

**Corporate Details:**

ASX Code: BAR

Market Cap: \$17.9M (Jun 30)

Cash: \$0.77M (Jun 30)

Issued Capital:

373,247,883 ordinary shares

Substantial Shareholders:

FMR Investments P/L 22%

Directors:**Executive Chairman:**

Gary Berrell

Non-Executive Directors:

Grant Mooney

Jon Young

Chief Executive Officer:

Gary Berrell

Company Secretary:

Grant Mooney

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Barra Resources Limited

Activity Report for the Quarter Ended 30 June 2016

28 July 2016

OVERVIEW

MT THIRSTY COBALT PROJECT

- ❖ The Mt Thirsty Joint Venture accelerated a review of options for the Mt Thirsty Cobalt Project in view of a forecast cobalt deficit due to surging demand for high energy lithium-ion batteries in which cobalt is a significant component.
- ❖ Dedicated website and marketing video has been established to show-case the Mt Thirsty Cobalt Project to potential partners and investors.
- ❖ Heritage agreement reached with native title holders enabling grant of Retention Licence over E63/373.
- ❖ Open pit optimisation and further resource drilling planned to upgrade current JORC 2004 compliant Mineral Resource to JORC 2012.

PHILLIPS FIND GOLD PROJECT

- ❖ Infill RC drilling at Newminster returned excellent results including:
 - 5 metres grading 11.0 grams per tonne gold**
 - 8 metres grading 6.3 grams per tonne gold**
 - 5 metres grading 7.5 grams per tonne gold, and**
 - 3 metres grading 4.0 grams per tonne gold**
- ❖ Newminster drilling confirms Central Lode high-grade zone over an initial distance of 140 metres down-plunge to a depth of 70m below the existing pit floor and remains open down-plunge.
- ❖ Final payment of \$220,000 in 'right-to-mine' fees and gold royalty payments was received related to mining of Newminster Deposit.

BURBANKS GOLD PROJECT

- ❖ Optimisation study identifies potential for profitable small oxide open-pit deposit at Burbanks North. Infill aircore drilling program due to commence to validate results of study, confirm viability and facilitate procurement of third party mining agreement.
- ❖ *Subsequent to the quarter the Company's Corporate Gold Strategy for the ensuing 12 to 24 months was released to market. Gold strategy focuses on unlocking value from its portfolio of production and exploration assets in the Coolgardie district of Western Australia.*

PROJECTS

MT THIRSTY COBALT PROJECT

(50% Barra; 50% Conico Ltd – Joint Venture)

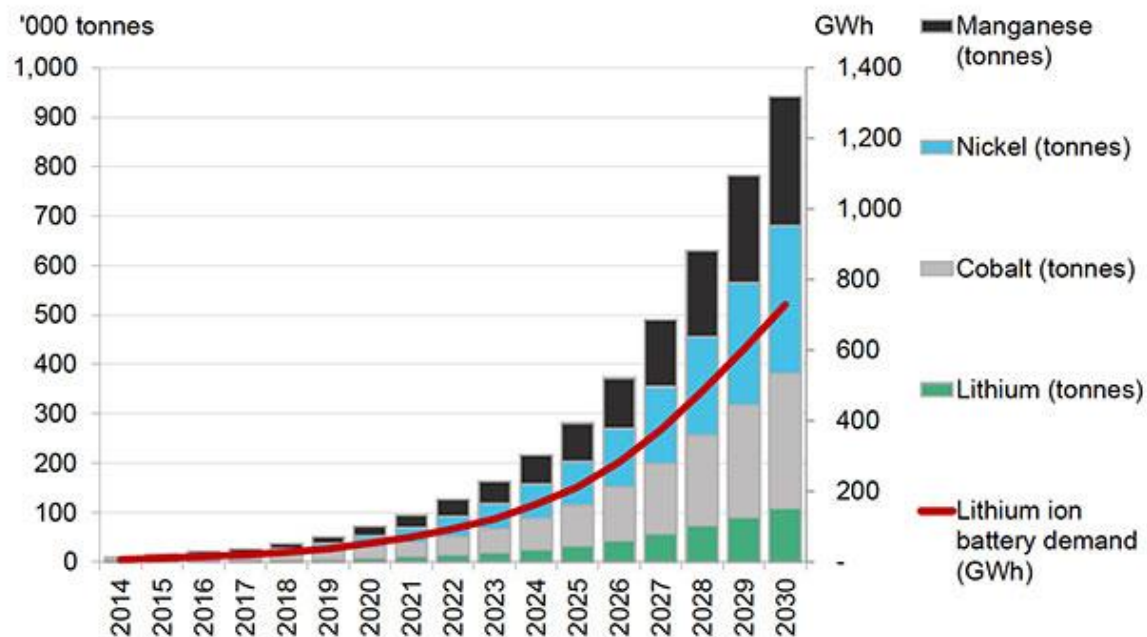
Activities

New Mt Thirsty Website

The Mt Thirsty Joint venture commissioned a new website to show-case the Mt Thirsty Cobalt Project to potential partners and investors. The new website can be viewed at www.mthirstycobalt.com.

Retention Licence

Subsequent to the reporting period, the Mt Thirsty Joint venture partners negotiated a heritage agreement with the Ngadju native title holders that has facilitated the grant of retention licence R63/4 over the same area as E63/373 which covers the Mt Thirsty Co-Ni Oxide Deposit and the nickel sulphide prospect.



Source: Bloomberg New Energy Finance

Figure 1: Global lithium-ion battery and materials demand forecast from EV sales, 2015-2030.

Open Pit Optimisation and Resource Drilling

In order to increase confidence in the Mt Thirsty Co-Ni Oxide Deposit resource further infill drilling is planned to convert some or all of the Inferred Resource to the Indicated Resource category, allowing an upgraded mineral resource estimate to be reported in accordance with JORC 2012.

Prior to undertaking this drilling program a preliminary open pit optimisation study will be carried out to determine how much of the current Inferred Resource area would be included in an optimum open pit shell so that infill drilling can be appropriately targeted.

New Applications

Two new licences (refer Figure 2) have been applied for adjacent to the existing Joint Venture tenements. One of these covers a short extension of the interpreted footwall contact north of E63/373; the footwall contact is considered prospective for Ni sulphides. Both applications have potential for lithium-bearing pegmatites that have been mapped by the GSWA in the Mt Thirsty area.

No lithium minerals were logged in deep pegmatite intersections in previous Mt Thirsty Joint Venture nickel sulphide drilling within E63/373. However, these pegmatite intersections are over 1.2km further to the east of the outcropping lithium bearing pegmatites recorded by the GSWA.

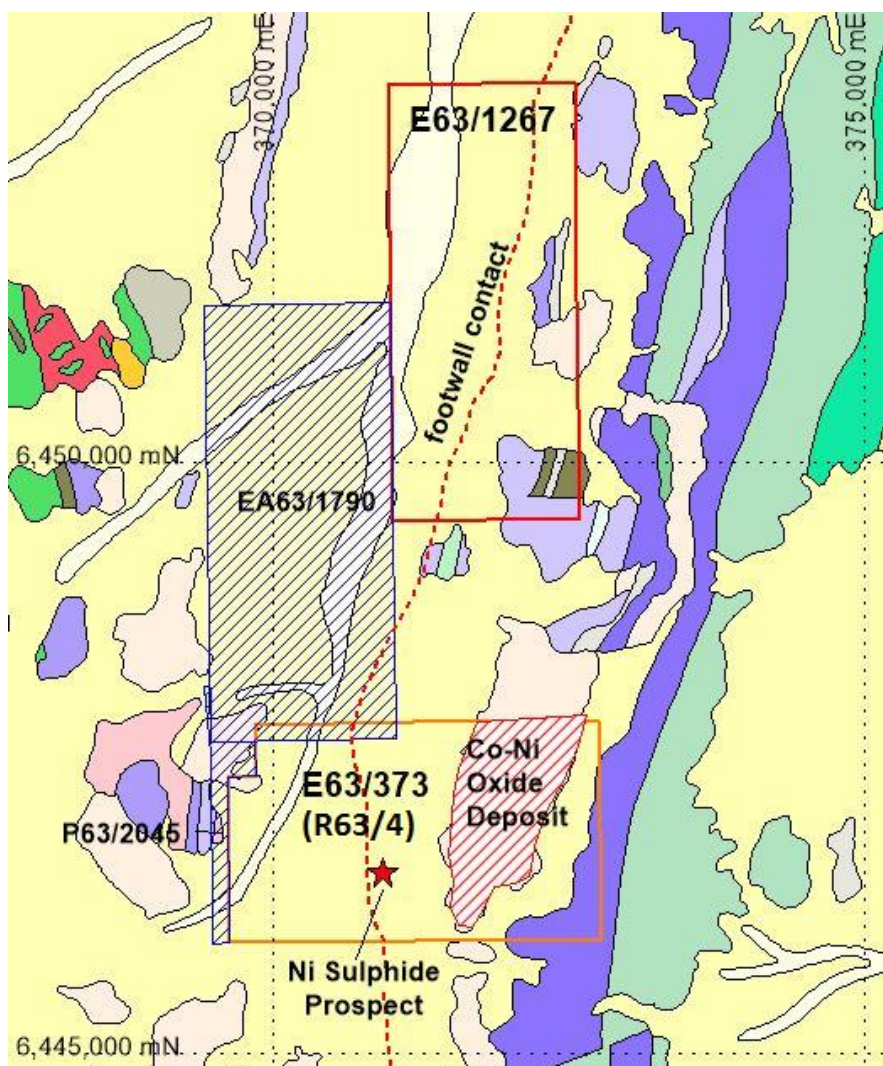


Figure 2: Mt Thirsty tenements over GSWA 1:100,000 Geology. New applications shown hatched in blue.

Background of Mt Thirsty Project and Cobalt Market

The Mt Thirsty Cobalt Project is located 20km north-northwest of Norseman, Western Australia. Conico Ltd (ASX:CNJ) is the Joint Venture manager.

The Project contains the Mt Thirsty Cobalt-Nickel (Co-Ni) Oxide Deposit which has the potential to emerge as a significant cobalt supplier.

The deposit contains an Indicated Mineral Resource of 16.6Mt @ 0.14% Co, 0.60% Ni and 0.98% Mn and an Inferred Mineral Resource of 15.3Mt @ 0.11% Co, 0.51% Ni and 0.73% Mn; (*The Mt Thirsty Co-Ni Oxide Deposit mineral resource was prepared and first reported in accordance with the JORC Code 2004. It has not been updated since it was last reported; refer to ASX announcement 8th March 2011: "Resource Upgrade Mt Thirsty Cobalt-Nickel Oxide Deposit"*¹, available to view at www.barraresources.com.au).

As well as the Co-Ni Oxide Deposit, the Project also hosts primary nickel sulphide (Ni-S) mineralisation with intersections of Ni-S mineralisation up to 6m down-hole @ 3.5% Ni made by the Joint Venture in 2010 (*refer to ASX announcement 19th May 2010: "High Grade Nickel Sulphides Intersected at Mt Thirsty JV"*¹, available to view at www.barraresources.com.au).

¹ The Company is not aware of any new information or data that materially affects the information included in the previous announcement and that all of the previous assumptions and technical parameters underpinning the estimates in the previous announcement have not materially changed.

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

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

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

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

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

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

PHILLIPS FIND GOLD PROJECT (WA)

(100% Barra*)

**except for Carbine South tenements which are held 85% Barra*

Activities

Phillips Find Mining Centre

The Company received a final payment of \$220,000 (includes \$70,000 received subsequent to reporting period) in right-to-mine fees and gold royalty payments pursuant to the right-to-mine agreement with Blue Tiger Mining Pty Ltd (BTM) regarding the recent open-pit mining of the Newminster Deposit.

RC Drilling – Newminster

Eight reverse circulation (RC) holes were drilled to infill extend the main high-grade zone of mineralisation, the Central Lode (*formerly referred to as the West Lode*) Best results of the program included **5 metres grading 11.0 grams per tonne gold, 8 metres grading 6.3 grams per tonne gold, 5 metres grading 7.5 grams per tonne gold, and 3 metres grading 4.0 grams per tonne gold** (see ASX Release dated 20th May 2016: “Outstanding Drilling Results at Newminster”², available to view at www.barraresources.com.au).

The latest drilling program confirmed the high-grade nature of the north plunging Central Lode, which extends to at least 70 metres below the base of the current pit floor and has a down-plunge strike length of at 140 metres. The drilling also confirms the system remains open to the north with holes PFRC097 and PFRC098 intersecting 5m @ 11g/t Au and 8m @ 6.3g/t Au respectively, both intersected on the most northerly section drilled. These holes, together with previously drilled intersections of 5m @ 5.0g/t Au and 5m @ 5.78g/t Au (Figure 3) indicate the system is open and continues beyond the current limit of drilling.

Following the completion of this latest drilling program the Company will now proceed to establish a JORC 2012 mineral resource estimate for the Central Lode as it is currently defined. The aim of this is to allow the Company an immediate option to scope the potential viability of underground mining at Newminster to generate early cash flow.

The Company will continue to explore the down-plunge potential of the Newminster deposit in-line with its recently released 2016-2018 gold strategy (see ASX Release dated 22nd July 2016: “Corporate Gold Strategy”², available to view at www.barraresources.com.au).

² The Company is not aware of any new information or data that materially affects the information included in the previous announcement and that all of the previous assumptions and technical parameters underpinning the estimates in the previous announcement have not materially changed.

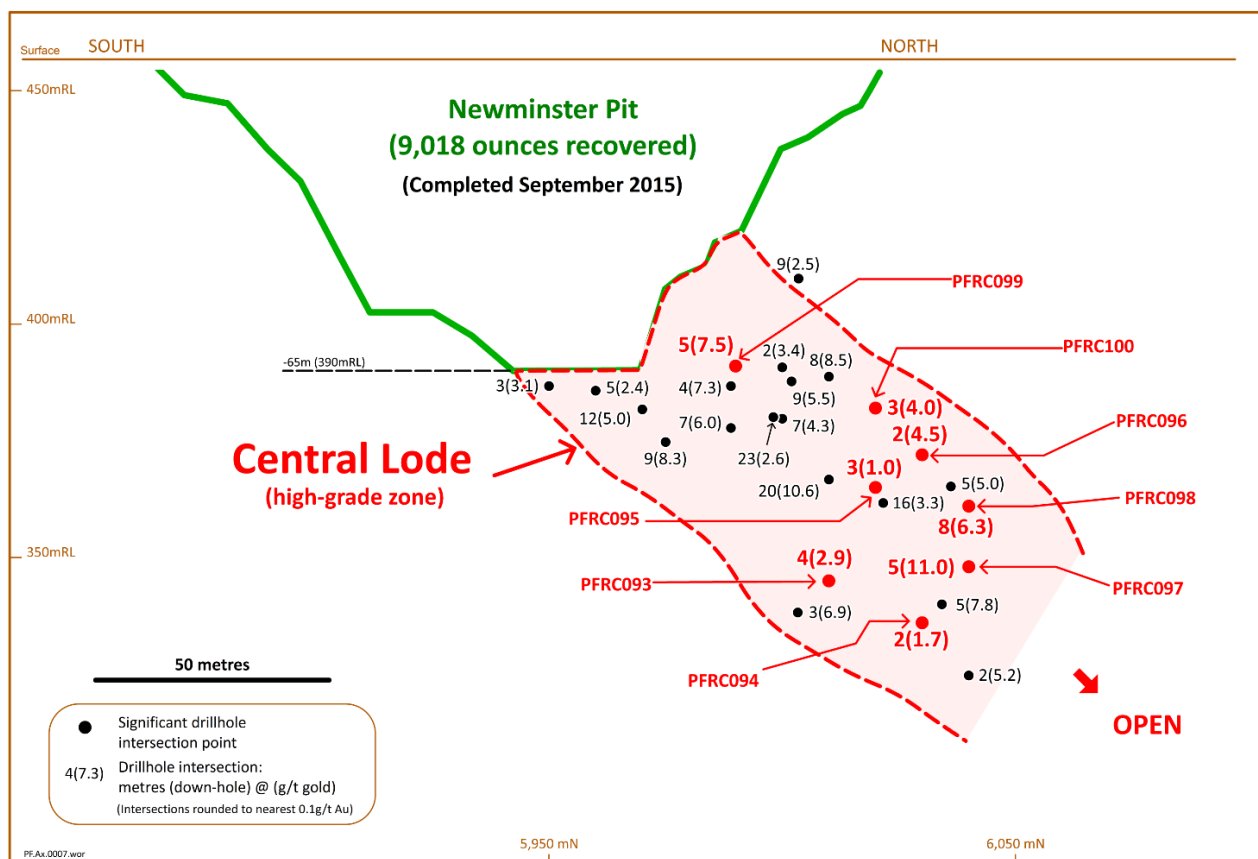


Figure 3: Newminster long-section showing plunge of the Central Lode beneath recently completed pit and recent RC drill intersections. The Newminster system remains open at depth.

Corporate Gold Strategy (Phillips Find)

With open-pit mining now complete at Newminster, the Company is now firmly focussed on growth through exploration with the aim of establishing a medium to long-term mining operation at Phillips Find.

The Company's principle focus is on growing and developing the underground potential of the PFMC. Gold mineralisation extends beneath all three existing pits however there has been little to no drilling to test down-plunge extensions to mineralisation below 150m depth below surface (Figure 4).

The Company will continue to explore the depth potential beneath the Newminster, Newhaven and Bacchus Gift pits. Our initial target will be thorough testing of the zone between 150m to 300m below the surface as well as exploration to test for new deposits between the existing pits.

The Company plans to also ramp up its exploration activities within the project area by targeting the strike continuation and potential repetitions of the Phillips Find mine sequence geology, and advancing priority prospects and other identified targets along known mineralised structures within the project area.

The Company has the following activities planned over the ensuing 12 to 24 months:

- 10,000m of RC drilling is planned to further test down-plunge extensions to mineralisation beneath Newminster, Newhaven and Bacchus Gift.
- Establish a combined mineral resource estimation for the PFMC (encompassing all three deposits). The Company believes there is considerable potential to identify further mineralised zones along strike and at depth which will add to a resource inventory that will sustain a medium to long-term mining operation at Phillips Find.
- 5,000m of RAB and 2,000m of RC follow-up encouraging results at existing prospects.
- New auger geochemical sampling programs to included analysis of pathfinder elements not previously analysis for. This is a result of a CSA Global orientation survey completed in 2015 which found the existing auger geochemical data to be inadequate for the purpose of identifying potential blind deposits.
- 10,000m of RAB drilling to test new targets identified through the interpretation of new auger geochemical data in conjunction with mapping and structural data.

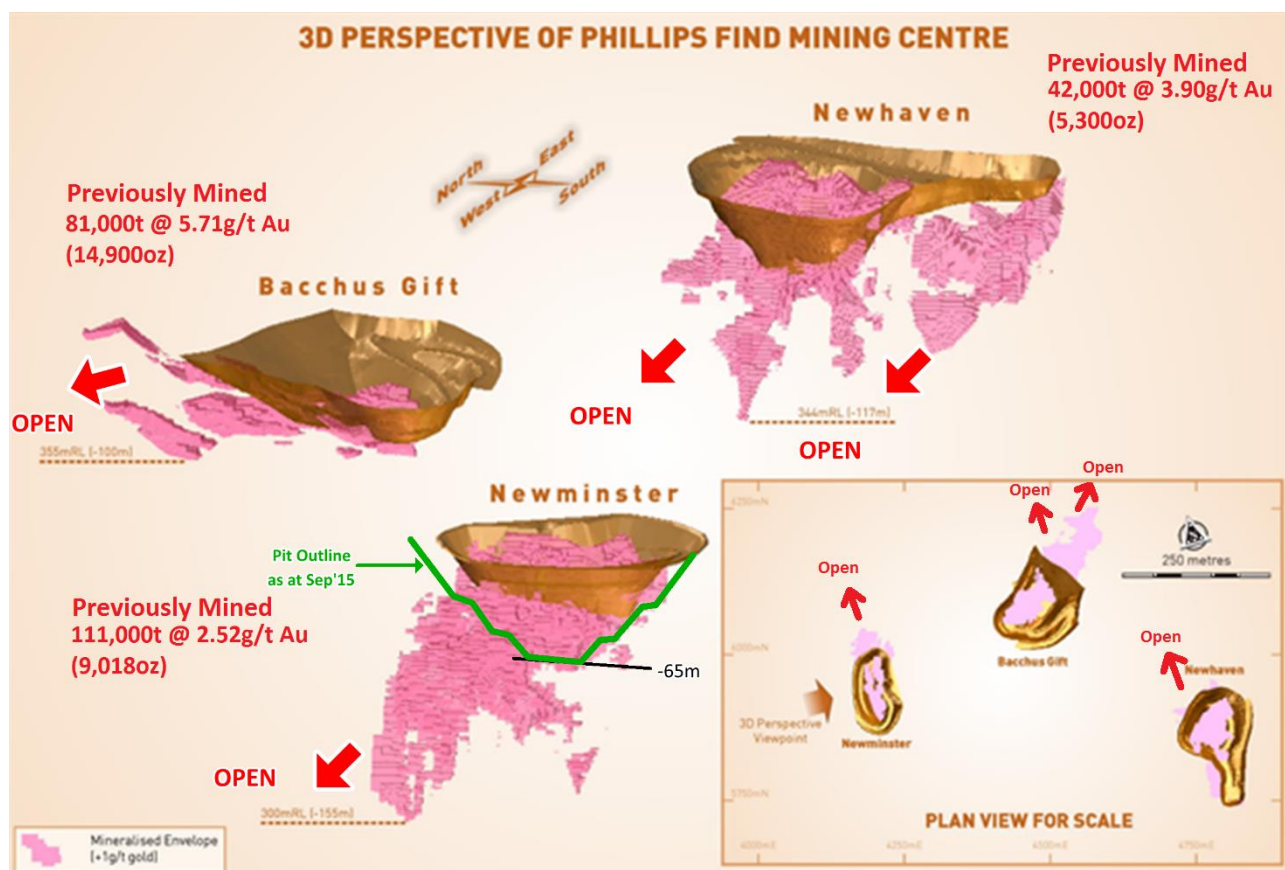


Figure 4: 3D Perspective view of the PFMC showing spatial relationship between existing pits, previous pit production, and mineralisation remaining open beneath all pits.

Background of Phillips Find Project

The Phillips Find Project is centred 50km north-northwest of Coolgardie, Western Australia.

The project covers over 10 kilometres in strike of prospective greenstone stratigraphy and includes the Phillips Find Mining Centre (PFMC) where 32,839 ounces of gold has been produced between 1998 and December 2015 from three open-pit operations; Bacchus Gift, Newhaven and Newminster. Exploration potential within the project is excellent with numerous targets defined by auger geochemical anomalism, aeromagnetic interpretation and drilling.

The most recent mining activity at the PFMC was the Newminster open-pit which was mined in two stages between January 2013 and September 2015. A total of 111,082t @ 2.52g/t Au was mined producing 9,018oz of gold. With open-pit mining now complete at Newminster, the Company is now focussed on advancing the underground potential of the PFMC with the aim developing a viable medium to long-term underground mining operation.

BURBANKS GOLD PROJECT (WA)

(Includes Royalty over Birthday Gift Mine Area and 100% Rights to Reservation Area within M15/161)

Activities

Birthday Gift Mine Area (BGMA) (Royalty Only)

Owner and operator of the BGMA, Kidman Resources Limited (ASX:KDR) recommenced production during the quarter after a period of underground mine development. No ore however was milled during the period and hence no recovered gold subject to Barra's royalty.

Table 1 summarises the annual and quarterly gold production from the BGMA since the sale of the BGMA in September 2013. All gold recovered from the BGMA is subject to a royalty of \$25 per ounce.

Reservation Area (100% Exploration and Mining Rights – Figure 5)

Burbanks North

With the gold price improving in recent months, the Company initiated a review of the Burbanks North deposit. The review indicated the potential for a small open pit operation and as such the Company has engaged Minecomp Pty Ltd to review the current Burbanks North resource model and prepare a new optimisation and financial analysis.

The results of the Minecomp study were positive and justify further work at Burbanks North. Using an Australian dollar gold price of \$1,600, a shallow oxide open-pit operation was potentially viable. The Company has committed to advancing the deposit and will shortly commence a 2,200m infill aircore program seeking to further validate the results of the study, confirm viability and facilitate procurement of third party mining agreement.

The Company's activities at Burbanks North fall in-line with its short term strategy of self-funding its activities through monetising small, yet profitable gold deposits.

Corporate Gold Strategy (Burbanks – Reservation Area)

The Company's primary focus at Burbanks is the historic Main Lode underground mine, situated just 200m north of the BGMA (Figure 5). Prior to selling the BGMA, Barra's long-term strategy was to access the underground workings at Main Lode by extending the Birthday Gift decline about 600m to the north and establish a drilling platform to optimally drill test and confirm the nature and extent of high-grade mineralisation along the historically developed, but un-mined Level-8 (280m below surface), where sampling by Western Mining Corporation in the late 1940's returned a spectacular pay-run of 160m grading 16.1g/t Au at an average width of 0.4m (Source: Barra Resources Limited Prospectus 2000, available to view at www.barraresources.com.au) (Figure 6).

Targeting Level-8 and below at Main Lode remains Barra's long term objective at Burbanks. Main Lode and the formerly owned Birthday Gift mine are the same mineralised system along the highly endowed Burbanks Shear Zone. The Company strongly believes the high-grade, steeply plunging lodes at Main Lode will extend at depth as indicated by the historical sampling along Level-8. With the above-mentioned strategy to access Main Lode via underground not currently an option, the Company will now look to conventional surface drilling to test the down-plunge continuation of the Main Lode system.

The Company has the following activities planned over the ensuing 12 to 24 months:

- Infill RC drilling to continue testing the near surface Mineralised Zone up-plunge of previous mining areas at Main Lode (Figure 6).
- Investigate how to optimally drill test and unlock the depth potential of Main Lode.

Background of Burbanks Project

The Burbanks Project is centred 9km southeast of Coolgardie, Western Australia.

The Company holds sole and exclusive exploration and mining rights (Reservation Rights) to certain areas within M15/161 (Figure 5). The Reservation Rights include the Main Lode underground mine, which has historically produced 146,000t @ 18.3g/t Au for approximately 85,900ozs of gold, as well as several important prospects including Burbanks North, Pipeline, Fangjaw and Salmon South. The Company also holds (100%) the Kangaroo Hills prospecting licences adjacent to M15/161.

The mining lease, M15/161, is owned by Kidman Resources Limited (ASX:KDR) who operate the Birthday Gift Underground Mine within the Birthday Gift Mining Area (BGMA). In addition to the Reservation Rights, the Company also has a royalty on all gold produced from within the BGMA (Figure 5).

Period	Gold Produced (oz)
Commencement to 31/12/13	886
2014	3849
2015	7543
Q1 2016	1596
Q2 2016	0
Total	13874

Table 1: Kidman gold production from Birthday Gift Mine Area.

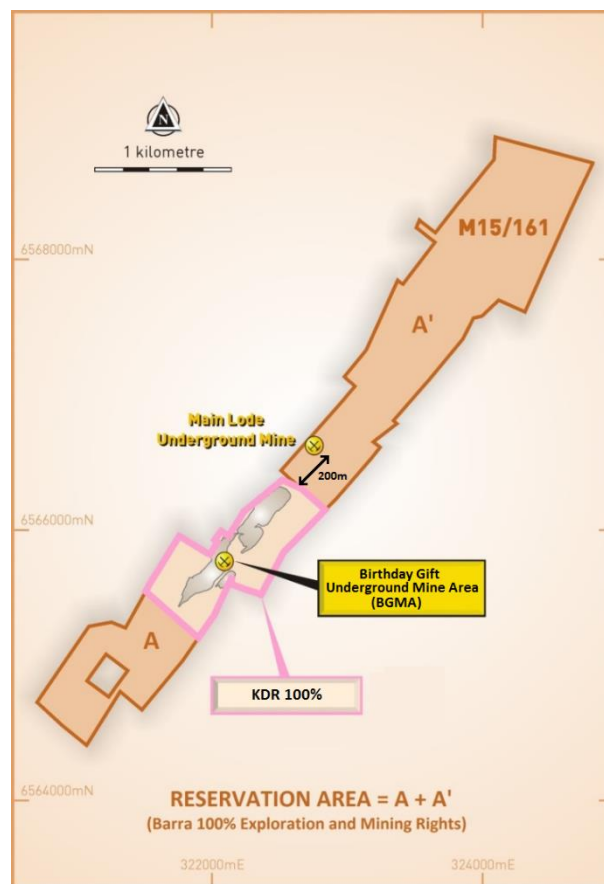


Figure 5: Plan showing Reservation Area (A-A') and BGMA within M15/161.

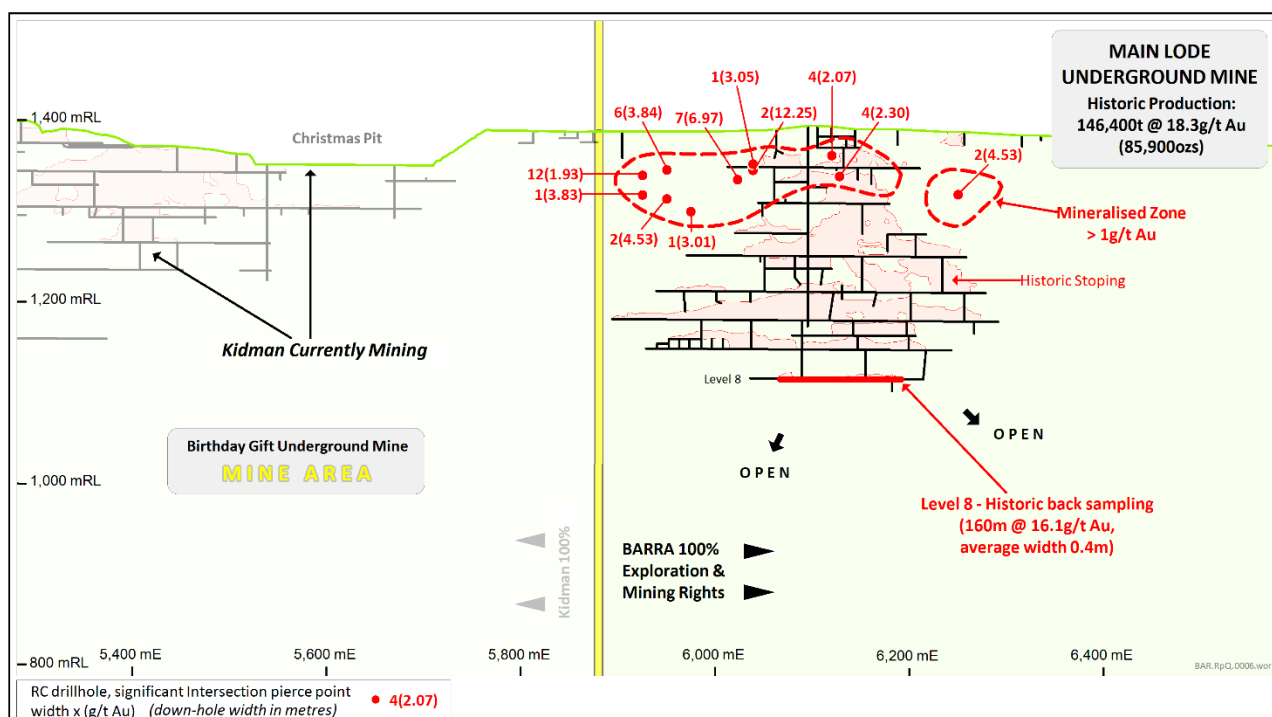


Figure 6: Long section of Main Lode underground mine in relation to BGMA. Also shows near surface mineralised zone ($\geq 1.0\text{g/t Au}$ lower cut) [Note: $7(6.97) = 7\text{m grading } 6.97\text{g/t Au, down-hole width }]^*$. Unmined Level-8 remains open down-lunge and untested.

* Intersections shown in diagram are from historic RC drilling and RC drilling by Barra completed in 2008 and previously reported in the following ASX Release which can be viewed at www.barraresources.com.au; 28/08/2008 Burbanks Mainlode RC Update. The Company is not aware of any new information or data that materially affects the information included in the relevant market announcements and hat all material assumptions and parameters used in the relevant market announcements continue to apply and have not materially changed.

TENEMENTS

The following tenement changes occurred during the quarter (see Tenement Listing at end of report):

- Application for two licences, P63/2045 and E63/1790 were made at Mt Thirsty.
- Subsequent to the period, retention licence R63/4 was granted at Mt Thirsty.
- E63/373 expired as a result of the granting of R63/4.

CORPORATE

Recent Announcements

Date	Announcement
22/07/2016	Corporate Gold Strategy
13/07/2016	Chairman's Update
20/05/2016	Outstanding drilling results at Newminster
28/04/2016	Cashflow report for the quarter ended 31 March 2016
28/04/2016	Activities Report for the quarter ended 31 March 2016
19/04/2016	Chairman's Update
5/04/2016	Infill Drilling to Commence at Newminster

Note: All announcements are available on the Company's website.



GARY BERRELL
Executive Chairman



Project Location Map

Abbreviations

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

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.

It should not be assumed that the reported Exploration Results will result, with further exploration, in the definition of a Mineral Resource.

Competent Persons Statement

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

The information in this report that relates to Exploration Targets, Exploration Results and Mineral Resources for the Mt Thirsty Project is based on and fairly represents information compiled by Michael J Glasson and Robert N Smith, Competent Persons who are members of the Australian Institute of Geoscientists. Mr Glasson and Mr Smith are employees of Tasman Resources Ltd and in this capacity act as part time consultants to Conico Ltd. Mr Glasson and Mr Smith hold shares in Conico Ltd. Mr Glasson and Mr Smith have sufficient experience which is relevant to the style of mineralisation and type of the deposits under consideration and to the activity being undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Glasson and Mr Smith consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

APPENDIX

TENEMENT LISTING

Tenement	Project	Location	Change in Interest (%) during Quarter			Comments
			End of Quarter	Acquired	Disposed	
M15/161	Burbanks	WA	0	Subject to Reservation Rights and Royalty only (Figure 5)		
P15/5249		WA	100			
P15/5412		WA	100			
E63/373	Mt Thirsty	WA	0		50	
E63/1267		WA	50			
E63/1790		WA	50	50		Application Only
P16/2045		WA	50	50		Application Only
R63/4		WA	50	50		Granted 01/07/2016 (subsequent to reporting period)
M63/527		WA	50	Application Only, Covers same area as R63/4 (formerly E63/373)		
M16/130		Phillips Find	WA	100		
M16/133	WA		100			
M16/168	WA		100			
M16/171	WA		100			
M16/242	WA		100			
M16/258	WA		100			
P16/2390	WA		100			
P16/2391	WA		100			
P16/2392	WA		100			
P16/2393	WA		100			
P16/2394	WA		100			
P16/2397	WA		100			
P16/2398	WA		100			
P16/2399	WA		100			
P16/2400	WA		100			
P16/2401	WA		100			
P16/2403	WA		100			
P16/2404	WA		100			
P16/2405	WA		100			
P16/2406	WA		100			
P16/2407	WA		100			
P16/2408	WA		100			
P16/2410	WA		100			
P16/2578	WA		100			
P16/2702	WA		100			
P16/2757	WA		100			
P16/2783	WA		100			
P16/2784	WA		100			
P16/2785	WA		100			
P16/2786	WA		100			
P16/2422	WA		85			15% - Hayes Mining Pty Ltd
P16/2423	WA		85			
P16/2424	WA		85			
P16/2425	WA		85			
E30/332	Riverina Joint Venture	WA	0	Subject to 30% Interest in Nickel Rights Only		
E30/333		WA	0			
M30/43		WA	0			
M30/60		WA	0			
M30/84		WA	0			
M30/97		WA	0			
M30/98		WA	0			
M30/127		WA	0			
M30/133		WA	0			
M30/182		WA	0			
P30/1017		WA	0			
P30/1018		WA	0			
P30/1020		WA	0			
P30/1021		WA	0			
P30/1023		WA	0			
P30/1024		WA	0			
P30/1025		WA	0			
P30/1026		WA	0			
P30/1027		WA	0			
P30/1033		WA	0			
P30/1034		WA	0			
P30/1038		WA	0			
P30/1040		WA	0			
P30/1074		WA	0			

Tenement	Project	Location	Change in Interest (%) during Quarter			Comments
			End of Quarter	Acquired	Disposed	
P30/1111		WA	0			
P30/1112		WA	0			
P30/1113		WA	0			
P30/1114		WA	0	30% Interest in Nickel Rights Only		
P30/1115		WA	0			
P30/1116		WA	0			
P30/1117		WA	0			
P30/1118		WA	0			
P30/1119		WA	0			
P30/1120		WA	0			