

Activity Report for the Quarter Ended 30 September 2008



OVERVIEW

MT THIRSTY COBALT-NICKEL PROJECT (Barra 50%)

- ❖ Advanced metallurgical test-work returned recoveries of up to 99% cobalt, 98% manganese and 75% nickel based on recent Atmospheric Leach.
- ❖ Conceptual Plant Flow Design for metal extraction has been completed.
- ❖ Potential metal recoveries for the 29 million tonne resource approach 33,000 tonnes of cobalt, 133,000 tonnes of nickel and 247,000 tonnes of manganese.
- ❖ Potential products include cobalt and nickel hydroxides together with a manganese carbonate by-product.
- ❖ Rock-chip sampling has identified nickel-sulphide gossans adjacent to the Mt Thirsty Resource which could represent a primary source of the deposit.
- ❖ Eight RC holes were drilled into the Mt Thirsty Resource for additional sample supply for pilot test-work in Canada.

BURBANKS GOLD MINE (Barra 100%)

- ❖ Surface Reverse Circulation drilling to follow-up on the up-plunge extent of Mainlode which produced 86,000 ounces of gold at 18.3g/t in the early 1900's returned very encouraging results which include:

7.0 metres grading	6.8 grams per tonne gold
<i>including 1.0 metres grading 34.5 grams per tonne</i>	
12.0 metres grading	2.0 grams per tonne gold
<i>including 1.0 metres grading 12.2 grams per tonne</i>	
2.0 metres grading	3.7 grams per tonne gold

PHILLIPS FIND PROJECT (Barra 100%)

- ❖ Auger soil sampling over the Carbine Project tenements adjacent to Phillips Find has generated several significant gold-in-soil anomalies several hundred metres in length.

BARRA RESOURCES LIMITED

(ABN 76 093 396 859)
 Level 3, Mercury House
 33 Richardson Street
 West Perth WA 6005
 PO Box 1546
 West Perth WA 6872
 Phone: (+61 8) 9481 3911
 Facsimile: (+61 8) 9481 3955
 Email: info@barraresources.com.au
 Website: www.barraresources.com.au

FOR FURTHER INFORMATION

Contact

Dean Goodwin (Managing Director)
 Gary Berrell (Chairman)

SHAREHOLDER ENQUIRIES

Computershare Investor Services Pty Ltd
 45 St Georges Terrace
 Perth WA 6840
 Phone: (+61 8) 9323 2000
 Facsimile: (+61 8) 9323 2033

EXPLORATION

1. Mt THIRSTY PROJECT (50% Barra; 50% Fission)

The 45km² Mt Thirsty Cobalt-Nickel Project is located 20km north-northwest of Norseman. The Company recently announced a 50/50 joint venture between Barra Resources Limited ("Barra") and ASX listed Fission Energy Limited ("Fission") (collectively referred to as the "Joint Venture").

Highlights

- Advanced metallurgical test-work returned recoveries of up to 99% cobalt, 98% manganese and 75% nickel based on recent Atmospheric Leach test-work.
- Cobalt-nickel-manganese leach rapidly in 8-10 hours at normal atmospheric pressure and moderate temperatures (<100°C).
- Autoclaves **are not** required for the leaching process.
- Potential metal recoveries for the resource approach 33,000 tonnes of cobalt, 133,000 tonnes of nickel and 247,000 tonnes of manganese.
- Potential products include cobalt and nickel hydroxides together with a manganese carbonate by-product.
- Conceptual Plant flow design for metal extraction has been completed.
- The proposed flow-sheet is simple and robust with no new technology required.
- Production profile targeting 2 million tonnes per annum.

Reverse Circulation Drilling

During the quarter, eight metallurgical RC holes (MTRC1-8) were drilled for 505m. The holes were drilled as twin holes to obtain additional sample supply for metallurgical test-work to be conducted in Canada. The holes were also assayed with significant intersections presented in Table 1.

Independent mining and geological consulting firm Golder Associates Pty Ltd has estimated a JORC compliant Indicated and Inferred Resource of **29,030,000 tonnes** grading **0.12% cobalt, 0.56%**

nickel and 0.88% manganese. The total Indicated and Inferred Resource contains approximately **162,000 tonnes of nickel, 35,000 tonnes of cobalt and 255,000 tonnes of manganese.**

Metallurgy

Metallurgical bench scale test-work has been carried out over the past six months on the major ore types. Seven bulk samples weighing in-excess of 100kg were collected from each of the corresponding ore horizons from drill holes throughout the orebody. A composite sample, representative of run of mine ore, was then prepared for leach testing.

Multiple tests were carried out on the same sample at various temperatures and acid concentrations to optimise nickel recoveries whilst maintaining relatively low levels of iron in solution. This was finally achieved by leaching the ore in two stages.

Stage One operates at low temperature (60°C), reducing atmosphere and utilises the liquor from Stage 2 which has a low acid concentration. The cobalt and manganese recoveries for Stage 1 are typically 85 - 90% after a two hour residence time. A solid liquid separation stage is undertaken and the solids are repulped with acidified process water heated up to 100°C.

This then feeds to the Stage Two oxidation leach where the bulk of nickel is extracted and any residual cobalt and manganese recovered. Iron in solution during Stage 2 is precipitated as jarosite by the simple addition of saline process water. Acid consumptions for these tests were in the range of 150-330kg per tonne of ore.

Results of this test-work is summarised in Table 2. Leach curves are illustrated in Figure 1.

Pilot testing of 2 tonnes of high grade ore representing the type of ore to be treated during the first 4 years of production and 3.5 tonnes of run of mine ore is due to commence in early February 2009 at SGS Lakefield in Ontario Canada. This testing facility is world class and is ideally suited to Mt Thirsty type ore.

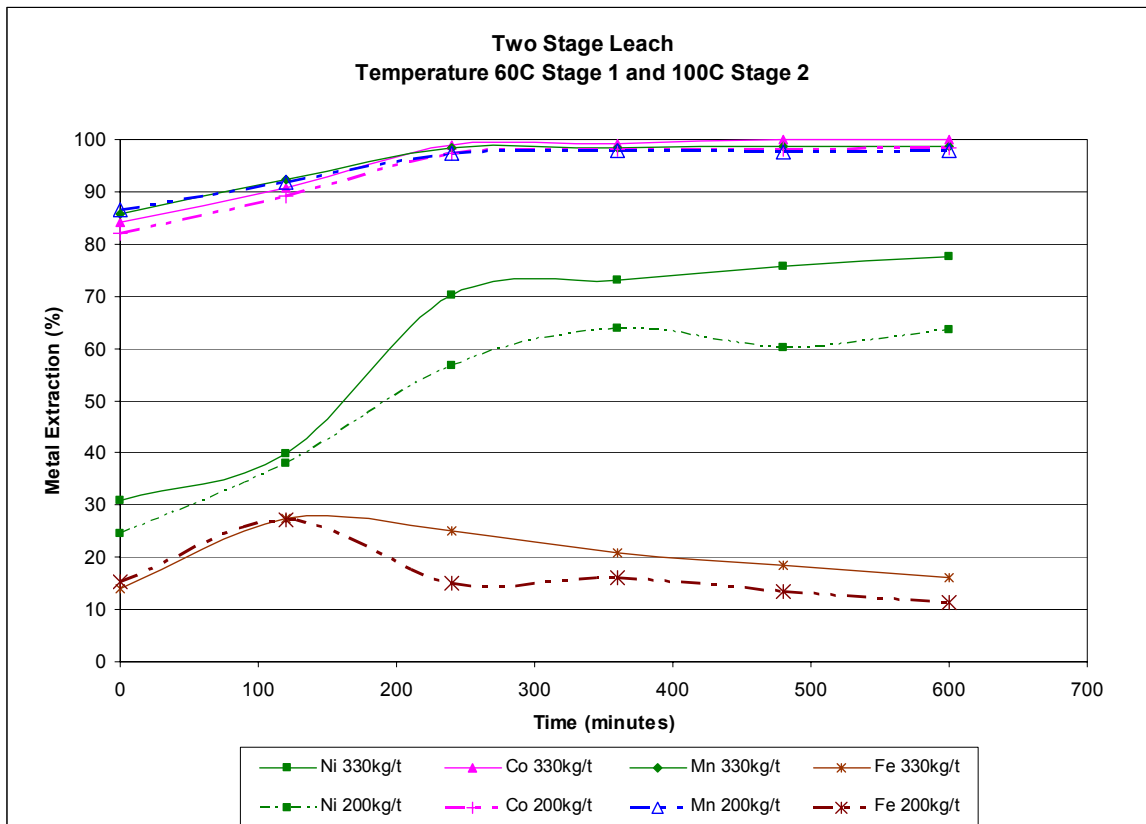
Table 1: Mt Thirsty Significant RC Drill Intersections

Hole	North	East	Dip/Az (degrees)	RL (m)	From (m)	To (m)	Width (m)	Grade Co (%)	Grade Ni (%)	Grade Mn (%)
MTRC1	6447573	372106	-90/0	377.8	39	56	17	0.29	0.70	1.35
					66	82	16	0.18	0.64	1.37
MTRC2	6447592	372324	-90/0	369.6	0	3	3	0.20	0.42	1.57
					28	55	27	0.13	0.87	0.89
MTRC3	6447549	372252	-90/0	369.6	0	2	2	0.13	0.42	0.76
					9	25	16	0.13	0.48	0.83
MTRC4	6447465	372133	-90/0	377.8	16	91	75	0.20	0.94	0.82
MTRC5	6447256	372253	-90/0	381.6	31	38	7	0.15	0.46	0.73
MTRC6	6446949	372280	-90/0	382.4	7	8	1	0.27	1.05	0.78
					21	39	18	0.15	0.53	1.24
MTRC7	6446954	372354	-90/0	386.8	32	70	38	0.19	0.83	1.20
MTRC8	6446956	372320	-90/0	384.3	42	54	12	0.12	0.70	1.00

Table 2: Mt Thirsty Metallurgical Test-work Results

Ore Type	Acid Add'n (kg/t)	Total Leach Extraction (%)			
		Nickel	Cobalt	Iron	Manganese
Composite	330	75.0	99.0	14.0	98.6
Composite	200	63.6	99.0	9.9	98.5
Composite	146	31.2	89.2	21.3	91.2

Figure 1: Mt Thirsty Metallurgical Test-work - Leach Curves



For personal use only

For personal use only

Mt Thirsty Gossan Rock-Chip Sampling

A surface reconnaissance rock-chip sampling program searching for nickel sulphide mineralisation adjacent to the Mt Thirsty Cobalt-Nickel-Manganese Resource was undertaken during the quarter (see Figure 2). Several gossaneous samples representing possible disseminated sulphide mineralisation associated with a pyroxenite/dunite contact were collected.

The exploration strategy was based on a geological model similar to Mirabela Nickel Limited's Santa Rita deposit in Brazil which contains approximately 130 million tonnes @ 0.60% nickel. At Santa Rita, disseminated nickel sulphide ore is situated at the base of a large gabbro intrusion with a dunite footwall containing a modest lateritic nickel resource. The geological setting at Mt Thirsty is very similar with the main cobalt-nickel-manganese oxide resource also hosted within a dunite. The large gabbroic regionally extensive Mt Thirsty intrusion, potentially hosting disseminated nickel sulphide mineralisation at its base, is located immediately east of the oxide deposit.

The samples were analysed for a suite of elements that aid in identifying surface expressions of nickel sulphide mineralisation.

The sampling program was targeted around high grade cobalt-nickel oxide mineralisation in MTAC179 believed to be adjacent to the gabbro/dunite contact. Samples MTROCK17-20 and MTROCK26-29 returned very encouraging results indicating the presence of primary disseminated nickel sulphide mineralisation. These samples are just 20-30m east of MTAC179. An additional gossan (MTROCK22) was located 550m to the north along the same contact. This particular sample also returned encouraging nickel values. Results from this sampling program are presented in Table 3.

The identification of these nickel sulphide gossans is extremely encouraging and may indicate a primary sulphide source to the large oxide resource at Mt Thirsty. Further analysis of the results will continue into next quarter in conjunction with planning of an appropriate geophysical survey to define and test the pyroxenite footwall contact prior to drill testing.

Figure 2: Mt Thirsty Gossan Sampling Locations with Resource Outline

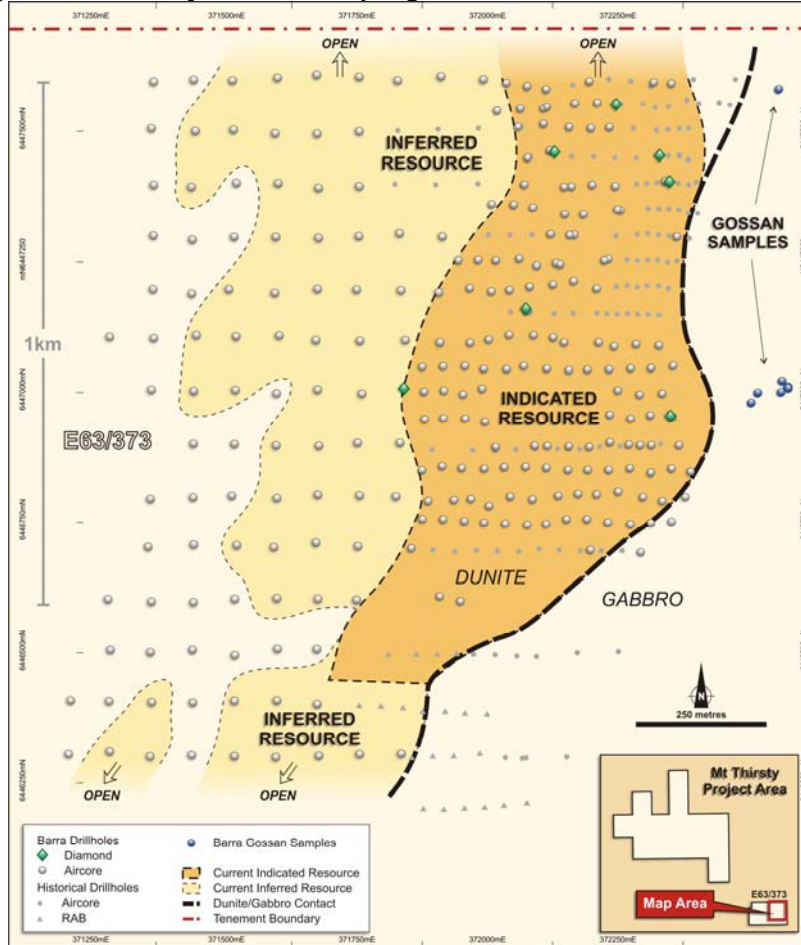


Table 3: Gossan Rock-chip Assay Results

Sample	North	East	Nickel (ppm)	Copper (ppm)	Zinc (ppm)	Palladium (ppb)	Iron (%)
MTROCK017	6447010	372582	2,820	141	347	64	53.2
MTROCK018	6447011	372581	2,223	203	302	116	49.9
MTROCK019	6447010	372581	3,217	194	309	60	52.1
MTROCK020	6447008	372582	2,724	140	290	79	46.1
MTROCK022	6447581	372564	7,537	41	351	32	48.7
MTROCK026	6447000	372568	4,079	153	432	54	53.3
MTROCK027	6447022	372570	3,488	111	400	62	56.3
MTROCK028	6446999	372524	5,280	56	320	88	54.7

Aeromagnetic Survey

A detailed low-level aeromagnetic survey was carried out over the Mt Thirsty project tenements this month covering an area approximately 116km². The imaging will be used to interpret geology and define targets to test for gold and nickel sulphide mineralisation.

Geochemical Sampling Program

An application for an auger geochemical program was approved during the quarter by the DoIR. The program will test all of the northern tenements and the western part of E63/373 on a 200m x 80m sampling pattern. Elements to be analysed for are silver, arsenic, gold, cobalt, chromium, copper, nickel, palladium and zinc which will build our dataset to effectively explore for gold and nickel on the Mt Thirsty tenement package. The program will be completed in stages between other company exploration activities.

Further Potential

There is very good potential to expand the Resource further south along strike to the tenement boundary, a distance of some 600m, as mineralisation remains open beyond the 6,300N section.

2. KAMBALDA WEST (Barra earning 70% of gold rights)

The broad widths and strong grades returned from the drilling coupled with the intersection of the western lode auger well for a significant gold resource to be discovered at Spargo's. The structure and mineralogy of the gold mineralisation intersected at Spargo's Reward is reminiscent of the style of gold mineralisation encountered at Kambalda.

The design of further drilling including shallow RC and deeper diamond holes to follow up the previous quarter's successful drilling programs at Spargo's Reward has been approved by the DoIR.

The program consists of 72 RC holes for 5,880m and 12 diamond holes for 2,340m. The RC drilling is designed to continue testing for oxide mineralisation, amenable to open-pit mining, associated with the Main Lode system and the footwall contact with the felsic crystal tuff. The deeper diamond drilling is designed to further define the down-plunge continuation of the Main Lode system.

3. BURBANKS (100% Barra)**Mainlode South**

During the quarter, 5 RC holes (BBRC165-169) for 604m were drilled to follow-up on the up-plunge extent of Mainlode which produced 86,000 ounces of gold at 18.3g/t between 1905 and 1914 (see Figure 4). Results are encouraging, demonstrating that significant gold potential exists up plunge from Mainlode (see Table 4).

This particular area has become a focus for the Company as it strives to increase its global resource base at Burbanks while continuing to evaluate mining options that may lead to more economic underground operations.

The surface RC drilling program was undertaken between the northern end of the Christmas pit and the historical underground workings of the Mainlode. Previous drill coverage in this particular area is shallow at around 30-40m vertical. Several older holes drilled by previous explorers contained encouraging results including 3m grading 6.63g/t from 45m in XPN012 and 2m grading 12.25g/t from 52m in BMC001.

The Company's recent RC holes were designed to follow up on these intersections together with the testing of the up plunge extent of Mainlode. Deeper RC holes beneath these results are planned to test the plunge potential further.

Four metre composites and final re-splits are presented in the table below. All results have now been returned. Three of the five holes (BBRC166,

BBRC167 and BBRC169) intersected Main Lode at planned depths. Best intersections were **1m @ 12.18g/t gold** from 53m in BBRC166, **1m @ 3.01g/t gold** from 77m in BBRC167 and **2m @ 3.72g/t gold**

from 50m, **3m @ 2.47g/t gold** from 58m and **1m @ 34.50 g/t gold** from 68m in BBRC169. Follow up drilling is planned for Mainlode.

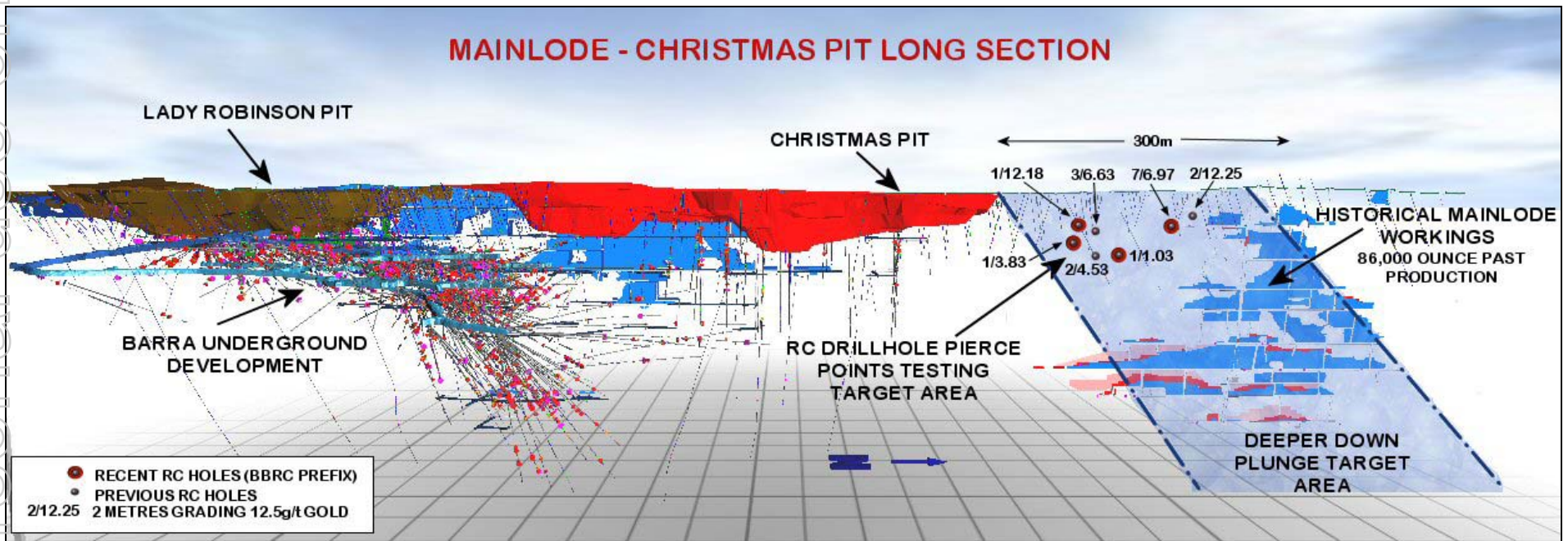
Table 4 – Significant RC Drilling Results from Mainlode.

Hole	North	East	Dip/Az (degrees)	From (m)	To (m)	Width (m)	Grade Au (g/t)	Comments	
BBRC165	5925	2000	-60/090	36	40	4	1.06	Footwall lode	
				80	81	1	3.83		
BBRC166	5925	2034	-60/090	45	57	12	1.93	Mainlode	
				<i>including</i>	51	52	1		3.06
				<i>and</i>	53	54	1		12.18
BBRC167	5975	2000	-60/090	77	78	1	3.01	Mainlode	
				100	101	1	1.03		
BBRC169	6023	2018	-60/090	50	52	2	3.72	Mainlode	
				58	61	3	2.47		
				64	71	7	6.97		
				<i>including</i>	68	69	1		34.50
XPN012	5950	2057	-60/090	45	48	3	6.63	Historic hole	
XPN014	6039	2062	-60/090	40	41	1	3.05	Historic hole	
BMC001	6039	2051	-55/090	52	54	2	12.79	Historic hole	

Note: Changes in grades compared to those previously reported are a result of the re-sampling of 4m composites into 1m sample intervals.

For personal use only

Figure 4: Mainlobe – Christmas Pit RC Drilling Program Testing Mainlobe Up-Plunge Potential



4. PHILLIPS FIND PROJECT (100% Barra)

During the quarter, a 1,125 sample auger soil sampling program was completed over the Carbine Option tenements located adjacent to the Phillips Find Project 50km north of Coolgardie. The Carbine tenements contain deeply weathered rocks with limited outcrop. The auger program was carried out in an effort to identify potential gold targets beneath the deep regolith.

Results have identified several encouraging gold-arsenic anomalies within the tenement package. Of particular interest is a north-west trending anomaly several hundred metres long associated with a felsic rock unit between two basalt units. Signs of significant shearing and fluid activity, indicated by abundant quartz veining show the potential for a significant resource.

Previous limited drilling data made available to Barra provided confirmation of the presence of encouraging gold mineralisation associated with the north-west trending felsic unit. A RAB hole (BRRB15) intersected 6m @ 2.07g/t gold from 58m downhole. Recent re-sampling of the drill chips returned 2m @ 14.34g/t gold from 58m associated with abundant quartz veining. A follow-up RC hole (BRRC1) beneath the RAB hole encountered continuity of mineralisation down dip with an intersection of 4m @ 8.25g/t gold including 1m @ 30.00g/t gold from 88m.

The potential for a significant resource within the Carbine tenements appears to be high. Further work will be directed toward careful analysis of all existing data, together with the new auger sampling data and detailed field observations prior to the planning and implementation of follow-up drilling programs.

5. RIVERINA NICKEL PROJECT (30% Barra, 70% Riverina Resources Pty Ltd - Managers)

Nickel Exploration

Martins Zone Nickel Sulphide

In the previous quarter, IGO completed 3 diamond holes for 1,259.4m testing the down-plunge potential of previously intersected massive nickel sulphide mineralisation at the Martin's Zone ultramafic. Drilling intersected broad widths of weakly disseminated mineralisation grading 0.47% nickel but failed to intersect massive nickel sulphides in the vicinity of the footwall contact. Unfortunately, the follow-up down-hole electromagnetic surveying did not locate any significant down-hole conductors.

On 22 August 2008, IGO elected not to exercise their option to enter into a joint venture in respect of the project. The Riverina Joint Venture are reviewing all options available to advance the project.

TENEMENTS

Tenements P15/4876-4886, P16/2390-2398, P16/2401-2402, P16/2407, P16/2409-2410 and P16/2420-2425 were granted during the quarter prompting the expiry of existing licences P15/3181-3186, P15/3220, P15/4181, P15/4248-4249, P16/1261-1264, P16/1268, P16/1401, P16/1469, P16/1471, P16/1482, P16/1489-1490, P16/1730, P16/2028, P16/2068, P16/1850-1853, P16/2016-2017 and the lapsing of associated mining lease applications.

Announcements

Date	Announcement
01/07/2008	Change in Substantial holding
04/07/2008	Meteore Metals Limited Acquisition
09/07/2008	RC Drilling of Main Lode Commences at Burbanks
10/07/2008	Mt Thirsty Cobalt-Nickel-Manganese Resource Increased by 38%
17/07/2008	Barra Unearths Nickel Sulphide Gossans at Mt Thirsty
28/07/2008	Burbanks Resource Update
29/07/2008	Quarterly Cashflow Report
29/07/2008	Activity Report for the Quarter Ended 30 June 2008
08/08/2008	Change of Director's Interest Notice
18/08/2008	Barras Diggers and Dealers Mt Thirsty Presentation 2008
29/08/2008	Burbanks Mainlode RC Drilling Update
12/09/2008	Extinguishment of Debt
30/09/2008	Full Year Statutory Accounts

Note: All announcements are available on the Company's website.

INVESTOR INFORMATION

Registered and Principal Office

Office

Level 3, Mercury House
33 Richardson Street
West Perth Western Australia 6005

Postal Address

PO Box 1546
West Perth Western Australia 6872
Phone: (+61 8) 9481 3911
Facsimile: (+61 8) 9481 3955
Email: deang@barraresources.com.au
Website: www.barraresources.com.au

Capital Structure

222,159,745 listed ordinary shares
25,625,000 listed Options
6,575,000 unlisted options (various)

Company Directors

Gary Berrell - Non-Executive Chairman
Dean Goodwin - Managing Director
Grant Mooney - Non-Executive Director and Company Secretary

ASX Codes

Shares: BAR
Options: BARO



DEAN GOODWIN
Managing Director

Abbreviations t=tonnes, mm=millimetre, m=metres, km=kilometres, ozs=ounces, %=percent, g/t=grams per tonne, Au = gold, Ni=nickel, Co=cobalt, Mn=manganese, @=at, ppm=parts per million, ppb=parts per billion, RC=Reverse Circulation, RAB=Rotary Air Blast, RL=Reduced Level

The information in this report which relates to the Mt Thirsty Mineral Resource is based on information compiled by Alan Miller, a full time employee of Golder Associates Pty Ltd and who is a member of the Australasian Institute of Mining and Metallurgy. Alan Miller has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the January 2005 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Resources Committee, the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Mineral Council of Australia." Alan Miller consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dean Goodwin who is a Member of the Australian Institute of Geoscientists. Dean Goodwin is a full-time employee of the Company. Dean Goodwin has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the January 2005 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dean Goodwin consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

