
BARRA RESOURCES LIMITED
ABN 76 093 396 859

INTERIM FINANCIAL REPORT
31 DECEMBER 2009

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DIRECTORS' REPORT
31 DECEMBER 2009

The Directors present their report together with the financial report on Barra Resources Limited ("Barra" or "the Company"), for the half-year ended 31 December 2009.

DIRECTORS

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

- Gary John Berrell
- Dean Barry Goodwin
- Grant Jonathan Mooney

The above named directors held office during and since the end of the half-year.

OPERATING RESULTS

The loss from ordinary activities of the Company for the half-year ended 31 December 2009 after income tax was \$2,255,436 (2008: \$1,384,009).

REVIEW OF OPERATIONS

The Company undertook the following activities during the half-year ended 31 December 2009.

Mt Thirsty Project (50% - Norseman, Western Australia)

The Company continued exploration and metallurgical testwork at the Mt Thirsty Cobalt-Nickel-Manganese Deposit. Mt Thirsty hosts a JORC Indicated Resource of 14,230,000 tonnes at 0.11% cobalt, 0.52% nickel and 0.77% manganese and an Inferred Resource of 14,800,000 tonnes at 0.14% cobalt, 0.59% nickel and 0.99% manganese equating to a potential mine life of 15 years at a throughput rate of 2 million tonnes per annum.

Detailed metallurgical testwork and process development work has proposed a conceptual processing plant to produce a high grade mixed cobalt-nickel sulphide precipitate (MSP) and a separate manganese carbonate by-product. Metallurgical process development work continues with very encouraging results.

A successful aircore drilling program was undertaken to test for southern extensions to the cobalt-nickel-manganese oxide mineralisation. An update of the JORC mineral resource is scheduled to commence shortly.

Drilling to test for nickel sulphides adjacent to the Mt Thirsty Cobalt-Nickel-Manganese Oxide Deposit where hole MTDD008 intersected several zones of disseminated and stringer sulphide mineralisation including some nickel sulphides is in progress. An electromagnetic conductor was also drill tested at the Woodcutters Prospect with no sulphide mineralisation intersected.

Burbanks Gold Project (Coolgardie, Western Australia)

Production

The Company undertook mining operations (15 June 2009) under a tribute mining and profit sharing agreement with Mulgabbie Mining Pty Ltd with mining focussing on the higher grade components of Tailor Shoot, Dahmu Reef, Eastern Reef and Jesson Reef. Production to date has totalled 2,098 tonnes milled at 4.67 grams per tonne. Approximately 4,000 tonnes is due to be milled mid-April 2010.

Exploration

Drilling is planned at Burbanks along strike from existing mining operations, including the Pipeline Prospect two kilometres north, where reverse circulation (RC) drilling during 2008 intersected grades of 16 metres grading 1.9 grams per tonne gold from 44 metres including 4 metres grading 5.94 grams per tonne gold from 52 metres and 4 metres grading 4.42 grams per tonne gold and 5 metres grading 3.03 grams per tonne gold.

REVIEW OF OPERATIONS (Continued)

Phillips Find Project

The Company completed a highly successful RAB drilling program to test previously identified gold-arsenic anomalies at Diablo Prospect. Follow up RC drill results were surprisingly disappointing leading to the drilling of two oriented diamond holes in January 2010. These holes determined a steep westerly dip to the main mineralised zone at a more acute angle than previously interpreted resulting in the RC drill program missing the mineralised structure. This leaves the structure wide open north and south along strike. Follow-up RC drilling is planned.

The Company is confident that the Diablo prospect could host significant shallow oxide mineralisation and will continue to aggressively explore the immediate prospect area in addition to prospective areas to the north at Bob Hope and south at Tiarna, where gold mineralisation is associated with the same geological rock units.

The Newminster gold deposit has also been a prime focus for the Company as it progresses towards production following the receipt of an independent pre-feasibility optimisation study which found that an economically robust open pit could be mined to a vertical depth of 45 metres. The Newminster gold deposit hosts a JORC Indicated Resource of 84,111 tonnes at 4.62 grams per tonne for 12,500 ounces and a JORC Inferred Resource of 32,265 tonnes at 2.50 grams per tonne for 2,600 ounces.

Riverina Project (30% of nickel rights)

No exploration activities carried out during the period. The Riverina Joint Venture is reviewing all options available to advance the project.

DIVIDENDS

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

AUDITOR'S INDEPENDENCE DECLARATION

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

Signed on 15 March 2010 in accordance with a resolution of the directors made pursuant to Section 306(3) of the Corporations Act 2001.

On behalf of the Directors:



DEAN GOODWIN
Managing Director



GARY BERRELL
Chairman

Auditor's Independence Declaration

As lead auditor for the review of the financial report of Barra Resources Limited for the half-year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

This declaration is in respect of Barra Resources Limited.



**Perth, Western Australia
15 March 2010**

**M R W OHM
Partner, HLB Mann Judd**

BARRA RESOURCES LIMITED
ABN 76 093 396 859

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Note	Half-Year Ended 31 Dec 09 \$	Half-Year Ended 31 Dec 08 \$
Sales		-	-
Other income		100,304	209,851
Total Revenue		100,304	209,851
Disposal of exploration projects		39,991	-
Exploration & development costs written off		(1,827,496)	(511,781)
Rehabilitation provision reversed		30,000	-
Employee benefits expense		(193,003)	(537,294)
Depreciation expense		(63,686)	(72,149)
Consulting expenses		(108,455)	(119,143)
Rental expenses		(83,458)	(90,666)
Administration expenses		(137,206)	(148,756)
Finance expenses		(3,235)	(84,540)
Other expenses from ordinary activities		(9,192)	(29,531)
Loss before income tax benefit	4	(2,255,436)	(1,384,009)
Income tax benefit		-	-
Loss after related income tax benefit		(2,255,436)	(1,384,009)
Other comprehensive income		-	-
Total comprehensive result for the period		(2,255,436)	(1,384,009)
		Cents	Cents
Loss per share:			
Basic loss per share (cents per share)		(0.73)	(0.62)
Diluted loss per share(cents per share)		(0.73)	(0.62)

The accompanying notes form part of these financial statements.

BARRA RESOURCES LIMITED
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CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	Note	31 Dec 09 \$	30 Jun 09 \$
CURRENT ASSETS			
Cash and cash equivalents		3,485,149	1,776,813
Trade and other receivables		168,703	205,441
Other		34,205	9,415
TOTAL CURRENT ASSETS		3,688,057	1,991,669
NON CURRENT ASSETS			
Financial assets		694,592	694,592
Property, plant and equipment		278,643	185,939
Exploration, evaluation and development expenditure	5	13,484,826	14,279,089
TOTAL NON CURRENT ASSETS		14,458,061	15,159,620
TOTAL ASSETS		18,146,118	17,151,289
CURRENT LIABILITIES			
Trade and other payables		322,844	311,364
Borrowings		305,501	319,244
Provisions		121,292	148,479
TOTAL CURRENT LIABILITIES		749,637	779,087
NON-CURRENT LIABILITIES			
Borrowings		23,371	700,687
TOTAL NON CURRENT LIABILITIES		23,371	700,687
TOTAL LIABILITIES		773,008	1,479,774
NET ASSETS		17,373,110	15,671,515
EQUITY			
Issued Capital	6	47,206,207	43,263,344
Employee Equity Settlements Reserve		2,118,443	2,104,275
Accumulated losses		(31,951,540)	(29,696,104)
TOTAL EQUITY		17,373,110	15,671,515

The accompanying notes form part of these financial statements.

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CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Ordinary Shares	Employee Equity- settled Benefits Reserve	Accumulated Losses	Total attributable to equity holders of the entity
	\$	\$	\$	\$
Balance as at 1 July 2008	38,678,291	1,904,999	(25,381,911)	15,201,379
Loss for the period	-	-	(1,384,009)	(1,384,009)
Total comprehensive income for the period	-	-	(1,384,009)	(1,384,009)
Issue of 27,723,260 shares at a deemed issue price of 10 cents per share as part settlement of debt to FMR Investments Pty Ltd	2,772,326	-	-	2,772,326
Recognition of share-based payments	-	182,275	-	182,275
Balance as at 31 December 2008	41,450,617	2,087,274	(26,765,920)	16,771,971
Balance as at 1 July 2009	43,263,344	2,104,275	(29,696,104)	15,671,515
Loss for the period	-	-	(2,255,436)	(2,255,436)
Total comprehensive income for the period	-	-	(2,255,436)	(2,255,436)
Issue of 28,000,000 shares at 12.5 cents each	3,500,000	-	-	3,500,000
Issue of 5,187,472 shares at a deemed issue price of 12.5 cents per share as settlement of debt to FMR Investments Pty Ltd	648,434	-	-	648,434
Share issue costs	(205,571)	-	-	(205,571)
Recognition of share-based payments	-	14,168	-	14,168
Balance as at 31 December 2009	47,206,207	2,118,443	(31,951,540)	17,373,110

The accompanying notes form part of these financial statements.

BARRA RESOURCES LIMITED
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CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Half-Year Ended	Half-Year Ended
	31 Dec 09	31 Dec 08
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	55,917	67,537
Interest and other costs of finance paid	-	-
Receipts from customers	41,120	145,474
Payments to suppliers and employees	(465,034)	(1,267,411)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(367,997)	(1,054,400)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(192,208)	(12,667)
Proceeds from disposal of property, plant & equipment	49,000	43,805
Payments for exploration, evaluation and development expenditure	(1,076,465)	-
NET CASH FLOWS (USED IN)/PROVIDED BY INVESTING ACTIVITIES	(1,219,673)	31,138
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of equity	3,500,000	-
Payment for share issue costs	(205,571)	-
Repayment of loans to other entities	-	(387,274)
NET CASH FLOWS FROM FINANCING ACTIVITIES	3,294,429	(387,274)
Net increase/(decrease) in cash and cash equivalents	1,706,759	(1,410,536)
Cash and cash equivalents at the beginning of the half year	1,776,813	2,054,517
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF YEAR	3,483,572	643,981

The accompanying notes form part of these financial statements.

**NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The half year financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the company as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2009 and any public announcements made by Barra Resources Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

(b) Basis of preparation

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

(c) Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Except as described below, in preparing this interim report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2009.

In the half-year ended 31 December 2009, management reassessed its estimates in respect of:

Carrying value of exploration expenditure

The Company performed a detailed review of its exploration tenements at period end to determine whether the related expenditure should continue to be capitalised under AASB 6 or written off to the statement of comprehensive income. As a result of this review, management has determined that \$1,827,496 be written off as a result of a reassessment of the carrying value of the Burbanks Gold Project.

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NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

(d) Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2009, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2009.

The Company has adopted AASB 8 Operating Segments from 1 July 2009. AASB 8 replaces AASB 114 Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has not resulted in 'a change in' the reportable segments presented by the Company as operating segments are reported in a manner which is consistent with the internal reporting provided to the chief operating decision maker.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations, other than AASB 8 Operating Segment on its business and, therefore, no change is necessary to accounting policies. The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2009. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Company accounting policies.

NOTE 2: SEGMENT REPORTING

The Company has adopted AASB 8 Operating Segments which requires operating segments to be identified on the basis of internal reports about components of the Company that are reviewed by the chief operating decision maker in order to allocate resources to the segment and assess its performance. The chief operating decision maker of Barra Resources Limited reviews internal reports prepared as financial statements and strategic decisions of the Company are determined upon analysis of these internal reports. During the period, the Company operated predominately in the business and geographical segment being the minerals exploration sector in Western Australia. Accordingly, under the 'management approach' outlined only one operating segment has been indentified and no further disclosure is required in the notes to the financial statements.

NOTE 3: DIVIDENDS

No dividends have been paid or declared in the half year.

NOTE 4: LOSS BEFORE INCOME TAX EXPENSE

	31 December 2009	31 December 2008
	\$	\$
The following revenue and expense items are relevant in explaining the financial performance for the half year:		
Recognition of loss from impairment of capitalised expenditure	1,827,496	511,781
Net gain on disposal of assets	22,295	-

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NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 5: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Half Year 31 Dec 2009	Year ended 30 Jun 2009
	\$	\$
Mineral exploration and evaluation expenditure costs carried forward 1 July	9,363,002	10,105,477
Less: Exploration Expenditure written off	-	(415,918)
Less: Quinn Project Sale	-	(1,191,415)
Add: Exploration and evaluation expenditure	1,033,233	864,858
Total Exploration and evaluation expenditure	10,396,235	9,363,002
Development expenditure costs carried forward	4,916,087	6,351,858
Less: Impairment recognised	(1,827,496)	(1,435,771)
Total Development expenditure	3,088,591	4,916,087
Balance of Exploration and Development expenditure at 31 December	13,484,826	14,279,089

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas.

NOTE 6: ISSUED CAPITAL

	31 Dec 2009	30 Jun 2009
Issued and paid up Capital		
314,914,550 (30 Jun 2009: 281,727,078) ordinary full paid shares	47,206,207	43,263,344
<i>Movements in ordinary shares on issue</i>	Number of shares	\$
Balance as at 1 July 2009	281,727,078	43,263,344
Issue of shares from a placement to raise funds for ongoing exploration and working capital requirements	28,000,000	3,500,000
Issue of shares to FMR Investments Pty Ltd in final settlement of debt	5,187,472	648,434
Less: Share issue costs	-	(205,571)
Closing Balance 31 December 2009	314,914,550	47,206,207

NOTE 7: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

NOTE 8: SUBSEQUENT EVENTS

No significant events have occurred subsequent to the reporting date other than the following:

- On 3 March 2010, Wild Acre Metals Limited (WAC) was admitted to the Official List of the Australian Securities Exchange Limited. The Company holds 2,850,000 shares in WAC representing a 9.54% interest in the Company.

**NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

DIRECTORS' DECLARATION

The Directors declare that:

- (a) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) In the Directors opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with AASB 134 Interim Financial Reporting and giving a true and fair view of the financial position and performance of the Company.

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

On behalf of the Directors



DEAN GOODWIN
Managing Director



GARY BERRELL
Chairman

Dated in Perth this 15th day of March 2010

INDEPENDENT AUDITOR'S REVIEW REPORT

**To the members of
Barra Resources Limited**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report, which comprises the condensed statement of financial position as at 31 December 2009, the condensed statement of comprehensive income, condensed statement of changes in equity, condensed statement of cash flows and notes to the financial statements for the half-year ended on that date, and the directors' declaration of Barra Resources Limited ("company").

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001*, including giving a true and fair view of the company's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Barra Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Barra Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants



Perth, Western Australia
15 March 2010

M R W OHM
Partner