



CHAIRMANS UPDATE

Dear Investor

You may have recently seen the sale by Blue Tiger Mining ("BTM") to Kidman Resources Limited (ASX Code: KDR) of its majority stake in the Birthday Gift Mine. This has enabled a healthy injection of working capital in the development of the project.

How is this good for Barra?

1. With BTM being a privately owned company, joint venturing with a fully funded public company allows expensive drilling programs to commence. The time taken for BTM acting alone to generate enough surplus cash to reinvest into drilling targets to upgrade them to reserve status could have been lengthy.
2. Barra has a \$25 royalty on every ounce of gold produced from the project. By bringing forward the necessary drilling programs, potential production schedules are brought forward and Barra's access to future income streams is also brought forward. Shareholders can follow production schedule updates by looking at the Kidman Resources ASX releases.
3. As you can see from the diagrams below, Barra still owns 100% of the exploration and mining rights over the Reservation Area (parts A and B indicated in this diagram) to the north and south of the Birthday Gift Mine. Importantly, the historical Main Lode Mine lies within the Reservation Area A. The Main Lode underground mine produced 83,000 ounces of gold at 18.3 g/t between 1907 and 1914. There has been NO mining activity since then. We have realistic expectations that successful drilling and mining operations at Birthday Gift Mine will lead to renewed market interest in our rights over the Reservation Area. The Barra Board is currently discussing the best strategy as to how to manage/develop our rights within this area.
4. BTM also has a "right-to-mine" agreement with Barra over the Newminster Mine within our 100% owned Phillips Find project. The Kidman JV has enabled BTM to free up its own working capital and exercise its second stage option for an open cut operation at Newminster. BTM was unlikely to have exercised this option within the timeframe of the agreement prior to the Kidman deal. Under the terms of the Newminster Agreement, Barra will now receive a fixed fee plus a royalty for every ounce produced.
5. The flow on from the second stage of mining at Newminster is important. Our long term plan is to go underground at Newminster. The open cut mining operation exposes geological information and enables better drilling access prior to any potential tendering for an underground operation.

In summary:

- a) We now have income from two operations ,and
- b) We are nearer to realising the potential of underground operations at Newminster and Main Lode.

To conclude:

To get our share price higher we need to extract value from our current assets, reinvest those proceeds into expanding their worth plus purchase new assets.

We believe we are on the right track.



Gary Berrell

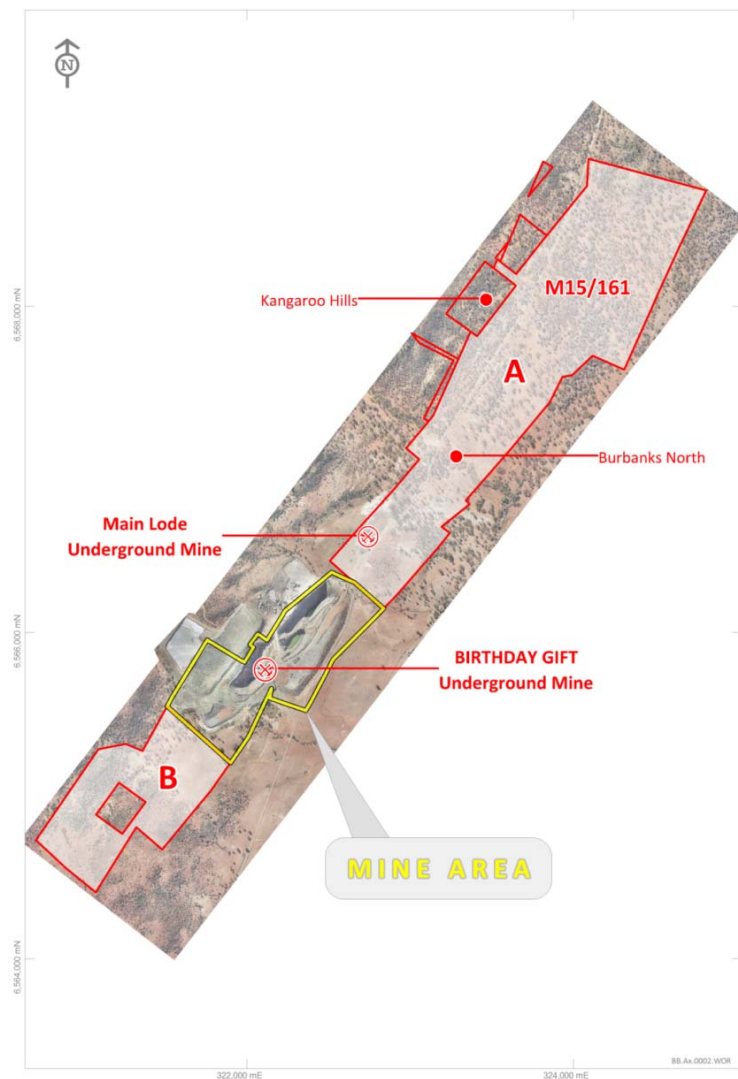
Chairman

Barra Resources Limited

3 July 2015

For further information, please contact
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Figure 1: Diagram showing separation of rights over Burbanks mining lease M15/161. Barra has 100% of exploration and mining rights to areas A and B



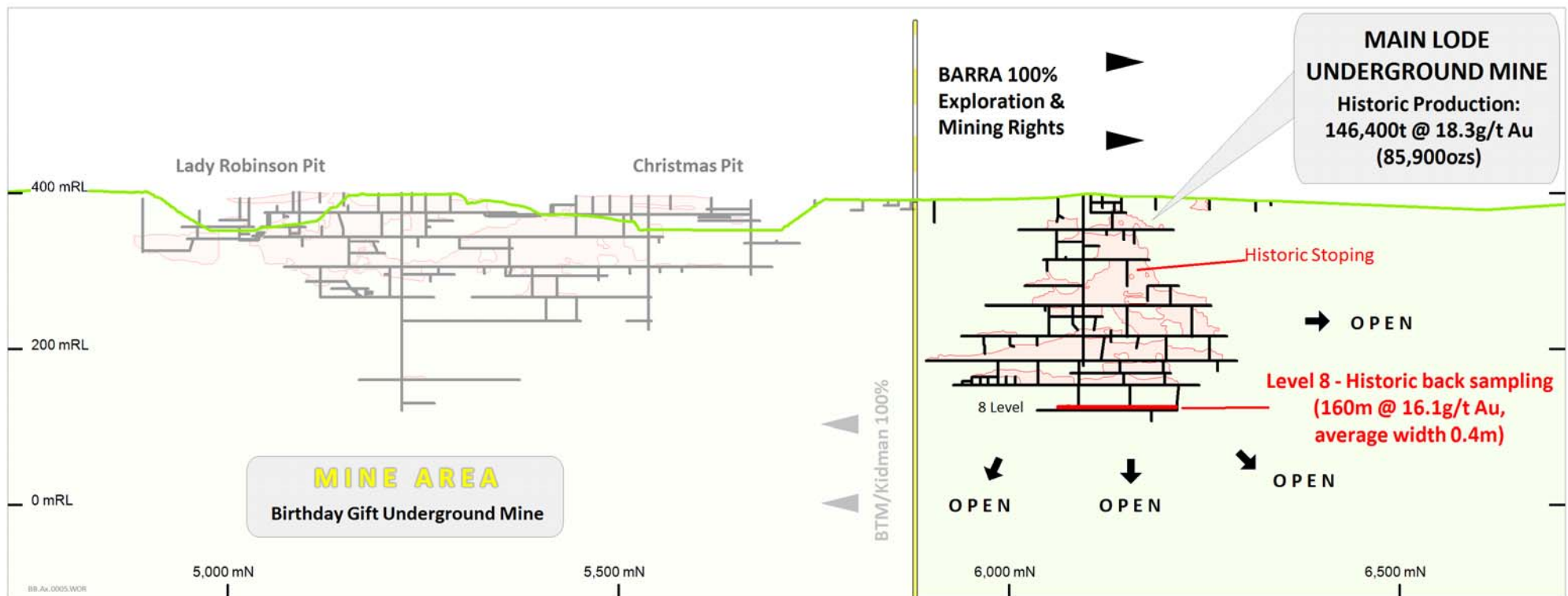


Figure 2: Schematic long-section of the Burbanks Mining Centre showing separation of rights (boundary) between the Birthday Gift Underground Mine Area and Barra's 100% Main Lode Underground Mine (see Area A in Figure 1)