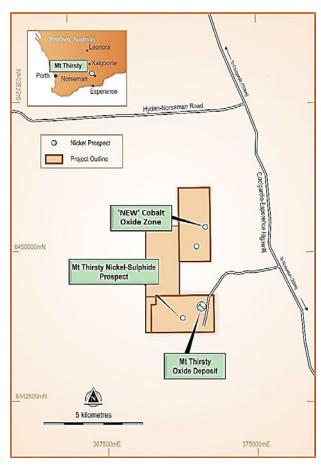


Figure 2: Mt Thirsty Project Map

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
Total Mineral Resource	31,940,000	0.13	0.55	0.86

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

The Mt Thirsty Co-Ni 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 <a href="https://www.barraresources.com.au">www.barraresources.com.au</a>).

#### **COBALT OUTLOOK**

Demand growth is being led by the electric vehicle revolution and founded on a solid base of established industrial uses. Tight supply and few incentives for new entrants who hope to produce cobalt as a byproduct from nickel and copper projects. These structural changes to the cobalt market are occurring over a time horizon not measured in weeks, but over 1-3 years; perfectly aligned with our plans to diligently take Mt Thirsty through the project development steps over that same time period.

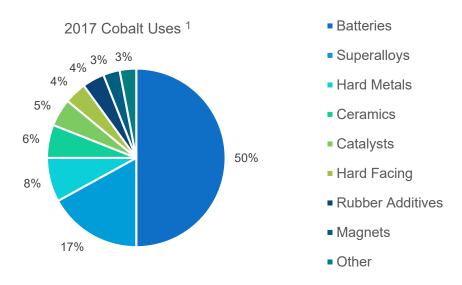


Figure 3 Cobalt Uses

#### **OPERATIONS**

#### **Scoping Study**

On 5 October 2017, the 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 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.

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.

The first 5 years of production will be targeting 1,900 tonnes of cobalt and up to 1,760 tonnes of nickel per annum.

#### **Pre-Feasibility Study**

On 31 May 2018 the MTJV awarded contracts for the Pre-Feasibility Study (PFS) for the Mt Thirsty Cobalt Project. After an extensive tendering process Amec Foster Wheeler, a subsidiary of Wood Group (Wood), was selected to do the main body of the PFS and engineering/metallurgical testing. They are supported by Snowden Mining Consultants in mine planning, Golder Associates in many technical areas including resource geology, hydrogeology and tailings management, and Talis Environmental Consultants.

<sup>&</sup>lt;sup>1</sup> Darton Commodities, Cobalt 27

The Scoping Study clearly answered the question "What could the project be?" with a strongly affirmative base case for the project. The PFS will build on that base case and answer the question "What should the project be?" The PFS will do this by considering multiple options, including revisiting test-work and improving the mine plan, to maximise the value of the Mt Thirsty project.

#### Value adding themes under study

The MTJV selected three processing themes for study during the PFS; an optimised scoping study flowsheet as the base case, and two potentially value adding variations to this; beneficiation and the addition of varying amounts of sulphuric acid. The scoping study base case has been endorsed by our expert metallurgical consultants as having no fatal flaws and it is agreed that the scoping study flowsheet is a sound basis for the project to move forward on.

The beneficiation option has been put forward by Wood as an opportunity to significantly add value to the project. The option involves screening the ore feed at 10 microns using a process of low energy attrition, screening, and cyclosizing. This will have the effect of significantly increasing the grade and reducing the volume of feed going to the leach circuit, thereby reducing capital and operating costs. It is anticipated that most of the cobalt will report to the coarse size fraction, and importantly, it is expected that the easily leached asbolane (manganese mineral) will preferentially report to the coarse fraction due to the grain size and due to its high mineral density, which the cyclosizing will also target.

The addition of sulphuric acid has been long known to the MTJV as being a method to increase cobalt and nickel recoveries at Mt Thirsty. The PFS will test a range of acid addition at varying concentrations to optimise the additional reagent costs and potential materials of construction costs against the significant increases to metal recovery and revenue expected.

To enable all cases to be compared on equivalent terms and to maximise the NPV of the project, a 12-year initial mine life will be targeted. This nominally corresponds with a 2.5Mwmtpa (million wet metric tonnes per annum) feed rate in all cases, and a proportionately lower leach feed rate for the beneficiation case.

The PFS has also been able to eliminate options at this stage to frame a sensible number of options for study. Expensive High-Pressure Acid Leaching (HPAL) and the production of metal or battery sulphates on site at Mt Thirsty as part of this project have been eliminated as study options during the PFS.

Metallurgical testwork programs have been developed to test these themes in detail and are presently proceeding at full pace.

#### **Product Strategy**

The product strategy from the 2017 scoping study to produce a mixed sulphide product (MSP) has now been ratified. The advice from our expert marketing consultants indicates that the lion's share of the value can be captured by producing an intermediary product such as an MSP for a low capital cost. The MSP is a very suitable feedstock into numerous downstream processes in both the burgeoning batteries market and the presently undersupplied metals market, including into refineries both overseas and within Australia. The practicalities of producing final battery grade specifications in outback Western Australia are also a consideration, although pleasingly this option remains open as the MSP product would be a necessary intermediary step for potential value adding future downstream investments, even if they were made on site at Mt Thirsty. Other intermediaries such as mixed hydroxide products (MHP) were also considered, however the manganese mineralogy and metallurgical process employed at Mt Thirsty lends itself to the MSP product and market intelligence suggests that MSP products would attract a pricing premium over MHP products.

#### **R&D Claim**

An R&D claim was prepared for the year ended 30 June 2017 by Ernst and Young and lodged with AusIndustry for Mt Thirsty metallurgical process development work. The claim was successful and \$41,656 was returned to each of MTJV partners.



#### **BURBANKS GOLD PROJECT**

(100% Barra)

The Burbanks Project is located 9km southeast of Coolgardie, Western Australia. The Project comprises 3 tenements covering the Burbanks Mining Centre and over 5km in strike length of the highly prospective Burbanks Shear Zone, the most significant gold producing structure in the Coolgardie Goldfield (Figure 4).

The Burbanks Mining Centre comprises the Birthday Gift Gold Mine (encompassing Lady Robinson, Christmas, Far East and Tom's Pits) and the Main Lode Gold Mine 800m to the north. The recorded historic underground mine production at Burbanks (1885-1961) totalled 444,600t at 22.7 g/t Au for 324,479oz of gold predominantly from above 140m below the surface. Intermittent open pit and underground mining campaigns between the early 1980's to present day has seen total production from the Burbanks Mining Centre now exceed 420,000oz.

Main Lode underground mine 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 and discover new high-grade lodes at depth 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 Kangaroo Hills and Burbanks North.

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

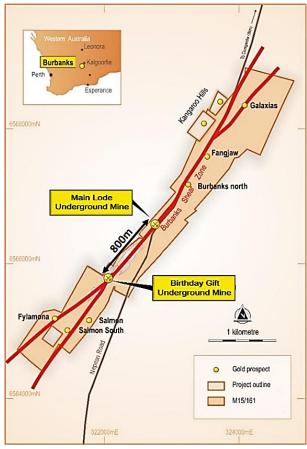


Figure 4: Burbank's Project Map







#### **WORK COMPLETED**

Work carried out during the period included:

- ✓ Purchase of the Birthday Gift Mine from Kidman Resources Limited
- ✓ Updated Gold Strategy
- ✓ Quantified JORC 2012 Exploration Target
- ✓ 2 Reverse Circulation (RC) Drilling Campaigns:
  - Main Lode
  - Kangaroo Hills

#### **OPERATIONS**

#### **Birthday Gift Mine Area - BGMA**

During the period the Company purchased the Birthday Gift Mine and the Burbanks Mining Lease M15/161 from Kidman Resources Limited (Kidman), once again providing Barra with 100% ownership of the highly regarded Burbanks Mining Lease which hosts the Main Lode deposit, already held by Barra, and the Birthday Gift Mine which had been held by Kidman for approximately 2 years.

The Birthday Gift acquisition brings millions of dollars of underground development and infrastructure and a JORC 2012 compliant Mineral Resource Estimate (MRE) of 95,400 oz back into the Company's portfolio. Importantly, the Birthday Gift decline provides future access to in-situ resources and untapped depth potential at both Birthday Gift and Main Lode, two historically rich high-grade mines separated by just 600m of future decline extension.

The Birthday Gift operation was placed into temporary care and maintenance during the period whilst the Company re-assesses the operation following a review of all the previous work completed by Kidman and also pending the establishment of over 500,000 ounces in resources as per the Company's new gold strategy (see Exploration section below).

#### **EXPLORATION**

#### Gold Strategy

During the period the Company updated and implemented a new Gold Strategy that sets a pathway targeting over 500,000 ounces of gold resources before embarking on a new mine plan and ultimately restarting mining operations. The addition of a JORC 2012 MRE of 95,400 oz via the acquisition of Birthday Gift provides a solid foundation that will underpin resource growth at Burbanks via accelerated exploration activity.

This Gold Strategy sees an intentional shift away from short term cash flow opportunities (in some cases necessitated) via right-to-mine or other tribute mining arrangements., These have the potential to create conflict in terms of priorities and effort and ultimately may have the effect of impeding the Company's ability to focus on growth through discovery, delineation and establishment of resources to sustain a medium to long-term gold mining operation(s).

#### **Exploration Target**

The update and implementation of the new Gold Strategy was the result of a comprehensive strategic review of the Company's gold assets. This also led to the establishment of an Exploration Target for Burbanks of **223,000 to 564,000 ounces of gold**, inclusive of the Birthday Gift Mineral Resource (Figure 5, Table 3). The potential quantity and grade of the Exploration Target is conceptual in nature as there has been insufficient exploration to estimate a Mineral Resource beyond Birthday Gift. It is uncertain if further exploration will result in an estimation of a Mineral Resource.

	Low Range				High Range		
	tonnes	Au g/t	Au Oz	tonnes	Au g/t	Au Oz	
Main Lode to Burbanks North Exploration Target	185,000	8.0	47,600	2,170,000	5.0	348,800	
Birthday Gift Exploration Target	625,000	4.0	80,000	650,000	6.0	120,000	
Birthday Gift Mineral Resource	514,700	5.8	95,400	514,700	5.8	95,400	
Total			223,000			564,000	

Table 3: Burbanks JORC 2012 Exploration Targets and Mineral Resource

The Exploration Target stated does not include the outstanding greenfields targets identified at Barra's Phillips Find Gold Project nor does it include any potential targets below an economic search window that was limited to within 500m of surface during the review.

Mineral Resource for the Burbanks Gold Project – 30th June 2016									
Area	Cut-Off	ut-Off Indicated				Inferred			
		Tonnes	Grade	Ounces	Tonnes	Grade	Ounces		
Christmas Open Pit	1.0	5,700	6.2	1,100	4,000	7.8	1,050		
Birthday Gift Underground Mine	2.5	180,000	6.0	34,750	325,000	5.6	58,500		
Total Mineral Resource	1.0/2.5	185,700	6.0	35,850	329,000	5.6	59,550		

Table 4: Birthday Gift Mine (Burbanks Deposit) Mineral Resource Inventory (as at 30 June 2016)

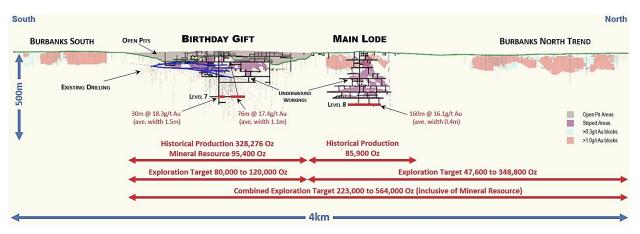


Figure 5: Burbank's long section showing mine and exploration target areas

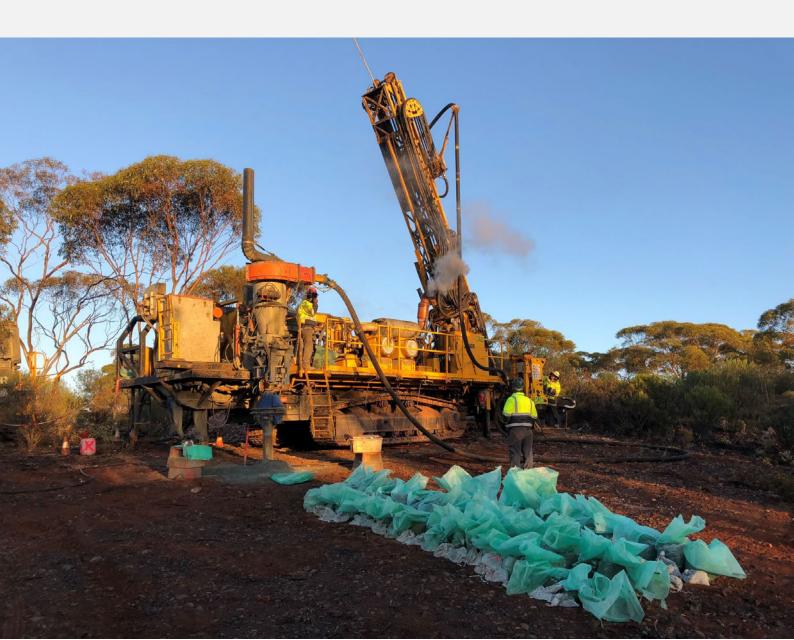
#### Main Lode RC Drilling

During the period the Company drilled 23 RC holes at Main Lode (3,588m) with great success. The program targeted extending known mineralisation along strike and at depth around the historical underground workings, following-up on the highly successful maiden RC drilling program from 2017 (Figures 6 and 7).

All holes successfully intersected planned targets, confirming interpretations and greatly improving our understanding of the geometry of the mineralised structures.

#### Best results included:

- 13m grading 4.47g/t Au from 84m, including 5m @ 10.22g/t
- 6m grading 8.55g/t Au from 208m
- 11m grading 3.32g/t Au from 115m, including 4m @ 7.02g/t
- 2m grading 14.25g/t Au from 244m
- 1m grading 18.20g/t Au from 107m
- 3m grading 5.50g/t Au from 159m, including 2m @ 7.91g/t
- 8m grading 1.47g/t Au from 83m, including 4m @ 2.26 g/t; and
- 3m grading 3.70g/t Au from 84m, including 2m @5.11g/t



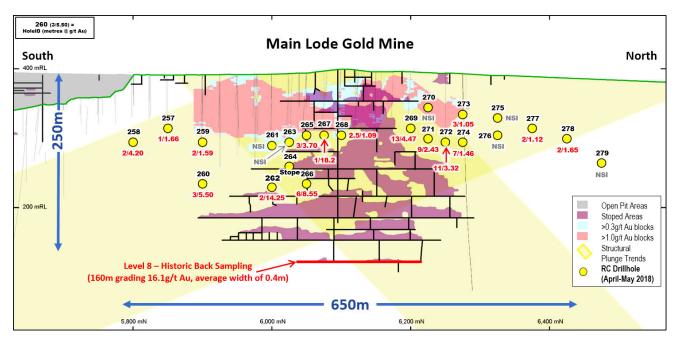


Figure 6: Main Lode long section showing recent RC pierce points and results

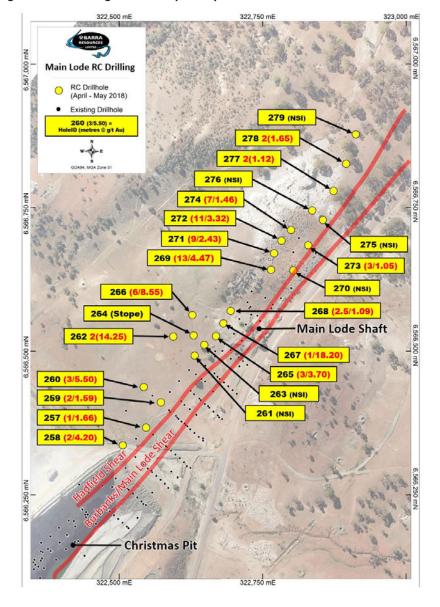
#### **Next Steps**

The Company now intends to commission resource modelling of the Main Lode deposit towards preparing a maiden Mineral Resource Estimate (MRE) and updating the resource inventory for Burbanks.

Exploration efforts at Main Lode in the near term will continue to focus on extending the scale of the system along strike to the north and at depth. In addition, the Company has recently commissioned an alteration mapping study which aims to assist vectoring towards potential high-grade lodes at depth, to be tested with diamond drilling.

Following these programs, the Company aims to have a much clearer picture of the potential size and scale of the Main Lode system before embarking on infill and resource definition drilling campaigns.

Figure 7: Plan of RC drilling at Main Lode showing significant results





#### Kangaroo Hills RC Drilling

Following the completion of RC drilling at Main Lode the drilling rig was shifted to Kangaroo Hills where 16 RC holes were completed for 1,508m to test the historical line of workings, last tested with shallow aircore drilling in 2011. The program successfully targeted and extended known mineralisation at depth around the historical small-scale underground workings.

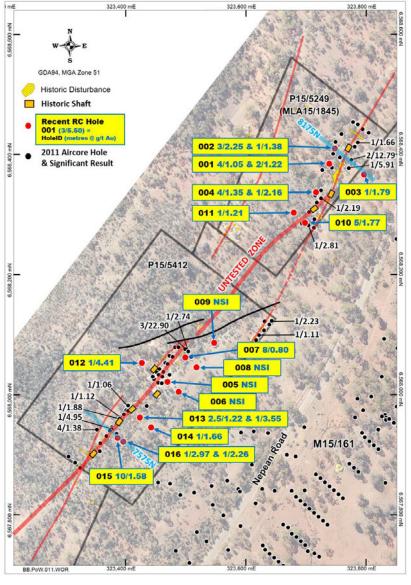
#### Best results included:

- 5m grading 1.17g/t Au from 22m
- 8m grading 0.97g/t Au from 32m
- 3m grading 2.25g/t Au from 68m

The latest results confirm that the mineralised system surrounding the old mine workings extends at depth to at least 90m vertical and remains open at depth and to the south in both areas tested (Figure 8).

The gold mineralisation at Kangaroo Hills is now known to be continuous over a strike length of at least 250m in the south and 200m in the north along the same mineralised structure. Further work is required to fill the gaps along the mineralised structure which extends to 800m strike length within Barra's tenements.

Figure 8: Plan of RC drilling at Kangaroo Hills showing significant results



#### PHILLIPS FIND GOLD PROJECT

(100% Barra)

The Phillips Find Project is centred 50km north-northwest of Coolgardie, Western Australia. The project covers over 10 kilometres in strike of prospective greenstone stratigraphy and includes the Phillips Find Mining Centre (PFMC) where approximately 33,000oz of gold was produced between 1998 and December 2015 from three open-pit operations; Bacchus Gift, Newhaven and Newminster. Exploration potential within the project is excellent with numerous targets defined by auger geochemical anomalism, mapping and drilling.

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 producing approximately ~9,000oz of gold. With open-pit mining now complete at Newminster, the Company is now focussed on establishing a resource inventory to underpin the development of a viable medium to long-term mining operation.

#### **Work Completed**

Work carried out during the period included:

- Completion of auger geochemical sampling program
- Completion of target generation, prioritisation and drill planning

#### **EXPLORATION**

#### Geochemistry

Auger geochemical sampling over the entire project area was completed during the period and proved to be highly successful with both gold and gold pathfinder element anomalism (Figure 9) showing remarkable correlation with the with targets identified from new mapping and structural interpretation.

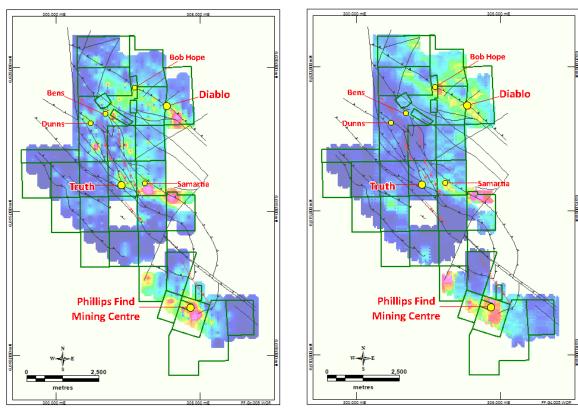


Figure 9: Phillips Find – New auger geochemistry showing main prospects and gold anomalism (left), and gold pathfinder (Au + As ± W) anomalism (right).

CSA Global Consultants (CSA) planned and managed the new multi-element auger sampling program. The study found the economically most significant element association was gold (Au) + calcium (Ca) + arsenic (As) ± tungsten (W) which is interpreted to represent orogenic gold mineralisation in calcrete.

The ensuing report identified 5 key targets, three of which the Company has prioritised and plans to drill test over the next 12-18 months (Figure 9). The Truth target area, due to its favourable geology and structural setting is the highest priority target and represents the most exciting and significant new target the Company has identified as a result of completing new geochemistry and mapping programs.

#### **Drilling Programs**

Interpretation of the new mapping data identified an interplay of thrust faults, folds and thick units of favourable dolerite within the Truth Prospect area, about 3km northwest of the Phillips Find Mining Centre (PFMC). The Truth target area is about 6km long by 2km wide (Figure 10) and has been elevated to the highest priority structural target at Phillips Find. Over 35,000m of aircore drilling has been planned to test this area with 10,000m of aircore scheduled to commence during the second half of 2018.

Following the completion of testing the Truth target area, the focus will shift to testing the Diablo target area with further aircore drilling and extensional RC drilling at the PFMC (Newminster and Newhaven Deposits).

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

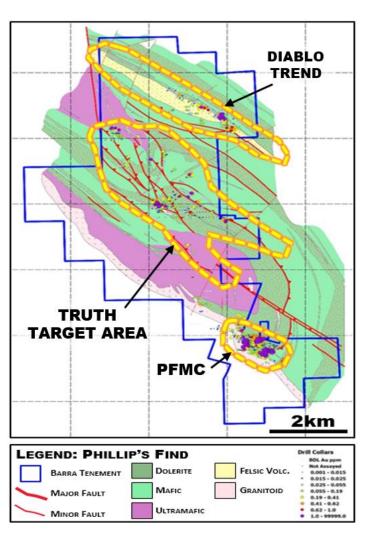


Figure 10: Phillips Find Project stratigraphic and structura interpretation, based on recent 1:10k mapping, showing key structural target areas.

# MINORITY INTEREST PROJECTS

#### RIVERINAL NICKEL PROJECT

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

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 project is owned and operated by Eastern Goldfields Limited as a gold project; the RJV has no statutory obligations in relation to the project tenements and no near-term plans to explore the Project for nickel.

## **Tenements**

Granted tenements as at 30 June 2018

Phillips Find Project						
Tenement	Location	Interest %				
M16/130	WA	100				
M16/133	WA	100				
M16/168	WA	100				
M16/171	WA	100				
M16/242	WA	100				
M16/258	WA	100				
M16/550	WA	100				
P16/2702	WA	100				
P16/2785	WA	100				
P16/2786	WA	100				
P16/2985	WA	100				
P16/2986	WA	100				
P16/2987	WA	100				
P16/2988	WA	100				
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				

Burbanks Project					
Tenement	Location	Interest %			
M15/161	WA	100			
P15/5249	WA	100			
P15/5412	WA	100			

Mt Thirsty Project (MTJV)					
Tenement	Location	Interest %			
E63/1267	WA	50			
E63/1790	WA	50			
P63/2045	WA	50			
R63/4	WA	50			

Riverina Project (RJV) <sup>+</sup>					
Tenement	Location	Interest %			
E30/333	WA	30			
M30/127	WA	30			
M30/133	WA	30			
M30/182	WA	30			
M30/256	WA	30			
*Nickel Rights Only					

# 2018 MINERAL RESOURCES AND ORE RESERVES (MROR) STATEMENT

#### SUMMARY

This statement represents the Mineral Resources and Ore Reserves (MROR) for Barra Resources Limited (Barra or the Company) as at 30 June 2018.

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 2018. 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 in 2018 at Mt Thirsty and Riverina.

The Mt Thirsty Cobalt Oxide Deposit and the Martin's Zone Nickel-Cobalt Deposit Mineral Resource Estimates (MRE)'s were prepared and first disclosed under 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. The Company confirms that the form and context in which the Competent Person's findings are presented here have not been materially modified.

The Burbanks MRE was acquired by the Company as a result of the purchase of the Birthday Gift Mine from Kidman Resources Limited. The Company is not aware of any new information or data that materially affects the information included in the relevant market releases for the estimate and 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.

#### MINERAL RESOURCES

As at 30 June 2018 the Company's Mineral Resources are:

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

There are no JORC 2012 compliant Mineral Resources to report for the Phillips Find Gold Project.

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

									2016	
Deposit	Cut-		Indicated	ł		Inferred			Total	
-	Off	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
Christmas Open Pit	1.0	5,700	6.2	1,100	4,000	7.8	1,050	9,700	6.89	2,150
Birthday Gift Underground Mine <sup>i</sup>	2.5	180,000	6.0	34,750	325,000	5.6	58,500	505,000	5.74	93,250
Total	1/2.5	185,700	6.0	35,850	329,000	5.6	59,550	514,700	5.76	95,400

For full details of the Birthday Gift Mineral Resource, refer to Kidman's 2016 Annual Report

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

			2011			
Deposit	Category	Wet	Grade (%)			
			Tonnes (t)	Ni	Со	
Mt Thirsty Cobalt Oxide	Un-cut	Inferred	15,340,000	0.51	0.11	
Deposit		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 8th March 2011 titled 'Resource Upgrade – Mt Thirsty Cobalt-Nickel Oxide Project', available to view at <a href="https://www.barraresources.com.au">www.barraresources.com.au</a>). 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)

				200	)7
Deposit	Cut-off	Category	Tonnes (t)		Grade (%)
				Ni	Со
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 <a href="www.barraresources.com.au">www.barraresources.com.au</a>). 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

The only change compared to previous year's estimates is the addition of the Birthday Gift Mineral Resource as a result of the acquisition of that mine.

#### ORE RESERVES

As at 30 June 2018 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. 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 AND DISCLAIMER

- The information in this report which relates to Exploration Results at Phillips Find and Burbanks 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 release that relates to the Birthday Gift Exploration Target has been extracted from Kidman Resources Limited's (KDR:ASX Release dated 25/08/2015 "Initial 99,000oz Resource for Burbanks gold mine in WA", available to view at www.kidmanresources.com.au). The Company is not aware of any new information or data that materially affects the information included in the previous reports and that all the previous assumptions and technical parameters underpinning the estimates in Kidman's ASX Release dated 25/08/2015, have not materially changed.
- 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.



# **BARRA RESOURCES LIMITED**

ABN 76 093 396 859



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#### **Directors**

Managing Director and CEO Sean Gregory BSc (Hons) MBA

Non-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

#### **Share Register**

Security Transfer Australia Pty Ltd

Page

Perth Office

770 Canning Highway

Applecross, WA 6153

Phone: 1300 992 916

Fax: +61 (0)8 9315 2233

Email: registrar@securitytransfer.com.au
Website: www.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)

2 The Esplanade Perth, WA 6000

#### **ASX Code**

Shares: BAR

The Directors present their report together with the financial report on Barra Resources Limited ("Barra" or "the Company") and its subsidiaries ("Group" or "Consolidated Group"") for the year ended 30 June 2018. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

#### **DETAILS OF DIRECTOR'S**

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

# SEAN GREGORY BSc (Hons) Geology, MBA

**Managing Director** 

#### Appointed 16 November 2017

Mr Gregory is a senior resource industry leader with significant experience in developing projects and supporting mining operations with BHP, Murchison Metals and Mineral Resources. He has a deep understanding of the minerals value chain from geology, exploration, metallurgy, feasibility studies, approvals, economic evaluation and business development.

Mr Gregory's practical mining experience is well complemented by a strong academic background including a Bachelor of Science (Hons) in Geology (UWA), MBA (UWA), Advanced Mergers and Acquisitions Program (Melb University) and Company Directors Course Award (AICD).

#### **GARY JOHN BERRELL BEc (Hons)**

**Non-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, Accelerate 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 FFin

**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 Barminco Limited in August 2007, Jon served as Non-executive Chairman of the Barminco Group of companies, including Barminco Limited where he continues to serve as an alternate director.

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

#### 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 POZ Minerals Limited Talga Resources Limited Accelerate Resources Ltd Nuheara Limited	19 February 2008 to present 14 October 2008 to present 20 February 2014 to present 1 July 2017 to present 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 Number	OPTIONS (UNLISTED) Number
Sean Gregory	-	14,000,000
Gary Berrell	1,713,585	9,000,000
Grant Mooney	3,108,795	9,000,000
Jon Young	5,837,249	9,000,000

#### **Principal Activities**

The Group's principal activity is gold, nickel and cobalt exploration and development.

#### **Operating Results**

The loss from ordinary activities after income tax of the Group for the year ended 30 June 2018 was \$1,599,607 (2017: \$1,436,648).

#### **Future Developments**

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

#### **Environmental Regulation**

The Group 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 Group 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 Group during the financial year ended 30 June 2018:

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

- Purchase of the Birthday Gift Mine and associated mining lease M15/161 from Kidman Resources Limited.
- 23 RC holes at Main Lode drilled (3,588m) targeting extending known mineralisation along strike and at depth around historical underground workings.
- 16 RC holes at Kangaroo Hills (1,508m) drilled. The program targeted extending known mineralisation at depth around the historical small-scale underground stoping, following-up on the first phase air core drilling program from 2011.
- Completed a Strategic Review of the entire Burbanks Project and Phillips Find area resulting in an identified exploration target and a new gold strategy.

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

- · Completion of auger geochemical sampling program.
- Completion of target generation, prioritization and drill planning.

#### MT THIRSTY COLBALT PROJECT (50% owned - Norseman, Western Australia)

- Metallurgical testwork undertaken to define cobalt and nickel recoveries using various reagents and extraction processes.
- Scoping Study (SS) completed October 2017.
- Pre-Feasibility Study (PFS) commenced June 2018.
- Independent consultants appointed to run the PFS, including AMEC Foster Wheeler, Golder Associates, Snowden and Talis Engineering.

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

No activity was conducted during the period.

#### **CORPORATE**

- \$2.25 million Share Purchase Plan and share placement completed 12 December 2017.
- Managing Director and CEO appointed 16 November 2017.

#### **Company Performance**

The table below sets out summary information about the Group's earnings and movements in shareholder wealth for the five years to 30 June 2018:

	2018 \$	2017 \$	2016 \$	2015 \$	2014 \$
Revenue	71,692	83,265	910,185	139,672	33,091
Net profit/(loss) before tax	(1,641,263)	(1,436,648)	63,439	(514,320)	(792,559)
Net profit/(loss) after tax	(1,599,607)	(1,436,648)	63,439	(497,203)	(792,559)
	2018	2017	2016	2015	2014
Share price at start of year (cents)	6.3	4.8	0.6	0.7	0.6
Share price at end of year (cents)	4.8	6.3	4.8	0.6	0.7
Shares on issue at end of year	473,747,883	423,747,883	373,247,883	373,247,883	373,247,883
Market capitalisation at end of year (undiluted)	\$22,739,898	\$26,961,166	\$17,915,898	\$2,239,487	\$2,612,735
Basic earnings/(loss) per share (cents)	(0.35)	(0.35)	0.02	(0.13)	(0.21)
Diluted earnings/(loss) per share (cents)	(0.35)	(0.35)	0.02	(0.13)	(0.21)

#### **Significant Changes in the State of Affairs**

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

#### Significant Events Subsequent to End of Year

Other than the following, 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 Group, the results of those operations, or the state of affairs of the Group in future financial periods:

- On 10 September 2018 the Company issued 57,142,857 fully paid ordinary shares to Mineral Resources Ltd after announcing a placement for \$2 million.

During the financial year and to the date of this report there were 50,000,000 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

NUMBER OF SHARES UNDER OPTIONS	EXERCISE PRICE	EXPIRY DATE
7,000,000	\$0.08	16 November 2020
7,000,000	\$0.09	16 November 2020
9,000,000	\$0.10	16 November 2020
1,000,000	\$0.08	16 November 2020
1,000,000	\$0.09	16 November 2020
1,000,000	\$0.10	16 November 2020

During the year, 3,000,000 options were issued to employees under the Employee Incentive Option Scheme (ESOP), 9,000,000 options issued to Directors following shareholder approval at Annual General Meeting, and 14,000,000 options issued to a Director on appointment pursuant to the ESOP. No options were exercised during the year.

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.

#### **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 eight (8) Directors' meetings held during the financial year ended 30 June 2018. 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
Sean Gregory	7	7
Gary Berrell	8	8
Grant Mooney	8	8
Jon Young	8	8

There were also five (5) circular resolutions passed by the Board of Directors during the financial year.

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

### REMUNERATION REPORT (AUDITED)

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

#### **Remuneration Policy**

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

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

The Board reviews the remuneration packages of all key management personnel on an annual basis. The maximum remuneration of Non-Executive Directors is to be determined by Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. At present, the maximum aggregate remuneration of Non-Executive Directors is \$400,000 per annum. The apportionment of Non-Executive Director Remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each Non-Executive Director.

Remuneration is not linked to specific performance criteria.

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

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 Group 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 Group'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**

Managing Director Sean Gregory has a Managing Director Services Agreement commencing on 16 November 2017. The contract provides for a base salary of \$275,000 per annum inclusive of statutory superannuation.

Non-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. On 22 June 2018, Gary transitioned to a non-executive role with a reduction in salary to \$60,000 plus statutory superannuation.

### REMUNERATION REPORT (AUDITED CONTINUED)

#### **Service Agreements (continued)**

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.

#### Remuneration

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

		SHORT EMPLOYEE		POST- EMPLOYMENT BENEFITS	SHARE- BASED PAYMENT		
DIRECTORS		SALARY & FEES	BONUS	SUPER- ANNUATION	OPTIONS	TOTAL	PERCENTAGE PERFORMANCE RELATED
		\$	\$	\$	\$	\$	%
Sean Gregory	2018	123,479	-	10,688	<b>178,633</b> <sup>(3)</sup>	312,800	57%
(Managing Director) — (commenced 4/12/17)	2017	-	-	-	-	-	-
Gary Berrell (Executive Chairman)	2018	95,000	-	9,025	<b>63,100</b> <sup>(2)</sup>	167,125	38%
(Executive Chairman)	2017	95,000	-	9,025	65,800	169,825	39%
Grant Mooney (1) (Non-Executive Director —	2018	93,000	-	4,275	<b>63,100</b> <sup>(2)</sup>	160,375	39%
& Company Secretary)	2017	93,000	-	4,275	65,800	163,075	40%
Jon Young (Non-Executive	2018	45,000	-	4,275	<b>63,100</b> <sup>(2)</sup>	112,375	56%
Director)	2017	45,000	-	4,275	65,800	115,075	57%
TOTAL	2018	356,479	-	28,263	367,933	752,675	
TOTAL	2017	233,000	-	17,575	197,400	447,975	

<sup>(1)</sup> Amounts paid to Grant Mooney include director's fees of \$45,000 (2017: \$45,000) and fees paid to a related party in respect of company secretarial services, totaling \$48,000 + GST (2017: \$48,000 + GST).

<sup>(2)</sup> Represents the total fair value of options granted during the year.

<sup>(3)</sup> The total fair value of options granted during the year being recognised over the vesting period is \$291,400.

## REMUNERATION REPORT (AUDITED CONTINUED)

#### **Remuneration (continued)**

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 17,000,000 options issued under the ESOP, 14,000,000 of these were issued to a Director. There are presently 23,000,000 options on issue pursuant to the ESOP.

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, other than as noted below, vesting dates for the options listed below with 16 November 2018 vesting date requires the Director to remain in continuous employment with the Company for 12 months and options with a vesting date of 16 November 2019 requires the Director to remain in continuous employment with the Company for 24 months.

GRANT DATE	EXPIRY DATE	GRANT DATE FAIR VALUE	NO OF OPTIONS	VESTING DATE
16 November 2017	16 November 2020	\$0.0226	4,000,000	Immediate
16 November 2017	16 November 2020	\$0.021	4,000,000	16 November 2018
16 November 2017	16 November 2020	\$0.0195	6,000,000	16 November 2019

#### **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:

SHARES 2018 DIRECTOR	BALANCE AS AT 1 JULY 2017	GRANTED AS REMUNERATION	RECEIVED ON EXERCISE OF OPTIONS	PURCHASED/ (SOLD)	ON RESIGNATION	BALANCE AS AT 30 JUNE 2018
Gary Berrell	1,415,870	-	-	297,715	-	1,713,585
Sean Gregory	-	-	-	-	-	-
Grant Mooney	2,775,462	-	-	333,333	-	3,108,795
Jon Young	5,053,916	-	-	333,333	-	5,287,249
2017						
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	-	5,053,916

# REMUNERATION REPORT (AUDITED CONTINUED)

#### **Share Options Issued by Barra Resources Limited**

The Directors hold 41,000,000 options over ordinary shares in the Company (directly, indirectly or beneficially) at balance date.

Details of share-based payments granted as compensation to Key Management Personnel during the year:

OPTIONS 2018 DIRECTOR	OPTION SERIES	NUMBER GRANTED	NUMBER VESTED	% VESTED	% OF GRANTED FOREFEITED
Gary Berrell		3,000,000	3,000,000	100%	0%
Sean Gregory		14,000,000	4,000,000(1)	29%	0%
Grant Mooney		3,000,000	3,000,000	100%	0%
Jon Young		3,000,000	3,000,000	100%	0%
2017					
Gary Berrell		3,000,000	3,000,000	100%	0%
Grant Mooney		3,000,000	3,000,000	100%	0%
Jon Young		3,000,000	3,000,000	100%	0%

<sup>&</sup>lt;sup>(1)</sup> Options granted to Sean Gregory require 12 months continuous employment with the Company for 4,000,0000 options and require 24 months continuous employment with the company for 6,000,000 options.

There has been no alteration of the term and conditions of the above share-based payment arrangements since grant date.

No options lapsed during the year.

OPTIONS 2018 DIRECTOR	BALANCE AS AT 1 JULY 2017	GRANTED AS REMUNERATION	EXERCISED	BALANCE AS AT 30 JUNE 2018	VESTED AND EXERCISABLE AS AT 30 JUNE 2018
Gary Berrell	6,000,000	3,000,000	-	9,000,000	9,000,000
Sean Gregory	-	14,000,000	-	14,000,000	4,000,000
Grant Mooney	6,000,000	3,000,000	-	9,000,000	9,000,000
Jon Young	6,000,000	3,000,000	-	9,000,000	9,000,000

OPTIONS 2017 DIRECTOR	BALANCE AS AT 1 JULY 2016	GRANTED AS REMUNERATION	EXERCISED	BALANCE AS AT 30 JUNE 2017	VESTED AND EXERCISABLE AS AT 30 JUNE 2017
Gary Berrell	3,000,000	3,000,000	-	6,000,000	6,000,000
Grant Mooney	3,000,000	3,000,000	-	6,000,000	6,000,000
Jon Young	3,000,000	3,000,000	-	6,000,000	6,000,000

Terms and conditions of the share-based payment arrangements affecting remuneration of key management personnel in the current financial year or future financial years are:

GRANT DATE	GRANT DATE FAIR VALUE	EXERCISE PRICE	EXPIRY DATE	VESTING DATE
16/11/17	\$0.0226	\$0.08	16/11/20	Vests at date of grant
16/11/17	\$0.021	\$0.09	16/11/20	Vests at date of grant
16/11/17	\$0.0195	\$0.10	16/11/20	Vests at date of grant
16/11/17	\$0.0226	\$0.08	16/11/20	Vests at date of grant
16/11/17	\$0.021	\$0.09	16/11/20	Vests after 12 months of continuous employment
16/11/17	\$0.0195	\$0.10	16/11/20	Vests after 24 months of continuous employment

There has been no alteration of the term and conditions of the above share-based payment arrangements since the grant date.

#### **Value of options issued to Directors**

During the year ended 30 June 2018, 23,000,000 options were issued to Directors, which were valued at \$480,700 (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 11 and forms part of this Directors' Report for the year ended 30 June 2018.

Signed on 13 September 2018 in accordance with a resolution of the Board, made pursuant to Section 298(2) of the Corporations Act 2001.

On behalf of the Directors:

Berrell

**GARY BERRELL** 

Non-Executive Chairman

# **AUDITOR'S INDEPENDENCE DECLARATION**



#### **AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the consolidated financial report of Barra Resources Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in 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
13 September 2018

D I Buckley

Partner

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2018

	NOTE	30 JUNE 2018 \$	30 JUNE 2017 \$
Royalty income	4	-	11,181
Other income	4	71,692	72,084
Total Revenue		71,692	83,265
Impairment of exploration and evaluation costs	5(a)	(180,647)	(511,056)
Exploration and evaluation costs written off		(90,887)	(52,670)
Employee benefits expense		(497,003)	(286,806)
Depreciation expense	5(a)	(12,990)	(16,619)
Consulting expenses		(154,700)	(115,655)
Rental expenses		(84,936)	(68,684)
Administration expenses		(266,859)	(179,979)
Share-based payment expense		(424,933)	(286,900)
Other expenses from ordinary activities		-	(1,544)
Total expenses		(1,712,955)	(1,519,913)
Loss before income tax expense		(1,641,263)	(1,436,648)
Income tax benefit	6	41,656	
Loss for the year		(1,599,607)	(1,436,648)
Other Comprehensive Income:			
Items that may be reclassified to profit or loss			
Net change in fair value of available-for-sale assets		(33,250)	9,500
Items that will not be reclassified subsequently to profit or loss			
Disposal of available-for-sale assets		(24,158)	(32,250)
Total Comprehensive Loss for the Year		(1,657,015)	(1,459,398)
Earnings Per Share			
Basic earnings/(loss) per share (cents per share)	26	(0.35) cents	(0.35) cents
		. ,	, ,
Diluted earnings/(loss) per share (cents per share)	26	(0.35) cents	(0.35) cents

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

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

for the year ended 30 June 2018

	NOTE	30 JUNE 2018 \$	30 JUNE 2017 \$
CURRENT ASSETS			
Cash and cash equivalents	9	1,342,256	1,478,348
Trade and other receivables	10	54,143	28,275
Other	11	34,382	60,320
TOTAL CURRENT ASSETS		1,430,781	1,566,943
NON CURRENT ASSETS			
Financial assets	12	30,000	91,250
Rental bond	13	15,000	15,000
Property, plant and equipment	14	11,518	11,991
Exploration and evaluation expenditure	15	9,890,472	8,699,075
TOTAL NON-CURRENT ASSETS		9,946,990	8,817,316
TOTAL ASSETS		11,377,771	10,384,259
CURRENT LIABILITIES			
Trade and other payables	16	121,167	235,142
Provisions	17	245,371	130,793
TOTAL CURRENT LIABILITIES		366,538	365,935
TOTAL LIABILITIES		366,538	365,935
NET ASSETS		11,011,233	10,018,324
EQUITY			
Issued capital	18	53,064,211	50,839,220
Reserves	19	768,633	401,108
Accumulated losses	20	(42,821,611)	(41,222,004)
TOTAL EQUITY		11,011,233	10,018,324

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

# **CONSOLIDATED STATEMENT OF CASH FLOW**

# for the year ended 30 June 2018

	NOTE	30 JUNE 2018 \$	30 JUNE 2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	83,274
Payments to suppliers and employees		(1,094,175)	(558,465)
Interest received		25,295	27,612
Income tax R&D refund received		41,656	
NET CASH FLOWS (USED IN) BY OPERATING ACTIVITIES	21	(1,027,224)	(447,579)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(11,266)	(278)
Proceeds from sale of available-for-sale investments		49,450	39,313
Payments for exploration, evaluation and development expenditure	15	(1,372,043)	(827,678)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		(1,333,859)	(788,643)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares		2,250,000	2,020,000
Payments for share issue costs		(25,009)	(75,290)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		2,224,991	1,944,710
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		(136,092)	708,488
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,478,348	769,860
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	9	1,342,256	1,478,348

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

# **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the year ended 30 June 2018

	ISSUED CAPITAL	SHARE- BASED PAYMENT RESERVE	INVESTMENT REVALUATION RESERVE	ACCUMULATED LOSSES	TOTAL EQUITY
	\$	\$	\$	\$	\$
BALANCE AS AT 1 JULY 2016	48,889,610	52,700	89,158	(39,785,356)	9,246,112
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	-	-	(22,750)	(1,436,648)	(1,459,398)
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
BALANCE AS AT 30 JUNE 2017	50,839,220	334,700	66,408	(41,222,004)	10,018,324
Loss for the year	-	-	-	(1,599,607)	(1,599,607)
Revaluation of available-for-sale assets	-	-	(33,250)	-	(33,250)
Disposal of available-for-sale assets	-	-	(24,158)	-	(24,158)
Total comprehensive loss for the year	-	-	(57,408)	(1,599,607)	(1,657,015)
Issue of shares	2,250,000	-	-	-	2,250,000
Share issue costs	(25,009)	-	-	-	(25,009)
Issue of options	-	424,933	-		424,933
BALANCE AS AT 30 JUNE 2018	53,064,211	759,633	9,000	(42,821,611)	11,011,233

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

for the year ended 30 June 2018

#### 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 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 Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 12 September 2018.

#### (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.

for the year ended 30 June 2018

#### (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.

#### (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 Group 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.

for the year ended 30 June 2018

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 Group 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.

#### (i) 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 Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to Group. 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.

for the year ended 30 June 2018

#### (I) 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 31.

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 Group'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).

#### (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.

for the year ended 30 June 2018

#### (m) Exploration and evaluation expenditure (continued)

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

- the period for which the Group 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.

for the year ended 30 June 2018

#### (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 recognises 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 Group 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 Group transacts with a joint operation in which the Group is a joint operator (such as a sale or contribution of assets), the Group 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 Group's financial statement only to the extent of the other parties' interests in the joint operation.

When the Group transacts with a joint operation in which the Group is a joint operator (such as the purchase of assets), the Group 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 or 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.

for the year ended 30 June 2018

#### (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 or loss for the period.

#### Loans and receivables

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

#### Impairment of financial assets

Financial assets, other than those recorded at fair value through the profit 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 Group 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 Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

for the year ended 30 June 2018

#### (t) Impairment of assets

At each reporting date, the Group 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

#### (u) Leased assets

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

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

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

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

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

### (v) Segment Reporting

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

#### (w) Earnings per share

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

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

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

for the year ended 30 June 2018

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

#### Standards and Interpretations applicable to 30 June 2018

In the year ended 30 June 2018, 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 2018. 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. New Standards and Interpretations that will have an impact on the Group are:

- AASB 9 Financial Instruments
- AASB 16 Leases

#### AASB 9 Financial Instruments

AASB 9 is effective for reporting periods beginning on or after 1 January 2018. The new standard results in changes to accounting policies for financial assets and liabilities, hedge accounting and impairment. The standard eliminates the existing categories held to maturity, loans and receivables and available for sale. The Group has financial assets in relation to available for sale equity investments of \$9,000. Under AASB 9 the Group is able to elect to continue to classify these investments as at fair value through other comprehensive income. Accordingly, the Group does not expect any impact to the classification and measurement of these financial assets. However, gains or losses realised on the sale of the financial assets at fair value through other comprehensive income will no longer be transferred to profit or loss but instead be reclassified below the line from the fair value reserve to accumulated losses. During the 2018 year, \$24,158 of such gains were recognised in profit or loss in relation to the disposal of available-for-sale assets.

#### AASB 16 Leases

AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019. AASB 16 removes the classification of leases as either operating or finance leases – for the lease - effectively treating all leases as finance leases. This standard does not apply to mining leases. Most leases will be capitalised on the statement of financial position by recognising a lease liability for the present value obligation and a 'right-of-use' asset. The right to use assets is calculated based on the lease liability plus initial direct costs, prepaid lease payments and estimated restoration costs less lease incentives received. This is result in an increase in the recognised assets and liabilities in the statement of financial position as well as change in expense recognition, with interest and depreciation replacing operating lease expenses. There are exemptions for short-term leases and lease of low-value items.

#### 3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group'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 Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

for the year ended 30 June 2018

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

#### **Exploration and evaluation expenditure**

The Group 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 or 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 \$180,647 (2017: \$511,056) on the carrying value of capitalised exploration assets.

#### 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 Group will have a statutory requirement to restore disturbed sites through earthmoving, capping and bunding, and reseeding work. The Group has made an estimation of the costing rates and disturbed hectares to calculate a rehabilitation provision as at 30 June 2018. In addition, the discount rate and risk rate used in the calculation are subject to estimation.

#### **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 31.

4. Revenue from Ordinary Activities	30 JUNE 2018 \$	30 JUNE 2017 \$
Royalties from gold sales	-	11,181
Other Income:		
Interest received from other parties	26,034	28,166
Profit on sale of available-for-sale investments	45,658	39,353
Other revenue	-	4,566
Total Revenue	71,692	83,265

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

Profit/loss from ordinary activities before income tax has been determined after:

#### (a) Other expenses:

Depreciation of property, plant and equipment	12,990	16,619
Annual & long service leave charge	24,925	13,497
Impairment of exploration and evaluation costs	180,646	511,056

for the year ended 30 June 2018

#### 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 2018 \$	30 JUNE 2017 \$
Profit/(Loss) from continuing operations	(1,641,263)	(1,436,648)
Income tax expense/(benefit) calculated at 30% (2017: 27.5%)	(492,379)	(462,995)
Non-deductible expenses in determining taxable loss	(135,937)	78,901
Deferred tax not brought to account as a deferred tax asset	642,013	394,916
Non-assessable income	(13,697)	(10,822)
Research and development offset	(41,656)	-
Income tax (benefit)	(41,656)	-
(b) Deferred Tax liability		
Capitalised Exploration expenditure	2,930,842	2,392,246
Other deferred tax liabilities	14,237	23,966
Less: Deferred tax assets not recognised (tax losses)	(2,945,079)	(2,416,212)
	-	-
(c) Deferred tax assets		
Deferred tax assets – temporary differences	121,477	67,859
Deferred tax assets – losses*	16,073,512	14,184,386
Deferred tax liabilities	(2,945,079)	(2,416,212)
Deferred tax assets not recognised	13,249,910	11,836,033

<sup>\*</sup> Included in the losses are capital losses of \$8,334,343 (2017: \$8,379,843).

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.

for the year ended 30 June 2018

#### 7. Remuneration Benefits

The following were key management personnel of the Company during the financial year:

Sean Gregory (Managing Director)

Gary Berrell (Non-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:	30 JUNE 2018 \$	30 JUNE 2017 \$
Short-term employee benefits	356,479	233,000
Post-employment benefits	28,263	17,575
Share based payments	367,933	197,400
	752,675	447,975

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

o. Additors Remaineration		
Amounts received, or due and receivable by the current auditors, HLB Mann Judd, for audit or review of the financial report	31,000	28,250
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	1,590	3,060
_	32,590	31,310
9. Cash and Cash Equivalents		
Cash at bank	259,372	207,916
Short-term deposits	1,082,884	1,270,432
	1,342,256	1,478,348

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.

for the year ended 30 June 2018

10. Trade and Other Receivables - Current	<b>30 JUNE 2018</b>	30 JUNE 2017
	\$	\$
Trade debtors	48,082	17,640
Other debtors	6,061	10,635
	54,143	28,275
Normal trade terms are 30 days and no interest is charged on overdue amounts. No allowance for bad debts has been made as the Directors are of the opinion that all amounts are fully recoverable.		
Ageing of amounts that are past due but not impaired:		
30-60 days	48,082	17,640
60-90 days	-	-
90+ days		-
	48,082	17,640
11. Other - Current Assets		
Prepayments	34,382	60,320
12. Financial Assets – Non Current		
Mining tenement bonds	21,000	21,000
Available-for-sale investments carried at fair value – listed company shares	9,000	70,250
	30,000	91,250
13. Rental Bond – Non Current		
Rental Bond for West Perth office	15,000	15,000
14. Property, Plant & Equipment		
Motor Vehicles – at cost	34,350	34,350
less accumulated depreciation	(34,350)	(22,929)
	-	11,421
Office furniture and equipment - at cost	198,404	185,886
less accumulated depreciation	(186,886)	(185,316)
	11,518	570
Total Property, Plant and Equipment	11,518	11,991
Motor Vehicles	Office Furniture &	Total

Cost	\$	Equipment \$	\$
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
Acquisitions	-	12,518	12,518
Disposals	-	-	-
Balance at 30 June 2018	34,350	198,404	232,754

for the year ended 30 June 2018

#### 14. Property, Plant & Equipment (continued)

	Vehi
Accumulated Depreciation	
	\$
Balance at 30 June 2016	(15
Disposals	
Depreciation expense for year	(11
Balance at 30 June 2017	(22
Disposals	
Depreciation expense for year	(11
Balance at 30 June 2018	

	Motor Vehicles	Office Furniture & Equipment	Total
	\$	\$	\$
Ī	(15,447)	(209,939)	(225,386)
	3,966	29,794	33,760
	(11,449)	(5,170)	(16,619)
	(22,930)	(185,315)	(208,245)
Ī	-	-	-
	(11,421)	(1,569)	(12,990)
Ī	-	11,518	11,518

## 15. Exploration and Evaluation Expenditure

30 June 2018	30 June 2017
\$	\$

Mineral exploration and evaluation expenditure costs carried forward (exploration and evaluation phase)

p.i.dee/		
Balance at beginning of financial year	8,699,075	8,382,455
Less: exploration expenditure written off (a)	(180,647)	(511,056)
Exploration and evaluation expenditure	1,372,044	827,676
Total exploration and evaluation expenditure	9,890,472	8,699,075

(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).

16. Trade and Other Payables	30 June 2018 \$	30 June 2017 \$
Trade payables	10,909	89,483
Employee entitlements	28,371	28,000
Other	81,887	117,659
	121,167	235,142

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.

for the year ended 30 June 2018

17. Provisions - Current	30 June 2018 \$	30 June 2017 \$
Rehabilitation expenses (a)	190,000	80,000
Long service leave provision	55,371	50,793
	245,371	130,793

<sup>(</sup>a) The rehabilitation provision has increased by \$110,000 (2017: increased by \$10,000) based upon the Group'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 the repurchase of the Burbanks mining tenement.

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 Increase in provision recognised Carrying amount at end of year	80,000 110,000 190,000	50,793 4,578 55,371
carrying amount at one or your	100,000	00,071
18. Issued Capital	Number Shares	\$
Opening Balance 1 July 2016	373,247,883	48,889,610
Closing Balance 30 June 2017	423,747,883	50,839,220
Opening Balance 1 July 2017	423,747,883	50,839,220
Issue of shares 16 November 2017	50,000,000	2,250,000
Less share issue costs		(25,009)
Closing Balance 30 June 2018	473,747,883	53,064,211

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

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

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 no ESOP options were exercised, and 17,000,000 options were issued. There are presently 23,000,000 options on issue pursuant to the ESOP.

#### **Other Share Options**

As at 30 June 2018, the Company has no listed share options on issue (2017: Nil).

As at 30 June 2018, the Company has other unlisted options over 41,000,000 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, 23,000,000 unlisted Director Options expiring 17 November 2020 (2017: 18,000,000).

for the year ended 30 June 2018

<ul><li>19. Reserves</li><li>(a) Equity-settled benefits reserve</li></ul>	30 June 2018 \$	30 June 2017 \$
Opening Balance	334,700	52,700
Employee share options expensed	57,000	89,500
Directors share options expensed	367,933	197,400
Employee share options exercised	-	(4,900)
Total Equity-settled benefits reserve (i)	759,633	334,700
(a) Investment revaluation reserve		
Opening Balance	401,108	89,158
Sale of available-for-sale investments	(24,158)	(32,250)
Movements during the year	(18,750)	9,500
Total investment revaluation reserve (ii)	9,000	66,408
Total Reserves	768,633	401,108

<sup>(</sup>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.

#### 20. Accumulated Losses

Balance at the beginning of the financial year	(41,222,004)	(39,785,356)
Net profit/(loss)	(1,606,963)	(1,436,648)
Balance at the end of the financial year	(42,828,967)	(41,222,004)

<sup>(</sup>ii) The investment revaluation reserve is used to record changes in the fair value attributable to available-for-sale financial assets.

for the year ended 30 June 2018

21. Notes to the Statement of Cash Flows	30 June 2018 \$	30 June 2017 \$
Reconciliation of Net Loss to Net Cash Flows used in Operating Activities		
Profit/(loss) from ordinary activities after income tax	(1,599,607)	(1,436,648)
Depreciation expense	12,990	16,619
Write off exploration and evaluation expenses	180,647	511,056
Issue of employee options	424,933	286,900
Profit on available-for-sale assets	(45,658)	(39,353)
Changes in assets and liabilities		
Decrease/(Increase) in other debtors	(27,070)	57,486
Decrease/(Increase) in prepayments	25,938	(43,241)
(Decrease)/Increase in other provisions	114,949	23,497
Increase/(Decrease) in trade creditors	(114,346)	176,105
Net cash provided by/(used in) Operating Activities	(1,027,224)	(447,579)

### 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 (2017: \$48,000) exclusive of GST for Company Secretarial fees for the financial year ended 30 June 2018. These fees are included in the Directors remuneration as disclosed in the Directors' Report.

#### (c) Joint Venture interests

The Company has a 50% interest in the assets, liabilities and output of Mount Thirsty Joint Venture (2017: 50%). The Company recharged wages joint venture during the year totaling \$33,772 (2017: Nil).

for the year ended 30 June 2018

#### 25. Financial Instruments

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

#### **Overview**

The Group'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 Group, the Board's objective is to minimise debt and raise funds only as required through the issue of shares or debt.

#### Interest rate risk

The Group'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.

<b>2018</b> Financial Assets	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	FIXED INTEREST RATE \$	FLOATING INTEREST RATE \$	NON- INTEREST BEARING \$	CARRYING AMOUNT \$
Cash	1.77%	1,082,884	207,080	52,292	1,342,256
Security deposits	2.05%	21,000	-	-	21,000
Receivables	-	-	-	54,143	54,143
Rental Bond	2.05%	15,000	-	-	15,000
Available-for-sale and derivative					
financial assets	-		-	9,000	9,000
		1,118,884	207,080	115,435	1,441,399
Financial Liabilities					
Trade and other payable	-		-	121,167	121,167
		_	-	121,167	121,167

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	FIXED INTEREST RATE	FLOATING INTEREST RATE	NON- INTEREST BEARING	CARRYING AMOUNT
2017		\$	\$	\$	\$
Financial Assets					
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
Other deposits	2.40%	15,000	-	-	15,000
Available-for-sale and derivative					
financial assets	-			70,250	70,250
		1,291,432	162,983	143,457	1,597,872
Financial Liabilities					
Trade and other payable	-			235,142	235,142
		-	-	235,142	234,142

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

for the year ended 30 June 2018

#### 25. Financial Instruments (continued)

#### **Credit risk**

Credit risk is the risk of financial loss to the Group 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 Group does not have any significant customers and accordingly does not have any significant exposure to bad or doubtful debts.

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

#### Fair value

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

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

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table present the Group's assets and liabilities measured and recognised at fair value at 30 June 2018.

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
2018	\$	\$	\$	\$
Assets				
Available-for-sale financial assets	9,000	-	-	9,000
	9,000	-	-	9,000
2017				
Assets				
Available-for-sale financial assets	70,250	-	-	70,250
	70,250	-	-	70,250

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 Group 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 Group. The Group's overall strategy remains unchanged from 2017.

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.

for the year ended 30 June 2018

#### 25. Financial Instruments (continued)

#### 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.

#### Liquidity and interest risk tables

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

		LESS THAN 3 MONTHS	3–12 MONTHS	1-5 YEARS	GREATER THAN 5 YEARS	TOTAL
		\$	\$	\$	\$	\$
2018 Financial Trade and other payable	liabilities:	121,167	-	-	-	121,167
		121,167	-	-	-	121,167
<b>2017</b> Financial	liabilities:					
Trade and other payable		235,142	-	-	-	235,142
		235,142	-	-	-	235,142

#### **Market risk**

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

#### **Equity Price risk**

The Company is exposed to equity price risks arising from available-for-sale and derivative financial assets. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments. The derivatives 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 Group is not materially exposed to equity price risks.

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 2018 would decrease/increase by \$183 (2017: \$127) 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 \$183 (2017: \$127) for the Company, as a result of the changes in fair value of available-for-sale shares.

for the year ended 30 June 2018

26. Earnings per Share	30 JUNE 2018 Cents	30 JUNE 2017 Cents
Basic earnings/(loss) per share (cents per share)	(0.35)	(0.35)
Diluted earnings/(loss) per share (cents per share)	(0.35)	(0.35)
The loss and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:		
Profit/(Loss)	(1,599,607)	(1,436,648)
	30 JUNE 2018 №.	30 JUNE 2017 №.
Weighted average number of ordinary shares	454,843,773	406,615,006

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.

#### 27. Significant Events Subsequent to Year End

Other than the following, 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:

- On 10 September 2018 the Company issued 57,142,857 fully paid ordinary shares to Mineral Resources Ltd after announcing a placement for \$2 million.

#### 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). The Ngadju Native Title claim over Mt Thirsty has been determined.

#### 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 exercised its option to extend for a further 24 months from 1 September 2017.

Due within 1 year	80,316	14,362
Due within 2 to 5 years	13,892	-
Due after 5 years	-	-

for the year ended 30 June 2018

#### 29. Commitments for Expenditure (continued)

#### 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 2018 if it is to retain all of its present interests in mining and exploration properties, are as follows:

Annual commitment 292,120 256,100

#### 30. Interests in Subsidiaries

	% EQUITY	INTEREST	INVESTMENT	
COUNTRY OF INCORPORATION	<b>2018</b> %	2017 %	2018 \$	2017 \$
Australia	100% <sup>(1)</sup>	0%	121,000	_

Coolgardie Mining Company Pty Ltd

Barra Resources Ltd is the ultimate parent entity.

Balances and transactions between the Company and its subsidiary, which are related parties of the Company, have been eliminated on consolidation.

#### 31. Share-Based Payments

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

OPTION SERIES	ISSUE DATE	NUMBER	GRANT DATE	EXPIRY DATE	EXERCISE PRICE \$	FAIR VALUE AT GRANT DATE \$
ESOP (i)	21 March 2014	1,000,000	21 March 2014	21 March 2018	0.06	0.0023
ESOP (i)	21 March 2014	1,000,000	21 March 2014	21 March 2018	0.04	0.0015
ESOP (i)	21 March 2014	1,000,000	21 March 2014	21 March 2018	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

<sup>(1)</sup> The acquisition of Coolgardie Mining Company Pty Ltd has been treated as an acquisition of assets. The Company was purchased for cash consideration of \$121,000. The vendors are also entitled to a royalty of \$20 per ounce for the first 55,0000 ounces of gold sold from the Burbanks Birthday Gift Mine.

for the year ended 30 June 2018

#### 31. Share-Based Payments (continued)

OPTION SERIES	ISSUE DATE	NUMBER	GRANT DATE	EXPIRY DATE	EXERCISE PRICE \$	FAIR VALUE AT GRANT DATE \$
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
Directors (vi)	16 November 2017	7,000,000	16 November 2017	17 November 2020	0.08	0.0226
Directors (vi)	16 November 2017	7,000,000	16 November 2017	17 November 2020	0.09	0.0210
Directors (vi)	16 November 2017	9,000,000	16 November 2017	17 November 2020	0.10	0.0195
ESOP (vii)	30 November 2017	1,000,000	30 November 2017	30 November 2020	0.08	0.0205
ESOP (vii)	30 November 2017	1,000,000	30 November 2017	30 November 2020	0.09	0.0189
ESOP (vii)	30 November 2017	1,000,000	30 November 2017	30 November 2020	0.10	0.0176

- (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%.
- (vi) On 16 November 2017, the Company issued 9,000,000 options to Directors following shareholder approval at the Annual General Meeting. The number of options were issued in 3 parcels of 1,000,000 options each at the expiry dates and numbers as shown in the table above. The risk free rate at grant date was 1.50% and the expected volatility was 75%.
- (vii) On 16 November 2017, the Company issued 14,000,0000 options to a Director following his appointment under the Employee Share Option Plan. The number of options were issued in 2 parcels of 4,000,000 options each and one parcel of 6,000,000 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 75%.
- (viii) On 30 November 2017, the Company issued 3,000,000 options to an employee 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 75%.

The weighted average remaining contractual life of options at balance date is 607 days (2017: 684 days)

The weighted average fair value of options granted during the year was \$0.021 (2017: \$0.05)

for the year ended 30 June 2018

# 31. Share-Based Payments (continued)

# Reconciliation of movements in options

	2	018	2017		
	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE \$	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE \$	
Balance at Beginning of year	24,000,000	0.05	15,000,000	0.0032	
Granted	26,000,000	0.091	12,000,000	0.07	
Expired	-	-	-	-	
Exercised	-	-	(3,000,000)	0.04	
Forfeited	-	-	-	-	
Balance at end of year	50,000,000	0.712	24,000,000	0.05	

# **Exercised during the year**

There were no share options exercised during the year (2017: 300,000).

# **DIRECTOR'S DECLARATION**

- 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 Group's financial position as at 30 June 2018 and of its performance for the year then ended; and
    - ii. complying with Australian Accounting Standards, 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 2018.

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

On behalf of the Directors:

Joney

**GARY BERRELL** 

**Non-Executive Chairman** 

Dated this 13<sup>th</sup> day of September 2018



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 ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and 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 Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2018 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 Group 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

Level~4~130~Stirling~Street~Perth~WA~6000~|~PO~Box~8124~Perth~BC~WA~6849~|~Telephone~+61~(08)~9227~7500~|~Fax~+61~(08)~9227~7533~Email:~mailbox@hlbwa.com.au~|~Website:~www.hlb.com.au~|~PO~Box~8124~Perth~BC~WA~6849~|~Telephone~+61~(08)~9227~7500~|~Fax~+61~(08)~9227~7533~|~Email:~mailbox@hlbwa.com.au~|~Website:~www.hlb.com.au~|~PO~Box~8124~Perth~BC~WA~6849~|~Telephone~+61~(08)~9227~7500~|~Fax~+61~(08)~9227~7533~|~PO~Box~8124~Perth~BC~WA~6849~|~Telephone~+61~(08)~9227~7500~|~Fax~+61~(08)~9227~7533~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~BC~WA~6849~|~PO~Box~8124~Perth~Po~B

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#### **Key Audit Matter**

How our audit addressed the key audit matter

# Carrying amount of exploration and evaluation expenditure

Note 15 of the financial report

In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the Group capitalises all exploration and evaluation expenditure, including acquisition costs and subsequently applies the cost model after recognition.

Our audit focussed on the Group's assessment of the carrying amount of the capitalised exploration and evaluation asset, as this is one of the most significant assets of the Group. 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.

Our procedures included but were not limited to the following:

- We obtained an understanding of the key processes associated with management's review of the carrying values of each area of interest;
- We considered the Directors' assessment of potential indicators of impairment;
- We obtained evidence that the Group has current rights to tenure of its areas of interest;
- We examined the exploration budget for the year ending 30 June 2019 and discussed with management the nature of planned ongoing activities;
- We enquired with management, reviewed ASX announcements and reviewed minutes of Directors' meetings to ensure that the Group had not resolved to discontinue exploration and evaluation at any of its areas of interest;
- We substantiated a sample of expenditure incurred to supporting documentation; and
- We examined the disclosures made in the financial report.

#### 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 Group's annual report for the year ended 30 June 2018, 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.

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 Group 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 Group'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 Group'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 Group 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.

#### 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 2018.

In our opinion, the Remuneration Report of Barra Resources Limited for the year ended 30 June 2018 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 Jude

**Chartered Accountants** 

D I Buckley

Perth, Western Australia 13 September 2018

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 11<sup>th</sup> September 2018.

SPREAD	OF H	OLDINGS	TOTAL SHAREHOLDERS	TOTAL OPTIONHOLDERS
1	-	1,000	153	
1,001	-	5,000	378	-
5,001	-	10,000	473	-
10,001	-	100,000	1,556	-
100,001	-	and over	730	5
		Number of Holders	3,290	5

Number of shareholders holding less than a marketable parcel:

#### **Substantial Shareholders**

SHAREHOLDER NAME	NUMBER OF SHARES
FMR Investments Pty Limited	82,033,595
Mineral Resources Limited	57,142,857

### **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 530,890,740 fully paid shares.

### **Company Secretary**

The name of the Company Secretary is Grant Jonathan Mooney.

#### **Registered Office**

The registered office is at Ground Floor 6 Thelma Street

West Perth Western Australia 6005

The telephone number is: (08) 9481 3911

# Twenty Largest Holders of Each Class of Quoted Equity Securities

ORDINARY FULLY PAID SHARES as at 11th September 2018.

SHAREHOLDER NAME	NUMBER OF SHARES	PERCENTAGE OF CAPITAL
FMR INVESTMENTS PTY LTD	82,033,595	15.45%
MINERAL RESOURCES LTD	57,142,857	10.76%
LUITINGH LAFRAS	15,162,414	2.86%
J P MORGAN NOMINEES AUSTRALIA LTD	8,703,805	1.64%
LIPPO SECURITIES LTD <client a="" c=""></client>	6,706,291	1.26%
LAMB FAMILY SUPER FUND PTY LTD <lamb a="" c="" family="" fund="" super=""></lamb>	6,000,000	1.13%
CITICORP NOMINEES PTY LTD	5,299,900	1.00%
TRE PTY LTD <time a="" c="" road="" super=""></time>	4,600,000	0.87%
NORMAN AND MEGAN PARKER <parker a="" c="" superfund=""></parker>	4,300,000	0.81%
RAGGED HOLDINGS PTY LTD <ragged account="" super=""></ragged>	3,923,958	0.74%
HSBC CUSTODY NOMINEES AUSTRALIA LTD	3,497,298	0.66%
MUSHIN STEPHEN KEITH	3,299,498	0.62%
JENNINGS SUPER PTY LTD < JENNINGS SUPER FUND A/C>	3,000,000	0.57%
MOTTE & BAILEY PTY LTD <bailey a="" c="" fund="" super=""></bailey>	2,538,500	0.48%
BREMERTON PTY LTD <bartlett family="" fund=""></bartlett>	2,384,833	0.45%
HAHN ADCL PTY LTD <hahn a="" c="" fund="" super=""></hahn>	2,333,333	0.44%
GEOFFREY & JANET FARNELL <farnell a="" c="" fund="" super=""></farnell>	2,322,353	0.44%
DARRYL HICKS WHITE	2,315,997	0.44%
SKED PROPRIETARY LTD <sked a="" c="" fund="" superannuation=""></sked>	2,100,000	0.40%
CARLOS BRUCE WHILEY	2,000,000	0.38%
TOTAL	219,664,632	41.40%

## **Holders of Securities in an Unquoted Class**

NUMBER OF SHARES UNDER OPTIONS	EXERCISE PRICE	EXPIRY DATE
1,000,000 (i)	\$0.04	11 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
6,000,000 (v)	\$0.10	16 November 2020
4,000,000 (v)	\$0.09	16 November 2020
4,000,000 (v)	\$0.08	16 November 2020
3,000,000 (vi)	\$0.10	16 November 2020
3,000,000 (vi)	\$0.09	16 November 2020
3,000,000 (vi)	\$0.08	16 November 2020
1,000,000 (vii)	\$0.10	16 November 2020
1,000,000 (vii)	\$0.09	16 November 2020
1,000,000 (vii)	\$0.08	16 November 2020

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

#### **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 the Managing Director. 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.

#### (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.

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

#### (k) Shareholder Communication Policy

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

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

#### (I) Independent Professional Advice

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

#### (m) Matters for Approval by the Board of Directors

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

### (n) Diversity Policy

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

### (o) Explanations for Departure From Best Practice Recommendations

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

#### **EXPLANATION FOR DEPARTURE FROM BEST PRACTICE RECOMMENDATIONS**

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

#### Principle 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) 8 staff (3 females and 5 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:

- (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;
- (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 Directors Grant Mooney and Gary Berrell (Chairman) are considered Independent Directors while Jon Young and Sean Gregory 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 comply with this recommendation.

#### 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

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.

#### 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.

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.

