



BARRA RESOURCES LIMITED

ABN 76 093 396 859

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

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Directors

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

Non-Executive Director

Sean Gregory BSc (Hons) MBA

Company Secretary

Grant Jonathan Mooney BBus CA

Registered Office & Principal Place of Business

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West Perth, WA 6005

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Website: www.barraresources.com.au

Share Register

Automic Group Pty Ltd

Perth Office

Level 2, 267 St Georges Tce

Perth WA 6005

Phone: 1300 288 664

Email: hello@automicgroup.com.au

Website: www.automicgroup.com.au

Auditors

HLB Mann Judd

Level 4, 130 Stirling Street

Perth, WA 6000

08 9227 7500

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

DIRECTORS' REPORT

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 2020. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

DETAILS OF DIRECTORS

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

SEAN GREGORY BSc (Hons) Geology, MBA

**Managing Director/CEO (up to 24 June 2020),
Non-Executive 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. On 24 June 2020, Mr Gregory transitioned to Non-Executive Director.

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, Riedel Resources Limited, Aurora Labs Limited and Gibb River Diamonds Limited and is a director of wave energy technology 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 Canaccord Genuity Financial Limited. For 12 years, until the sale of the underground mining contractor Barmenco Limited in August 2007, Jon served as Non-executive Chairman of the Barmenco Group of companies, including Barmenco Limited where he continued to serve as an alternate director until November 2018 when Barmenco was acquired by Ausdrill Limited.

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

DIRECTORS' REPORT

DIRECTORSHIPS OF OTHER LISTED COMPANIES

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

Director's name	Company	Period of Directorship
Grant Jonathan Mooney	Carnegie Clean Energy Limited	19 February 2008 to present
	Gibb River Diamonds Limited	14 October 2008 to present
	Talga Resources Limited	20 February 2014 to present
	Accelerate Resources Limited	1 July 2017 to present
	Riedel Resources Limited	31 October 2018 to present
	Aurora Labs Limited	25 March 2020 to present

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	4,463,585	3,000,000
Grant Mooney	5,358,795	3,000,000
Jon Young	8,587,249	3,000,000

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 2020 was \$785,903 (2019: \$1,060,733).

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.

DIRECTORS' REPORT

REVIEW OF OPERATIONS

The following activities were undertaken by the Group during the financial year ended 30 June 2020:

BURBANKS PROJECT (Coolgardie, Western Australia)

- Maiden JORC Inferred Mineral Resource estimated for Burbanks North of 20,400 Oz at 1.76 g/t, bringing the total for the Burbanks Project to 145,000 Oz at 3.7g/t of Indicated and Inferred Mineral Resources (Refer ASX Announcement 2/8/19),
- Positive Scoping Study identified shallow underground mining of the recently estimated Mineral Resources at Main Lode and remnant Mineral Resources at Birthday Gift as the highest priority areas for potential mining (Refer ASX Announcement 23/9/19),
- 24 holes for 3,913m of RC drilling completed at Main Lode. High grade results were encountered immediately down plunge of the mining stopes identified in the Scoping Study, enhancing the opportunity.
 - Best results included:
 - BBRC299 – 3m @ 24.69g/t Au from 167m down-hole
 - BBRC303 – 8m @ 4.10g/t Au from 159m down-hole
 - BBRC300 – 2m @ 16.30g/t Au from 173m down-hole
 - BBRC292 – 3m @ 5.38g/t Au from 185m down-hole, and
 - BBRC294 – 4m @ 2.58g/t Au from 168m down-hole
- Exploration and mining joint venture agreed with FMR Investments Pty Ltd (FMR), as discussed under “Corporate”,
- First JV drilling program, funded by FMR, at Burbanks was 33 holes for 1,940m
 - Best Burbanks North results included:
 - BBAC284 – 17m @ 3.55g/t Au from 12m down-hole
 - BBAC291 – 5m @ 7.82g/t Au from 11m down-hole
 - BBAC285 – 17m @ 2.03g/t Au from 13m down-hole
 - BBAC288 – 7m @ 3.35g/t Au from 12m down-hole, and
 - BBAC287 – 6m @ 3.65g/t Au from 10m down-hole
 - Best Main Lode results included:
 - BBRC311 – 12m @ 4.77g/t Au from 51m, incl. 3m @ 15.32g/t
 - BBRC321 – 5m @ 5.95g/t Au from 29m, incl. 2m @ 11.85g/t
 - BBRC305 – 5m @ 5.63g/t Au from 50m, incl. 3m @ 8.90g/t
 - BBRC312 – 8m @ 2.42g/t Au from 88m, incl. 2m @ 5.10g/t, and
 - BBRC314 – 2m @ 7.92g/t Au from 68m down-hole

PHILLIPS FIND GOLD PROJECT (Coolgardie, Western Australia)

- Tenements have now been granted at Diablo, a highly prospective target under shallow alluvial cover, not dissimilar to the Truth prospect which was successfully tested by Barra in 2018. Diablo is a walk-up target that is ready to drill.
- There are two significant drill programs planned for Phillips Find over the next 12-month period, and RC and Diamond drilling program at Newminster aimed at extending known high-grade mineralisation at depth below the current pit floor and an extensive air core program at Diablo targeting over 4km of untested strike north of the Diablo Prospect

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

- A loan to JV partner to Conico Limited was agreed as discussed below under “Corporate” which facilitated the completion of the Pre-Feasibility Study (PFS).
- The PFS was published on 20 March 2020. Highlights are:
 - Maiden JORC Probable Ore Reserve estimated as 18.8 Mdt at 0.13% Co, 0.54% Ni.
 - Capital Expenditure of A\$371M including 10% indirect costs, 9% growth allowance, 10% contingency and 4% owner's costs.
 - 12 Year mine life at 1.8 Mtpa feed rate.
 - All-in Sustaining Costs of US\$35,400/t of cobalt metal (after nickel credits).
 - NPV of A\$44M (post tax 8%, refer to ASX Announcement 20/3/20 for material assumptions).
- The direct project expenditure for the Mount Thirsty Joint venture now reverts to a minimum while the partnering strategy is pursued as planned.

RIVERINA NICKEL PROJECT (Menzies, Western Australia)

- No activity was conducted during the period.

DIRECTORS' REPORT

CORPORATE

- Share Purchase Plan and Private Placement completed in October 2019 raising \$1,125,500 before expenses.
- A loan to from Barra to Mt Thirsty JV partner Conico Ltd (Conico) was agreed. The loan is for up to \$500,000 at an interest rate of 5% pa for a term of 3 years, with certain early repayment triggers and an option to convert to Conico equity at the end of the term if Conico have not raised and do not have sufficient funds. As at 30 June 2020, the loan has been drawn down to \$393,050. As the PFS has been completed under budget, no further drawdowns on the loan are expected, other than capitalised interest. The balance of the loan of approximately \$400,000 is anticipated to be repaid by Conico in October 2020.
- An exploration and mining joint venture was agreed with FMR. FMR has now funded the initial infill drilling. Should FMR then elect to mine, they will carry all working capital costs and risk associated with mining. The ore will be processed at FMR's 100% owned Greenfields Mill at Coolgardie. The first \$8 million in profits from mining will go into a future fund for ongoing exploration drilling at depth and along strike at Burbanks. Any additional mining profits will then be shared 80% FMR, 20% Barra. Barra may elect to increase its interest at future mining stages by funding working capital in excess of its 20% free carried position to a maximum of 50%.
- In response to the global financial markets disruption caused by COVID-19, Barra completed a business review and has cut all overheads to a minimum. Barra has also received external support including various government grants and waivers.
- As part of the cost saving initiatives, the Board and Managing Director, Sean Gregory, agreed to cease his executive role with the Company effective 24 June 2020. Mr Gregory will stay on with the company as a Non-Executive Director providing valuable technical input to the Board and continuous knowledge transfer on the Group's projects.

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 2020:

	2020 \$	2019 \$	2018 \$	2017 \$	2016 \$
Revenue	81,076	43,071	71,692	83,265	910,185
Net profit/(loss) before tax	(889,108)	(1,101,043)	(1,641,263)	(1,436,648)	63,439
Net profit/(loss) after tax	(785,903)	(1,060,733)	(1,599,607)	(1,436,648)	63,439
	2020	2019	2018	2017	2016
Share price at start of year (cents)	2.2	4.8	6.3	4.8	0.6
Share price at end of year (cents)	1.6	2.2	4.8	6.3	4.8
Shares on issue at end of year	596,515,740	538,890,740	473,747,883	423,747,883	373,247,883
Market capitalisation at end of year (undiluted)	\$9,544,252	\$10,422,453	\$22,739,898	\$26,961,166	\$17,915,898
Basic earnings/(loss) per share (cents)	(0.14)	(0.20)	(0.35)	(0.35)	0.02
Diluted earnings/(loss) per share (cents)	(0.14)	(0.20)	(0.35)	(0.35)	0.02

Significant Changes in the State of Affairs

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

DIRECTORS' REPORT

Significant Events Subsequent to End of Year

In August 2020, JV partner Conico Limited announced a capital raising and have indicated that the loan to Conico Limited will repaid including interest, which is likely to be repaid in October 2020.

On 16 September 2020, the Company completed a \$1.48 million share placement to institutional, sophisticated and professional investors resulting in the issue of 78,092,361 shares at an issue price of 1.9 cents per share. In consideration for services provided by Lead Manager Canaccord Genuity Capital Markets, the Company will issue 15 million unlisted options exercisable at 3.0 cents per share and expiring 2 years from the date of issue (Subject to shareholder approval).

Other than this, 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.

Share options

During the financial year and to the date of this report there were 26,000,000 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
6,000,000	\$0.03	16 November 2020
8,000,000	\$0.08	16 November 2020
8,000,000	\$0.09	16 November 2020
4,000,000	\$0.10	16 November 2020

During the year, no options were issued to employees under the Employee Incentive Option Scheme (ESOP), nor issued to Directors following shareholder approval at Annual General Meeting. During the year 4,000,000 options with \$0.06 exercise price, 4,000,000 options with \$0.07 exercise price and 4,000,000 options with \$0.08 exercise price expired unexercised.

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 fourteen (14) Directors' meetings held during the financial year ended 30 June 2020. 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	14	14
Gary Berrell	14	14
Grant Mooney	14	14
Jon Young	14	14

DIRECTORS' REPORT

There were no (0) 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 (non-executives are currently not being paid except for 1 non-executive on Jobkeeper). 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. From 1 March 2020, all non-executives fees were reduced to nil.

Remuneration for Non-Executive Directors 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.

Other than cash bonuses for meeting certain targets for the Managing Director, and options vested after 1 and 2 years of service for the Managing Director, 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% up to a maximum threshold and do not receive any other retirement benefit. The Directors are not entitled to any termination benefits.

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

DIRECTORS' REPORT

REMUNERATION REPORT (CONTINUED)

Service Agreements

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. On 22 June 2018, Gary Berrell transitioned to a non-executive role with a reduction in salary to \$60,000 plus statutory superannuation. On 1 December 2019 Gary Berrell had a reduction in salary to \$30,000 plus statutory superannuation. From 1 March 2020, all non-executives pays were reduced to nil. From 1 April 2020, Mr Gary Berrell qualified for the Jobkeeper payment through Barra Resources and he is paid the jobkeeper of \$3,000 per fortnight plus statutory superannuation.

Non-Executive Director Grant Mooney has an Employee Services Agreement for a period of 3 years commencing on 1 September 2009 which expired on 1 September 2012 and continues on a month by month basis with one month's termination notice. The Contract provides for a Director's fee of \$45,000 per annum plus statutory superannuation. On 1 December 2019 Grant Mooney had a reduction in salary to \$22,500 plus statutory superannuation. From 1 March 2020, all non-executives pays were reduced to nil.

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. On 1 December 2019 Jon Young had a reduction in salary to \$22,500 plus statutory superannuation. From 1 March 2020, all non-executives pays were reduced to nil.

Managing Director Sean Gregory has a Managing Director Services Agreement commencing on 16 November 2017, which was revised on 17 May 2019. The revised contract provides for a base salary of \$315,000 per annum inclusive of statutory superannuation, as well as cash bonuses for meeting certain targets. This contract was terminated with 3 months' notice ending 24 June 2020. Sean Gregory continued as a Non-executive Director performing some executive duties, from 5 July 2020 to 30 August 2020. Sean Gregory qualified for the Jobkeeper payment through this period with Barra Resources and he was paid the jobkeeper of \$3,000 per fortnight plus statutory superannuation. After 30 August 2020, Sean Gregory continues as a Non-executive Director and in line with other Non-Executive Directors his pay was reduced to nil.

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 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. This fee was reduced to \$36,000 per annum plus GST from 1 March 2020.

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.

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 no options were issued under the ESOP, no options were exercised and 3,000,000 options expired unexercised, There are presently 3,000,000 options on issue pursuant to the ESOP.

DIRECTORS' REPORT

REMUNERATION REPORT (CONTINUED)

Employee Option Plan (continued)

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	\$0.0210	4,000,000	16 November 2018
16 November 2017	16 November 2020	\$0.0195 ⁽¹⁾	6,000,000	16 November 2019

- (1) During the financial year, a revised contract for Sean Gregory, included amended terms for the third tranche of options, being 6,000,000 exercisable at \$0.03 (previously \$0.10) by 16 November 2020. These options only vest after 24 months of continuous employment being 16 November 2019.

Remuneration

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

DIRECTORS		SHORT-TERM EMPLOYEE BENEFITS		POST- EMPLOYMENT BENEFITS	SHARE- BASED PAYMENT	TOTAL	PERCENTAGE PERFORMANCE RELATED %
		SALARY & FEES	BONUS	SUPER- ANNUATION	OPTIONS		
		\$	\$	\$	\$	\$	
Sean Gregory (Managing Director) (commenced 4/12/17 Non-Executive Director from 25 June 2020)	2020	301,363	-	21,003	22,278 ⁽²⁾	344,644	6%
	2019	269,635	30,000	20,531	90,489 ⁽³⁾	410,655	22%
Gary Berrell (Non-Executive Chairman)	2020	44,000	-	4,180	-	48,180	-
	2019	59,166	-	5,621	-	64,787	-
Grant Mooney ⁽¹⁾ (Non-Executive Director & Company Secretary)	2020	70,250	-	2,494	-	72,744	-
	2019	93,000	-	4,275	-	97,275	-
Jon Young (Non-Executive Director)	2020	26,250	-	2,494	-	28,744	-
	2019	45,000	-	4,275	-	49,275	-
TOTAL	2020	441,863	-	30,170	22,278	494,311	
TOTAL	2019	466,801	30,000	34,702	90,489	621,992	

- (1) Amounts paid to Grant Mooney include director's fees of \$26,250 (2019: \$45,000) and fees paid to a related party in respect of company secretarial services, totaling \$44,000 + GST (2019: \$48,000 + GST).
- (2) Represents the total fair value of options expensed during the year.
- (3) The total fair value of options granted during the prior year being recognised over the vesting period is \$291,400.

DIRECTORS' REPORT

REMUNERATION REPORT (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.

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 2020 DIRECTOR	BALANCE AS AT 1 JULY 2019	GRANTED AS REMUNERATION	RECEIVED ON EXERCISE OF OPTIONS	PURCHASED/ (SOLD)	ON RESIGNATION	BALANCE AS AT 30 JUNE 2020
Gary Berrell	3,713,585	-	-	750,000	-	4,463,585
Sean Gregory	-	-	-	-	-	-
Grant Mooney	5,108,795	-	-	250,000	-	5,358,795
Jon Young	7,837,249	-	-	750,000	-	8,587,249
SHARES 2019 DIRECTOR	BALANCE AS AT 1 JULY 2018	GRANTED AS REMUNERATION	RECEIVED ON EXERCISE OF OPTIONS	PURCHASED/ (SOLD)	ON RESIGNATION	BALANCE AS AT 30 JUNE 2019
Gary Berrell	1,713,585	-	2,000,000	-	-	3,713,585
Sean Gregory	-	-	-	-	-	-
Grant Mooney	3,108,795	-	2,000,000	-	-	5,108,795
Jon Young	5,837,249	-	2,000,000	-	-	7,837,249

Share Options Issued by Barra Resources Limited

The Directors hold 23,000,000 options over ordinary shares in the Company (directly, indirectly or beneficially) at balance date. 9,000,000 Directors options lapsed during the year which had been granted in the 2017 financial year.

Details of share-based payments granted as compensation to Directors and Key Management Personnel during the current or prior year:

OPTIONS 2020 DIRECTOR	BALANCE AS AT 1 JULY 2019	EXERCISED	EXPIRED UNEXERCISED	BALANCE AS AT 30 JUNE 2020	% VESTED	% OF GRANTED FORFEITED
Gary Berrell	6,000,000	-	(3,000,000)	3,000,000	100%	50%
Sean Gregory	14,000,000	-	-	14,000,000	100%	0%
Grant Mooney	6,000,000	-	(3,000,000)	3,000,000	100%	50%
Jon Young	6,000,000	-	(3,000,000)	3,000,000	100%	50%

DIRECTORS' REPORT

REMUNERATION REPORT (CONTINUED)

Share Options Issued by Barra Resources Limited (continued)

OPTIONS 2019 DIRECTOR	BALANCE AS AT 1 JULY 2018	EXERCISED	EXPIRED UNEXERCISED	BALANCE AS AT 30 JUNE 2019	% VESTED	% OF GRANTED FORFEITED
Gary Berrell	9,000,000	(2,000,000)	(1,000,000)	6,000,000	100%	16.67%
Sean Gregory	14,000,000	-	-	14,000,000	57%	0%
Grant Mooney	9,000,000	(2,000,000)	(1,000,000)	6,000,000	100%	16.67%
Jon Young	9,000,000	(2,000,000)	(1,000,000)	6,000,000	100%	16.67%

There has been no alteration of the term and conditions of the above share-based payment arrangements since grant date other than a revised contract for Sean Gregory, which included amended terms for the third tranche of options, being 6,000,000 exercisable at \$0.03 (was \$0.10) by 16 November 2019. These options only vest after 24 months of continuous employment being 16 November 2019.

Value of options issued to Directors

During the year ended 30 June 2020, no options were issued to Directors. A further \$22,278 was expensed during the year in line with vesting conditions.

END OF REMUNERATION REPORT

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 12 and forms part of this Directors' Report for the year ended 30 June 2020.

DIRECTORS' REPORT

Signed on 17 September 2020 in accordance with a resolution of the Board, made pursuant to Section 298(2) of the Corporations Act 2001.

On behalf of the Directors:



GARY BERRELL

Non-Executive Chairman

DISCLAIMER

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

This report contains forward-looking statements that involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this report. No obligation is assumed to update forward-looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

COMPETENT PERSONS' STATEMENTS

Project and Discipline	JORC Section	Competent Person	Employer	Professional Membership
Coolgardie Gold Projects Geology	Exploration Results and Mineral Resources	Gary Harvey	Barra Resources Ltd	MAIG
Birthday Gift and Christmas Pit Resource Estimation	Mineral Resources	Richard Buerger	Mining Plus Pty Ltd	MAIG
Main Lode and Burbanks North Resource Estimation	Mineral Resources	Andrew Bewsher	BM Geological Services Pty Ltd	MAIG
Mt Thirsty Geology	Exploration Results and Mineral Resources	Michael J Glasson	Tasman Resources Ltd; Consultant to MTJV; holds shares in Conico Ltd	MAIG
Mt Thirsty Resource Estimation	Mineral Resources	David Reid	Golder Associates Pty Ltd	MAusIMM
Mt Thirsty Metallurgy	Exploration Results and Ore Reserves	Peter Nofal	AMEC Foster Wheeler Pty Ltd trading as Wood	FAusIMM
Mt Thirsty Mining	Ore Reserves	Frank Blanchfield	Snowden Mining Industry Consultants Pty Ltd	FAusIMM

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves for the Mt Thirsty Cobalt-Nickel Project and Coolgardie Gold Projects is based on and fairly represents information compiled by the Competent Persons listed in the table above. The Competent Persons have sufficient relevant experience to the style of mineralisation and type of deposits under consideration and to the activity for which they are undertaking to qualify as a Competent Person as defined in the JORC Code (2012 Edition). For new information, the Competent Persons consent to the inclusion in the report of the matters based on their information in the form and context in which it appears. Previously announced information is cross referenced to the original announcements. In these cases, the company is not aware of any new information or data that materially affects the information presented and that the material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcements.

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 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
17 September 2020



M R Ohm
Partner

hlb.com.au

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2020

	NOTE	30 JUNE 2020 \$	30 JUNE 2019 \$
Government funding	5	68,000	-
Other income	5	13,076	43,071
Total Revenue		81,076	43,071
Impairment of exploration and evaluation costs	16	(154,767)	(64,067)
Employee benefits expense		(439,987)	(581,378)
Depreciation expense	15	(10,446)	(6,353)
Consulting expenses		(145,376)	(144,821)
Rental expenses		-	(75,728)
Finance charges		(53,266)	-
Administration expenses		(144,614)	(173,078)
Share-based payment expense	21	(22,278)	(90,489)
Share and option revaluations		550	(8,200)
Total expenses		(970,184)	(1,144,114)
Loss before income tax expense		(889,108)	(1,101,043)
Income tax benefit	7	103,205	40,310
Loss for the year		(785,903)	(1,060,733)
Total Comprehensive Loss for the Year		(785,903)	(1,060,733)
Earnings Per Share			
Basic loss per share (cents per share)	28	(0.14) cent	(0.20) cent
Diluted loss per share (cents per share)	28	(0.14) cent	(0.20) cent

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

	NOTE	30 JUNE 2020 \$	30 JUNE 2019 \$
CURRENT ASSETS			
Cash and cash equivalents	10	383,704	1,450,043
Trade and other receivables	11	18,294	6,493
Prepayments		9,614	28,899
Financial assets	13	393,050	-
TOTAL CURRENT ASSETS		804,662	1,485,435
NON-CURRENT ASSETS			
Financial assets	13	22,350	21,800
Rental bond	14	15,000	15,000
Right of use assets	12	112,485	-
Property, plant, and equipment	15	9,926	14,793
Exploration and evaluation expenditure	16	12,039,792	11,071,253
TOTAL NON-CURRENT ASSETS		12,199,553	11,122,846
TOTAL ASSETS		13,004,215	12,608,281
CURRENT LIABILITIES			
Trade and other payables	17	67,072	127,373
Lease liability	18	72,732	-
Provisions	20	245,308	248,597
TOTAL CURRENT LIABILITIES		385,112	375,970
NON-CURRENT LIABILITIES			
Lease liability	18	40,184	-
TOTAL NON-CURRENT LIABILITIES		40,184	-
TOTAL LIABILITIES		425,296	375,970
NET ASSETS		12,578,919	12,232,311
EQUITY			
Issued capital	19	56,400,266	55,290,033
Reserves	21	537,700	802,322
Accumulated losses	22	(44,359,047)	(43,860,044)
TOTAL EQUITY		12,578,919	12,232,311

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 2020

	NOTE	30 JUNE 2020 \$	30 JUNE 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(743,244)	(911,997)
Interest received		16,099	38,091
Government funding		68,000	-
Income tax R&D refund received		103,205	40,310
NET CASH FLOWS (USED IN) BY OPERATING ACTIVITIES	23	(555,940)	(833,596)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(1,012)	(10,592)
Proceeds from disposal of property, plant and equipment		100	-
Payments for leases		(103,549)	-
Proceeds from sale of available-for-sale investments		-	5,500
Payments for exploration, evaluation and development expenditure		(1,123,306)	(1,244,847)
Loan to joint venture partner		(393,050)	-
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		(1,620,817)	(1,249,939)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares		1,152,500	2,200,000
Payments for share issue costs		(42,267)	(8,678)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		1,110,233	2,191,322
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		(1,066,524)	107,787
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,450,043	1,342,256
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		383,519	1,450,043

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 2020

	ISSUED CAPITAL	SHARE- BASED PAYMENT RESERVE	INVESTMENT REVALUATION RESERVE	ACCUMULATED LOSSES	TOTAL EQUITY
	\$	\$	\$	\$	\$
BALANCE AS AT 1 JULY 2018	53,064,211	759,633	9,000	(42,821,611)	11,011,233
Loss for the year	-	-	-	(1,060,733)	(1,060,733)
Adjustment from adoption of AASB 9	-	-	(9,000)	9,000	-
Total comprehensive loss for the year	-	-	(9,000)	(1,051,733)	(1,060,733)
Issue of shares	2,000,000	-	-	-	2,000,000
Share issue costs	(8,678)	-	-	-	(8,678)
Exercise of options	234,500	(34,500)	-	-	200,000
Expiry of options	-	(13,300)	-	13,300	-
Expense options	-	90,489	-	-	90,489
BALANCE AS AT 30 JUNE 2019	55,290,033	802,322	-	(43,860,044)	12,232,311
Loss for the year	-	-	-	(785,903)	(785,903)
Total comprehensive loss for the year	-	-	-	(785,903)	(785,903)
Issue of shares	1,152,500	-	-	-	1,152,500
Share issue costs	(42,267)	-	-	-	(42,267)
Expiry of options	-	(286,900)	-	286,900	-
Expense options	-	22,278	-	-	22,278
BALANCE AS AT 30 JUNE 2020	56,400,266	537,700	-	(44,359,047)	12,578,919

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

NOTES TO THE CONSOLIDATED STATEMENTS

for the year ended 30 June 2020

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. Basis of Preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements comprise the consolidated financial statements for the Group. For the purposes of preparing the consolidated financial statements, the Group is a for-profit entity.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated.

The financial statements have been prepared on a historical cost basis, except for selected non-current assets, financial assets, which have been measured at fair value as explained in the relevant accounting policies. Historical cost is based on the fair values of the consideration given in exchange for goods and services.

The Company is a listed public Company, incorporated in Australia and operating in Australia. The entity's principal activities are detailed in the Directors' Report.

The financial report was authorised for issue on 17 September 2020.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(a) Going Concern

Notwithstanding the fact that the Group incurred an operating loss of \$785,903 for the year ended 30 June 2020, and a net cash outflow from operating activities amounting to \$555,940, the Directors are of the opinion that the Group is a going concern as a total of \$1.48 million (before costs) in equity funding was received on 16 September 2020. Based on the Group's forecast cashflow, the Director's are satisfied the Group's going concern assertion is appropriate.

(b) Statement of compliance

The financial report was authorised for issue on 17 September 2020.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(c) Adoption of New and Revised

Standards and Interpretations applicable to 30 June 2020

In the year ended 30 June 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual reporting period. Those which have a material impact on the Group are set out below.

NOTES TO THE CONSOLIDATED STATEMENTS

for the year ended 30 June 2020

(c) Adoption of New and Revised (continued)

Standards and Interpretations applicable to 30 June 2020 (continued)

AASB 16 Leases

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease of, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option where the exercise of the option is reasonable certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index rate are expensed in the period to which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest rate method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

The impact on the financial performance and position of the Group from the adoption of this Accounting Standard is detailed in Note 18.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the year ended 30 June 2020. There are none which may have a material impact on the Group.

3. Significant Accounting Policies

(a) 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.

(b) 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.

(c) Goods and services tax

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

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables, which are recognised inclusive of GST.

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

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

NOTES TO THE CONSOLIDATED STATEMENTS

for the year ended 30 June 2020

(d) 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.

(e) Payables

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

(f) Property, plant and equipment

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

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

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

Motor Vehicles - 3 years

Office Furniture and equipment 3 - 10 years

NOTES TO THE CONSOLIDATED STATEMENTS

for the year ended 30 June 2020

(g) 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.

(h) 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.

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.

(i) Revenue recognition

Interest revenue

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

Government Grants

Government Grants are recognised when the Company is entitled to the grant.

(j) 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 33.

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.

NOTES TO THE CONSOLIDATED STATEMENTS

for the year ended 30 June 2020

(j) Share-based payments (continued)

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

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

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

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

(k) Exploration and evaluation expenditure

Exploration and evaluation expenditure costs are accumulated in respect of each separate area of interest. Exploration and evaluation costs are carried forward where:

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

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

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

- the period for which the 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.

NOTES TO THE CONSOLIDATED STATEMENTS

for the year ended 30 June 2020

(l) 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 are 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.

(m) 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.

(n) 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.

(o) 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.

NOTES TO THE CONSOLIDATED STATEMENTS

for the year ended 30 June 2020

(o) Interests in joint operations (continued)

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.

(p) 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. Financial liabilities are recognised when it is extinguished, discharged, cancelled or expires.

Effective interest method

The effective interest method is a method of calculating the amortised cost and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (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 instruments, or, where appropriate, a shorter period.

(q) Financial Assets

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI).

NOTES TO THE CONSOLIDATED STATEMENTS

for the year ended 30 June 2020

(q) Financial Assets (continued)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

They are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows.

The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

The category also contains an equity investment. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in unlisted and listed equity securities at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirements of AASB 9, which does not allow for measurement at cost.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss.

The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced AASB 139's 'incurred loss model'.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

NOTES TO THE CONSOLIDATED STATEMENTS

for the year ended 30 June 2020

(q) Financial Assets (continued)

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').
- 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(r) 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.

NOTES TO THE CONSOLIDATED STATEMENTS

for the year ended 30 June 2020

(s) Leased assets

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease of, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option where the exercise of the option is reasonable certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index rate are expensed in the period to which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest rate method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(t) 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.

(u) 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.

4. 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.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

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.

NOTES TO THE CONSOLIDATED STATEMENTS

for the year ended 30 June 2020

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

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:

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 there was \$154,767 impaired (2019: \$64,067) 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 reseeded work. The Group has made an estimation of the costing rates and disturbed hectares to calculate a rehabilitation provision as at 30 June 2020. 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 33.

5. Revenue from Ordinary Activities

Other Income:

Interest received from other parties

Profit on sale of property, plant and equipment

Other revenue

Total Other income:

Government funding:

Cashflow boost

Jobkeeper payments

Total Government funding

Total Revenue

	30 JUNE 2020	30 JUNE 2019
	\$	\$
Interest received from other parties	12,985	38,071
Profit on sale of property, plant and equipment	91	-
Other revenue	-	5,000
Total Other income:	13,076	43,071
Government funding:		
Cashflow boost	50,000	-
Jobkeeper payments	18,000	-
Total Government funding	68,000	-
Total Revenue	81,076	43,071

NOTES TO THE CONSOLIDATED STATEMENTS

for the year ended 30 June 2020

6. Loss from Ordinary Activities

30 JUNE 2020	30 JUNE 2019
\$	\$

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

(a) Other expenses:

Depreciation of property, plant and equipment	10,446	6,653
Annual & long service leave charge	39,293	47,411
Impairment of exploration and evaluation costs	-	64,067

7. 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:

Profit/(Loss) from continuing operations	(889,108)	(1,101,043)
Income tax expense/(benefit) calculated at 27.5% (2019: 30%)	(244,505)	(330,313)
Non-deductible expenses in determining taxable loss	(323,596)	(330,804)
Non-assessable income	-	-
Deferred tax not brought to account as a deferred tax asset	568,101	661,117
Research and development offset	(103,205)	(40,310)
Income tax (benefit)	(103,205)	(40,310)

(b) Deferred Tax liability

Capitalised Exploration expenditure	3,317,087	3,285,076
Other deferred tax liabilities	3,397	9,500
Less: Deferred tax assets not recognised (tax losses)	(3,320,484)	(3,294,576)
	-	-

(c) Deferred tax assets

Deferred tax assets – temporary differences	101,263	115,404
Deferred tax assets – losses ⁽¹⁾	17,163,299	18,249,627
Deferred tax liabilities	(3,320,484)	(3,294,576)
Deferred tax assets not recognised	13,944,078	15,070,455

⁽¹⁾ Included in the losses are capital losses of \$8,334,343 (2019: \$8,334,343).

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

The taxation benefit of tax losses not brought to account will only be obtained if:

- (a) assessable income is derived of a nature and of an amount sufficient to enable the benefits to be realised;
- (b) conditions for deductibility imposed by the law are complied with; and
- (c) no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

NOTES TO THE CONSOLIDATED STATEMENTS

for the year ended 30 June 2020

8. Remuneration Benefits

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

Sean Gregory (*Managing Director to 24 June 2020, Non-Executive 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 2020 \$	30 JUNE 2019 \$
Short-term employee benefits	441,863	496,801
Post-employment benefits	30,170	34,702
Share based payments	22,278	90,489
	<u>494,311</u>	<u>621,992</u>

9. Auditor's Remuneration

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

33,032	32,096
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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

3,825	2,550
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<u>36,857</u>	<u>34,646</u>
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10. Cash and Cash Equivalents

Cash at bank	88,528	137,014
Short-term deposits	295,176	1,313,029
	<u>383,704</u>	<u>1,450,043</u>

Cash at bank earns interest at the floating rates based on the daily bank deposit rates.

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

11. Trade and Other Receivables - Current

Trade debtors	5,882	-
Other debtors	12,412	6,493
	<u>18,294</u>	<u>6,493</u>

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.

NOTES TO THE CONSOLIDATED STATEMENTS

for the year ended 30 June 2020

12. Right of use assets

Cost
Accumulated depreciation
Total right of use assets

Premises	Equipment	Total
\$	\$	\$
146,448	6,790	153,238
(38,512)	(2,241)	(40,753)
107,936	4,549	112,485

AASB 16 has been adopted during the period, refer Note 1 for details.

Reconciliation

Balance on initial application
Depreciation expense
Closing balance 30 June 2020

Premises	Equipment	Total
\$	\$	\$
146,448	6,790	153,238
(38,512)	(2,241)	(40,753)
107,936	4,549	112,485

13. Financial Assets

Financial Assets –Current

Loans receivable ⁽¹⁾

Financial Assets –Non-Current

Mining tenement bond
Equity investments
Total Financial Assets Non-Current
Total Financial Assets

30 JUNE 2020	30 JUNE 2019
\$	\$
393,050	-
21,000	21,000
1,350	800
22,350	21,800
415,400	21,800

⁽¹⁾ To facilitate the completion of the final stage of the Mt Thirsty Project Pre-Feasibility Study, the Company entered into a loan agreement on 28 October 2019 under which the Company would lend Meteorite Metals Pty Ltd (subsidiary of Conico Ltd and JV partner) up to \$500,000 or further amount as agreed, for a term of 3 years. \$393,050 had been loaned to 30 June 2020. In August 2020, Conico announced a capital raising which stated its intention to repay the loan in October 2020.

14. Rental Bond – Non-Current

Rental Bond for West Perth office

15,000	15,000
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15. Property, Plant & Equipment

Motor Vehicles – at cost
less accumulated depreciation
Office furniture and equipment - at cost
less accumulated depreciation

34,350	34,350
(34,350)	(34,350)
-	-
210,450	208,032
(200,524)	(193,239)
9,926	14,793
9,926	14,793

Total Property, Plant and Equipment

NOTES TO THE CONSOLIDATED STATEMENTS

for the year ended 30 June 2020

15. Property, Plant & Equipment (continued)

<i>Cost</i>	Motor Vehicles	Office Furniture & Equipment	Total
	\$	\$	\$
Balance at 30 June 2018	34,350	198,404	232,754
Acquisitions	-	9,628	9,628
Disposals	-	-	-
Balance at 30 June 2019	34,350	208,032	242,382
Acquisitions	-	3,338	3,338
Disposals	-	(920)	(920)
Balance at 30 June 2020	34,350	210,450	244,800

<i>Accumulated Depreciation</i>	Motor Vehicles	Office Furniture & Equipment	Total
	\$	\$	\$
Balance at 30 June 2018	(34,350)	(186,886)	(221,236)
Disposals	-	-	-
Depreciation expense for year	-	(6,353)	(6,353)
Balance at 30 June 2019	(34,350)	(193,239)	(227,589)
Disposals	-	920	920
Depreciation expense for year	-	(8,205)	(8,205)
Accumulated depreciation balance 30 June 2020	(34,350)	(200,524)	(234,874)
Net Balance at 30 June 2020	-	9,926	9,926

16. Exploration and Evaluation Expenditure

	30 June 2020	30 June 2019
	\$	\$
Mineral exploration and evaluation expenditure costs carried forward (exploration and evaluation phase)		
Balance at beginning of financial year	11,071,253	9,890,472
Less: exploration expenditure written off (a)	(154,767)	(64,067)
Exploration and evaluation expenditure	1,123,306	1,244,848
Total exploration and evaluation expenditure	12,039,792	11,071,253

(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 30).

A review of all capitalised exploration and evaluation expenditure is carried out at each reporting date to determine whether impairment indicators are present (Refer Note 4).

NOTES TO THE CONSOLIDATED STATEMENTS

for the year ended 30 June 2020

17. Trade and Other Payables

	30 June 2020	30 June 2019
	\$	\$
Trade payables	33,680	32,523
Employee entitlements	9,369	26,714
Other	24,023	68,136
	<u>67,072</u>	<u>127,373</u>

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

18. Lease Liability

	Premises	Equipment	Total
	\$	\$	\$
Current Liabilities	67,752	4,980	72,732
Non-Current Liabilities	40,184	-	40,184
Total Leased Assets	107,936	4,980	110,916

AASB 16 has been adopted during the period, refer Note 1 for details.

Reconciliation

	Premises	Equipment	Total
	\$	\$	\$
Balance on initial application	146,448	6,790	153,238
Principal repayments	(44,718)	(1,810)	(46,528)
Adjustment for lease extension	6,206	-	6,206
Closing balance 30 June 2020	107,936	4,980	112,916

Reconciliation of operating lease commitments as at 30 June 2019 to lease liabilities on 1 July 2019

Below is a reconciliation of total operating lease commitments as at 30 June 2019, as disclosed in the annual financial statements for the year ended 30 June 2019, and the lease liability on 1 July 2019, the initial application date above:

	30 June 2019
	\$
Lease liabilities	144,328
Discount rate written back	8,910
Lease liabilities as at 1 July 2019	153,238

NOTES TO THE CONSOLIDATED STATEMENTS

for the year ended 30 June 2020

19. Issued Capital

	Number of Shares	\$
Opening Balance 1 July 2018	473,747,883	53,064,211
Placement of shares 10 September 2018	57,142,857	2,000,000
Exercise of options 8 November 2018	8,000,000	234,500
Less share issue costs	-	(8,678)
Closing Balance 30 June 2019	538,890,740	55,290,033
Opening balance 1 July 2019	538,890,740	55,290,033
Share Purchase plan & shortfall shares 31 October 2019	57,625,000	1,152,500
Less share issue costs	-	(42,267)
Closing Balance 30 June 2020	596,515,740	56,400,266

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, 1,000,000 ESOP options expired unexercised and no options were issued. There are presently 3,000,000 options on issue pursuant to the ESOP.

Other Share Options

As at 30 June 2020, the Company has no listed share options on issue (2019: Nil).

As at 30 June 2020, the Company has other unlisted options over 23,000,000 ordinary shares, in aggregate and 23,000,000 unlisted Director Options expiring 17 November 2020 (2019: 23,000,000).

20. Provisions - Current

	30 June 2020 \$	30 June 2019 \$
Rehabilitation expenses ⁽¹⁾	177,500	185,000
Long service leave provision	67,808	63,597
	245,308	248,597

⁽¹⁾ The rehabilitation provision has decreased by \$7,500 (2019: decreased by \$5,000) based upon the Group's best estimate of the likely cost of tenements in performing rehabilitation work relating to currently disturbed ground. The decrease was mainly due to rehabilitation work undertaken during the year.

Movements in provisions

Movements in each class of provisions during the financial are set out below:

	Rehabilitation \$	Long Service Leave \$
Carrying amount at start of year	185,000	63,597
(Decrease)/Increase in provision recognised	(7,500)	4,211
Carrying amount at end of year	177,500	67,808

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

NOTES TO THE CONSOLIDATED STATEMENTS

for the year ended 30 June 2020

21. Reserves

(a) Equity-settled benefits reserve

	30 June 2020 \$	30 June 2019 \$
Opening Balance	802,322	759,633
Employee share options expensed	-	-
Directors share options expensed	22,278	90,489
Share options exercised	-	(34,500)
Share options expired unexercised	(286,900)	(13,300)
Total Equity-settled benefits reserve (i)	537,700	802,322

(b) Investment revaluation reserve

Opening Balance	-	9,000
Transfer to accumulated losses on adoption of accounting standard	-	(9,000)
Total investment revaluation reserve (ii)	-	-
Total Reserves	537,700	802,322

(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 33 for further information.

(ii) The investment revaluation reserve was transferred to accumulated losses on initial application of AASB 9.

22. Accumulated Losses

	30 June 2020 \$	30 June 2019 \$
Balance at the beginning of the financial year	(43,860,044)	(42,821,611)
Transfer of reserve on adoption of AASB 9	-	9,000
Write back expired unexercised options	286,900	13,300
Net loss	(785,903)	(1,060,733)
Balance at the end of the financial year	(44,359,047)	(43,860,044)

NOTES TO THE CONSOLIDATED STATEMENTS

for the year ended 30 June 2020

23. Notes to the Statement of Cash Flows

Reconciliation of Net Loss to Net Cash Flows used in Operating Activities

	30 June 2020 \$	30 June 2019 \$
Loss from ordinary activities after income tax	(785,903)	(1,060,733)
Depreciation expense	10,446	6,353
Write off exploration and evaluation expenses	154,767	64,067
Issue or expense of employee options	22,278	90,489
Payments for leased assets	98,660	-
Profit on available-for-sale assets	101	-
Changes in assets and liabilities		
(Increase)/Decrease in other debtors	(11,801)	51,312
Decrease in prepayments	19,286	5,483
(Decrease)/Increase in trade creditors	(43,141)	7,863
(Decrease)/Increase in other provisions	(20,633)	1,570
Net cash (used in) Operating Activities	(555,940)	(833,596)

24. Statement of Operations by Segment

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

25. Interest in Joint 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.

26. Related Party Transactions

(a) Key management personnel compensation

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

(b) Transactions with Director related entities

Grant Mooney (Mooney and Partners Pty Ltd) was paid \$44,000 (2019: \$48,000) exclusive of GST for Company Secretarial fees for the financial year ended 30 June 2020. 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 (2019: 50%). The Company recharged wages and expenses to the joint venture during the year totalling \$262,492 (2019: \$117,196).

NOTES TO THE CONSOLIDATED STATEMENTS

for the year ended 30 June 2020

27. Financial Instruments

(a) Financial risk management objectives and policies:

Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2019.

The capital structure of the Group consists of cash and cash equivalents, borrowings and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

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.

2020	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	FIXED INTEREST RATE	FLOATING INTEREST RATE	NON- INTEREST BEARING	CARRYING AMOUNT
<i>Financial Assets</i>	%	\$	\$	\$	\$
Cash	0.05%	295,177	46,029	42,391	383,597
Security deposits	0.43%	21,000	-	-	21,000
Receivables	-	-	-	18,294	18,294
Rental Bond	-	15,000	-	-	15,000
Equity investment	-	-	-	1,350	1,350
		331,177	46,029	62,035	439,241
<i>Financial Liabilities</i>					
Trade and other payables	-	-	-	67,072	67,072
		-	-	67,072	67,072

2019	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	FIXED INTEREST RATE	FLOATING INTEREST RATE	NON- INTEREST BEARING	CARRYING AMOUNT
<i>Financial Assets</i>	%	\$	\$	\$	\$
Cash	1.47%	1,313,029	106,158	30,856	1,450,043
Security deposits	2.00%	21,000	-	-	21,000
Receivables	-	-	-	6,493	6,493
Rental Bond	2.00%	15,000	-	-	15,000
Equity investment	-	-	-	800	800
		1,349,029	106,158	38,149	1,493,336
<i>Financial Liabilities</i>					
Trade and other payables	-	-	-	127,373	127,373
		-	-	127,373	127,373

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

NOTES TO THE CONSOLIDATED STATEMENTS

for the year ended 30 June 2020

27. 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 2020.

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
	\$	\$	\$	\$
2020				
Assets				
Equity investment	1,350	-	-	1,350
	1,350	-	-	1,350
2019				
Assets				
Available-for-sale financial assets	800	-	-	800
	800	-	-	800

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.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group'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 Group 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 Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

NOTES TO THE CONSOLIDATED STATEMENTS

for the year ended 30 June 2020

27. Financial Instruments (continued)

Liquidity and interest risk tables

The following tables detail the Group'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 Group 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
\$	\$	\$	\$	\$

2020

Financial liabilities:

Trade and other payables	67,072	-	-	-	67,072
	67,072	-	-	-	67,072

2019

Financial liabilities:

Trade and other payables	127,373	-	-	-	127,373
	127,373	-	-	-	127,373

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 its equity investment. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments. 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.

28. Earnings per Share

	30 JUNE 2020 CENTS	30 JUNE 2019 CENTS
Basic (loss) per share (cents per share)	(0.14)	(0.20)
Diluted (loss) per share (cents per share)	(0.14)	(0.20)
The loss and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:		
(Loss)	(785,903)	(1,060,733)

	30 JUNE 2020 NUMBER	30 JUNE 2019 NUMBER
Weighted average number of ordinary shares	577,307,407	524,925,965

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

All potential ordinary shares have no material dilutive effect to the earnings per share at balance date.

NOTES TO THE CONSOLIDATED STATEMENTS

for the year ended 30 June 2020

29. Significant Events Subsequent to Year End

In August 2020, JV partner Conico Limited announced a capital raising and have indicated that the loan to Conico Limited will be repaid including interest, which is likely to be repaid in October 2020.

On 16 September 2020, the Company completed a \$1.48 million share placement to institutional, sophisticated and professional investors resulting in the issue of 78,092,361 shares at an issue price of 1.9 cents per share. In consideration for services provided by Lead Manager Canaccord Genuity Capital Markets, the Company will issue 15 million unlisted options exercisable at 3.0 cents per share and expiring 2 years from the date of issue (Subject to shareholder approval).

Other than this, 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.

30. Contingent Liabilities

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

31. Commitments for Expenditure

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

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 2020 if it is to retain all of its present interests in mining and exploration properties, are as follows:

	30 June 2020 \$	30 June 2019 \$
Annual commitment	303,480	298,040

32. Interests in Subsidiaries

	COUNTRY OF INCORPORATION	% EQUITY INTEREST		INVESTMENT	
		2020	2019	2020	2019
		%	%	\$	\$
Coolgardie Mining Company Pty Ltd	Australia	100%	100%	100%	121,000

The acquisition of Coolgardie Mining Company Pty Ltd was 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 55,000 ounces of gold sold from the Burbanks Birthday Gift Mine. 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.

NOTES TO THE CONSOLIDATED STATEMENTS

for the year ended 30 June 2020

33. 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 \$
Directors (i)	17 November 2016	3,000,000	17 November 2016	17 November 2019	0.08	0.0207
Directors (i)	17 November 2016	3,000,000	17 November 2016	17 November 2019	0.07	0.0219
Directors (i)	17 November 2016	3,000,000	17 November 2016	17 November 2019	0.06	0.0232
ESOP (ii)	12 December 2016	1,000,000	17 November 2016	17 November 2019	0.08	0.0283
ESOP (ii)	12 December 2016	1,000,000	17 November 2016	17 November 2019	0.07	0.0298
ESOP (ii)	12 December 2016	1,000,000	17 November 2016	17 November 2019	0.06	0.0314
Directors (iii)	16 November 2017	7,000,000	16 November 2017	16 November 2020	0.08	0.0226
Directors (iii)	16 November 2017	7,000,000	16 November 2017	16 November 2020	0.09	0.0210
Directors (iii)	16 November 2017	9,000,000	16 November 2017	16 November 2020	0.03	0.0195
ESOP (iv)	30 November 2017	1,000,000	30 November 2017	16 November 2020	0.08	0.0205
ESOP (iv)	30 November 2017	1,000,000	30 November 2017	16 November 2020	0.09	0.0189
ESOP (iv)	30 November 2017	1,000,000	30 November 2017	16 November 2020	0.10	0.0176

- (i) 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%. On 8 November 2018, 2,000,000 options were exercised at \$0.02, 2,000,000 options were exercised at \$0.03. The remaining 1,000,000 options expired unexercised.
- (ii) 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%.
- (iii) On 16 November 2017, the Company issued 14,000,000 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%. During the financial year, a revised contract for Sean Gregory, included amended terms for the third tranche of options, being 6,000,000 exercisable at \$0.03 (previously \$0.10) by 16 November 2020. This change was approved by shareholders.
- (iv) 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 141 days (2019: 435 days). There were no options granted during the year.

Reconciliation of movements in options

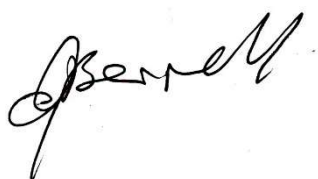
	2020		2019	
	NUMBER	WEIGHTED VERAGE EXERCISE PRICE \$	NUMBER	WEIGHTED VERAGE EXERCISE PRICE \$
Balance at Beginning of year	38,000,000	0.084	50,000,000	0.712
Granted	-	-	-	-
Expired	(12,000,000)	0.070	(4,000,000)	0.040
Exercised	-	-	(8,000,000)	0.025
Balance at end of year	26,000,000	0.075	38,000,000	0.084

DIRECTOR'S DECLARATION

1. In the opinion of the Directors of Barra Resources Limited (the 'Company'):
 - a) the accompanying financial statements and notes 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 2020 and of its performance for the year then ended; and
 - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements 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 2020.

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

On behalf of the Directors:

A handwritten signature in black ink, appearing to read 'G Berrell', with a stylized flourish at the end.

GARY BERRELL

Non-Executive Chairman

Dated this 17th day of September 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Barra Resources Limited

Report on the Audit of the Financial Report*Opinion*

We have audited the financial report of Barra Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020, 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 2020 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. We have determined the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
Carrying amount of exploration and evaluation expenditure Note 16 of the financial report	
In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i> , the Group capitalises all exploration and evaluation expenditure, including acquisition costs and	Our procedures included but were not limited to the following: - We obtained an understanding of the key processes associated with

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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 and is material to the users of the financial statements.

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 coming period 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 2020, 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 within the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Barra Resources Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
17 September 2020



M R Ohm
Partner

ADDITIONAL INFORMATION & CORPORATE GOVERNANCE

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report. The information was prepared based on share registry information processed up to 17 September 2020.

SPREAD OF HOLDINGS			TOTAL SHAREHOLDERS	TOTAL OPTIONHOLDERS
1	-	1,000	157	-
1,001	-	5,000	351	-
5,001	-	10,000	397	-
10,001	-	100,000	1304	-
100,001	-	and over	819	7
Number of Holders			3,028	7

Number of shareholders holding less than a marketable parcel: 1,374

Substantial Shareholders

SHAREHOLDER NAME	NUMBER OF SHARES
FMR Investments Pty Limited	96,691,490
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 674,608,101 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

ADDITIONAL INFORMATION & CORPORATE GOVERNANCE

Twenty Largest Holders of Each Class of Quoted Equity Securities

ORDINARY FULLY PAID SHARES as at 17 September 2020

SHAREHOLDER NAME	NUMBER OF SHARES	PERCENTAGE OF CAPITAL
FMR INVESTMENTS PTY LIMITED	96,691,490	14.33%
MINERAL RESOURCES LIMITED	57,142,857	8.47%
MR LAFRAS LUITINGH	31,600,000	4.68%
CITICORP NOMINEES PTY LIMITED	18,022,679	2.67%
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	11,842,106	1.76%
MR NORMAN ALEXANDER PARKER & MRS MEGAN INEZ PARKER <PARKER SUPERFUND A/C>	8,600,000	1.27%
LAMB FAMILY SUPER FUND PTY LTD <LAMB FAMILY S/F A/C>	8,000,000	1.19%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	7,719,661	1.14%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,546,561	1.12%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	7,449,287	1.10%
RAGGED HOLDINGS PTY LTD <RAGGED SUPER ACCOUNT>	6,673,958	0.99%
TRE PTY LTD <TIME ROAD SUPERANNUATION A/C>	5,100,000	0.76%
MR GARY JOHN BERRELL	4,371,379	0.65%
JENNINGS SUPER PTY LTD <JENNINGS SUPER FUND A/C>	3,900,000	0.58%
BREMERTON PTY LTD <THE BARTLETT FAMILY FUND A/C>	3,884,833	0.58%
MRS JULIA HARVEY	3,251,028	0.48%
GRANBOROUGH PTY LTD <AJ & J KING S/F A/C>	3,000,000	0.44%
MR ROGER BLAKE & MRS ERICA LYNETTE BLAKE <THE MANDY SUPER FUND A/C>	3,000,000	0.44%
HELMSDALE INVESTMENTS PTY LTD	3,000,000	0.44%
MR MICHAEL PATRICK MCKENNA	3,000,000	0.44%
TOTAL	300,851,525	44.60%

ADDITIONAL INFORMATION & CORPORATE GOVERNANCE

Holders of Securities in an Unquoted Class

NUMBER OF SHARES UNDER OPTIONS	EXERCISE PRICE	EXPIRY DATE
6,000,000 ⁽¹⁾	\$0.03	16 November 2020
4,000,000	\$0.09	16 November 2020
4,000,000	\$0.08	16 November 2020
3,000,000	\$0.10	16 November 2020
3,000,000	\$0.09	16 November 2020
3,000,000	\$0.08	16 November 2020
1,000,000	\$0.10	16 November 2020
1,000,000	\$0.09	16 November 2020
1,000,000	\$0.08	16 November 2020

- (1) A revised contract for Sean Gregory in the prior year included amended terms for the third tranche of options, being 6,000,000 exercisable at \$0.03 (was \$0.10) by 16 November 2019. These options only vest after 24 months of continuous employment being 16 November 2019.

ADDITIONAL INFORMATION & CORPORATE GOVERNANCE

Corporate Governance

(a) The Board of Directors

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

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

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

(b) Board and Senior Executive Evaluation

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

The Chairman's performance is evaluated by the Board annually. All senior executives of Barra Resources are subject to an annual performance evaluation. Each year, senior executives establish a set of performance targets with 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.

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(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. Only \$150,000 of this pool is currently being utilised and as at the date of this report all Non-Executive Directors have had their fees reduced to nil to preserve cash.

(h) Selection and Appointment of New Directors

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

(i) Risk Management

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

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

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

(j) Security Trading

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

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

On 24 December 2010, the Company adopted a 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.

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(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.

(l) Independent Professional Advice

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

(m) Matters for Approval by the Board of Directors

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

(n) Diversity Policy

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

(o) Explanations for Departure From Best Practice Recommendations

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

(p) Whistle Blower Policy

The Whistleblower Protection Policy has been adopted by the Board to ensure concerns regarding unacceptable conduct including breaches of the Company's Code of Conduct can be raised on a confidential basis, without fear of reprisal, dismissal or discriminatory treatment. The Company is committed to creating and maintaining a culture of corporate compliance and ethical behaviour in which employees are responsible and accountable and behave with honesty and integrity.

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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;*

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- (i) *the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes); or*
- (ii) *if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under the Act.*

The Company does not comply with this recommendation. The Company has not yet set measurable objectives for achieving diversity. The Board continues to monitor diversity across the organisation and is satisfied with the current level of gender diversity within the Company. Due to the size of the Company, the Board does not consider it appropriate at this time to formally set objectives for gender diversity. The Company currently employs (including on a consulting basis) 6 staff (1 female 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. This review is currently in progress.

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:

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- (a) the skills, experience and expertise of each of the Company's directors are set out in the Company's Annual Report;
- (b) the Board, in consultation with external advisers where required, undertakes this role; and
- (c) the Board Charter provides for the proper assessment of prospective directors and include, but are not limited to, their relevant experience and achievements, compatibility with other Board members, credibility within the Company's scope of activities, and intellectual and physical ability to undertake Board duties and responsibilities.

Recommendation 2.2

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

The Company complies with this recommendation.

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

Recommendation 2.3

A listed entity should disclose:

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

The Company complies with this recommendation.

Non-Executive Directors Grant Mooney and Gary Berrell (Chairman) are considered Independent Directors while Jon Young is not considered to be independent and Sean Gregory was an Executive Director for part of the Reporting Period.

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. However, as Sean Gregory is now a non-executive director, the Company is now compliant with this recommendation.

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.

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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.

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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:

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- (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*

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(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.