



BARRA TO STEP UP W.A. GOLD EXPLORATION IN 2010

Barra Resources Limited (ASX Code: BAR) will intensify its gold exploration initiatives in Western Australia in 2010 commencing with the first phase of a plus \$1 million exploration program of more than 15,000 metres of drilling. A key focus will be to step up drilling at existing gold prospects and progressing existing deposits towards production at the Company's Phillips Find and Burbanks Gold Projects, located near Coolgardie.

The priority drilling programs include:

- Advanced gold targets at Phillips Find including Tiarma and Truth Prospects, and at the high priority Diablo prospect where exploration drilling during 2009 encountered shallow high-grade mineralisation; and
- Drilling at Burbanks along strike from existing mining operations, including the Pipeline Prospect two kilometres north, where Reverse circulation (RC) drilling during 2008 intersected grades of 16 metres grading 1.9 grams per tonne gold from 44 metres including 4 metres grading 5.94 grams per tonne gold from 52 metres and 4 metres grading 4.42 grams per tonne gold and 5 metres grading 3.03 grams per tonne gold.

Furthermore, the Company intends to progress the Newminster Deposit at Phillips Find towards production following the receipt of an independent pre-feasibility optimisation study prepared by Minecomp Pty Ltd which found that an *economically robust open pit could be mined* to a vertical depth of 45 metres.

2010 Exploration Drilling Programs

Barra will kick off its exploration campaign by drilling two diamond holes at the Diablo Prospect in early January 2010 to determine the structural orientation of mineralisation where recent reverse circulation (RC) drilling may have drilled down dip or oblique to the mineralised structure(s). Structural interpretation of the two diamond holes will determine the nature and extent of the mineralised system prior to further RC drilling at this prospect in the second quarter of 2010.

Following this, the focus will move to improving the Company's gold resource inventory by infill drilling at no less than ten (10) established prospects and two (2) auger geochemical targets within the Phillips Find Project (Figure 2) and four (4) prospects and five (5) auger geochemical targets at its Burbanks Project (Figure 3).

The aggressive approach to 2010 will see approximately 8,000 metres of rotary air-blast (RAB) and aircore (AC), 7,000 metres of RC, and 300 metres of diamond (DD) drilling completed over the Company's gold projects in an effort to identify and establish JORC compliant resources to supplement existing mineable resources at Burbanks and Newminster.

In addition to the above, substantial RAB and RC drilling at the Company's Phillips Find Mining Centre, which encompasses the Bacchus Gift and Newhaven open pits, will be planned following anticipated mining of the Newminster deposit.

Newminster Open Pit Potential

The Newminster deposit is located adjacent to the Bacchus Gift and Newhaven open pits within the historical Phillips Find Mining Centre which produced some 50,000 ounces of gold from historical underground and open pit mining operations over the past 100 years (Figure 1).

When evaluated using current mining and milling costs, the Newminster "base case" optimum comprised:

- At a gold price of A\$1,250, the "base case" pit shell contains **31,736 tonnes of ore in the Indicated Resource category at 3.48g/t** and **18,271 tonnes of ore in the Inferred Resource category at 2.97g/t**.
- This delivers a combined total of **50,007 tonnes of ore** at a diluted grade of **3.29g/t** resulting in an open pit shell containing **5,300 ounces** of gold down to 45 metres depth.
- Operating **cash costs are estimated at A\$694** per ounce.
- This would generate an operating profit of **approximately \$2.8 million** from mining the 50,000 tonnes.

The resource is situated on a granted mining lease and was permitted for production back in 2003. The deposit could potentially be brought into production within months.

The Newminster resource estimation was conducted on past conservative modelling by Australian Mine Management in 1996 with the resource based only on one main ore zone. It does not incorporate Barra's latest work on the remodelling of the resource. The more conservative 1996 single ore zone model was used in the financial evaluation process. If this conservative model was financially viable as an open pit mine, then the latest remodelling work could potentially add significant economic upside to the project.

The deposit is currently being assessed with a view to commencing open pit mining operations at Newminster which could provide Barra with a short to medium term cashflow. Barra may also consider tribute mining arrangements for the deposit similar to that recently struck at its Burbanks underground gold mining operation.

Burbanks Update

- At present there is approximately 3,500 to 4,000 tonnes of high-grade ore awaiting milling with the next available milling window indicated for February 2010.
- Mulgabbie Mining Pty Ltd are continuing to develop level 325 along the Dahmu Reef with the aim of extracting a 40 metre by 30 metre stoping block with an estimated ore thickness of 1.2 metres.
- Mulgabbie aims to continue its cautious approach to mining at Burbanks to maximise gold ounces rather than tonnes, however once development is complete on level 325 (approximately late December 2009) and assuming excellent results continue to provide Mulgabbie with confidence, then mining activity will ramp up in January to make sure the 40 metre by 30 metre stoping block is extracted in time for the February milling window. With confidence gained from this stoping block, subsequent development/stoping will increase significantly for the remainder of 2010.



Dean Goodwin
Managing Director
Barra Resources Limited

The information in this report which relates to the Newminster Mineral Resource calculations is based on information compiled by Neil Newman, a once full time employee of Australian Mine Management and who is a member of the Australasian Institute of Mining and Metallurgy. Neil Newman 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 March 2005 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Resources Committee, the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Mineral Council of Australia." Neil Newman consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dean Goodwin who is a Member of the Australian Institute of Geoscientists. Dean Goodwin is a full-time employee of the Company. Dean Goodwin 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 2005 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dean Goodwin consents to the inclusion in the report of the matters based on his information in the form and context in which it appear.

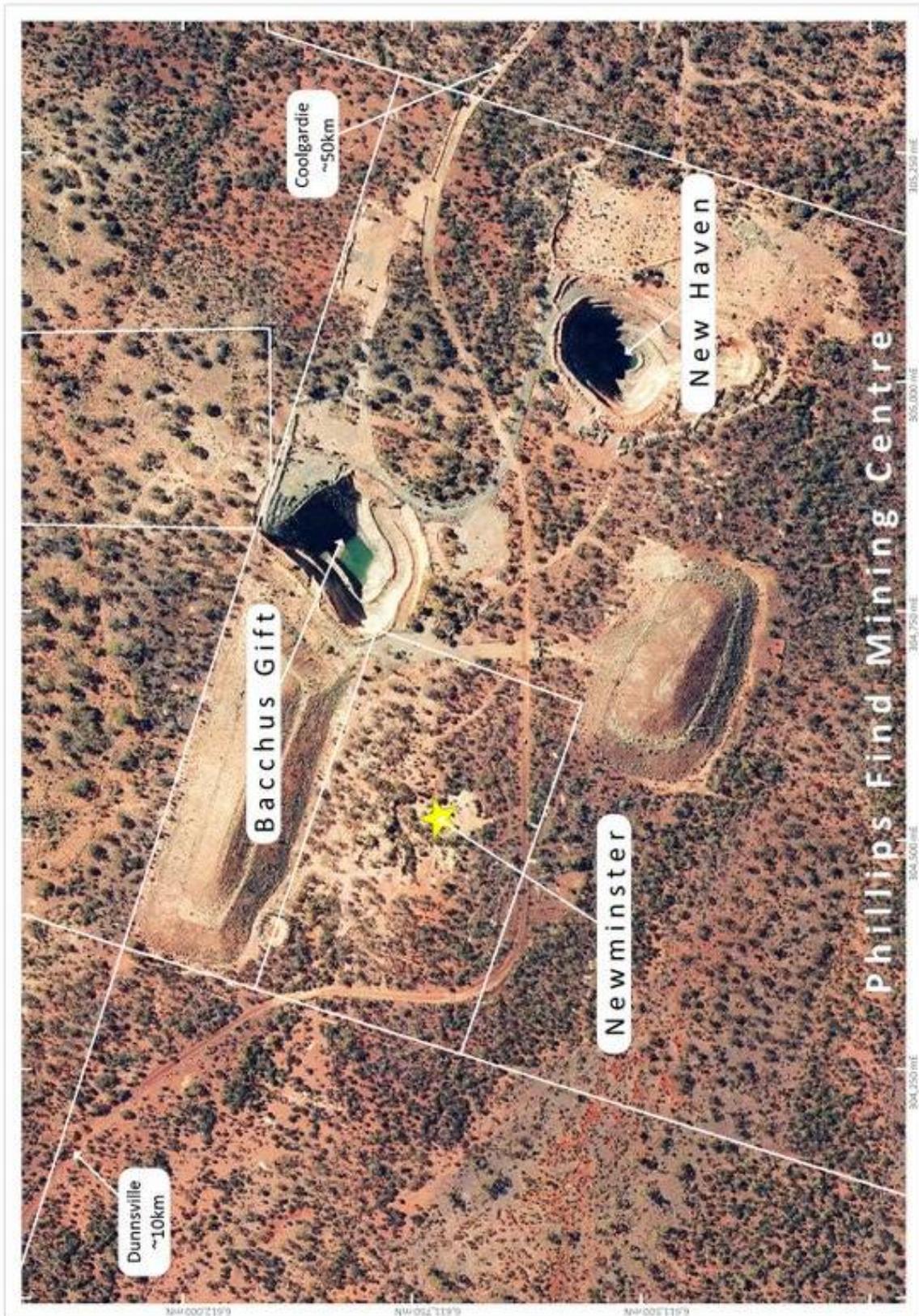


Figure 1: Location of Newminster deposit at Phillips Find Mining Centre.

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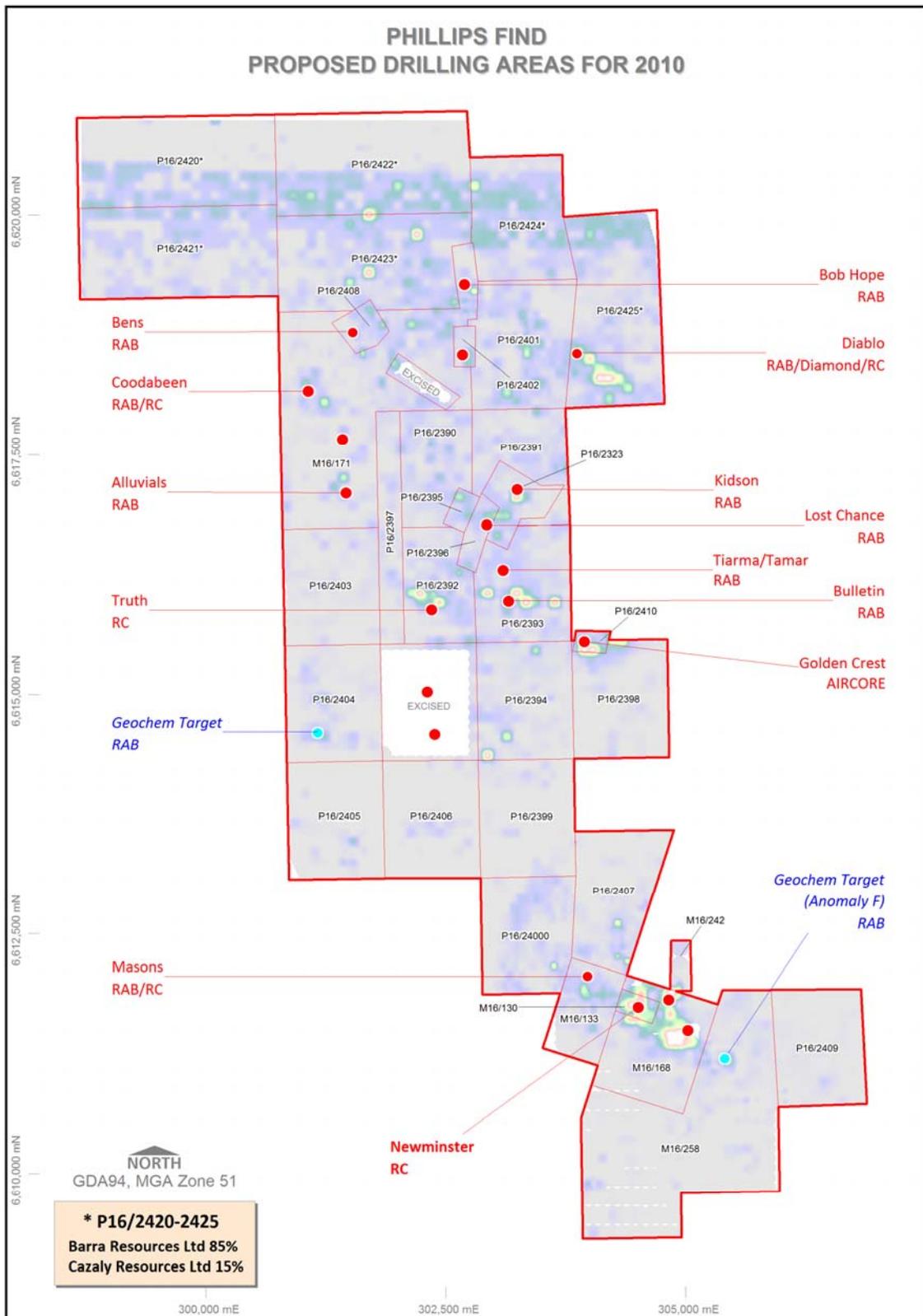


Figure 2: Phillips Find Project showing gridded auger geochemistry, drilling targets and type of drilling to be carried out.

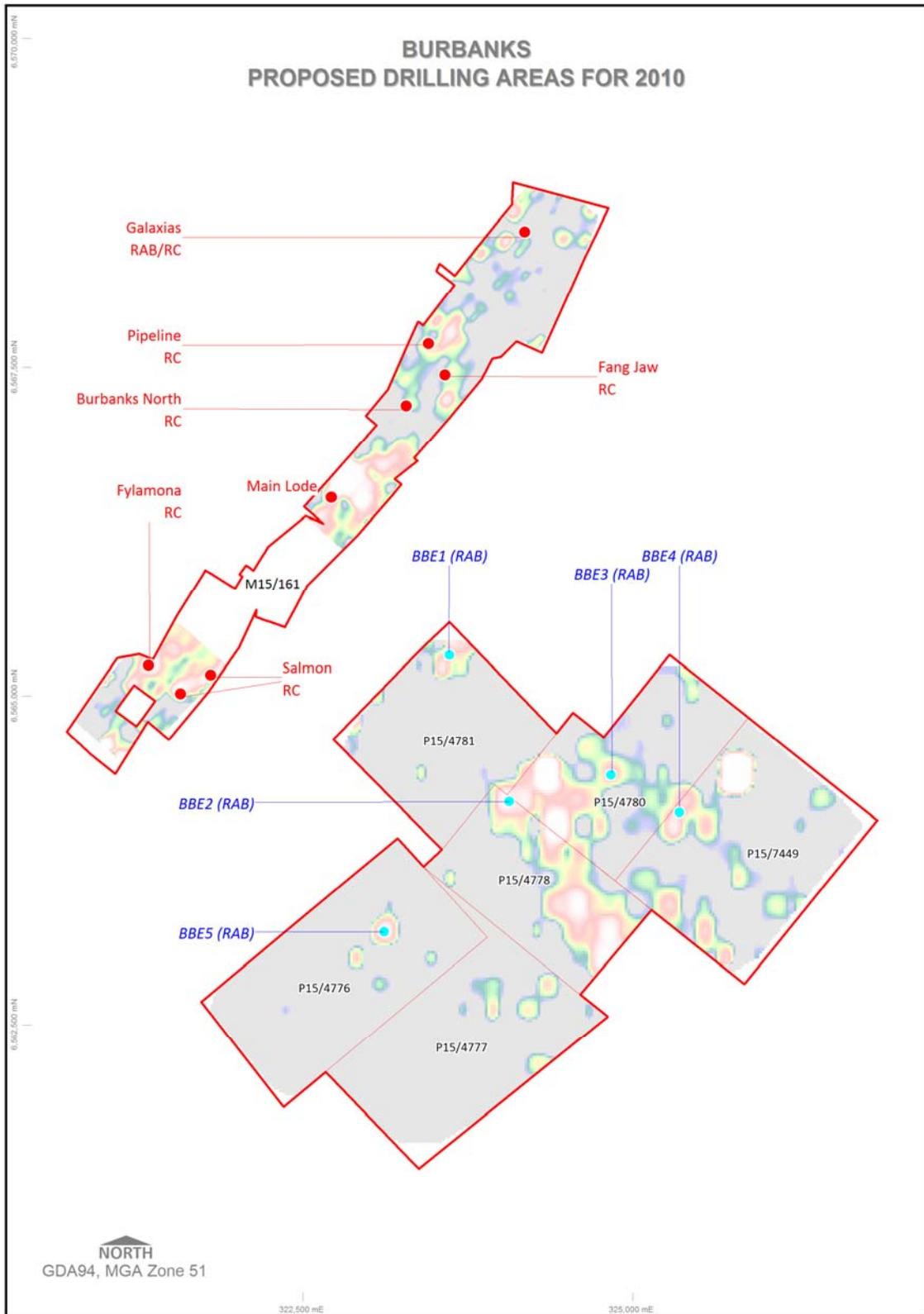


Figure 3: Burbanks Project showing gridded auger geochemistry, drilling targets and type of drilling to be carried out.