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**BARRA RESOURCES LIMITED**  
**ABN 76 093 396 859**

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**INTERIM FINANCIAL REPORT**  
**FOR THE HALF-YEAR ENDED**  
**31 DECEMBER 2005**

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**BARRA RESOURCES LIMITED**  
**ABN 76 093 396 859**

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**DIRECTORS' REPORT**  
**31 DECEMBER 2005**

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 2005.

**DIRECTORS**

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

- Gary John Berrell (Appointed 22<sup>nd</sup> March 2005)
- Robert George Colville (Appointed 20<sup>th</sup> June 2000)
- Grant Jonathan Mooney (Appointed 29<sup>th</sup> November 2002)
- Dean Barry Goodwin (Appointed 1<sup>st</sup> October 2004)

**OPERATING RESULTS**

The loss from ordinary activities of the Company for the half year ended 31 December 2005 after income tax was \$479,567 (2004: \$196,907 loss)

**REVIEW OF OPERATIONS**

The Company undertook the following activities during the half-year ended 31 December 2005.

**Corporate**

- On 22nd December 2005, \$1,836,000 was raised by the issue of 18,360,000 fully paid shares at 10 cents.

**Riverina Project**

- During the first half of the year Joint Venture partner Riverina Resources Pty Ltd maintained a high level of activity with a diamond drilling program which totaled 7 holes for 2,201 meters.

**Burbanks Project**

- An independent resources calculation of the Tailor Shoot resulted in an indicated and inferred resource of 255,000 tonnes at 4.2 grams per tonne gold for a total of 34,700 ounces.
- Pre mining activities commenced with dewatering of decline access and preparation for a 3,000 metre underground diamond drilling program to test down plunge and along strike extensions of the Tailor Shoot.
- Modeling of high priority surface targets has been undertaken in preparation for a 1,200 metre regional Reverse Circulation drilling program.

**Phillips Find Project**

- Planning was undertaken for a diamond drilling program to assist in the re-modeling and re-optimisation of the Newminster gold deposit.

**Quinn Hills Project**

- Exploration has continued during the second half of 2005 by joint venture partner Sipa Exploration NL ("Sipa") to earn their 70% interest.
- A Reverse Circulations drilling program of 20 holes was completed during the second half of 2005.

**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 auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

Signed on 16<sup>th</sup> March 2006 in accordance with a resolution of the directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors:



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**DEAN BARRY GOODWIN**  
Managing Director



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**GRANT JONATHAN MOONEY**  
Company Secretary/Director

Board of Directors  
Barra Resources Ltd  
Level 3 Mercury House  
33 Richardson St  
WEST PERTH WA 6005

16 March 2006

Dear Board Members

## **AUDITOR'S INDEPENDENCE DECLARATION TO BARRA RESOURCES LTD**

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 Ltd.

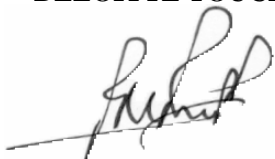
As lead audit partner for the review of the financial statements of Barra Resources Ltd for the half year ended 31 December 2005, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (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*

**DELOITTE TOUCHE TOHMATSU**



**Peter M Rupp**  
Partner  
Chartered Accountant

**BARRA RESOURCES LIMITED**  
**ABN 76 093 396 859**

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**BALANCE SHEET**  
**AS AT 31 DECEMBER 2005**

	<b>31-Dec-05</b>	<b>30-Jun-05</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	1,838,162	1,137,748
Trade and other receivables	52,025	86,406
Other	25,260	10,333
<b>TOTAL CURRENT ASSETS</b>	<u>1,915,447</u>	<u>1,234,487</u>
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	24,086	25,517
Exploration, evaluation and development expenditure	8,002,315	7,349,890
Financial assets	255,092	255,092
<b>TOTAL NON CURRENT ASSETS</b>	<u>8,281,493</u>	<u>7,630,499</u>
<b>TOTAL ASSETS</b>	<u>10,196,940</u>	<u>8,864,986</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	151,323	175,822
Provisions	99,291	113,480
<b>TOTAL CURRENT LIABILITIES</b>	<u>250,614</u>	<u>289,302</u>
<b>TOTAL LIABILITIES</b>	<u>250,614</u>	<u>289,302</u>
<b>NET ASSETS</b>	<u>9,946,326</u>	<u>8,575,684</u>
<b>EQUITY</b>		
Issued Capital	17,683,176	15,949,836
Reserves	200,762	83,893
Accumulated losses	(7,937,612)	(7,458,045)
<b>TOTAL EQUITY</b>	<u>9,946,326</u>	<u>8,575,684</u>

Notes to the financial statements are included on pages 8 to 13

**INCOME STATEMENT**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

	<b>Half Year Ended 31-Dec-05 \$</b>	<b>Half Year Ended 31-Dec-04 \$</b>
Revenue	-	4,622
Interest revenue	26,892	23,603
Other income	-	2,638
Employee benefits expense	(294,500)	(88,622)
Depreciation and amortisation expense	(4,293)	(4,093)
Consulting expense	(70,344)	(44,052)
Lease expenses	(30,997)	(18,498)
Other expenses	(106,325)	(72,505)
Loss before income tax expense	<u>(479,567)</u>	<u>(196,907)</u>
Income tax expense	-	-
Loss from continuing operations	<u>(479,567)</u>	<u>(196,907)</u>
Loss attributable to members of the parent entity	(479,567)	(196,907)
Earning per share:		
Basic (cents per share)	(0.38) cents	(0.2) cents
Diluted (cents per share)	(0.38) cents	(0.2) cents

Notes to the financial statements are included on pages 8 to 13

**CASH FLOW STATEMENT**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

	<b>Half Year Ended 31-Dec-05 \$</b>	<b>Half Year Ended 31-Dec-04 \$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received	26,892	23,603
Payments to suppliers and employees	(404,531)	(228,237)
	<hr/>	<hr/>
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>	<b>(377,639)</b>	<b>(204,634)</b>
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(2,862)	-
Payments for exploration, evaluation and development expenditure	(652,424)	(409,982)
	<hr/>	<hr/>
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(655,286)</b>	<b>(409,982)</b>
	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity	1,836,000	630,000
Payment for share issue costs	(102,660)	(15,000)
	<hr/>	<hr/>
<b>NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES</b>	<b>1,733,340</b>	<b>615,000</b>
	<hr/>	<hr/>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>700,414</b>	<b>384</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE HALF YEAR</b>	<b>1,137,748</b>	<b>1,266,489</b>
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE HALF YEAR</b>	<b>1,838,162</b>	<b>1,266,873</b>
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Notes to the financial statements are included on pages 8 to 13

**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

	<b>Half Year Ended 31-Dec-05 \$</b>	<b>Half Year Ended 31-Dec-04 \$</b>
<b><u>Accumulated Losses</u></b>		
Accumulated losses at the beginning of the period	(7,458,045)	(6,993,096)
Net loss attributable to members of the parent entity	(479,567)	(196,907)
Accumulated losses earning at the end of the period	(7,937,612)	(7,190,003)
<b><u>Reserves</u></b>		
Reserves at the beginning of the period	83,893	-
Fair value of share based payments issued to directors	116,869	-
Reserves at the end of the period	200,762	-
<b><u>Issued Capital</u></b>		
Issued capital at the beginning of the period	15,949,836	13,979,761
Issue of 12,600,000 shares at 5 cents	-	630,000
Issue of 1,836,000 shares at 10 cents	1,836,000	-
Cost of issues of shares	(102,660)	(15,000)
Issued capital at the end of the period	17,683,176	14,594,761
<b><u>Income and Expense for the Period</u></b>		
Net income recognised directly in equity	-	-
(Loss) for the period	(479,567)	(196,907)
<b>Total Income and Expense for the period</b>	<b>(479,567)</b>	<b>(196,907)</b>

Notes to the financial statements are included on pages 8 to 13

**NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

**NOTE 1: SUMMARY OF ACCOUNTING POLICIES**

**BASIS OF PREPARATION**

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of Corporations Act 2001, AASB 134. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

The entity changed its accounting policies on 1 July 2005 to comply with Australian Equivalent to International Financial Reporting Standards ("A-IFRS"). The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards, with 1 July 2004 as the date of transition. An explanation of how the transition from superseded policies to A-IFRS has affected the entity's financial position, financial performance and cash flow is discussed in note 6.

The accounting policies set out below have been applied in preparing the financial statements for the half-year ended 31 December 2005, the comparative information presented in these financial statements, and in the preparation of the opening A-IFRS balance sheet at 1 July 2004 (as discussed in note 6), the entity's date of transition, except for the accounting policies in respect of financial instruments. The entity has not restated comparative information for financial instruments, including derivatives, as permitted under the first-time adoption transitional provisions. The accounting policies for financial instruments applicable to the comparative information are consistent with those adopted and disclosed in the lodged 2005 annual financial report. The impact of changes in these accounting policies on 1 July 2005, the date of transition for financial instrument, is discussed in note 6.

The directors have prepared the financial statements on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

The Company will be required to raise additional capital and /or debt finance in order to fund its planned exploration program and to commercialise its tenement assets. The ability of the Company to pay its debts as when they fall due and the appropriateness of adopting a going concern basis of accounting is largely dependent on obtaining further funding. The directors are confident of raising further funding on the basis of past success in their capital raising efforts and the promising outlook for its tenements. The form and value of such a raising is yet to be determined.

**Significant accounting policies**

**(a) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet

**(b) Employee benefits**

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the company in respect of services provided by employees up to reporting date.

Defined contribution plans

Contribution to defined contribution superannuation plans are expensed when incurred.

**(c) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

**(d) Income tax**

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

**(e) Payables**

Trade payables and other accounts payable are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services.

**(f) Property, plant and equipment**

Plant and equipment and leasehold improvements are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on property, plant and equipment and is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- Leasehold improvements 3 years
- Plant and equipment 3 - 10 years

**(g) Provisions**

Provisions are recognised when the company has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

**(h) Revenue recognition**

Interest revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

**(i) Share-based payments**

Equity-settled share-based payments granted after 7 November 2002 that were unvested as of 1 January 2005, are measured at fair value at the date of grant. Fair value is measured by use of a Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of shares that will eventually vest.

**(j) Exploration and evaluation**

Exploration and evaluation expenditure costs are accumulated in respect of each separate area of interest.

Exploration and evaluation costs are carried forward where the right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations, in, or in relation to, the area of interest are continuing.

Development costs related to an area of interest are carried forward to the extent that they are expected to be recouped either through sale or successful exploitation of the area of interest.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences. When production commences, carried forward exploration, evaluation and development costs are amortised on a units of production basis over the life of the economically recoverable reserves.

These assets are considered for impairment on a six monthly basis, depending on the existence of impairment indicators including:

- the period for which the company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the company has decided to discontinue such activities in the specific area; and
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

**(k) Jointly controlled assets or operations**

The Company's interest in its jointly controlled assets and operation are accounted for by recognising the Company's assets and liabilities from the joint ventures, as well as expenses incurred in relation to the joint ventures in their respective classification categories.

**(l) Financial instruments**

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangements.

Transaction costs on the issue of equity instruments

Transactions costs arising on the issue of equity instruments are recognised directly in equity as reduction of the proceeds of the equity instruments to which the costs relate. Transactions costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

**(m) Financial Assets**

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms requires of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs

Other financial assets are classified into the following specific categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss

Financial assets held for trading purpose are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Loans and receivables

Trade receivables, loan and other receivables are recorded at amortised cost less impairment.

**(n) Impairment of assets**

At each reporting date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately

**(o) Leased assets**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Entity as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed

**NOTE 2: SUBSEQUENT EVENTS**

No significant events have occurred subsequent to the reporting date.

**NOTE 3: SEGMENT INFORMATION**

The Company operates solely in the mineral exploration industry in Australia.

**NOTE 4: CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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

**NOTE 5 ISSUANCES, REPURCHASE AND REPAYMENTS OF SECURITIES**

During the half year ended 31 December 2005 the company issued 18,360,000 fully paid shares at 10 cents each (2004 12,600,000). The company also issued 500,000 unlisted share options to directors over ordinary shares vesting immediately with a exercise price of 20 cents and expiring on the 6<sup>th</sup> December 2008 (2004: 4,500,000 options in three tranches of 1,500,000 each expiring on 30<sup>th</sup> November 2007 with exercise prices of 10,15 and 20 cents respectively). These share options had a fair value at grant date of \$0.108 cents per share option (2004: \$0.064 cents).

**NOTE 6: IMPACT OF ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The impact of adopting A-IFRS on the total equity and profit after tax as reported under Accounting Standards applicable before 1 January 2005 ('AGAAP') are illustrated below.

**i) Reconciliation of total equity as presented under AGAAP to that under A-IFRS**

	Note	As at 30-Jun-05 \$	As at 31-Dec-04 \$	As at 1-Jul-04 \$
Total Equity under AGAAP		8,575,684	7,404,758	6,986,665
Adjustment to equity:				
Accumulated losses	A	(83,893)	-	-
Share option reserve	A	83,893	-	-
Total Equity under A-IFRS		8,575,684	7,404,758	6,986,665

A) Share based payments are charged to the income statement under AASB 2 "Share-based Payment", but not under AGAAP. This adjustment has been reflected as an increase in the accumulated losses and a corresponding increase in reserves and employee benefits expense. The value of the share option was calculated using a Black-Scholes Option pricing model with the following assumptions:

- Interest rate 5%;
- Dividend yield of nil;
- Current underlying share price of \$0.06 cents; and
- Volatility rate of 300%

No adjustments related to share base payments have been recorded on transition, or in the period ended 31 December 2004 due to the timing of the issue of share options and the associated vesting periods, as the Company has elected to apply the exemption available in AASB 1, which does not require AASB 2 to be applied to options issued prior to 7 November 2002 or options issued after that date that vested prior to 1 January 2005

**ii) Reconciliation of loss after tax under AGAAP to that under A-IFRS**

	Note	Year Ended 30-Jun-05 \$	Half-year Ended 31-Dec-04 \$
Loss after tax as previously Reported		(381,056)	(196,907)
Employee benefits expense	A	(83,893)	-
Total Loss after tax under A-IFRS		(464,949)	(196,907)

**iii) Explanation of material adjustment to the cash flow statements**

There are no material difference between the cash flow statements presented under A-IFRS and those presented under AGAAP.

**DIRECTORS' DECLARATION**

The directors declare that:

- (a) In the directors' opinion there are reasonable grounds to believe that the disclosing entity will be able to pay its debts as and when they become due and payable.
- (b) In the directors opinion, the attached financial statements and notes thereto are in accordance with the Corporation Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company.

Signed in accordance with a resolution of the directors, made pursuant to Section 303(5) of the Corporations Act 2001.

On behalf of the Directors



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**DEAN BARRY GOODWIN**  
Managing Director



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**GRANT JONATHAN MOONEY**  
Company Secretary/Director

Dated in Perth this 16<sup>th</sup> day of March 2006

# Independent review report to the members of Barra Resources Limited

## Scope

### *The financial report and directors' responsibility*

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity, selected explanatory notes and the directors' declaration for Barra Resources Limited for the half-year ended 31 December 2005 as set out on pages 4 to 14.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with Accounting Standards in Australia and the Corporations Act 2001. This includes responsibility for the maintenance of adequate financial records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

### *Review Approach*

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 the Corporations Act 2001 and Accounting Standards AASB 134 "Interim Financial Reporting" and AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards", so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations, its changes in equity and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review was 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.

# Deloitte.

## 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 the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 "Interim Financial Reporting" and AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards" and the Corporations Regulations 2001.

*Deloitte Touche Tohmatsu*

**DELOITTE TOUCHE TOHMATSU**



**Peter M Rupp**

Partner

Chartered Accountants

Perth, 16 March 2006