Statement of Financial Position *as at 30 June 2002*

	Note	30 June 2002 $	30 June 2001 $
CURRENT ASSETS			
Cash assets	7	416,292	2,674,288
Receivables	8	186,895	94,255
Other	9	4,000	–
TOTAL CURRENT ASSETS		607,187	2,768,543
NON CURRENT ASSETS			
Property, plant and equipment	10	66,840	101,600
Exploration, evaluation and development expenditure	11	7,420,232	7,529,643
TOTAL NON CURRENT ASSETS		7,487,072	7,631,243
TOTAL ASSETS		8,094,259	10,399,786
CURRENT LIABILITIES			
Payables	12	300,781	281,372
Other financial liabilities	13	57,148	67,695
Provisions	14	116,469	62,146
TOTAL CURRENT LIABILITIES		474,398	411,213
TOTAL LIABILITIES		474,398	411,213
NET ASSETS		7,619,861	9,988,573
EQUITY			
Contributed equity	15	10,190,474	10,190,474
Accumulated losses	16	(2,570,613)	(201,901)
TOTAL EQUITY		7,619,861	9,988,573

The accompanying notes form part of these financial statements.

Statement of Financial Performance *for the year ended 30 June 2002*

	Note	30 June 2002 $	30 June 2001 $
Revenue from ordinary activities	2	9,467,654	–
Interest revenue	2	65,286	110,347
Cost of mining and processing		(6,833,076)	–
Employee benefits expense		(296,279)	(176,975)
Depreciation and amortisation expense		(2,418,243)	(15,598)
Doubtful debts expense		(2,038,522)	–
Rental expenses		(36,380)	(11,095)
Other expenses from ordinary activities		(279,152)	(108,580)
Loss from ordinary activities before income tax expense	3	(2,368,712)	(201,901)
Income tax expense relating to ordinary activities	4	–	–
Loss from ordinary activities after related income tax expense		(2,368,712)	(201,901)
Total changes in equity other than those resulting from transactions with owners as owners		(2,368,712)	(201,901)
Basic loss per share (cents per share)	21	4.5 cents	0.6 cents
Diluted loss per share (cents per share)	21	4.5 cents	0.6 cents

The accompanying notes form part of these financial statements.

Statement of Cash Flows *for the year ended 30 June 2002*

	Note	30 June 2002 $	30 June 2001 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from gold sales		494,589	–
Interest received		65,286	110,347
Payments to trade creditors, other creditors and employees		(553,297)	(355,696)
NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES	17(a)	6,578	(245,349)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(10,021)	(117,198)
Payments for exploration, evaluation and development expenditure		(2,254,553)	(1,528,639)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(2,264,574)	(1,645,837)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		–	5,250,001
Capital raising costs		–	(684,527)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		–	4,565,474
NET INCREASE/(DECREASE) IN CASH HELD		(2,257,996)	2,674,288
CASH AT THE BEGINNING OF THE YEAR		2,674,288	–
CASH AT THE END OF THE YEAR	7	416,292	2,674,288

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

The accompanying notes form part of these financial statements.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2002

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 prime cost 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 motor vehicles and 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.

Notes to and forming part of the Financial Statements (cont.)

for the period ended 30 June 2002

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 amount. 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

A provision 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 (cont.)

for the year ended 30 June 2002

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.

	30 June 2002 $	30 June 2001 $
Note 2. Revenue from Ordinary Activities		
Operating Activities		
• Sales from gold production	9,467,654	–
• Interest received, other persons	65,286	110,347
Total Revenue	9,532,940	110,347
Note 3. Loss from Ordinary Activities		
Loss from ordinary activities before income tax has been determined after:		
(a) Expenses		
Cost of sales	6,833,076	–
Amortisation of capitalised exploration, evaluation and development costs	2,373,462	–
Depreciation / amortisation of non-current assets		
• Furniture & Fittings	4,937	1,374
• Office Equipment	10,083	6,189
• Computer Equipment	4,550	1,731
• Leasehold Improvements	2,786	697
• Motor Vehicles	22,426	5,607
	44,782	15,598
Rental expense on operating leases		
Rental expense on operating lease		
• Minimum lease payments	36,380	8,495
Annual leave charge	10,020	21,752
Director related entity doubtful debts expense	2,038,522	–

Notes to and forming part of the Financial Statements (cont.)

for the period ended 30 June 2002

	30 June 2002 $	30 June 2001 $
Note 4. Income Tax 30 June 2002		
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	(2,368,712)	(201,901)
Income tax benefit calculated at 30% (2001:34%) of operating loss	(710,614)	(68,646)
Permanent Differences		
Non-deductible expenses	4,181	–
Timing differences and tax losses not brought to account as future income tax benefits	706,433	68,646
Income tax expense attributable to operating profit	–	–

Future income tax benefits totalling $775,079 (2001: $60,570) (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:

(a) 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;

(b) the Company continues to comply with the conditions for deductibility imposed by tax legislation; and

(c) no changes to tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

Note 5. Remuneration and Retirement Benefits

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

John Charles Hocking
Robert George Colville
Peter Joseph Maloney (Resigned 5 August 2002)

	30 June 2002 $	30 June 2001 $
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:	255,600	171,374

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:

	2002	2001
0 – $9,999	–	2
$30,000 – $39,999	1	1
$40,000 – $49,999	1	1
$90,000 – $99,999	–	1
$180,000 – $189,999	1	–

Notes to and forming part of the Financial Statements (cont.)

for the year ended 30 June 2002

	30 June 2002 $	30 June 2001 $

Note 5. Remuneration and Retirement Benefits (continued)

(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.	180,000	–

Note 6. Auditors Remuneration

Amounts received, or due and receivable by the auditors for audit or review of the financial report.	12,500	10,500

Note 7. Cash

Cash at bank	180,330	104,074
Deposits at Call	235,962	2,570,214
	416,292	2,674,288

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

Note 8. Receivables

Other debtors	51,627	94,255
Loans – related parties (refer Note a: below)	2,173,790	–
Less provision for doubtful debts	(2,038,522)	–
	186,895	94,255

Note a: During the financial year, the Company commenced operations at the First Hit project pursuant to an agreement with Barminco Pty Ltd ("Barminco") whereby Barminco receives $330 per refined ounce recovered. Barminco also receives a benefit of 20% of the price of gold sold above $520 per ounce as part compensation for incurring the financing risk. At the end of the financial year, the amount owing to the Company by Barminco from gold mining operations undertaken at the First Hit and Phillips Find Newhaven operations was $2,173,789.

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. There is significant uncertainty that a profit will be generated from operations at First Hit and as a consequence, the amount outstanding in relation to First Hit of $2,038,522 has been fully provided as a doubtful debt.

Note 9. Other – Current Assets

Prepayments	4,000	–

Notes to and forming part of the Financial Statements (cont.)

for the period ended 30 June 2002

Note 10. Property, Plant & Equipment

	30 June 2002 $	30 June 2001 $
Motor vehicles – at cost	67,286	67,286
less accumulated depreciation	(28,033)	(5,607)
	39,253	61,679
Office furniture and equipment – at cost	59,933	49,912
less accumulated depreciation	(32,346)	(9,991)
	27,587	39,921
	66,840	101,600
Movements in carrying amounts		
Balance at beginning of the year	101,600	–
Additions	10,021	117,198
Disposals	–	–
Depreciation expense	(44,781)	(15,598)
	66,840	101,600

Note 11. Exploration, Evaluation and Development Expenditure

	30 June 2002 $	30 June 2001 $
Mineral exploration, evaluation and development expenditure costs carried forward		
Balance at beginning of financial year	7,529,643	–
Acquisition of mineral projects	–	5,734,408
Exploration, evaluation and development expenditure	2,264,051	1,795,235
Exploration, evaluation and development expenditure amortised	(2,373,462)	–
Balance at end of financial year	7,420,232	7,529,643

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

	30 June 2002 $	30 June 2001 $
Trade creditors	300,781	281,372

Note 13. Other Financial Liabilities

	30 June 2002 $	30 June 2001 $
Loan – Related Party	57,148	67,695

As at 30 June 2002 other financial liabilities related to a loan owing to Barminco Pty Ltd. The loan is interest free, unsecured and repayable at call.

Notes to and forming part of the Financial Statements (cont.)

for the year ended 30 June 2002

	30 June 2002 $	30 June 2001 $
Note 14. Provisions		
Rehabilitation costs	33,800	–
Employee entitlements	54,982	40,315
Other	27,687	21,831
	116,469	62,146
Total number of employees at the end of the financial year	6	6
Note 15. Contributed Equity		
(a) **Issued and Paid up Capital**		
52,500,001 ordinary shares, fully paid	10,190,474	10,190,474
Movement:		
• Opening balance	10,190,474	–
• Issue of 1 Founders share at an issue price of $1.00 on 20 June 2000	–	1
• Issue of 10,000,000 seed capital shares at an issue price of 2.5 cents each on 2 August 2000	–	250,000
• Issue of 22,500,000 vendor shares to vendors of mining properties on or about 12 December 2000	–	5,625,000
• Issue of 20,000,000 fully paid ordinary shares at an issue price of 25 cents each pursuant to a Prospectus dated 27 October 2000	–	5,000,000
	–	10,875,001
less:		
Costs of issue of shares	–	(684,527)
Closing balance	10,190,474	10,190,474

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) **Options on issue**

	Expiry Date 4 December 2003	Expiry Date 31 August 2003	Expiry Date 4 December 2003
Exercise Price	$0.25 (Directors)	$0.25	$0.25 (vendors)
On issue at the beginning of the year	2,500,000	22,000,000	20,000,000
Issued during the financial year	–	–	–
Expired or exercised during the year	–	–	–
Outstanding at balance date	2,500,000	22,000,000	20,000,000

Notes to and forming part of the Financial Statements (cont.)

for the period ended 30 June 2002

	30 June 2002 $	30 June 2001 $
Note 16. Accumulated Losses		
Balance at the beginning of the financial year	(201,901)	–
Net loss	(2,368,712)	(201,901)
Balance at the end of the financial year	(2,570,613)	(201,901)

Note 17. Notes to the Statement of Cashflows

(a) **Reconciliation of Net Cash Flows from Operating Activities to Operating Profit**
Reconciliation of Cash Flow from Operations with Profit from ordinary activities after income tax

	30 June 2002 $	30 June 2001 $
Loss from ordinary activities after income tax	(2,368,712)	(201,901)
Non-cash flows included in loss from ordinary activities		
• depreciation expense	44,781	15,598
• doubtful debts expense	2,038,522	–
• amortisation of capitalised exploration costs	2,373,462	–
• provision for rehabilitation expenses	33,800	–
Changes in assets and liabilities		
• increase in other debtors	(2,132,215)	(94,255)
• decrease in other provisions	(2,931)	21,831
• increase in trade creditors	23,871	13,378
• increase in prepayments	(4,000)	–
	6,578	(245,349)

(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 and Philips Find Newhaven gold mines. The net of Revenue and Expenditure resulting from these two operations are carried as a loan owing from the mining contractor, Barminco Pty Ltd.

  Apart from proceeds received from gold sales totalling $494,589, these activities have not affected cashflows during the financial year.

Note 18. Statement of Operations by Segment

The Company operates solely in the natural resources exploration industry in Western Australia. The Company has a producing gold mine at First Hit and is also involved in gold exploration in the areas of Riverina, Phillips Find, Quinns and Burbanks.

Notes to and forming part of the Financial Statements (cont.)

for the year ended 30 June 2002

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 During the Year	Disposed / Lapsed During the Year	Closing Balance
Ordinary shares (i)	20,360,000	219,169	(20,000)	20,559,169
Share options (i)	22,810,000	150,000	(10,000)	22,950,000

(i) Robert George Colville is a director of Barminco Pty Ltd ("Barminco") and therefore has an indirect interest in 20,025,921 shares and 20,000,000 options held by Barminco.

(b) Transactions with Director related entities

Robert George Colville is also a Director of Barminco. Barminco currently has a 44.34% shareholding in the Company.

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

(i) Pursuant to a service agreement between Barminco and the Company, Barminco provides geological, technical and administrative services to the Company. A total of $463,540 (2001 : $201,419) was paid to Barminco by the Company during the financial year for these services.

(ii) During the financial year, Barminco incurred expenditure on behalf of the Company via a loan account. At 30 June 2002, the balance owing to Barminco by the Company in relation to this loan was $57,148 (2001 : $67,695).

(iii) During the financial year, the Company commenced operations at the First Hit project pursuant to an agreement with Barminco whereby Barminco has agreed to fund and develop mining of the First Hit deposit. Barminco receives $330 per refined ounce recovered. Barminco also receives a benefit of 20% of the price of gold sold above $520 per ounce as part compensation for incurring the financing risk. At the end of the financial year, the amount owing to the Company by Barminco from gold mining operations undertaken at the First Hit and Phillips Find Newhaven operations was $2,173,789. This amount is interest free, unsecured and repayable at call.

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. There is significant uncertainty that a profit will be generated from operations at First Hit and as a consequence, this amount outstanding has been fully provided as a doubtful debt.

Costs associated with mining operations at the First Hit underground mine totalling $5,909,682 were paid to Barminco Pty Ltd during the financial year.

(iv) During the financial year, the Company undertook mining operations at the Phillips Find Newhaven Open Cut Mine where a total of 3,823 ounces of gold was produced. Barminco Pty Ltd acted as mining contractor and was paid a total of $889,594 for these services.

Notes to and forming part of the Financial Statements (cont.)

for the period ended 30 June 2002

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 2002					
Financial assets:					
Cash	3.0	–	180,330	–	180,330
Term deposits	4.5	235,962	–	–	235,962
Receivables	–	–	–	186,895	186,895
		235,962	180,330	186,895	603,187
Financial liabilities:					
Accounts payable	–	–	–	300,781	300,781
Borrowings	–	–	–	57,148	57,148
Employee entitlements	–	–	–	54,982	54,982
		–	–	412,911	412,911
30 June 2001					
Financial assets:					
Cash	4.98	–	–	104,074	2,674,288
Term deposits	4.98	2,570,214	–	94,255	94,255
Receivables		–	–	–	–
		2,570,214	–	198,329	2,768,543
Financial liabilities:					
Accounts payable	–	–	–	281,372	281,372
Borrowings	–	–	–	67,695	67,695
Employee entitlements	–	–	–	40,315	40,315
		–	–	389,382	389,382

(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.

Notes to and forming part of the Financial Statements (cont.)

for the year ended 30 June 2002

Note 21. Earnings per Share

	2002 Cents Per Share	2001 Cents Per Share
Basic earnings per share	(4.5)	(0.6)
Diluted earnings per share	(4.5)	(0.6)

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:

	2002 $	2001 $
Loss	(2,368,712)	(201,901)

	2002 No.	2001 No.
Weighted average number of ordinary shares	52,500,001	32,527,398

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:

	2002 $	2001 $
Loss	(2,368,712)	(201,901)

	2002 No.	2001 No.
Weighted average number of ordinary shares and potential ordinary shares	52,500,001	32,527,398

The Director and Vendor Options expiring on 4 December 2003 and the options expiring on 31 August 2002 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.

Note 22. Significant Events Subsequent to Year End

Subsequent to the end of the financial year:

- During September 2002 the Company raised $1,716,000 following completion of a Shareholder Purchase Plan and an underwritten placement of shares resulting in the issue of 6,600,000 ordinary shares at an issue price of 26 cents each.

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

Notes to and forming part of the Financial Statements (cont.)

for the period ended 30 June 2002

Note 23. Contingent Liabilities

(a) 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.

(b) 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

1. 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:

	$
• Potential option fees payable (to extend terms of options)	157,000
• Amounts payable on exercise of options to acquire tenement interests	2,400,000

These amounts are payable, if required, at 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, these payments are uncertain and cannot be measured reliably.

	30 June 2002 $	30 June 2001 $
2. Operating Lease Commitment		
Not later than 1 year	9,963	9,963
Later than 1 year but not later than 5 years	–	–
Later than 5 years	–	–
	9,963	9,963

Pursuant to a Service Agreement with Barminco Pty Ltd, the Company is provided with, amongst other things, office space in Perth and Kalgoorlie. Under the Service Agreement, the Company must provide 3 months notice if it wishes to terminate the Agreement.

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 2003 if it is to retain all of its present interests in mining and exploration properties is $1,200,917.

Directors' Declaration

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 19 to 33:

   (a) comply with Accounting Standards and the Corporations Act 2001; and

   (b) give a true and fair view of the financial position as at 30 June 2002 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.

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

R G COLVILLE
Director

J C HOCKING
Director

Dated this 27th day of September 2002

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Deloitte Touche Tohmatsu

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BARRA RESOURCES LIMITED

Scope

We have audited the financial report of Barra Resources Limited for the financial year ended 30 June 2002 as set out on pages 19 to 34. The company's directors are responsible for the financial report. 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. 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. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows.

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

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 2002 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

G K McHarrie
Partner
Chartered Accountants

Perth, 27 September 2002

The liability of Deloitte Touche Tohmatsu is limited by, and to the extent of, the Accountants' Scheme under the Professional Standards Act 1994 (NSW).

Additional Information

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 24 September 2002.

Spread of Holdings	Ordinary Shares	Listed Options 31 August 2003
1 – 1,000	6	–
1,001 – 5,000	115	10
5,001 – 10,000	188	105
10,001 – 100,000	443	231
100,001 – and over	60	25
Number of Holders	812	371

Number of shareholders holding less than a marketable parcel: 20

SUBSTANTIAL SHAREHOLDERS

Shareholder Name	Number of Shares
Barminco Pty Ltd	24,393,000

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 31,315,001 fully paid shares and 19,980,000 options exercisable at 25 cents each on or before 31 August 2003.

COMPANY SECRETARY

The name of the Company Secretary is Grant Jonathan Mooney.

REGISTERED OFFICE

The registered office is at Level 1, 1 Sleat Road, Applecross WA 6153
The telephone number is (08) 9315 9333

Additional Information (cont.)

TWENTY LARGEST HOLDERS OF EACH CLASS OF QUOTED EQUITY SECURITIES

ORDINARY FULLY PAID SHARES

Shareholder Name	Number of Shares	Percentage of Capital
Barminco Pty Ltd	20,000,000	35.55
Cherry Garden Nominees Pty Ltd	5,307,500	9.43
Dalran Pty Ltd	2,250,000	4.00
Quintal Pty Ltd	1,850,000	3.29
Samrae Pty Ltd	861,500	1.53
Bremerton Pty Ltd	814,500	1.45
Sherrifmuir Holdings Pty Ltd	660,000	1.17
Sherrifmuir Holdings Pty Ltd <GPC A/C>	633,500	1.13
Barminco Pty Ltd	562,030	1.00
Gary Partick Connell & Devryn Lee Connell	533,000	0.95
Susan Elizabeth Watson	511,500	0.91
Ronald John Manning	504,500	0.90
Allan Stanley Hahn	501,000	0.89
Richard Vincent Howell & Beryl Joan Howell	440,000	0.78
Gary Mayes	376,129	0.67
Redmont Resources Pty Ltd	371,500	0.66
Hahn Investments Pty Ltd	321,500	0.57
Robert George Colville and Marilyn Joy Colville	320,000	0.57
Milino Pty Ltd	269,836	0.48
Robert Leslie Colville	250,000	0.44
	37,337,995	66.37

Additional Information (cont.)

OPTIONS EXPIRING 31 AUGUST 2003 (listed)

Optionholder Name	Number of Options	Percentage of Total
Dalran Pty Ltd	2,000,000	9.10
Exchange Nominee Pty Ltd	2,000,000	9.10
Sherrifmuir Holdings Pty Ltd	2,000,000	9.10
Quintal Pty Ltd	1,850,000	8.42
Samrae Pty Ltd	600,000	2.73
William Henry Oakley	500,000	2.27
Mikhael Pty Ltd	475,000	2.16
Eric Robert Terace and Judith Fay Terace	370,000	1.68
Robert George Colville and Marilyn Joy Colville	300,000	1.36
Bremerton Pty Ltd	280,000	1.27
Martin Christopher Angel & Laura Marie Angel	277,000	1.26
G Depoi Nominees Pty Ltd	250,000	1.14
Top Nominees Pty Ltd	250,000	1.14
Suzanne Frances Porter	230,000	1.05
Allan Stanley Hahn	228,000	1.04
Daphne Hazel Hahn	228,000	1.04
Janet Supple	202,000	0.92
Michael Lukac	160,000	0.73
Syncopated Pty Ltd	150,000	0.68
Chris Terpou & Diane Terpou	150,000	0.68
	12,500,000	56.87

Additional Information (cont.)

HOLDERS OF SECURITIES IN AN UNQUOTED CLASS

OPTIONS

Optionholder Name	No. of Options Vendor Options 4 December 2003	Director Options 4 December 2003
Barminco Pty Ltd	20,000,000	–
John Charles Hocking	–	250,000
Robert George Colville	–	2,000,000
Peter Joseph Maloney	–	250,000
	20,000,000	2,500,000

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; and
- 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.

Additional Information (cont.)

CORPORATE GOVERNANCE (continued)

(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

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.

(f) Committees of the Board

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) Identification and Management of Risk

The Board's collective experience should assist in enabling accurate identification of the principal risks which may affect the Company's business. Identifying key operational risks and their management, will be recurring items for deliberation at Board meetings.

(h) Share Trading

A formal policy has been adopted which is to ensure compliance with the "insider trading" provisions of the Corporations Law by executive staff who may be in possession of sensitive information concerning the Company's affairs, prior to release to the market.

(i) Ethical Standards

The Board is committed to the establishment and maintenance of appropriate ethical standards to underpin the Company's operations and corporate practices.