



MANAGING DIRECTOR'S LETTER TO SHAREHOLDERS

30th July 2018

Dear Barra shareholders and supporters,

With the release of today's quarterly activities report, it is an ideal time for me to personally update you on the progress of our company.

It has been a tough time in junior mining equities over the last few months and Barra's drift in share price from the mid-5c to the mid-4c range is no different. A recent short-term softening in the spot cobalt price from US\$90,000/t to US\$70,000/t has also taken some shine off the ASX cobalt sector.

However, the fundamentals of the cobalt market are stronger than ever. Demand growth is being led by the electric vehicle revolution and founded on a solid base of established industrial uses. Tight supply and few incentives for new entrants who hope to produce cobalt as a by-product from nickel and copper projects. These structural changes to the cobalt market are occurring over a time horizon not measured in weeks, but over 1-3 years; perfectly aligned with our plans to diligently take Mt Thirsty through the project development steps over that same time period.

The Mt Thirsty PFS is Barra's main focus and is now well progressed and moving at full pace. It is an exciting time for the technical teams as we eagerly await test work results to confirm the value adding ideas we have generated. The beneficiation idea is one that has been used successfully on many projects to deliver superior financial returns from smaller physical volumes. The addition of acid is also an idea that we know works very well technically and we will be interested to see the effect it has on the financials of the project.

I recently had the privilege of participating in the Lithium and Energy Materials Industry Consortium chaired by WA Mines and Petroleum Minister, the Hon Bill Johnston. The consortium aimed to identify how we can grow Western Australia's potential in materials across the entire battery materials value chain by hearing from those working in the sector. It is clear that **the WA government is seeking to set policies to facilitate the expeditious development of WA's resource endowment of metals critical for the burgeoning batteries market.** While WA will have a hard time matching the aggressive policies set in Asia, such as 12% EVs in China by 2020 and

100% EVs in India by 2030, I see a great opportunity for WA to streamline the approvals process for primary mining projects such as Mt Thirsty. Opportunities for downstream cobalt processing aren't presently on our radar at Barra but represent future option value.

We have also been delivering on our commitments in the gold space. The recent gold drilling results from Bubanks are another step towards reaching the exploration targets we have set. We will now move forward to estimating a resource for Main Lode and are very close to embarking on the next drilling campaign. This will be a 10,000m aircore drilling program at the Truth prospect at Phillips Find. The aircore drilling program will drill down to fresh rock to uncover the geological trends that our geological team believes could eventually lead to a significant new gold discovery.

We have recently reassessed our social media presence. In addition to our strong presence on LinkedIn, you can now follow us on Twitter for more insights. As always, I am very eager to engage with shareholders and potential investors via whatever forum you prefer, whether it by via telephone, email, social media or in person. Our next event on the calendar is Diggers and Dealers in Kalgoorlie next week where we will have a booth set up and hope to speak with as many investors as possible.

Yours sincerely,


Sean Gregory
Managing Director & CEO