



ANNUAL REPORT

2003

BARRA RESOURCES LIMITED

ABN 76 093 396 859



CORPORATE DIRECTORY & CONTENTS

CORPORATE DIRECTORY

DIRECTORS

Executive Chairman

Michael Geoffrey Mulroney
BAppSc (Geology), MBA, MAusIMM

Technical Director

Robert George Colville
ARMIT, MAusIMM

Non Executive Director

Grant Jonathan Mooney CA

COMPANY SECRETARY

Grant Jonathan Mooney CA

GENERAL MANAGER

Terry Noel Burns
BAppSc, DipEd, DipGeosc, FAusIMM

REGISTERED OFFICE

Level 1, Pinnacle House
16 Ogilvie Road
Mt Pleasant WA 6153

Phone: (08) 9315 6455
Fax: (08) 9315 6469
Website: www.barraresources.com.au

SOLICITORS TO THE COMPANY

Wright Legal
Suite 1
103 Colin Street
West Perth WA 6005

SHARE REGISTRY

Computershare Investor Services Pty Limited
45 St George's Terrace
Perth WA 6000

Phone: (08) 9323 2000
Fax: (08) 9323 2033

AUDITORS

Deloitte Touche Tohmatsu
Level 16
152-158 St George's Terrace
Perth WA 6000

STOCK EXCHANGE

The Company's securities are quoted on the Official List of
Australian Stock Exchange Limited
2 The Esplanade
Perth WA 6000

ASX CODES

Shares: BAR
Options: BAROA

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Dear Shareholder,

It is with a great deal of pleasure and optimism that I present to you the 2003 Annual Report on behalf of the Board of Directors.

The 2003 financial year could best be described as a "rebuilding" year for your Company, following the cessation of underground mining operations at the Riverina - First Hit Mine in December 2002. While some 29,764 ounces of gold were produced from 123,282 tonnes of ore treated at an average grade of 7.5 grams per tonne, the ore body failed to deliver on expectations. The First Hit ore body is open at depth and has the potential for resumption of operations should positive economics prevail.

At a corporate level, your Board has sought to maximise "in-ground" exploration expenditures whilst maintaining cash reserves. To this end, a major overhaul of our management and operations structure has been completed in conjunction with the implementation of a new business plan which will provide a platform for future growth.

Significant funding for exploration has been secured through joint ventures on the Riverina and Quinn Hills projects. At Riverina, the Company has finalised a \$2 million joint venture with Gandel Metals Pty Ltd ("Gandel") whereby Gandel will fund and operate an aggressive exploration program over 3 years to earn a 70% interest in the project, utilizing the skills of Barra's technical personnel.

At the Quinn Hills Project, a Heads of Agreement has been reached with Paradise Gold (WA) Pty Ltd, a wholly owned subsidiary of Sipa Resources Limited, for a \$1.2 million exploration program over 3 years.

Subsequent to the end of the financial year, the Company finalised a \$1.0 million prospectus capital raising following a share placement and option entitlement issue. These funds will enable the Company to increase exploration at our Phillips Find project over coming months and continue to follow-up the positive drill intersections achieved at Burbanks during the year.

The Board of Barra is well advanced in addressing the ASX Principles of Good Corporate Governance and Best Practices Recommendations, with the introduction of additional practices to be implemented during the coming year.

With a well funded exploration strategy and strong signs of improving world commodity and equity markets, your Board looks forward to a successful year ahead.

In closing, I would like to thank my fellow Directors, management and staff for their efforts and achievements over the past year.



MICHAEL MULRONEY

Executive Chairman

Overview

The past 12 months has seen the advancement of projects at Riverina, Phillips Find and Burbanks through the completion of drilling programs and other exploration initiatives that returned positive results. The essentially "greenfields" nature of the Quinn Hills project facilitated target generation activities using the historic data and the low-level aeromagnetics collected in the second half of 2001.

The cessation of mining at First Hit and a need for fresh equity capital provided a basis for a strategic review of the asset portfolio to ensure that exploration expenditure was used to advance the projects most capable of developing a sustainable long-term cashflow.

The prospectivity of the tenement portfolio is undeniable and the relatively under-explored nature of the land holding requires significant expenditure to advance them to the identification of mineral resources. The Company has taken significant steps to advance the more greenfields and lesser prospective projects in an effort to enhance the value of the company's tenement and project portfolio by "bringing discovery forward".

Implementation of a revised Business Plan to take the Company forward over the next 12-24 months is now complete and provides a clear strategy that involves sole-funded exploration at the Phillips Find and Burbanks Projects and newly created joint venture agreements over the Riverina and Quinn Hills Projects.

To this end, Joint Ventures were entered into with Riverina Resources Pty Ltd (RRPL), a wholly owned subsidiary of Gandel Metals Pty Ltd and Paradise Gold (VVA) Pty Ltd (PGPL), a wholly owned subsidiary of Sipa Resources International Limited and will provide for \$600,000 of focussed exploration expenditure over the next 12 months and up to \$3.2m of further expenditure over the next three years should our new partners proceed after the initial phase of work. Both RRPL and PGPL are highly motivated by the quality of the projects and have wasted no time in commencing activity.



Quinn Hills

- 8 tenements & 11 applications
- ~230 km
- JV Partners spending \$1.2m to earn 70%

Riverina

- 46 tenements & 19 applications
- ~120 km²
- JV Partner spending \$2m to earn 70%

Phillips Find

- 29 tenements & 8 applications
- ~53 km²

Burbanks

- 1 tenement
- ~3 km²

Riverina Project

Overview

The Riverina Project area is located 145kms north-northwest of Kalgoorlie on 46 granted tenements and 19 applications for additional and superior titles that cover a 17km x 7km of structural corridor related to the Mt Ida Fault, one of the deepest seated structures within the Eastern Goldfields. Since listing in December 2000, exploration by the Company has significantly advanced the potential of the project area to yield major gold resources. The discovery and mining of 29,800ozs of gold at the First Hit gold deposit has enhanced the geological understanding of the structural controls to mineralisation within the project area.

Exploration initiatives are targeting an Eastern Goldfields size gold camp of in excess of one million ounces. There are many existing drill targets and over eight highly encouraging structural settings, some with previously identified and coincident anomalous gold geochemistry.

Regional exploration over the last two years has outlined three very significant gold-in-soil anomalies 1km east of the historic Riverina Gold Mine. Subsequent follow-up Rotary Air Blast (RAB) and Reverse Circulation (RC) drilling has outlined a large mineralised system at Forehand and Silver Tongue. Fred's Line is a more "focused" system of mineralisation and requires closer spaced evaluation at a later date.

The strategy at Riverina involves a focused approach to defining reserves that can take advantage of custom milling options at nearby treatment facilities. Ongoing exploration is directed towards a major discovery and the establishment of a stand-alone operation. Regional exploration over the last 12 months has identified many quality targets capable of hosting additional discoveries and augments previously identified areas.

In June 2003, the Company announced the joint venture of the Riverina Project with Gandel Metals Pty Ltd (Gandel Metals) through its wholly owned subsidiary Riverina Resources Pty Ltd (RRPL). Gandel Metals is a private company based in Melbourne that has been a supportive Barra shareholder for over 12 months and has a history of investing in publicly listed gold mining companies. In more recent times they have commenced exploration and production development activities in their own right. The highly commercial agreement provides for Gandel Metals to earn a 70% interest in the project by spending \$2,000,000 on exploration over 3 years. The Company believes that this joint venture provides a sound basis to rapidly advance the exploration of the Riverina Project.

Under the agreed terms, RRPL may earn up to a 70% interest in the Project by meeting the following criteria.

- Stage 1** Spending \$350,000 in exploration on the Project in the first 12 months prior to withdrawal without a retained interest;
- Stage 2** Spending \$1,000,000 in aggregate exploration expenditure on the Project in the first 24 months to earn a 50.1% interest in the Project;
- Stage 3** RRPL can spend \$2,000,000 in aggregate exploration expenditure within 36 months to earn a 70% interest in the Project. Beyond this point, both parties will contribute to future exploration on a pro-rata basis.

During the earn-in period, RRPL will assume responsibility for all statutory, expenditure and reporting obligations. To ensure continuity with past exploration at Riverina, RRPL have contracted Barra to undertake the initial phase of exploration on behalf of the Joint Venture and to facilitate an appropriate transfer of intellectual property to the incoming party.

In conjunction with this joint venture, your Company successfully negotiated a 12-month extension to the Option to Purchase Agreement with Malanti Pty Ltd that covers the southernmost anomaly of the Forehand Project. The agreement is over the recently granted Mining Lease M30/178 and the recently pegged Prospecting Licence Application P30/985 covering the remaining portion of the original Exploration Licence E30/106 not covered by the granted Mining Lease M30/178. The option fee of \$100,000 was covered by a placement of 2,500,000 fully paid ordinary shares in Barra Resources at an issue price of 4 cents each to Gandel Metals.

This extension has provided a further 12 months to ensure adequate evaluation of the southernmost anomaly of the Forehand Project is completed.

The Coumbes Agreement to complete the purchase and transfer of tenements P30/847 (MLA30/127) – 66%, P30/839 (MLA30/125) and P30/840 (MLA30/124) – 100% was re-negotiated as outlined in the December 2002 Quarterly Report. The resultant agreement comprised staged payments; a placement of 800,000 fully paid ordinary shares (escrowed until 31-12-2004) and a small residual royalty in lieu of the original "one-off" cash settlement.

Native Title

Both the Wutha and Wongatha people completed anthropological surveys of the Riverina area during September 2002 in conjunction with negotiations towards a Native Title Agreement. External consultants undertook an archaeological survey of the project area at the same time and as a consequence of both investigations there were no major Heritage issues that would restrict exploration or subsequent mining. An agreement was completed with the Native Title claimants late in September 2002.

All claimants have signed binding agreements to enable the granting of Mining Leases. The Wutha Agreement relates to 13 Mining Lease Applications (MLA's) that cover the entire prospective structural corridor at Riverina and the Wongatha Agreement relates to 19 MLA's, 4 Exploration Licence Applications (ELA's) and 2 Prospecting Licence Applications (PLA's) covering similar and additional areas.

The agreements are quite similar in scope and clearly demonstrate Barra's ability to negotiate under the relevant legislation and enter into practical agreements that allow for certainty in the exploration process and subsequent future development of any discoveries. State Deeds to allow MLA's to be granted are being progressively submitted to the Department of Industry and Resources (DoIR).

Subsequent to the Native Title Agreements, Mining Leases M30/157 and M30/178 covering the Forehand Prospect were granted late December 2002.

All advanced projects with potential for resources are on granted Mining Leases on which Native Title clearances have been obtained.

Gold Production

First Hit Gold Mine

Gold Production from the First Hit mine commenced in November 2001 and reached full-scale production at the end of March 2002. By mid October 2002 all mining and milling activities to and including the 240m RL level had been completed. As a consequence of the disappointing results obtained, Barra revised the Operating Service Agreement with underground mining contractor and major shareholder Barminco Pty Ltd, for the First Hit mine from the end of the September 2002 quarter:

The mill production shortfall from the Evans-Vujcich Lode did not reflect the results from the initial RC drilling and the strike drive sampling (refer table below). The Evans-Vujcich Lode to the 240m RL level produced a total of 16,636 ounces, a 64% shortfall against the forecast reserves.

Evans-Vujcich Lode Development

Level	Strike Length (m) *	Average Widths (m)	Av Grade (g/t Au)
360	72	0.9	53.0
340	70	1.2	31.8
320	57	1.1	32.8
300	33	1.7	75.7
280	60	1.7	17.2
260	57	0.7	31.0
240	36	0.7	24.2

(* includes Hangingwall Lodes)

As a consequence, Barra received no further cashflow from the First Hit mine beyond the 10% operating cash flow received from early April to mid August. Most importantly, the timely decision ensured that Barra incurred no debt.

Barminco was permitted to evaluate alternative mining strategies by mining below the 240m RL to and including the 200m RL at their sole risk and cost. The uncertainty and financial risks associated with Barra participating in this campaign were considered too significant for a junior company.

At the completion of mining to the 220m RL an evaluation was conducted by the two parties and on 6 January 2003, the Company announced that underground mining operations at First Hit had been suspended before Barminco had completed their campaign of "sole risk" mining. Although preliminary production figures indicated that this production run was only marginally economic it was later shown to return a modest profit margin after the final reconciliation of production data. Both development and stoping material was transported to the nearby Davyhurst Plant operated by Croesus Mining (approximately 40km South). The ore was treated as a single batch 18 - 19 December 2002 and was accounted for via industry standard belt sampling and the average gold price at the time of treatment.

Barminco has removed all recoverable underground services, the surface power generation facilities, and other re-usable general surface services. The required rehabilitation has been completed.

The final reconciliation for all mining and milling is tabled below.

Production Statistics to 220m RL

Activity	Unit	Sept 2002 Qtr	Dec 2002 Qtr	Total Project
Decline Development	(m)	155	137	1460
Total Waste *	(m)	330	180	2543
Ore Development	(m)	141	68	906
Ore Mined	(t)	41,729	11,424	123,283
Ore Milled	(t)	49,544	11,424	123,283
Head Grade	(g/t)	8.3	7.9	7.5
Recovery	(%)	94.2	94.7	94.1
Gold Production **	(oz)	13,330	2,914	29,764
Av. Realised Gold Price	(A\$/oz)	576	584	571

Notes to table:

Barrinco Pty Ltd "sole risked" production activities below 240m RL.

Barra undertook production under a Strategic Alliance Agreement with Barrinco for all production above 240m RL. Barra received no benefits from gold production activities below this level.

* *includes decline development*

** *total gold production from the project*

The total production of 123,283 tonnes @ 7.5 g/t Au for 29,764 ozs was substantially less than the pre-mining resource estimate.

The suspension of mining operations has been undertaken in such a way that any future decision to recommence underground activities can be achieved in an orderly and cost efficient manner. Operations can be recommenced at any time with an estimated 5-6 week lead-time.

The mining operation attained one full year Lost Time Injury free at the end of September 2002.

On a more positive note, infrastructure now exists within the Riverina Project area that will significantly reduce the costs of any future mine development in the immediate area. The First Hit project has also demonstrated that a Barra/Barrinco strategic alliance has the ability to very quickly bring smaller underground gold deposits into production.

Exploration

Underground

First Hit Mine

Underground diamond drilling from the 260m RL Diamond Drill Drive was completed during the September 2002 Quarter. The drilling confirmed previous broader spaced RC drilling and identified the down dip and down plunge direction of the First Hit mineralisation. This will allow definitive and cost effective exploration of the depth extensions at First Hit at a later time.

Surface

Forehand Project Area

Regional exploration continued to outline three very significant gold-in-soil anomalies 1km east of the historic Riverina Gold Mine and some 8kms south of the First Hit mine. Highly encouraging bedrock anomalism was identified in December 2001 when Barra commenced prospect scale auger geochemical sampling around two disparate >40ppb Au results collected in a regional reconnaissance geochemical sampling initiative.

Two "follow-up" auger soil programs conducted in December 2001 and June-August 2002 generated several large >200ppb anomalies. The June-August 2002 program collected an additional 1,504 geochemical auger soil samples on 50m x 50m and 25m x 50m spaced grids and returned additional highly encouraging results that successfully identified three large and coherent >100ppb gold-in-soil anomalies surrounded by smaller discrete anomalous zones.

A total of 108 samples returned results >200ppb Au and eight samples returned results >1 g/t Au (peak value 7.8 g/t Au).

Rotary Air Blast Drilling

A first pass rotary air blast (RAB) program undertaken at the Forehand Prospect in November 2002 (184 holes) identified three well-defined and coherent bedrock targets that remained open in several directions. Infill and close-off RAB drilling undertaken during December 2002 (128 holes) further refined the extent of the anomalous zones and in conjunction with ground geophysical surveys generated three significant reverse circulation (RC) drilling targets comprising-

- A 600m zone, approximately 100m wide and open to the south within highly sheared, siliceous and sulphidic mafic rocks. All holes intersected broad zones of highly anomalous gold. (Forehand)
- A well-defined 850m zone parallel to and 500m east of the Riverina Gold Mine. (Fred's Line)
- A 450m long zone coincident with a major northeast trending structure. (Silver Tongue)

These zones are in areas covered by colluvium and overlie two regionally significant north-south trending structures as interpreted from aeromagnetic data.

"First Pass" RAB Drilling Program

The Company announced on 22 November 2002 that three gold bedrock targets were generated at the Forehand Prospect from a 184-hole first pass RAB drilling program totalling 8,527m. The average hole depth was 46.3m (or approximately 40m vertical depth) and drilled to blade refusal.

Drilling was undertaken on a 50m x 100m pattern and returned 58 holes containing significant intersection widths assaying greater than 0.5g/t Au with nine holes returning values greater than 4.0g/t Au. The prospect area is totally soil covered and as a result a geophysical sub-audio magnetic (SAM) survey was undertaken to better define the sub-surface structure and alteration zones.

Better results for the program included –

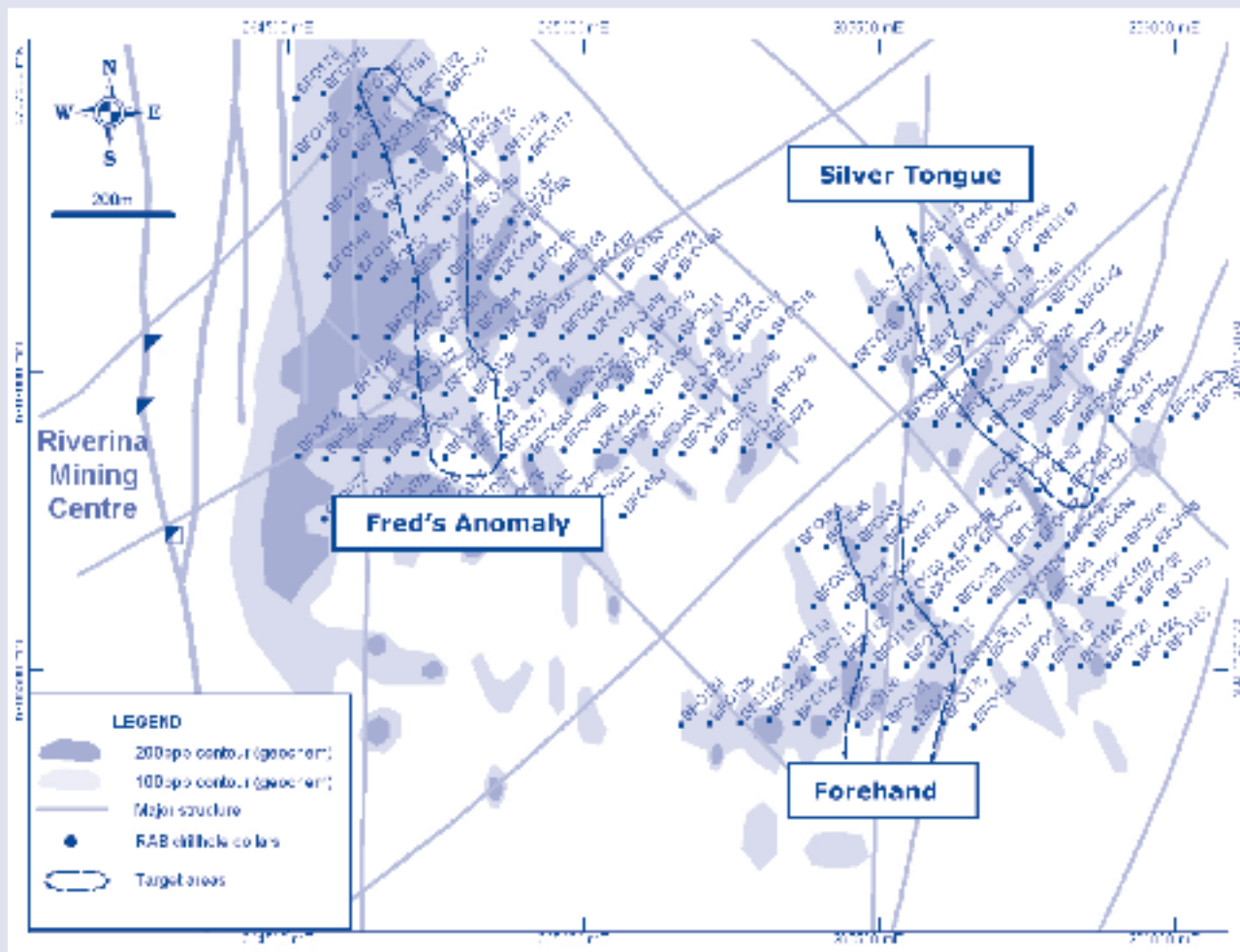
2m @ 22.3g/t Au in BFO181 from 35m, **6m @ 2.6g/t Au** in BFO028 from 42m, **44m @ 1.1g/t Au** in BFO113 from 25m, **3m @ 5.2g/t Au** in BFO058 from 52m, **13m @ 1.1g/t Au** in BFO057 from 26m, **2m @ 5.4g/t Au** in BFO164 from 43m, and **23m @ 0.6g/t Au** in BFO112 from 19m.

"Follow-up" RAB Drilling Program

The Company announced on 20 December 2002 that a 128-hole RAB drilling program, totalling 5,962m (average hole depth of 46.6m or approximately 40m vertical depth and drilled to blade refusal) was completed at the prospect to infill drill the three bedrock targets identified by the initial RAB program. Drilling was undertaken using a combination of 50m x 100m, 50m x 50m and 25m x 50m spaced patterns and returned 21 holes containing significant widths greater than 0.5g/t Au with 11 holes returning values greater than 4.0g/t Au. The results were remarkably similar to those previously obtained and provided continued support to the prospect's potential to host significant gold mineralisation.

Better results for the program included –

11m @ 2.0g/t Au in BFO198 from 49m, **8m @ 2.8g/t Au** in BFO203 from 44m, **8m @ 1.2g/t Au** in BFO208 from 21m, **6m @ 4.9g/t Au** in BFO209 from 48m, **19m @ 1.0g/t Au** in BFO212 from 25m, **17m @ 1.1g/t Au** in BFO221 from 45m, **1m @ 9.0g/t Au** in BFO237 from 30m, **9m @ 1.8 g/t Au** in BFO302 from 45m.



Forehand Prospect - Post Initial RAB Results (showing geochemical anomalism)

Reverse Circulation Drilling

The first RC drilling comprising 12 holes (1900m) was completed at the Forehand Prospect on 7 March 2003. The program consisted of eight holes (1,398m) being drilled at Forehand and four additional holes (502m) at Silver Tongue, some 700m to the north. The program indicated the presence of an extensive mineralising system and fulfilled all pre-drilling objectives, the highlight being the identification of gold mineralisation within fresh rock beneath anomalism obtained from earlier auger soil and RAB drilling.

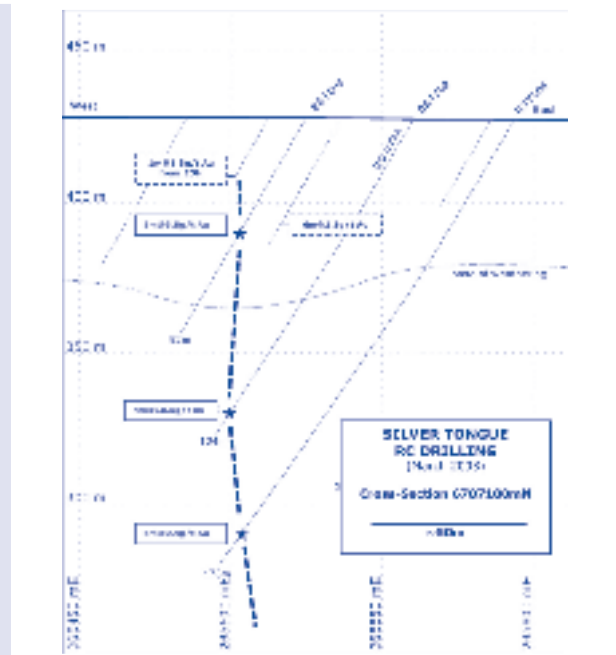
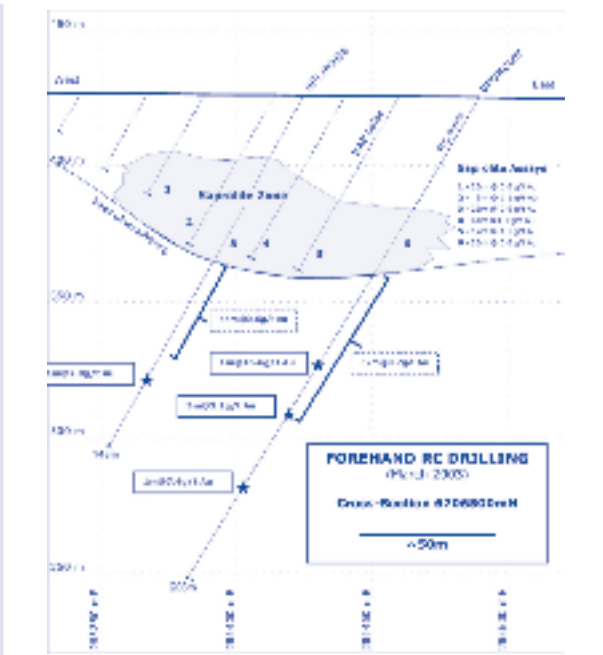
Forehand Anomaly

Eight broadly spaced RC holes drilled into only the southern portion of the target outlined several discrete and seemingly continuous mineralised structures within an exceptionally broad gold halo associated with strong alteration and abundant sulphides.

Best fresh rock intersections included **5m @ 4.6g/t Au** in BFORC002 (from 92m), **7m @ 3.6g/t Au** in BFORC004 (from 180m), **1m @ 16.6g/t Au** and **1m @ 7.4g/t Au** in BFORC007 (from 116m and 169m respectively), and **2m @ 5.3g/t Au** in BFORC008 (from 96m).

The shallow RAB and this RC program outlined a significant zone of mineralisation within the weathered profile. This extensive saprolitic or oxide zone is first encountered some 25m below the surface and the drilling undertaken to date indicates a considerable volume that is enriched in gold. Best RC saprolite intersections include **5m @ 2.7g/t Au** (from 26m) and **11m @ 1.7g/t Au** (from 51m) in BFORC001, **9m @ 1.5g/t Au** (from 46m) in BFORC002, **4m @ 5.6g/t Au** (from 67m) in BFORC005, **3m @ 2.4g/t Au** and **1m @ 12.0g/t Au** (from 66m and 73m) in BFORC006 respectively, **6m @ 1.5g/t Au** (from 50m) in BFORC007, and **10m @ 2.1g/t Au** (from 55m) in BFORC008.

It is important to note that several of the higher-grade assays were returned at or adjacent to the weathered rock / fresh rock interface. This zone was not tested by the RAB drilling (due to the penetration capabilities of the technique) and this observation provides optimism for improved oxide grades below the zone previously tested. The Company believes there is potential for a near-surface resource underlain by several high-grade gold shoots.



Representative sections 6706500mN (Forehand) and 6707100mN (Silver Tongue)

Silver Tongue Anomaly

Four RC holes drilled at Silver Tongue broadly defined a strong and continuous shear zone hosting quartz lode mineralisation. BST001 intersected 2m @ 11.3g/t Au (from 77m) and BST002, drilled 50m to the south, intersected 4m @ 18.5g/t Au (from 112m). Two subsequent holes, BST003 and BST004 were drilled at the end of the program to intersect an interpreted lode position above and below the mineralisation intersected in the second hole. BST003 successfully intersected quartz lode above the previous intersection returning 5m @ 3.8g/t Au (from 42m). BST004 intersected favourable structure and returned 6m @ 0.4g/t Au (from 160m) from within a zone of increased complexity.

Although exploration at Silver Tongue is in an early reconnaissance phase, the potential for further drilling to outline a gold resource is considered high.

Riverina Regional

E30/165

A 415 sample regional -80 mesh soil survey was completed on E30/165 during October 2002. This tenement overlies part of the northern strike extension of the Mulline workings and hosts the historic Dungan and Golden Horn mines and is situated approximately 2km west of the Riverina Mining Centre. The program was designed as a reconnaissance test of this area and was conducted on a broad spaced grid.

Of the ten anomalous samples, five are related to gold mineralisation at the Golden Horn mine and another is related to mineralisation at the old Dungan mine. Two of the remaining anomalous samples are situated approximately 700m west of the Dungan mine, adjacent to the tenement boundary, and another is situated 600m along strike to the north of the mine. Infill -80 mesh soil sampling will be completed at a later date on a 50m x 50m spaced grid to better define the soil anomalism.

Phillips Find Project

Overview

The Phillips Find Project is located 50kms northwest of Kalgoorlie and 25km northwest of the Kundana Mining Centre. Barra holds approximately 50km² of tenements comprising 29 tenements and 8 applications for additional and superior titles. The land package contains the old Bacchus Gift and Newhaven open cuts and an area of small-scale alluvial gold mining known as the Foxtan Alluvials. Two major northeast structural trends control known mineralisation with previously mined deposits located at the intersection with minor cross cutting features.

During the September 2002 quarter, the Company exercised its right to purchase the 20 Foxtan tenements under option and they comprise the vast majority of the northern component of the project.

The Company withdrew from the Radisich Agreement comprising tenements MLA16/313 and P16/1548 (MLA16/320).

Over the past two years, regional exploration has outlined many coincident auger gold-in-soil anomalies and structural targets interpreted from low-level aeromagnetics. All represent immediate drilling targets with the potential to host moderate sized deposits of medium to high grade in structurally controlled shoots.

At Newminster, which forms part of the Phillips Find Mining Centre, RC drilling during and prior to this year has outlined a shallow proven reserve to -40m of 28,500t @ 4.6g/t Au (4,200ozs) from within a global resource to -90m of approximately 12,500ozs. A Notice of Intent to mine a "starter pit" has been lodged and approved by the Department of Industry and Resources. Significantly, the recent drilling has shown the Phillips Find Mining Centre mineralisation, extends well beyond the area exploited by previous open pit mining. Further work is ongoing to realise

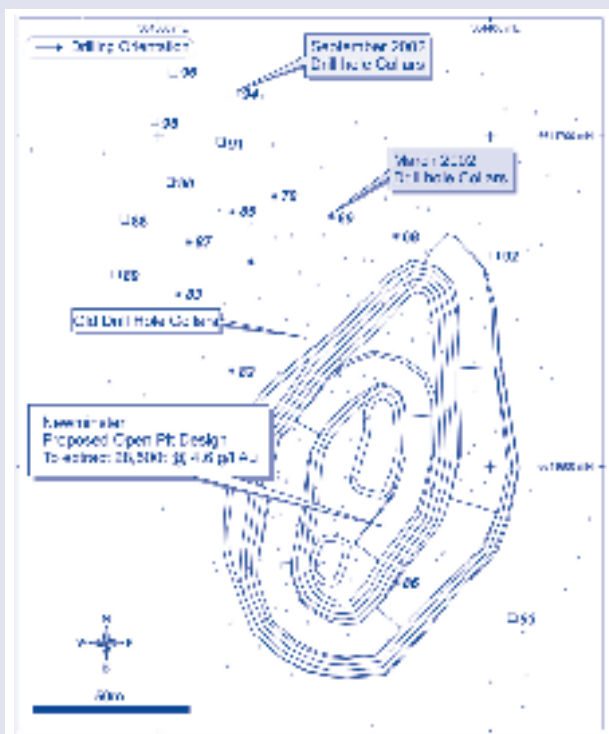
the potential for this area to host a major gold deposit. The Company believes that, with a modest exploration budget, there is the opportunity to discover and develop additional reserves close to custom treatment facilities.

Newminster

A 9 hole RC drilling program at Newminster deposit, part of the old Phillips Find Mining Centre, returned several significant intercepts, including **3m @ 13.1 g/t Au** and **5m @ 7.8 g/t Au**. They confirmed a number of good gold intercepts previously obtained below -50m depth. The results are highly encouraging and demonstrate the continuation of the Newminster mineralisation at depth.

During the year a new orebody interpretation modelled the extensive low-grade envelope above a "natural cut" of 0.5 g/t Au to evaluate alternative development options in light of the overcall enjoyed during the reclamation and treatment of the nearby Newhaven low-grade dump in 2001-02.

Further pit optimisation studies will be required to determine the viability of exploiting the mineralised halo in conjunction with deepening the approved excavation.



Drill hole location plan
Newminster Northern Extension Reverse circulation drilling program - September 2002

Newminster Reverse Circulation Drill Results (Sept 2002)

Hole ID	From (m)	To (m)	Intersection (g/t Au)
NMRC088	90	91	1m @ 0.67
	136	137	1m @ 2.09
NMRC089	80	81	1m @ 0.55
NMRC090	103	104	1m @ 2.93
	119	122	3m @ 6.93
NMRC091	79	80	1m @ 0.88
	95	96	1m @ 3.38
	99	103	4m @ 10.10
	105	106	1m @ 1.29
	107	109	2m @ 1.84
NMRC092	42	43	1m @ 0.44
NMRC093	68	69	1m @ 1.00
NMRC094	113	114	1m @ 1.13
	118	123	5m @ 7.84
NMRC095	97	98	1m @ 1.72
	131	133	2m @ 2.04
NMRC096	89	91	2m @ 11.44
	93	94	1m @ 1.35
	141	143	2m @ 5.21

Quinn Hills

Overview

The Quinn Hills Project is situated at the northern end of the Mt Ida greenstone belt, about 90kms due north of the Riverina Mining Centre. The area consists of 8 tenements and 11 applications for additional and superior titles that are a combination of "wholly owned" and or subject to an "earn-in" joint venture where Barra is earning an interest or an "option to purchase" agreement.

Three previous gold mines, Forrest Belle, Boudie Rat and Quinn Hills are located on granted Mining Leases within the Project area. Mining occurred intermittently between 1899 and 1996 with a historical production of approximately 13,500ozs of gold.

Joint Venture – Paradise Gold

The Quinns Hills Project is essentially a "greenfields" exploration project with excellent potential to host high-grade gold deposits as demonstrated by past mining activities. Barra has recently negotiated a farm-in agreement with Paradise Gold (WA) Pty Ltd (PGPL), a wholly owned subsidiary of Sipa Resources International Limited, to accelerate the exploration of this area.

Under the agreed terms via a Heads of Agreement (HOA), PGPL may earn up to a 70% interest in the Project by meeting the following criteria.

- Stage 1** Spending \$250,000 in exploration on the Project in the first 12 months prior to withdrawal;
- Stage 2** Spending \$1,200,000 in aggregate expenditure within 36 months to earn a 70% interest in the Project. (A 75% interest in Barra's equity will be earned in those tenements where there is a third party agreement in place).

During the earn-in period, PGPL will assume responsibility for all statutory, expenditure and reporting obligations. PGPL are currently completing resource studies over the mineralisation remaining in the vicinity of Forrest Belle and Boudie Rat located in the southern areas of the project and have commissioned a major review of the potential for nickel sulphide mineralisation within the project area. Field reconnaissance over the unexplored northern areas will commence shortly.

Burbanks

Overview

The project area consists of a single 3km² Mining Lease (M15/161), covering over 5kms of strike extent of the Burbanks Shear and is located some 9kms south east of Coolgardie. Burbanks epitomizes high-grade gold mining and the Company holds a single 3km² Mining Lease (M15/161) over 5km of the Burbanks Shear; the most significant gold producing structure in the Coolgardie Goldfield and the tenement contains a series of old mines with Birthday Gift the main historical underground producer having reported 180,000 ounces of gold production from ore grading 27.4 g/t Au.

Historically the Burbanks Mining Centre has produced in excess of 360,000ozs from predominantly above 150m vertical depth and extrapolation of the mined lodes to a vertical depth of about 300m represents a significant volume that has the potential to contain significant economic accumulations of gold mineralisation.

The Jesson Reef was initially exploited by underground mining from the old Birthday Gift mine. More recently both the Jesson and Eastern Reefs were mined in the old Lady Robinson pit. The Jesson and Eastern Reefs are sub-parallel, separated by approximately 50m, and dip steeply to the east in the open pit area.

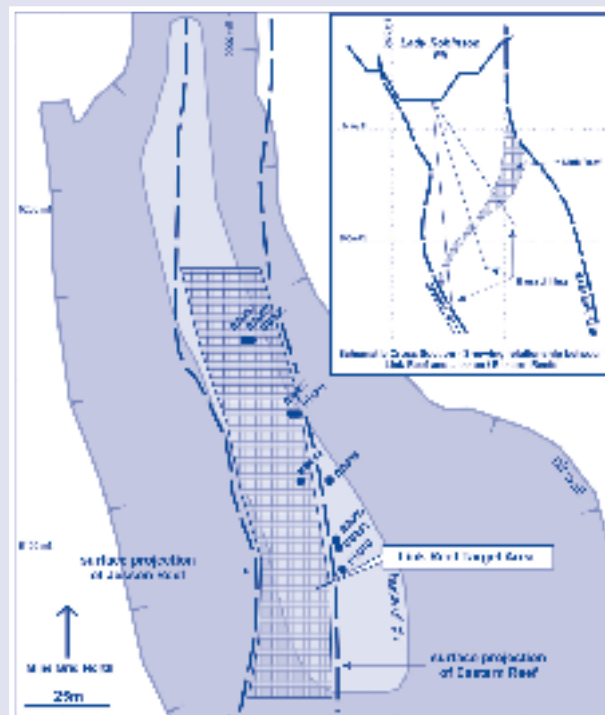
Although a challenging exploration target due to the nature of the reefs, persistence at Burbanks offers potential for success. Modest holding costs allow Barra to persevere at Burbanks whilst considering approaches from other parties to share the risk/cost of defining economic mineralisation.

Exploration

A review was conducted of all previous exploration and mining at the Burbanks Mining Centre during August and September 2002 with the aim of identifying a near-surface gold resource that could be cost effectively explored and subsequently mined. A 10-hole RC program (596m) to test for an interpreted flat, west dipping and moderately north plunging reef linking between the Jesson and Eastern Reefs in the old Lady Robinson Pit was commenced in late September 2002. Four holes were abandoned after intersecting stope voids and those completed intersected the interpreted "link reef" up to 50m vertically below the pit floor and have indicated gold mineralisation remains open down-dip of the current drilling.

Significant gold intersections returned from this drilling include **10m @ 2.1 g/t Au** from 51m in BB001, **10m @ 1.8 g/t Au** from 45m in BB003, **21m @ 3.1 g/t Au** from 31m in BB005, **6m @ 6.0 g/t Au** from 70m in BB006, **8m @ 1.7 g/t Au** from 75m in BB007 and **2m @ 36.8 g/t Au** from 29m in BB010. In addition, two significant gold intersections were also returned from a hangingwall position of the mined out Jesson Reef. Results included **8m @ 4.6 g/t Au** from 80m in BB002 and **2m @ 14.0 g/t Au** from 22m in BB007.

Subsequent investigation of drilling suggests that previous drill holes have intersected the link reef. These historic holes returned intersections including **6m @ 7.5 g/t Au** in BRC065, **6m @ 2.7g/t Au** in BRC069, **10m @ 5.6 g/t Au** in BRC077, **14m @ 1.9 g/t Au** in BRC083, **2m @ 12.4 g/t Au** in BRC090, **4m @ 6.9 g/t Au** in BRC091 and **4m @ 3.4 g/t Au** in BRC092.



Burbanks Project - Lady Robinson Pit Plan view showing drill hole locations

Burbanks Reverse Circulation Drill Results (>1 g/t Au)

Hole ID	From (m)	To (m)	Intersection (g/t Au)	Comments
BB001	51	61	10m @ 2.1	Link Reef
BB002	30	32	2m @ 1.2	Jesson Reef Hangingwall to stope
	70	71	1m @ 3.2	
	80	88	8m @ 4.6	
incl.	80	81	1m @ 9.3	
BB003	45	55	10m @ 1.8	Link Reef
BB004	-	-	-	Abandoned in stope on Jesson Reef
BB005	31	52	21m @ 3.1	Link Reef
incl.	41	42	1m @ 40.2	
BB006	16	18	2m @ 1.3	Link Reef
	70	76	6m @ 6.0	
incl.	73	74	1m @ 26.5	
BB007	22	24	2m @ 14.0	Jesson Reef hangingwall
	75	83	8m @ 1.7	Link Reef
BB008	-	-	-	Abandoned in stope on Jesson Reef
BB009	19	24	5m @ 1.9	Jesson Reef hangingwall
	39	41	2m @ 4.5	Hangingwall to stope, abandoned on Jesson Reef
BB010	24	26	2m @ 1.7	Hangingwall to stope, abandoned on Link Reef
	29	31	2m @ 36.8	
incl.	29	30	1m @ 48.6	

Other Projects

Tarcoola (South Australia)

The Tarcoola Project consists of one Exploration Licence covering 1,291 km² that was granted for one year in the September 2002 quarter. Barra is seeking a joint venture partner for this project, which is located within a short distance from Dominion's Challenger Project. The strategic nature of the project should be of interest to companies active in the Gawler Craton.

Mathinna (Tasmania)

Barra Resources Limited 50%

An offer to purchase the project was received during the September Quarter 2002 from Cala Resources Pty Ltd, a private company with mining interests in the immediate vicinity of the project. The offer was accepted subject to due diligence under a two-part payment contract whereby the joint venture partners received an up-front payment with settlement originally due by the end of March 2003. Lengthy discussions with the Tasmanian authorities delayed the sale process considerably and final payment was received during September 2003, some six months after the scheduled completion. The purchaser also agreed to replace the existing environmental bonds currently held by the Joint Venture.

Tenement Schedule

Riverina (Western Australia)

Tenement ID	Interest (%)
E30/0238	100%
E30/0239	100%
P30/0955	100%
P30/0956	100%
P30/0957	100%
P30/0958	100%
P30/0959	100%
P30/0960	100%
P30/0961	100%
M30/0016	100%
M30/0043	100%
M30/0060	100%
M30/0084	100%
M30/0091	100%
M30/0097	100%
M30/0098	100%
M30/0099	100%
M30/0118	100%
M30/0133	100%
M30/0182	100%
ELA30/0253	Application
MLA30/0154	Application
M30/0178	Option for 100%
PLA30/0985	Option for 100%
P30/0924	100%
MLA30/0174	Application
P30/0926	100%
MLA30/0158	Application
E30/0193	100%
MLA30/0188	Application
MLA30/0189	Application
P30/0934	Option for 100%
MLA30/0186	Application
P30/0839	Acquiring 100%
MLA30/0125	Application
P30/0840	Acquiring 100%
MLA30/0124	Application
P30/0847	Acquiring 100%
MLA30/0127	Application
P30/0869	100%
MLA30/0134	Application
P30/0894	100%
MLA30/0144	Application
E30/0077	100%
MLA30/0155	Application
MLA30/0156	Application
M30/0157	100%
E30/0165	100%
MLA30/0190	Application
P30/0914	100%
P30/0915	100%
P30/0916	100%
P30/0917	100%
P30/0918	100%
P30/0919	100%
MLA30/0181	Application

Riverina (Western Australia) *Continued*

Tenement ID	Interest (%)
P30/0920	100%
P30/0921	100%
P30/0922	100%
MLA30/0179	Application
P30/0923	100%
MLA30/0180	Application
P30/0932	100%
P30/0933	100%
MLA30/0183	Application

Quinn Hills (Western Australia)

Tenement ID	Interest (%)
E29/0329	Earning 70%
MLA29/0295	Application
MLA29/0296	Application
MLA29/0297	Application
E29/0331	Earning 70%
MLA29/0298	Application
MLA29/0324	Application
E29/0489	100%
ELA29/0492	100%
ELA29/0493	100%
ELA29/0494	100%
ELA29/0521	100%
P29/1716	100%
P29/1717	100%
PLA29/1639	Option for 100%
PLA29/1642	Option for 100%
M29/0036	Earning 70%
M29/0037	Earning 70%
M29/0065	100%

Burbanks (Western Australia)

Tenement ID	Interest (%)
M15/0161	100%

Tarcoola (South Australia)

Tenement ID	Interest (%)
EL84/02	80%

Phillips Find (Western Australia)

Tenement ID	Interest (%)
M16/0130	100%
M16/0133	100%
M16/0168	100%
M16/0171	100%
M16/0242	100%
M16/0258	100%
P16/2028	100%
P16/2068	100%
M16/0434	Earning 70%
P16/1261	100%
P16/1262	100%
P16/1263	100%
P16/1264	100%
P16/1268	100%
P16/1401	100%
P16/1469	100%
P16/1471	100%
MLA16/0228	Application
P16/1329	100%
P16/1496	100%
MLA16/0233	Application
P16/1482	100%
MLA16/0288	Application
P16/1488	100%
P16/1493	100%
P16/1494	100%
P16/1495	100%
MLA16/0299	Application
P16/1489	100%
P16/1490	100%
MLA16/0298	Application
P16/1702	100%
MLA16/0388	Application
P16/1730	100%
MLA16/0386	Application
P16/1753	Option for 100%
MLA16/0392	Application

Mathinna (Tasmania)

Tenement ID	Interest (%)
ML1479P/M	50%
ML43M/1989	50%
ML24M/1993	50%
EL17/1991	50%
(Sale completed Sept 2003)	

The Directors present their report together with the financial report on Barra Resources Limited ("Barra" or "the Company") for the year ended 30 June 2003.

DETAILS OF DIRECTORS

The names and particulars of the directors of the Company holding office during the financial year and at the date of this report are:

MICHAEL GEOFFREY MULRONEY

BAppSc (Geology), MBA, MAusIMM
Executive Chairman

Appointed on 5 August 2002.

Mr Mulroney has over 20 years experience in the natural resources and finance sectors. He spent 13 years as a geologist and mining company executive in a broad range of commodities throughout Australia and South East Asia prior to joining leading international merchant bank Rothschild in 1991.

Mr Mulroney ultimately became the Director of N M Rothschild & Sons responsible for Western Australia which included senior roles in Banking and Investment Banking within the natural resources sector. He has extensive experience in project assessment, project development, structuring and arranging, corporate and project financing, mergers and acquisitions, joint ventures within the resources industry throughout Australia, Asia, Europe and Africa.

He holds the degrees of Bachelor of Applied Sc (Geology) and Master of Business Administration from Curtin University and is a Member of the Australasian Institute of Mining and Metallurgy. He is currently the Managing Director of Breakaway Resources Limited.

ROBERT GEORGE COLVILLE

ARMIT (Geol.), MAIMM
Non-Executive Director- Technical

Mr Colville has over 31 years exploration experience, holding senior and executive positions with Geopeko Limited, Newmont Holdings Pty Ltd, Jones Mining NL, Julia Mines NL and Normandy Mining Limited.

He was privileged to be part of successful exploration teams at Ranger in the Northern Territory and at Davyhurst and Goongarrie within the Eastern Goldfields. Whilst with Newmont, Mr Colville was credited with the discovery of the New Celebration Gold Mine.

Prior to Barras listing, Mr Colville has been responsible for underground mining contractor Barmenco's non-contracting activities which included the development of the Two Boys Gold Mine.

Mr Colville is a non-executive director of Barmenco and brings to the Board extensive exploration and mine development experience within the Eastern Goldfields.

GRANT JONATHAN MOONEY

Non-Executive Director and Company Secretary
Appointed on 29 November 2002.

Mr Mooney is the principal of Perth-based corporate advisory firm Mooney & Partners, specialising in corporate compliance administration to public companies.

Currently, Mr Mooney acts as Company Secretary to several ASX listed companies across a variety of industries including technology, resources and energy and has obtained a depth of experience through his involvement in a diversity of corporate transactions.

Mr Mooney is a member of the Institute of Chartered Accountants in Australia.

PETER JOSEPH MALONEY

Non-Executive Director

Mr Maloney resigned as a Director on 5 August 2002.

JOHN CHARLES HOCKING

Non-Executive Chairman

Mr Hocking resigned as a Non –Executive Chairman on 29 November 2002.

DIRECTORS SHARE AND OPTION HOLDINGS

At the date of this report, the direct and indirect interest of the Directors in the shares and options of the Company were:

	Ordinary Shares	Options (Listed)	Options (Unlisted)
Michael Geoffrey Mulroney	-	-	300,000
Robert George Colville	20,345,921	300,000	22,000,000
Grant Jonathan Mooney	874,000	-	-

Mr R G Colville is a Director of Barmenco Pty Ltd ("Barmenco") and therefore is deemed to have an interest in 20,025,921 shares and 20,000,000 options held by Barmenco.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial year was exploration for gold in Western Australia.

Barra ceased mining of the First Hit underground gold deposit in December 2002. A total of 16,244 ozs of gold was produced during the year with total project gold production of 29,764 ozs.

Barra undertook an exploration program in February 2003 at the Forehand Prospect, within the Riverina project area and has entered into Joint Venture arrangements at the Riverina and Quinn Hills Projects.

The Company has also undertaken a capital raising of approximately \$1 million following the lodgement of a prospectus on 27 June 2003. This capital raising was completed subsequent to the end of the financial year.

OPERATING RESULTS

The loss from ordinary activities after income tax of the Company for the year ended 30 June 2003 was \$1,565,975 (2002: \$2,368,712 loss).

REVIEW OF OPERATIONS

The following activities were undertaken by the Company during the financial year ended 30 June 2003:

- Production of 16,244 ounces of gold at the First Hit Project in Eastern Goldfields, Western Australia.
- Exploration drilling at Riverina Project in Eastern Goldfields, Western Australia.
- Heads of Agreements completed for a joint venture of the Riverina Project with Gandel Metals Pty Ltd.
- Agreement in principle of terms of joint venture at the Quinn Hill Project with Paradise Gold (WA) Pty Ltd.
- Lodgement of a prospectus to raise \$909,900 via the issue of 20,000,000 shares and 21,980,000 options.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the financial year.

SIGNIFICANT EVENTS SUBSEQUENT TO END OF YEAR

At the date of this report, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this report or the financial statements, that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years other than the following:

- On 10 July 2003, the Company issued 2,500,000 shares to Gandel Metals Pty Ltd raising working capital of \$100,000 to fund a 12 month extension to an option over the Forehand tenements at Riverina held by Malanti Pty Ltd.
- During July and August 2003 the Company raised \$909,900 plus oversubscriptions of a further \$100,000 following completion of a Prospectus share issue of 22,500,000 ordinary shares at 4 cents each and an option issue 21,980,000 options at an issue price of 0.5 cent each.

LIKELY DEVELOPMENTS

Information as to the likely developments in the operations of the Company and the expected results of those operations in subsequent financial years has not been included in this report because, in the opinion of the Directors, it would prejudice the interests of the Company.

ENVIRONMENTAL REGULATION

The Company is required to carry out its activities in accordance with the Mining Laws and regulations in the areas in which it undertakes its exploration activities. The Company is not aware of any matter which requires disclosure with respect to any significant environmental regulation in respect of its operating activities.

SHARE OPTIONS

During the financial year and to the date of this report, the following options were issued to directors and executives;

- 300,000 listed options were issued to Mr Robert George Colville on 9 September 2003 pursuant to the Prospectus Option Entitlement Offer dated 27 June 2003;
- 300,000 unlisted options were issued to Mr Michael Mulroney following shareholder approval on 28 November 2002.

At the date of this report, the following options are outstanding in respect of unissued ordinary shares in Barra Resources Limited:

Number of Options/Shares	Exercise Price	Expiry Date
21,980,000	20 cents	31 August 2006
22,500,000	25 cents	4 December 2003
300,000	35 cents	10 December 2005

During the financial year an aggregate of 20,000 options were exercised resulting in the issue of 20,000 ordinary shares of the company at an issue price of 25 cents.

INDEMNIFYING OFFICER OR AUDITOR

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company, the company secretary and all executive officers of the company and related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

DIVIDENDS

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

DIRECTORS' MEETINGS

There were 20 Directors' meetings held during the financial year ended 30 June 2003. The names of directors who held office during the financial year and their attendance at Board meetings is detailed below:

Director	Number Attended	Number Eligible to Attend
Robert George Colville	20	20
Michael Geoffrey Mulroney	20	20
Grant Jonathan Mooney	17	17
Peter Joseph Maloney	-	-
John Charles Hocking	2	2

There were also 18 circular resolutions passed by the Board of Directors during the financial year:

As at the date of this report an Audit Committee of the Board of Directors did not exist due to the Directors of the Board having a close involvement in the operations of the Company.

DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS

The Directors and Executive Officers are remunerated based on the provision of services provided to the Company for executive management and for their services as Directors and Executive Officers. Directors fees are determined by the Company in general meeting and other consulting services are remunerated at levels independently agreed by the Board. The level of remuneration is based on a review of performance, duties and market factors.

Details of remuneration provided to Directors and the most highly remunerated executive officers during the financial year are as follows:

Directors	Salary \$	Directors Fees \$	Super- annuation \$	Options Issued \$	Total \$
John Charles Hocking (Resigned 29.11.02)	-	-	21,800	-	21,800
Robert George Colville	97,500	15,000	38,480	-	150,980
Peter Joseph Maloney (Resigned 5.8.02)	-	2,500	225	-	2,725
Michael Geoffrey Mulroney (Appointed 5.8.02)	-	26,666	2,399	20,220	49,285
Grant Jonathan Mooney (Secretarial Fees) (Appointed 29.11.02)	-	32,810	-	-	32,810
Executive Officer:					
Michael Geoffrey Mulroney (Appointed 5.8.02)	-	26,666	2,399	20,220	49,285
Terry Noel Burns (Commenced 12.10.02)	94,305	-	9,689	-	103,994

Directors Report

Consulting services includes fees paid to related parties of the Directors and Executive Officers. "Executive Officers" are persons who are involved in, concerned with or who take part in the management of the affairs of the Company and/or related bodies corporate.

Value of options issued have been calculated using a Black and Sholes Options price model.

There are no contracts to which a Director is a party or under which the Director is entitled to a benefit other than as disclosed in the financial report.

Signed on 30 September 2003 in accordance with a resolution of the Board, made pursuant to Section 298(2) of the Corporations Act 2001

On behalf of the Directors:



MICHAEL GEOFFREY MULRONEY

Director



GRANT JONATHAN MOONEY

Director

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2003

	Note	30 June 2003 \$	30 June 2002 \$
CURRENT ASSETS			
Cash assets	7	386,661	416,292
Receivables	8	30,775	186,895
Other	9	5,833	4,000
TOTAL CURRENT ASSETS		<u>423,269</u>	<u>607,187</u>
NON CURRENT ASSETS			
Property, plant and equipment	10	28,719	66,840
Exploration, evaluation and development expenditure	11	7,792,739	7,420,232
TOTAL NON CURRENT ASSETS		<u>7,821,458</u>	<u>7,487,072</u>
TOTAL ASSETS		<u>8,244,727</u>	<u>8,094,259</u>
CURRENT LIABILITIES			
Payables	12	160,819	300,781
Other financial liabilities	13	-	57,148
Provisions	14	122,374	116,469
TOTAL CURRENT LIABILITIES		<u>283,193</u>	<u>474,398</u>
TOTAL LIABILITIES		<u>283,193</u>	<u>474,398</u>
NET ASSETS		<u>7,961,534</u>	<u>7,619,861</u>
EQUITY			
Contributed equity	15	12,098,122	10,190,474
Accumulated losses	16	(4,136,588)	(2,570,613)
TOTAL EQUITY		<u>7,961,534</u>	<u>7,619,861</u>

Notes to the financial statements are on pages 22 to 34

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2003

	Note	30 June 2003 \$	30 June 2002 \$
Sales from gold production	2	7,749,232	9,467,654
Interest revenue	2	29,149	65,286
Debt forgiveness	2	491,697	-
Direct mining and processing costs		(4,212,444)	(6,833,076)
Employee benefits expense		(313,441)	(296,279)
Depreciation and amortisation expense		(1,316,162)	(2,418,243)
Provision for doubtful debts expense	8(a)	(3,180,858)	(2,038,522)
Rental expenses		(40,055)	(36,380)
Gold royalty fees		(306,897)	-
Other expenses from ordinary activities		<u>(466,171)</u>	<u>(279,152)</u>
Loss from ordinary activities before income tax expense	3	(1,565,975)	(2,368,712)
Income tax expense relating to ordinary activities	4	<u>-</u>	<u>-</u>
Loss from ordinary activities after related income tax expense		<u>(1,565,975)</u>	<u>(2,368,712)</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u>(1,565,975)</u>	<u>(2,368,712)</u>
Basic loss per share (cents per share)	21	2.7 cents	4.5 cents
Diluted loss per share (cents per share)	21	2.7 cents	4.5 cents

Notes to the financial statements are on pages 22 to 34

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2003

	Note	30 June 2003 \$	30 June 2002 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from gold sales		381,394	494,589
Interest received		29,149	65,286
Payments to suppliers and employees		<u>(699,567)</u>	<u>(553,297)</u>
NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES	17(a)	<u><u>(289,024)</u></u>	<u><u>6,578</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(21,903)	(10,021)
Payments for exploration, evaluation and development expenditure		<u>(1,276,352)</u>	<u>(2,254,553)</u>
NET CASH FLOWS USED IN INVESTING ACTIVITIES		<u><u>(1,298,255)</u></u>	<u><u>(2,264,574)</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,721,000	-
Capital raising costs		<u>(163,352)</u>	<u>-</u>
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		<u><u>1,557,648</u></u>	<u><u>-</u></u>
NET INCREASE/(DECREASE) IN CASH HELD		(29,631)	(2,257,996)
CASH AT THE BEGINNING OF THE YEAR		<u>416,292</u>	<u>2,674,288</u>
CASH AT THE END OF THE YEAR	7	<u><u>386,661</u></u>	<u><u>416,292</u></u>

For details of Non Cash Financing and Investing Activities refer Note 17.

Notes to the financial statements are on pages 22 to 34

Note 1. Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with the Corporations Act 2001, applicable Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers the Company of Barra Resources Limited which is a listed public company, incorporated and domiciled in Australia.

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

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Property, Plant & Equipment

Property, plant and equipment are carried at cost less, where applicable, any accumulated depreciation. Depreciation is calculated on a straight line basis over the expected useful life to the Company of the fixed assets, in line with current tax rates, and is recognised as an expense. Assets are written off as they are fully depreciated.

The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The expected net cash flows used in determining the recoverable amounts of property, plant and equipment have not been discounted to their present value. Depreciation rates used for office furniture and equipment are between 17% and 40%.

(b) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when production commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

Note 1. Statement of Significant Accounting Policies (Continued)

(c) Income Tax

The Company adopts the liability method of tax-effect accounting whereby the income tax expense shown in the Statement of Financial Performance is based on the operating profit or loss before income tax adjusted for any permanent differences.

Timing differences, which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit or loss before income tax and taxable income, are brought to account as either provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation, the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(d) Employee Entitlements

Provision is made for the Company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal remuneration rate expected to apply at the time of settlement. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the Company to employee superannuation funds and are charged as expenses when incurred.

(e) Receivables

An allowance is raised for any doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off during the period in which they are identified.

(f) Cash

For the purpose of the statement of cash flows, cash includes cash on hand and deposits held at call with banks, net of bank overdrafts.

(g) Revenue Recognition

Sale of Goods – Revenue from the sale of goods and disposal of other assets is recognised when the Company has passed control of the goods or other assets to the buyer.

Interest - Revenue is recognised on an accrual basis taking into account the interest rates applicable to the financial assets.

(h) 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 1. Statement of Significant Accounting Policies (Continued)

(i) 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;
- 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 statement of cash flows 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.

(j) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the year in which they are incurred.

(k) Rehabilitation costs

Provisions are made for mine site rehabilitation and restoration on an incremental basis during the course of mine life (which includes the mine closure phase). Provisions, which are determined on an undiscounted basis, include the following costs: reclamation, plant closure, waste site closure and monitoring activities. These costs have been determined on the basis of current costs, current legal requirements and current technology. Changes in estimates are dealt with on a prospective basis.

	30 June 2003 \$	30 June 2002 \$
<hr/>		
Note 2. Revenue from Ordinary Activities		
Operating Activities:		
• Sales from gold production	7,749,232	9,467,654
• Interest received, other persons	29,149	65,286
• Debt forgiveness (Note 13)	491,697	-
	<hr/>	<hr/>
Total Revenue	<u>8,270,078</u>	<u>9,532,940</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	Note	30 June 2003 \$	30 June 2002 \$
Note 3. Loss from Ordinary Activities			
Loss from ordinary activities before income tax has been determined after:			
(a) Expenses			
Cost of sales		4,212,444	6,833,076
Amortisation of capitalised exploration, evaluation and development costs		1,278,241	2,373,462
<i>Depreciation / amortisation of non-current assets</i>			
• Office furniture and equipment		17,422	22,356
• Motor Vehicles		20,499	22,426
		37,921	44,782
<i>Rental expense on operating leases</i>			
• Minimum lease payments		40,055	36,380
Annual leave charge		(7,689)	10,020
Amount receivable written off / provided		5,219,380	2,038,522
Less amount previously provided		(2,038,522)	-
Director related entity doubtful debts expense		3,180,858	2,038,522

Note 4. Income Tax

The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:

Loss from Ordinary Activities	(1,565,975)	(2,368,712)
Income tax benefit calculated at 30% (2002 : 30%) of operating loss	(469,793)	(710,614)
Permanent Differences		
Non-deductible expenses	(120,122)	4,181
Timing differences and tax losses not brought to account as future income tax benefits	589,915	706,433
Income tax expense attributable to operating profit	-	-

Future income tax benefits totalling \$1,296,348 (2002 : \$775,079) (at 30%) in relation to tax losses and timing differences are not brought to account as the benefits will only be realised if the conditions for deductibility set out below occur. The benefit will only be obtained if

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deductions for these losses to be realised;
- the Company continues to comply with the conditions for the deductibility imposed by tax legislation; and
- no change to tax legislation adversely affect the Company in realising the benefit from the deductions for the losses

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	Note	30 June 2003 \$	30 June 2002 \$
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Note 5. Remuneration Benefits

(a) The following were Directors of the Company during the financial year:

Robert George Colville
 Michael Geoffrey Mulroney (Appointed 5 August 2002)
 Grant Jonathan Mooney (Appointed 29 November 2002)
 Peter Joseph Maloney (Resigned 5 August 2002)
 John Charles Hocking (Resigned 29 November 2002)

The aggregate of the income paid or payable, or otherwise made available, in respect of the financial year to all Directors of the Company, directly or indirectly, by the Company or by any related party is:

257,600

255,600

The number of Directors of the Company whose total income paid or payable, or otherwise made available, in respect of the financial year, directly or indirectly, by the Company or by any related party, falls within the following bands:

	2003	2002
0 - \$9,999	1	-
\$20,000 - \$29,999	1	1
\$30,000 - \$39,999	1	1
\$40,000 - \$49,999	1	1
\$70,000 - \$79,999	-	-
\$150,000 - \$159,999	1	-
\$180,000 - \$189,999	-	1

(b) Remuneration of Executives

Aggregate remuneration of executive officers of the Company (including executive directors) working mainly in Australia and receiving \$100,000 or more from the Company or from any related party.

103,994

180,000

	2003	2002
\$100,000 - \$119,999	1	-
\$180,000 - \$189,999	-	1

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	30 June 2003 \$	30 June 2002 \$
Note 6. Auditors Remuneration		
Amounts received, or due and receivable by the auditors for audit or review of the financial report.	<u>13,500</u>	<u>12,500</u>
Note 7. Cash		
Cash at bank	123,702	180,330
Deposits at Call	<u>262,959</u>	<u>235,962</u>
	<u>386,661</u>	<u>416,292</u>

Deposits at call are secured in respect of the companies future rehabilitation obligations.

Note 8. Receivables

Trade debtors	14,104	-
Other debtors	16,671	51,627
Loans - related parties (refer Note a: below)	-	2,173,790
Less allowance for doubtful debts	<u>-</u>	<u>(2,038,522)</u>
	<u>30,775</u>	<u>186,895</u>

Note(a) During the financial year, the Company continued operations at the First Hit project pursuant to an agreement with Barminco Pty Ltd, a director related entity. These operations ceased and the mining contract with Barminco was concluded on or about 13 October 2002. At the end of the financial year, the amount owing to the Company by Barminco from gold mining operations undertaken at the First Hit mine was \$5,219,380 of which \$2,038,522 was provided for as a doubtful debt at 30 June 2002, the directors consider the outstanding balance not to be recoverable from Barminco pursuant to the terms and conditions of the First Hit mining contract, so therefore have written the balance down to nil.

The agreement with Barminco provided that in the event the cost of operations and the mine plan at First Hit vary materially from those agreed at commencement of mining operations and to the extent that Barminco is unlikely to recover its cost from the receipt of the contract price, the parties will negotiate in good faith to revise the mine plan and the contract price so that Barminco may recover its costs. As an overall loss from mining operations at First Hit has resulted, the amount outstanding in relation to First Hit of \$5,219,380 has now been provided for as not recoverable.

	30 June 2003 \$	30 June 2002 \$
Note 9. Other - Current Assets		
Prepayments	<u>5,833</u>	<u>4,000</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	30 June 2003 \$	30 June 2002 \$
Note 10. Property, Plant & Equipment		
Motor vehicles - at cost	-	67,286
less accumulated depreciation	-	(28,033)
	<u>-</u>	<u>39,253</u>
Office furniture and equipment - at cost	70,751	59,933
less accumulated depreciation	(42,032)	(32,346)
	<u>28,719</u>	<u>27,587</u>
	<u>28,719</u>	<u>66,840</u>
Movements in carrying amounts		
Balance at beginning of the year	66,840	101,600
Additions	21,902	10,021
Disposals	(78,370)	-
Depreciation expense	(37,921)	(44,781)
Disposals	56,268	-
	<u>28,719</u>	<u>66,840</u>

Note 11. Exploration, Evaluation and Development Expenditure

Mineral exploration, evaluation and development expenditure costs carried forward		
Balance at beginning of financial year	7,420,232	7,529,643
Acquisition of mineral projects	-	-
Exploration, evaluation and development expenditure	1,650,748	2,264,051
Exploration, evaluation and development expenditure amortised	(1,278,241)	(2,373,462)
Balance at end of financial year	<u>7,792,739</u>	<u>7,420,232</u>

The recovery of the costs of expenditure carried forward is dependent upon the discovery of commercially viable mineral and other natural resource deposits and their development and exploration or alternatively their sale.

The Company's title to certain mining tenements is subject to Ministerial approval and may be subject to successful outcomes of native title issues. (Refer Note 23)

Note 12. Payables

Trade payables	41,403	300,781
Other	119,416	-
	<u>160,819</u>	<u>300,781</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	30 June 2003 \$	30 June 2002 \$
Note 13. Other Financial Liabilities		
Loan - Related Party	-	57,148

As at 30 June 2002 other financial liabilities related to a loan owing to Barmenco Pty Ltd, a director related entity. As at 30 June 2003, the balance owing to Barmenco by the Company in relation to this loan totalling \$491,697 was agreed to be forgiven by Barmenco and retired.

Note 14. Provisions

Rehabilitation costs	71,415	33,800
Employee entitlements	32,459	54,982
Other	18,500	27,687
	<u>122,374</u>	<u>116,469</u>
Total number of employees at the end of the financial year	<u>2</u>	<u>6</u>

Note 15. Contributed Equity

(a) Issued and Paid up Capital

60,560,001 ordinary shares, fully paid (2002: 52,500,001 shares)

12,098,122	10,190,474
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Movement:

• Opening balance	10,190,474	10,190,474
• Issue of 3,745,000 shares pursuant to a Shareholder Purchase Plan at an issue price of 26 cents on 5 September 2002	973,700	-
• Issue of 2,855,000 shares pursuant to a Shareholder Purchase Plan at an issue price of 26 cents on 5 September 2002	742,300	-
• Conversion of 20,000 options exercisable at 25 cents each on or before 31 August 2003 on 30 August 2002	5,000	-
• Issue of 800,000 shares pursuant to agreement to acquire mining licences on 30 January 2003	250,000	-
• Issue of 640,000 shares issue in lieu of cash Reverse Circulation (RC) drilling services to Resources Drilling for \$100,000 on 5 February 2003	100,000	-

12,261,474	-
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less:

Costs of issue of shares	<u>(163,352)</u>	-
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Closing balance	<u>12,098,122</u>	<u>10,190,474</u>
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Fully paid ordinary shares carry one vote per share and carry the right to dividends

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	Expiry Date 4 December 2003	Expiry Date 31 August 2003	Expiry Date 4 December 2003	Expiry Date 10 December 2005
(b) Options on issue				
Exercise Price	\$0.25 (Directors) Number	\$0.25 (listed) Number	\$0.25 (vendors) Number	\$0.35 (Directors) Number
On issue at the beginning of the year	2,500,000	22,000,000	20,000,000	-
Issued during the financial year	-	-	-	300,000
Exercised during the year	-	20,000	-	-
Outstanding at balance date	<u>2,500,000</u>	<u>21,980,000</u>	<u>20,000,000</u>	<u>300,000</u>

Current terms and conditions: options are exercisable at \$0.25 cents each, by the expiry dates noted above.

FOR THE YEAR ENDED 30 JUNE 2003

	30 June 2003 \$	30 June 2002 \$
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Note 16. Accumulated Losses

Balance at the beginning of the financial year	(2,570,613)	(201,901)
Net loss	<u>(1,565,975)</u>	<u>(2,368,712)</u>
Balance at the end of the financial year	<u>(4,136,588)</u>	<u>(2,570,613)</u>

Note 17. Notes to the Statement of Cashflows

(a) Reconciliation of Net Cash Flows from Operating Activities to Operating Loss

Reconciliation of Cash Flow from Operations with Loss from ordinary activities after income tax	(1,565,975)	(2,368,712)
Loss from ordinary activities after income tax		
Non-cash flows included in loss from ordinary activities		
• depreciation expense	37,921	44,781
• doubtful debts expense	3,180,858	2,038,522
• amortisation of capitalised exploration costs	1,278,241	2,373,462
• provision for rehabilitation expenses	37,615	33,800
Changes in assets and liabilities		
• increase in other debtors	(3,084,179)	(2,132,215)
• decrease in other provisions	(31,710)	(2,931)
• increase in trade creditors	(139,962)	23,871
• increase in prepayments	<u>(1,833)</u>	<u>(4,000)</u>
	<u>(289,024)</u>	<u>6,578</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

(b) Non Cash Financing and Investing Activities

The following activities were undertaken during the financial year which did not involve a cashflow:

- During the year the Company undertook mining operations at the First Hit Project. The net of Revenue and Expenditure resulting from this operation is carried as a loan owing from the mining contractor, Barmenco Pty Ltd, who carried at related costs. Apart from proceeds received from gold sales totalling \$381,394, this activity has not affected cash flows during the financial year.
- Issue of 800,000 shares pursuant to agreement to acquire mining licences on 30 January 2003.
- Issue of 640,000 shares issue in lieu of cash Reverse Circulation (RC) drilling services to Resources Drilling (WA) Pty Ltd for A\$100,000 on 5 February 2003.

Note 18. Statement of Operations by Segment

The Company operates solely in the natural resources exploration industry in Western Australia. The Company is involved in gold exploration in the areas of Riverina, Phillips Find, Quinns and Burbanks.

Note 19. Related Party Transactions

(a) Directors shareholdings

Shares and share options in Barra Resources Limited issued during the financial year to directors and their director related entities:

	Opening Balance	Issued/ Acquired during the Year	Disposed/ Lapsed during the Year	Closing Balance
Ordinary shares (i)	20,559,169	782,030	(213,248)	21,127,951
Share options (i)	22,950,000	300,000	(650,000)	22,600,000

- (i) Robert George Colville is a director of Barmenco Pty Ltd ("Barmenco") and therefore has an indirect interest in 20,025,921 shares and 20,000,000 options held by Barmenco.
- (ii) Included within the shares and options disposed of or lapsed during the year are those held by Directors Peter Maloney and John Hocking that resigned during the year.

(b) Transactions with Director related entities

Robert George Colville is also a Director of Barmenco Pty Ltd. Barmenco currently has a 24% shareholding in the Company.

During the financial year, the following transactions took place between the two entities:

- (i) Pursuant to a service agreement between Barmenco and the Company, Barmenco provided geological, technical and administrative services to the Company. A total of \$290,909 (2002: \$463,540) was paid to Barmenco by the Company during the financial year for these services. This service agreement was terminated with effect from 1 April 2003.
- (ii) During the financial year, Barmenco incurred expenditure on behalf of the Company via a loan account. At 30 June 2003, the balance owing to Barmenco by the Company in relation to this loan totalling \$491,697 was agreed to be forgiven by Barmenco and retired.

During the financial year, the Company continued operations at the First Hit project pursuant to an agreement with Barmenco. These operations ceased and the mining contract with Barmenco was concluded on or about 13 October 2002. At the end of the financial year, the amount owing to the Company by Barmenco from gold mining operations undertaken at the First Hit mine was \$5,219,380 of which \$2,038,522 was provided for as a doubtful debt at 30 June 2002.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

Note 19. Related Party Transactions (Continued)

The agreement with Barminco provides that in the event the cost of operations and the mine plan at First Hit vary materially from those agreed at commencement of mining operations and to the extent that Barminco is unlikely to recover its cost from the receipt of the contract price, the parties will negotiate in good faith to revise the mine plan and the contract price so that Barminco may recover its costs. As an overall loss from mining operations at First Hit has resulted, the amount outstanding in relation to First Hit of \$5,219,380 has now been provided for as not recoverable.

Note 20. Financial Instruments

(a) Interest rate risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective average interest rates in classes of financial assets and liabilities is as follows:

	Average Effective Interest Rate %	Fixed Interest Rate \$	Floating Interest Rate \$	Non- Interest Bearing \$	Total \$
30 June 2003					
Financial assets:					
Cash	3.0	-	123,702	-	123,702
Term deposits	4.5	262,959	-	-	262,959
Receivables	-	-	-	30,775	30,775
		<u>262,959</u>	<u>123,702</u>	<u>30,775</u>	<u>417,436</u>
Financial liabilities:					
Accounts payable	-	-	-	160,819	160,819
Borrowings	-	-	-	-	-
Employee entitlements	-	-	-	32,459	32,459
		<u>-</u>	<u>-</u>	<u>193,278</u>	<u>193,278</u>
30 June 2002					
Financial assets:					
Cash	3.0	-	180,330	-	180,330
Term deposits	4.5	235,962	-	-	235,962
Receivables	-	-	-	186,895	186,895
		<u>235,962</u>	<u>180,330</u>	<u>186,895</u>	<u>603,187</u>
Financial liabilities:					
Accounts payable	-	-	-	300,781	300,781
Borrowings	-	-	-	57,148	57,148
Employee entitlements	-	-	-	54,982	54,982
		<u>-</u>	<u>-</u>	<u>412,911</u>	<u>412,911</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

(b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

(c) Net fair value

The net fair value of financial assets and financial liabilities approximate their carrying value. Net fair value and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to and forming part of the financial statements.

	2003	2002
Note 21. Earnings per Share		
Basic earnings per share (cents per share)	(2.7)	(4.5)
Diluted earnings per share (cents per share)	(2.7)	(4.5)

Basic Earnings per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2003 \$	2002 \$
Loss	<u>(1,565,975)</u>	<u>(2,368,712)</u>
	2003 No.	2002 No.
Weighted average number of ordinary shares	58,349,563	52,500,001

The options issued during the year are considered to be potential ordinary shares and are therefore excluded from the weighted average number of ordinary shares used in the calculation of basic earnings per share. Where dilutive, potential ordinary shares are included in the calculation of diluted earnings per share.

Diluted Earnings per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2003 \$	2002 \$
Loss	(1,565,975)	(2,368,712)
Weighted average number of ordinary shares and potential ordinary shares	58,349,563	2,500,001

The director and vendor options expiring on 4 December 2003 and the options expiring on 31 August 2003 are not dilutive and are therefore excluded from the weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted EPS.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

Note 22. Significant Events Subsequent to Year End

Subsequent to the end of the financial year:

- On 10 July 2003, the Company issued 2,500,000 shares to Gandel Metals Pty Ltd raising working capital of \$100,000 to fund a 12 month extension to an option over the Forehand tenement at Riverina held by Malanti Pty Ltd.
- During July and August 2003 the Company raised \$909,900 plus oversubscriptions of a further \$100,000 following completion of a Prospectus share issue of 22,500,000 ordinary shares at 4 cents each and an option issue 21,980,000 options at an issue price of 0.5 cent each.

The effects of these transactions have not been brought to account at financial year end.

Note 23. Contingent Liabilities

- In accordance with normal industry practice the Company has entered into farm-in agreements with other parties for the purpose of exploring and developing its mineral interests. If a party to a farm-in defaults and does not contribute to its share of farm-in obligations, the other farm-in parties are liable to meet those obligations. In this event the interest in the area of interest held by the defaulting party may be redistributed to the remaining farm-in parties. A contingent liability exists in respect of contributions due to be paid by farm-in partners of the Company to some of its farm-in agreements.
- In June 1992 the High Court of Australia held in the Mabo case that the common law of Australia recognises a form of native title. The full impact that the Mabo decision may have on tenements held by the Company is not yet known. The Company is aware of native title claims that have been lodged with the National Native Title Tribunal ("the Tribunal") over several areas in Western Australia in which the Company holds interests. The native title claims have been accepted by the Tribunal for determination under section 63(1) of the Native Title Act 1993 (Commonwealth).

Note 24. Commitments for Expenditure

- The Company has entered into a number of farm-ins, options to acquire tenement interests, and royalty arrangements with various parties. These arrangements provide for additional amounts to be paid if certain conditions are met or if the Directors of Barra decide to take certain action. At the end of the financial year the Directors have not made any specific undertakings regarding the amounts which may become payable in the future. The following amounts represent the maximum amounts that may become payable in the future (as can be reasonably measured at the time) if the Directors decide to acquire the maximum available holdings in their existing tenements:

	\$
• Amounts payable on exercise of options to acquire tenement interests and or completion of purchase agreements	1,050,000

These amounts are payable, if required, over various times over the next five years. In addition, royalty payments may be payable if certain conditions are met in the future. At this time, the directors do not consider the payments to be probable.

	30 June 2003 \$	30 June 2002 \$
2. Operating Lease Commitment	-	9,963
Not later than 1 year	-	-
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
	<u>-</u>	<u>9,963</u>
3. Exploration Expenditure Commitments		

The Company has minimum statutory commitments as conditions of tenure of certain mining tenements. Whilst these obligations may vary, a reasonable estimate of the minimum commitment projected to 30 June 2004 if it is to retain all of its present interests in mining and exploration properties is \$1,240,695.

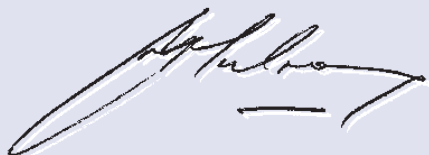
DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes thereto:
 - (a) comply with Accounting Standards;
 - (b) give a true and fair view of the financial position as at 30 June 2003 and performance for the year ended on that date of the Company; and
2. In the Director's 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.
3. In the Director's opinion the attached financial statements and notes thereto are in accordance with the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to Section 295(5) of the Corporations Act 2001.

On behalf of the Directors



MICHAEL GEOFFREY MULRONEY
Director



GRANT JONATHAN MOONEY
Director

Dated this 30th day of September 2003

TO THE MEMBERS OF BARRA RESOURCES LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Barra Resources Limited, for the financial year ended 30 June 2003 as set out on pages 19 to 35.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting 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.

Audit approach

We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the Corporations Act 2001 and Accounting Standards and other mandatory professional reporting requirements in Australia 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 and its cash flows.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

The audit opinion expressed in this report has been formed on the above basis.

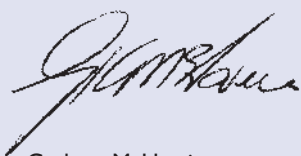
Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of Barra Resources Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2003 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.



Graham McHarrie
Partner
Chartered Accountants

Perth, 30 September 2003



Deloitte Touche Tohmatsu

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report. The information was prepared based on share registry information processed up to 19 September 2003.

Spread of Holdings	Ordinary Shares	Listed Options 31 August 2006
1 - 1,000	8	-
1,001 - 5,000	91	1
5,001 - 10,000	143	30
10,001 - 100,000	468	90
100,001 - and over	127	39
Number of Holders	837	160

Number of shareholders holding less than a marketable parcel: 113

SUBSTANTIAL SHAREHOLDERS

Shareholder Name	Number of Shares
Barmenco Pty Ltd	25,968,531

VOTING RIGHTS

All ordinary shares carry one vote per share without restriction. Options for ordinary shares do not carry any voting rights.

STATEMENT OF QUOTED SECURITIES

Listed on the Australian Stock exchange are 85,560,001 fully paid shares and 21,980,000 options exercisable at 20 cents each on or before 31 August 2006.

COMPANY SECRETARY

The name of the Company Secretary is Grant Jonathan Mooney.

REGISTERED OFFICE

The registered office is at Level 1, Pinnacle House, 16 Ogilvie Road, Mount Pleasant WA 6153.
The telephone number is (08) 9315 6455

TWENTY LARGEST HOLDERS OF EACH CLASS OF QUOTED EQUITY SECURITIES

ORDINARY FULLY PAID SHARES

Shareholder Name	Number of Shares	Percentage of Capital
Barmenco Pty Ltd	20,000,000	23.38
Cherry Garden Nominees Pty Ltd	5,307,500	6.20
Abbotsleigh Pty Ltd	3,269,230	3.82
Dalran Pty Ltd	2,250,000	2.63
Quintal Pty Ltd	1,850,000	2.16
Mr Robert George Colville & Mrs Marilyn Joy Colville	1,084,000	1.27
Lyrebird Pty Ltd	1,000,000	1.17
Mr Allan Stanley Hahn & Mrs Daphne Hazel Hahn	965,450	1.13
Top Nominees Pty Ltd	946,500	1.11
Bremerton Pty Ltd	916,500	1.07
Mooney & Partners Pty Ltd	874,000	1.02
Samrae Pty Ltd	861,500	1.01
Fogbell Nominees Pty Ltd	763,160	0.89
Fogbell Nominees Pty Ltd <Settlement Account>	749,340	0.88
Mr Richard Vincent Howell & Mrs Beryl Joan Howell	690,000	0.81
Sherrifmuir Holdings Pty Ltd	660,000	0.77
Sherrifmuir Holdings Pty Ltd <GPC A/c>	633,500	0.74
Mr Allan Stanley Hahn & Mrs Daphne Hazel Hahn	574,302	0.67
Barmenco Pty Ltd	562,030	0.66
JEM Nominees (WA) Pty Ltd	550,000	0.64
TOTAL	44,507,012	52.03

OPTIONS EXPIRING 31 AUGUST 2006

Option Holder Name	Number of Options	Percentage of Class
Sherrifmuir Holdings Pty Ltd	2,000,000	9.10
Mr Paul Hartley Watts	1,600,000	7.28
Mr Jonathan Alister Young	1,086,676	4.94
Invia Custodian Pty Ltd	1,000,000	4.55
Mr Martin Christopher Angel	967,000	4.40
Dawesville Nominees Pty Ltd	870,000	3.96
Mount Street Investments Pty Ltd	870,000	3.96
Acara Holdings Pty Ltd	860,000	3.91
Ms Janet Elizabeth White	765,360	3.48
Ragged Holdings Pty Ltd	690,000	3.14
Samrae Pty Ltd	600,000	2.73
Ms Evelyn Siao	580,000	2.64
Ms Janet Supple	556,218	2.53
Mr William Henry Oakley	500,000	2.27
Mikhael Pty Ltd	475,000	2.16
Mr Murray James McGill	400,000	1.82
Mr Eric Robert Terrace	370,000	1.68
Mr Robert George Colville	300,000	1.36
Bremerton Pty Ltd	280,000	1.27
Mrs Debra Collins-Corp	280,000	1.27
TOTAL	15,050,254	68.45

HOLDERS OF SECURITIES IN AN UNQUOTED CLASS

OPTIONS

Option Holder Name	Vendor Options 4 December 2003	Director Options 4 December 2003	Directors Options 10 December 2005
Barmenco Pty Ltd	20,000,000	-	-
John Charles Hocking	-	250,000	-
Robert George Colville	-	2,000,000	-
Peter Joseph Maloney	-	250,000	-
Michael Geoffrey Mulroney	-	-	300,000
	20,000,000	2,500,000	300,000

CORPORATE GOVERNANCE

(a) The Board of Directors

The Board is responsible for corporate governance of the Company. The Board will develop strategies for the Company, review strategic objectives, and monitor performance against those objectives. The goals of the corporate governance process are to:

- drive shareholder value;
- assure a prudential and ethical base to the Company's conduct and activities; and
- ensure compliance with the Company's legal and regulatory obligations.

Consistent with these goals, the Board assumes the following responsibilities:

- developing initiatives for profit and asset growth;
- reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- acting on behalf of, and being accountable to the Shareholders;
- identifying business risks and implementing actions to manage those risks; and
- developing and effecting management and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in Board discussions on a fully informed basis.

(b) Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. However; subject thereto, the Company commits to the following principles:

- the Board is to comprise of Directors with a blend of skills, experience and attributes appropriate for the Company and its business;
- the principal criterion for the appointment of new and maintenance of existing Directors is their ability to add value to the Company and its business.

No formal nomination committee or procedures have been adopted for the identification, appointment and review of the Board membership, but an informal assessment process, facilitated by the Chairman in consultation with the Company's professional advisers, has been committed to by the Board.

The Board of Directors recognise the need for independence at Board level and have considered the recommendations as set out in the ASX Principle of Good Corporate Governance and Best Practices Recommendations. As such, it is the intention of the Directors to address the matter of independence at Board level during the current financial year.

(c) Independent Professional Advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

(d) Remuneration Arrangements

The remuneration of an executive director will be decided by the Board, without the affected executive director participating in that decision making process.

The maximum remuneration of non-executive Directors is to be determined by Shareholders in general meeting in accordance with the Constitution, the Corporations Law and the ASX Listing Rules, as applicable. At present the maximum aggregate remuneration of non-executive Directors is \$120,000 per annum. The apportionment of non-executive Director remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director.

The Board may award additional remuneration to non-executive Directors called upon to perform extra services or make special exertions on behalf of the Company.

(e) External Audit and Audit Committee

The Company in general meeting is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

The Company has appointed, with their consent, Deloitte Touche Tohmatsu as its auditors.

It is the intention of the Board of Directors to establish an Audit Committee during the current financial year.

(f) Committees of the Board

With the exception of an Audit Committee, the Company is not of a relevant size to consider formation of committees to deal with subjects which the Board of Directors currently presides over.

(g) Ethical Standards

Barra is committed to the highest standards of ethical business conduct. As part of that commitment, Barra established a Code of Conduct to guide executives, management and staff in carrying out their duties and responsibilities. The Code is subject to ongoing review to ensure that Barra's standards of behaviour and corporate culture reflect best practice in corporate governance. The Code is based on the following key principles:

- acting with honesty and integrity
- abiding by laws and regulations
- respecting confidentiality and handling information in a proper manner
- maintaining the highest standards of professional behaviour
- avoiding conflicts of interest
- striving to be a good corporate citizen and to achieve community respect.

Barra also has a number of specific policies that underpin the Code of Conduct and elaborate on various legal and ethical issues. These policies are designed to foster and maintain ethical business conduct within Barra, and govern such things as workplace and human resources practices, handling of confidential information, insider trading, risk management and legal compliance.

In addition, the Board has guidelines dealing with disclosure of interests by Directors in participating and voting at Board meetings where any such interests are discussed. In accordance with the corporations Act, any Director with a material personal interest in a matter being considered by the Board must not be present when the matter is being considered, and may not vote on the matter.

ASX Announcements

1 July 2002 – 30 June 2003



Date	Announcement
30/06/2003	Appendix 3B - Working Capital
30/06/2003	Notice of General Meeting
27/06/2003	Disclosure Document
27/06/2003	Issue of Prospectus
24/06/2003	Joint Venture at the Riverina Project
06/06/2003	Moving Forward A Progressive Corporate Strategy
22/05/2003	Joint Venture at Quinn Hills Project
30/04/2003	Third Quarter Activities & Cashflow Reports
16/04/2003	Change in Substantial Holding
10/04/2003	Results of General Meeting
25/03/2003	Issue of Securities
19/03/2003	Management Re-Structure
14/03/2003	Exploration Update
14/03/2003	Half Year Accounts
10/03/2003	Notice of General Meeting
05/02/2003	Appendix 3B - For RC Drilling Services (Riverina)
05/02/2003	Reverse Circulation Drilling to Commence at Forehand Prospect
04/02/2003	Change of Director's Interest Notice
31/01/2003	Second Quarter Activities & Cashflow Report
30/01/2003	Appendix 3B - New Issue
06/01/2003	First Hit Mine Update
23/12/2002	Change of Director's Interest Notice
20/12/2002	Exploration Update - Forehand Infill RAB Drilling Results
13/12/2002	Initial/Change/Final Director's Interest Notices
10/12/2002	Appendix 3B - Exercise of Options
06/12/2002	Appendix 3B - Expiry of Escrow Period
06/12/2002	Completion of Escrow Period
29/11/2002	Results of Annual General Meeting
29/11/2002	Chairman's Address & Directors Report to Shareholders
29/11/2002	Retirement of Director / Appointment of New Chairman & Director

Date	Announcement
22/11/2002	Forehand RAB Drilling Results
30/10/2002	First Quarter Activities & Cashflow Reports
28/10/2002	Annual Report / Top20
25/10/2002	Annual Report / Top 20
25/10/2002	Exploration Update
22/10/2002	Exploration Update
07/10/2002	Exploration Update
27/09/2002	ASIC Annual Audited Accounts
25/09/2002	Placement of Shares
25/09/2002	Appendix 3B – Underwritten Placement of Shares
12/09/2002	Exploration Update
05/09/2002	Funds Raised from Shareholder Purchase Plan
05/09/2002	Appendix 3B - Shareholder Purchase Plan
05/09/2002	Issue of Securities
03/09/2002	Exploration Update
30/08/2002	Appendix 3B - Conversion of Options
26/08/2002	Exploration Update
22/08/2002	Exploration Update
15/08/2002	Change in Substantial Holding
15/08/2002	Shareholder Purchase Plan Materials (sent to shareholders)
05/08/2002	Initial Director's Interest Notice / Final Director Interest Notice
05/08/2002	Resignation and Director Appointment
31/07/2002	Fourth Quarter Cashflow Report
30/07/2002	Extension of Time to Participate in Shareholder Purchase Plan
25/07/2002	Letter to Shareholders re-SPP / Exploration Program
25/07/2002	Exploration Update
17/07/2002	Fourth Quarter Activities Report
16/07/2002	Accelerated Exploration Program / Shareholder Purchase Plan



Level 1, Pinnacle House
16 Ogilvie Road
Mt Pleasant WA 6153

Phone: (08) 9315 6455

Fax: (08) 9315 6469

Email: info@barraresources.com.au

Website: www.barraresources.com.au