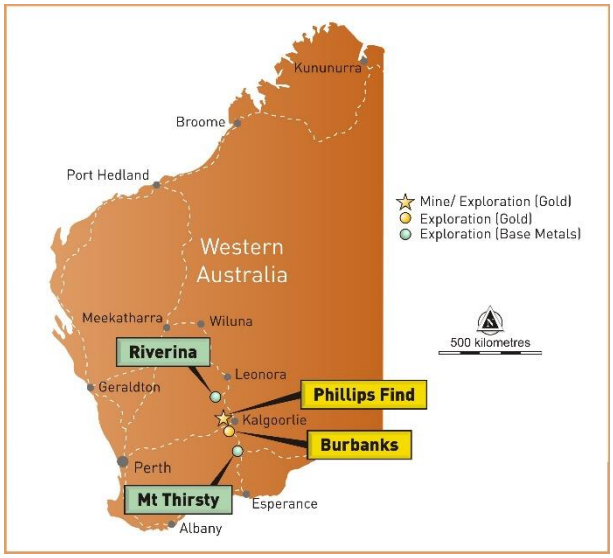
19 October 2016

CHAIRMANS UPDATE

Dear Investor,

For the first time in five years, Barra is raising fresh capital and in doing so offering our loyal shareholders the opportunity to participate via a Share Purchase Plan (SPP). Funds raised of up to $1.5 million will enable us to fast track the development of our extremely exciting **Mt Thirsty Cobalt Project** with a Scoping Study and Metallurgical test work drilling as well as open up the unknown depths below the historic **Main Lode Gold Mine** at Burbanks with drilling.



Project Location Map

SPP and PLACEMENT

The Company has been very proud of its achievement of protecting shareholder value as best we could during the difficult years post the Global Financial Crisis, but now is the time to break the shackles and place our Company on a growth path for the foreseeable future. We strongly believe that by offering you the chance to top up your investment at the discounted rate of 4 cents that you will be rewarded with share price growth driven by our planned initiatives. SPP Offer Documents were mailed out over recent days and eligible shareholders are reminded that the offer closes **Wednesday, 26 October 2016.** We recommend you read the SPP Offer Documents carefully before making a decision to invest.

MT THIRSTY COBALT PROGRESS

As the surge in demand for renewable energy sources continued its global trend, the limelight being hogged by lithium as a key commodity ingredient is now starting to glow on cobalt. Lithium is abundantly available across all continents, cobalt is not. It is an extremely scarce mineral. About 90 percent of that supply is generated from nickel and copper mines where cobalt is refined as a by-product. Therefore, when problems hit the nickel and copper market, it flows through into the cobalt market, disrupting supply.

This is a key reason why developing Mt Thirsty as a standalone cobalt mine, allowing it to be independent from the nickel and copper markets, makes good economic sense and is attractive to investors.

We have said many times that the Mt Thirsty Cobalt Project is different from the others. The main points of differentiation are:

- ✓ We are targeting COBALT, not nickel.
- ✓ The Mt Thirsty Cobalt Oxide Deposit is a limonite type deposit with significantly higher than normal cobalt associated with manganese than in more common laterite deposits.
- ✓ At Mt Thirsty, the cobalt is primarily associated with the manganese mineral asbolane and hosted within a manganese enriched zone (Figure 1).
- ✓ The agitated leaching process targets the recovery of cobalt (+80%) from the manganese only. Some nickel which is associated with the manganese is recovered coincidently.
- ✓ The manganese is readily dissolved using sulphur dioxide (SO_2) as sulphurous acid (+80% dissolved in 2-4 hours with LOW SO2 consumption).
- ✓ The cobalt dissolves rapidly, is NOT strongly dependent on temperature (less than 50^{o}C) and is related to the separation of cobalt from the manganese only.
- ✓ The unique and favourable characteristics of the deposit is such that the material is very fine grained (89% less than 90 microns), soft, low in moisture, low in clay and low in quartz; requires soft crush and grind only.
- ✓ Leaching at atmospheric pressure and relatively low temperature sees only 1-2% of iron dissolved, reducing iron precipitation expenses.
- ✓ Undissolved nickel is discarded with the tailings. The nickel in tailings and the waste dump can be retreated at a later date when a low cost process is invented to extract the nickel from the limonite.

GOLD STRATEGY

Within our Gold projects, the historic Main Lode Gold mine at Burbanks ceased production as World War 1 began and has lain dormant ever since. The old timers extracted approximately 85,900 ounces of gold at 18.3 g/t gold from the underground mine. They developed and mined 7 levels down to about 240 metres below surface level (b.s.l) but only developed and didn't mine the 8 level (275m b.s.l). Historical back sampling along this 8 level assayed 160 metres at 16.1 g/t gold with an average width of 0.4 metres. This is the area we will be targeting with diamond drilling in coming months. Mineralisation remains open in all directions below the 8 level (Figure 2).

As well, we are planning a shallower infill drilling campaign around the top 30-150 metres to follow-up on previous significant mineralisation intersected around the upper mined levels of Main Lode.

We are also planning an extensive drilling campaign at the Phillips Find Mining Centre to target depth extensions under the Newminster, Bacchus Gift and Newhaven pits. Historically, around 30,000 ounces of gold has been mined from this area at relatively shallow depths via open pit operations. We see a potential future for an underground mining operation under these pits but more infill drilling is required first.

The funds we are currently raising will be productively applied to adding value to our assets. A steady stream of news flow should keep everybody updated to our progress and hopefully see Barra continue to reward its shareholders.

GARY BERRELL
Chairman

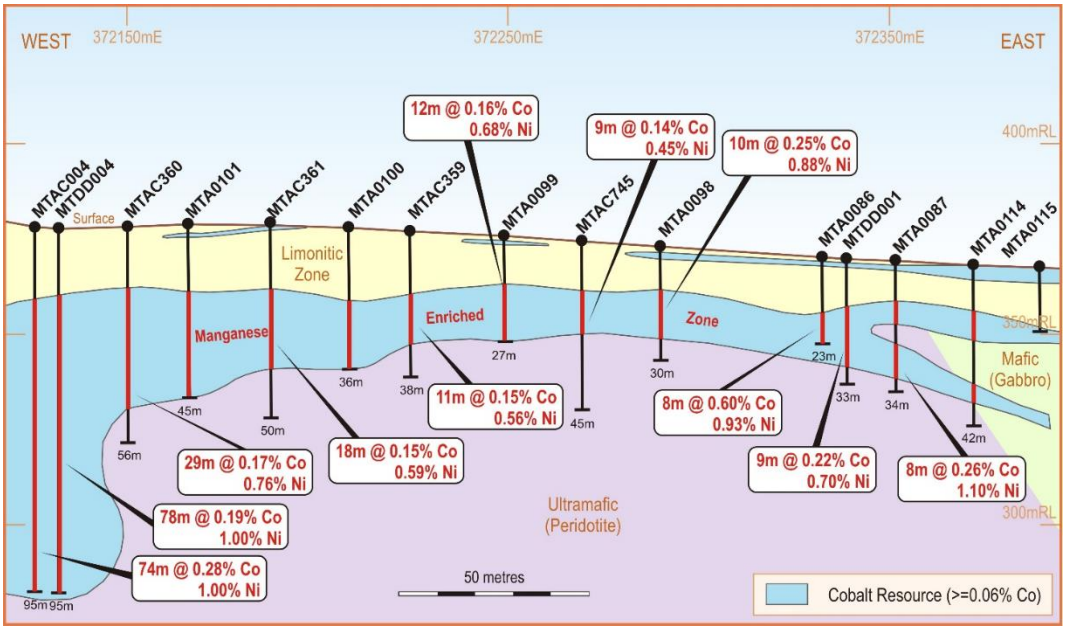


Figure 1: Representative schematic cross-section through the Mt Thirsty Cobalt Oxide Deposit

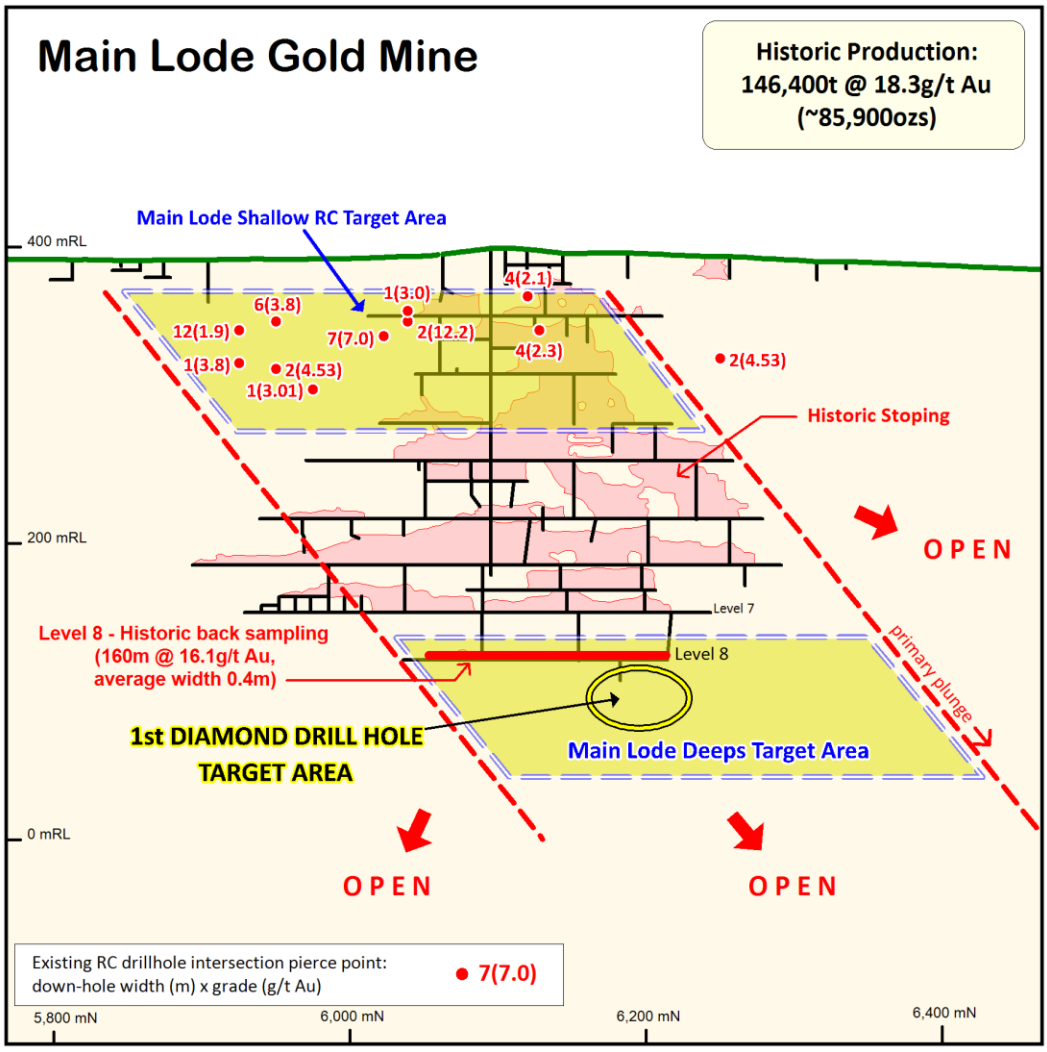


Figure 2: Schematic long-section of the Main Lode Gold Mine showing areas to be targeted with drilling

Competent Persons Statement

The information in this report which relates to Exploration Results is based on information compiled by Gary Harvey who is a Member of the Australian Institute of Geoscientists and a full-time employee of Barra Resources Limited. Gary Harvey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Gary Harvey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Disclaimer

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