
BARRA RESOURCES LIMITED
ABN 76 093 396 859

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2004

CONTENTS

	Page
Directors Report.....	1
Auditor Independence Declaration.....	3
Statement of Financial Position.....	4
Statement of Financial Performance.....	5
Statement of Cash Flow.....	6
Notes to the Financial Statements.....	7
Directors' Declaration	9
Independent Review Report	10

BARRA RESOURCES LIMITED
ABN 76 093 396 859

DIRECTORS' REPORT
31 DECEMBER 2004

The Directors present their report together with the financial report on Barra Resources Limited ("Barra" or "the Company"), for the half-year ended 31 December 2004.

DIRECTORS

The Directors of the Company during or since the end of the half-year are:

Michael Geoffrey Mulroney	(Appointed 5 th August 2002)
Robert George Colville	(Appointed 20 th June 2000)
Grant Jonathan Mooney	(Appointed 29 th November 2002)
Dean Barry Goodwin	(Appointed 1 st October 2004)

OPERATING RESULTS

The loss from ordinary activities of the Company for the half year ended 31 December 2004 after income tax was \$196,907 (2003: 291,201 loss)

REVIEW OF OPERATIONS

The Company undertook the following activities during the half-year ended 31 December 2004.

Corporate

- The appointment of Dean Goodwin as Managing Director was made effective on the 1st October 2004
- On the 23rd November 2004, \$630,000 was raised by issue of 12,600,000 fully paid shares at 5 cents.

Riverina Project

- Riverina Resources Pty Ltd ("RRPL") earned its 70% interest in the Riverina Joint Venture with Barra now contributing to exploration expenditure.
- During the first half of the year Joint Venture partner RRPL maintained a high level of activity with a Reverse Circulation drilling program which totaled 48 holes for 5,596 meters.

Burbanks Project

- A drilling program has commence, the first hole of an ongoing program to test the down plunge extensions of historically mined shoot intersected 7.5 metres grading 6.7 grams per tonne gold from 63.5 metres , including 2.3 metres grading 16 grams per tonne gold from 65 metres.

Phillips Find Project

- Planning was undertaken to test gold soil anomalism with drilling; commencing in the first quarter of 2005.

Quinn Hills Project

- Exploration has continued during the second half of 2004 by joint venture partner Sipa Exploration NL ("Sipa") to earn their 70% interest.
- RAB drilling consisting of 112 holes for 1,339 metres was carried out with weak gold anomalous returned. Closer spaced follow-up RAB drilling is being planned.

DIVIDENDS

No dividends have been paid or declared since the start of the financial period and the directors do not recommend the payment of dividend in the respect of the financial half year.

AUDITOR'S INDEPENDENCE DECLARATION

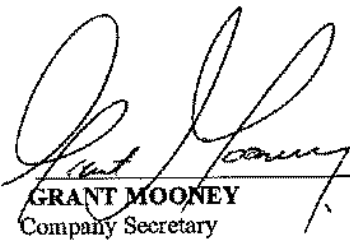
A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

Signed on 22nd February 2005 in accordance with a resolution of the Board.

On behalf of the Directors:



DEAN BARRY GOODWIN
Managing Director



GRANT MOONEY
Company Secretary

Board of Directors
Barra Resources Limited
18 Richardson Street
WEST PERTH WA 6005

22 February 2005

Dear Directors

Barra Resources Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Barra Resources Limited.

As lead audit partner for the review of the financial statements of Barra Resources Limited for the half-year ended 31 December 2004, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

DELOITTE TOUCHE TOHMATSU



PETER RUPP
Partner
Chartered Accountants

BARRA RESOURCES LIMITED
ABN 76 093 396 859

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2004

	<u>31-Dec-04</u>	<u>30-Jun-04</u>
	\$	\$
CURRENT ASSETS		
Cash assets	1,266,873	1,266,489
Receivables	57,988	33,635
Other	27,960	5,665
TOTAL CURRENT ASSETS	<u>1,352,821</u>	<u>1,305,789</u>
NON CURRENT ASSETS		
Property, plant and equipment	11,335	15,429
Exploration, evaluation and development expenditure	6,371,477	5,961,495
TOTAL NON CURRENT ASSETS	<u>6,382,812</u>	<u>5,976,924</u>
TOTAL ASSETS	<u>7,735,633</u>	<u>7,282,713</u>
CURRENT LIABILITIES		
Payables	52,076	33,088
Provisions	145,720	129,881
TOTAL CURRENT LIABILITIES	<u>197,796</u>	<u>162,969</u>
NON CURRENT LIABILITIES		
Deferred tax Liabilities	133,079	133,079
TOTAL CURRENT LIABILITIES	<u>133,079</u>	<u>133,079</u>
TOTAL LIABILITIES	<u>330,875</u>	<u>296,048</u>
NET ASSETS	<u>7,404,758</u>	<u>6,986,665</u>
EQUITY		
Contributed equity	14,594,761	13,979,761
Accumulated losses	(7,190,003)	(6,993,096)
TOTAL EQUITY	<u>7,404,758</u>	<u>6,986,665</u>

BARRA RESOURCES LIMITED
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STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

	Half Year Ending 31-Dec-04 \$	Half Year Ending 31-Dec-03 \$
Revenue from ordinary activities	4,622	-
Interest revenue	23,603	17,505
Other revenue	2,638	68,363
Employee benefits expense	(88,622)	(144,940)
Depreciation and amortisation expense	(4,093)	(7,349)
Admin Expenses	(66,854)	-
Rental expenses	(18,498)	(17,218)
Other expenses from ordinary activities	<u>(49,703)</u>	<u>(207,562)</u>
Loss from ordinary activities before income tax expense	<u>(196,907)</u>	<u>(291,201)</u>
Loss from ordinary activities after related income tax expense	(196,907)	(291,201)
Total changes in equity other than those resulting from transactions with owners as owners	(196,907)	(291,201)
Basic loss per share (cents per share)	0.2	0.4
Diluted loss per share (cents per share)	0.2	0.4

BARRA RESOURCES LIMITED
ABN 76 093 396 859

STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

	Half Year Ending 31-Dec-04 \$	Half Year Ending 31-Dec-03 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	23,603	17,505
proceeds from sale of option	-	50,000
Payments to trade creditors, other creditors and employees	<u>(228,237)</u>	<u>(421,435)</u>
NET CASH FLOWS USED IN OPERATING ACTIVITIES	<u>(204,634)</u>	<u>(353,930)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration, evaluation and development expenditure	<u>(409,982)</u>	<u>(301,121)</u>
NET CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(409,982)</u>	<u>(301,121)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	630,000	1,109,900
Capital raising costs	<u>(15,000)</u>	<u>(20,760)</u>
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	<u>615,000</u>	<u>1,089,140</u>
NET INCREASE/(DECREASE) IN CASH HELD	384	434,089
CASH AT THE BEGINNING OF THE YEAR	<u>1,266,489</u>	<u>386,661</u>
CASH AT THE END OF THE YEAR	<u>1,266,873</u>	<u>820,750</u>

**NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2004**

NOTE 1: BASIS OF PREPARATION

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting and other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2004 and any public announcements made by Barra Resources Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act.

The financial report has been prepared on an accrual basis and based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Costs are based on the fair values of the consideration given in the exchange for assets.

The accounting policies have been consistently applied by the Company and are consistent with those applied in the 30 June 2004 annual report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

NOTE 2: EVENTS SUBSEQUENT TO REPORTING DATE

No significant events have occurred subsequent to the reporting date.

NOTE 3: STATEMENT OF OPERATIONS BY SEGMENT

The Company operates solely in the natural resources exploration and mining industry in Australia.

NOTE 4: CONTINGENT LIABILITIES

There have been no changes in contingent liabilities since the most recent annual report.

NOTE 5: IMPACT OF ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

For reporting periods beginning on or after 1 January 2005, the company must comply with Australian equivalent International Financial Reporting Standards (A-IFRS) as issued by the Australian Accounting Standards Board.

This financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP). The differences between Australian GAAP and A-IFRS identified to date as potentially having a significant effect on the company's financial performance and financial position are summarised below. The summary should not be taken as an exhaustive list of all the differences between Australian GAAP and A-IFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

The company has not quantified the effects of the differences discussed below. Accordingly, there can be no assurances that the consolidated financial performance and financial position as disclosed in this financial report would not be significantly different if determined in accordance with A-IFRS.

Regulatory bodies that promulgate Australian GAAP and A-IFRS have significant ongoing projects that could affect the differences between Australian GAAP and A-IFRS described below and the impact of these differences relative to the company's financial reports in the future. The potential impacts on the company's financial performance and financial position of the adoption of A-IFRS, including system upgrades and other implementation costs which may be incurred, have not been quantified as at the transition date of 1 July 2004 due to the short timeframe between finalisation of the A-IFRS standards and the date of preparing this report. The impact on future years will depend on the particular circumstances prevailing in those years.

The key potential implications of the conversion to A-IFRS on the company are as follows:

- Income tax will be calculated based on the "balance sheet" approach, which will result in more deferred tax assets and liabilities and, as tax effects follow the underlying transaction, some tax effects will be recognised in equity.
- Equity-based compensation in the form of shares and options will be recognised as expenses in the periods during which the employee provides related services.
- Deferred exploration, evaluation and development costs, as no specific A-IFRS standard has been issued to date the impact of changes is not yet determinable. The company at present treats EED in accordance with AASB 1022 "Accounting for Extractive Industries".

The company in consultation with its external advisers has established a project to achieve transition to A-IFRS reporting beginning with the half-year ending 31 December 2005. The company's implementation project consists of three phases as described below.

Assessment and planning phase

The assessment and planning phase aims to produce a high level overview of the impacts of conversion to A-IFRS reporting on existing accounting and reporting policies and procedures, systems and processes, business structures and staff.

This phase includes:

- high level identification of the key differences in accounting policies and disclosures that are expected to arise from adopting A-IFRS
- assessment of new information requirements affecting management information systems, as well as the impact on the business and its key processes
- evaluation of the implications for staff, for example training requirements
- preparation of a conversion plan for expected changes to accounting policies, reporting structures, systems, accounting and business processes and staff training.

The company expects the assessment and planning phase to be substantially complete at 31 December 2004.

Design phase

The design phase aims to formulate the changes required to existing accounting policies and procedures and systems and processes in order to transition to A-IFRS. The design phase will incorporate:

- formulating revised accounting policies and procedures for compliance with A-IFRS requirements
- identifying potential financial impacts as at the transition date and for subsequent reporting periods prior to adoption of A-IFRS
- developing revised A-IFRS disclosures
- designing accounting and business processes to support A-IFRS reporting obligations
- identifying and planning required changes to financial reporting and business source systems
- developing training programs for staff.

The company has commenced its design phase, with work progressing in each of the areas described above. The design phase is expected to be completed during the current financial year.

Implementation phase

The implementation phase will include implementation of identified changes to accounting and business procedures, processes and systems and operational training for staff. It will enable the company to generate the required disclosures of AASB 1 as it progresses through its transition to A-IFRS.

Except for certain training that has been given to operational staff, the company has not yet commenced the implementation phase. However, the company expects this phase to be substantially complete by 30 June 2005.

DIRECTORS' DECLARATION

The directors of the Company declare that:

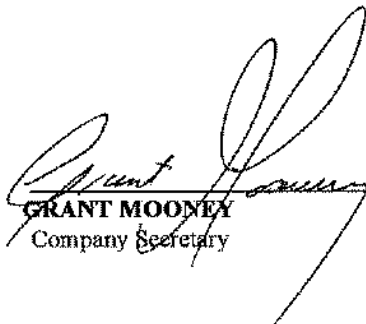
1. The financial report, comprising the statement of financial position, statement of financial performance, statement of cash flows, and notes to and forming part of the financial statements:
 - (a) Complies with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Act 2001; and
 - (b) Gives a true and fair view of the Company's financial position as at 31 December 2004 and its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors, made pursuant to Section 303(5) of the Corporations Act 2001.

On behalf of the Directors



DEAN BARRY GOODWIN
Managing Director



GRANT MOONEY
Company Secretary

Dated in Perth this 22nd day of February 2005

Independent review report to the members of Barra Resources Limited

Scope

We have reviewed the financial report of Barra Resources Limited for the half-year ended 31 December 2004 as set out on pages 4 to 9. The disclosing entity's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the disclosing entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities and Investments Commission.

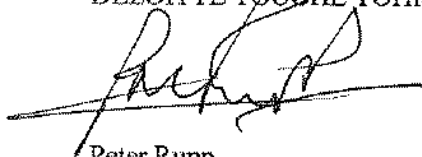
Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Barra Resources Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the disclosing entity's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Peter Rupp
Partner
Chartered Accountants
Perth, 22 February 2005