



ASX QUARTERLY REPORT

QUARTER ENDING 30 SEPTEMBER 2018

ASX ANNOUNCEMENT

31st October 2018

BARRA RESOURCES LIMITED

A.B.N. 76 093 396 859

Corporate Details (Sep 28):

ASX Code: BAR
Market Cap: \$21.2M
@ 4.0c
Cash: \$2.9M

Issued Capital:

530.89M Ordinary Shares
50M Options

Substantial Shareholders:

FMR Investments 15.4%
Mineral Resources Ltd 10.8%

DIRECTORS

MD & CEO: Sean Gregory
Chairman: Gary Berrell
Non-Exec: Jon Young
Non-Exec: Grant Mooney

PROJECTS

Mt Thirsty Co-Ni (50%)
Coolgardie Au (100%)

CONTACT DETAILS

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T: (08) 9481 3911

MT THIRSTY COBALT PROJECT

- PFS level metallurgical test work results of the 'whole ore leach' case by Wood independently validated the Scoping Study assumptions.
- Whole ore leach case selected over the beneficiation case as the go-forward case for the PFS.
- Optimisation of leach conditions underway aiming to further increase leach recoveries.
- Engineering to a PFS level of accuracy scheduled for Q1 2019.

BURBANKS GOLD PROJECT

- Maiden Indicated and Inferred Mineral Resource Estimate of 29,900 Oz at 2.59 g/t gold declared for Main Lode Deposit.
- Total Mineral Resources at Burbanks increased 24% to 125,300 Oz.
- Mineral Resource estimates only a very small proportion of the strike and depth potential of the Burbanks high-grade gold system.

PHILLIPS FIND GOLD PROJECT

- First pass drilling program commences at Phillips Find Gold Project to test Truth target area.
- The Truth target area is the highest priority and most exciting target identified following a recent structural mapping and geochemical target generation program.
- 10,000m of broad spaced air core drilling underway.
- Drilling to be completed and assay results expected in current quarter.

CORPORATE

- \$2,000,000 raised through a placement to Mineral Resources Limited (MinRes) at \$0.035 per share. MinRes is now Barra's second largest shareholder, holding 10.8% and strengthening the shareholder register.
- As at the end of the quarter, Barra has \$2.9m in cash.



Figure 1: Barra Project Location Plan



MT THIRSTY COBALT PROJECT

(50% Barra, 50% Conico – Mt Thirsty Joint Venture, MTJV)

The Mt Thirsty Cobalt Nickel Project is located 16km northwest of Norseman, Western Australia (Figure 1). The project is jointly owned by Barra Resources Limited and Conico Limited, together the Mt Thirsty Joint Venture (MTJV).

The Project contains the Mt Thirsty Cobalt-Nickel (Co-Ni) Oxide Deposit that has the potential to emerge as a significant cobalt producer.

The MTJV is progressing a Pre-Feasibility Study (PFS) on the project utilising industry leading consultants led by Amec Foster Wheeler Australia Pty Ltd, trading as Wood.

ACTIVITIES

Front-End Flowsheet Selection

During the quarter the MTJV conducted significant metallurgical testwork at ALS laboratories in Balcatta, Perth under the direction of eminent process engineers from Wood.

The testwork was conducted on existing sample inventory from 2016 as well as additional fresh sample collected from 3 new Air Core (AC) holes drilled during the quarter.

The aim of the test work conducted for the PFS to date has been to enable the front-end of the flowsheet to be selected. The base case is for the whole of the ore to be fed into the leaching process (whole ore leach case). The alternative case is for the ore feed to be beneficiated by rejecting the fine slimes component to reduce the volume and increase the feed grade of the leach feed (beneficiation case).

Leach recoveries of the whole ore confirmed the leaching results used in the Scoping Study. The additional resolution provided by the upper and lower composites has shown that the upper domain has superior leaching performance compared to the lower domain (Table 1). As the upper domain sits above the lower domain, the higher recoveries and associated higher revenues will be able to be targeted and preferentially scheduled in the early years of the mine plan.

Sample Details	Co Leach % Recovery	Ni Leach % Recovery
Upper Saprolite Composite 1 (RC)	90	35
Upper Saprolite Composite 2 (AC)	86	32
Lower Saprolite Composite 1 (RC)	67	21
Lower Saprolite Composite 2 (AC)	69	27

Table 1 – Mt Thirsty Metallurgical Test Work Results. Note that recovery losses during precipitation of 3-4% have not been included in this table.

Metallurgical tests on the beneficiation case were successfully able to concentrate the target asbolane mineral prior to leaching. However, when the beneficiation recoveries are multiplied by the corresponding leaching recoveries, the beneficiation case delivers significantly lower overall recoveries when compared to whole ore leach case (refer ASX announcement 22/10/2018).

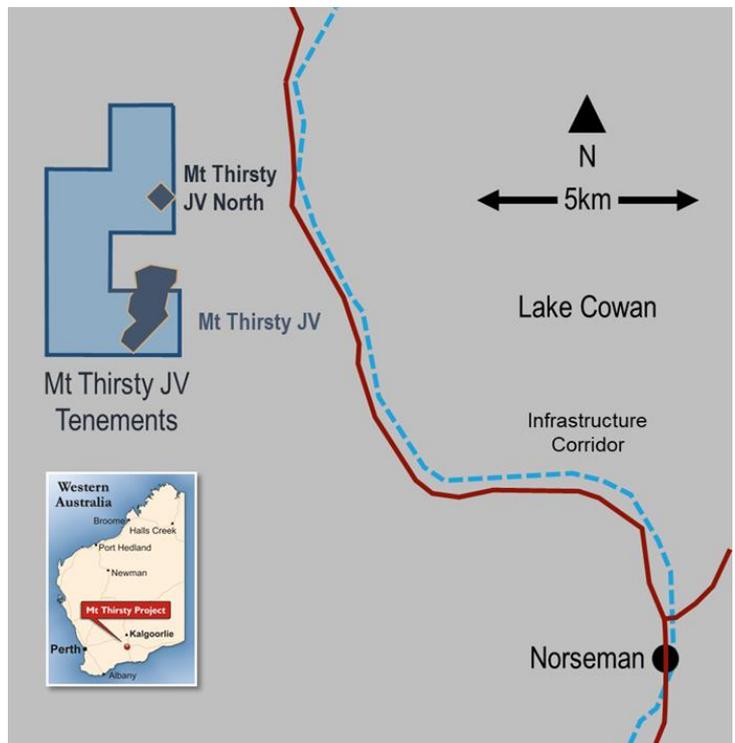


Figure 2: Mt Thirsty Project Location Plan



Economic analysis of multiple financial and non-financial criteria enabled the MTJV to confidently select the whole ore leach case for the front-end go-forward flowsheet for the project. The PFS and subsequent studies can move forward knowing that the beneficiation case has been thoroughly investigated and eliminated from further study.

Other Studies

New mining tenements have been pegged for the mine, associated infrastructure and groundwater drilling. Access negotiations have commenced with underlying land holders and the traditional owners. These negotiations are progressing very well. Once the groundwater licences have been granted, hydrogeological drilling of our planned bore fields will commence.

During September, biological surveys were completed over the planned development areas. No rare flora or fauna were identified confirming previous surveys from 2007. These survey results together with the small scale and environmental risk of the project reinforce the MTJV's view that the environmental approvals pathway for the project will be straight forward.

Golder have been commissioned to upgrade the Mt Thirsty resource from JORC 2004 to JORC 2012 to enable an Ore Reserve to be declared at the completion of a positive PFS.

Next Steps

Now that the leach feed type has been determined, optimisation of leach conditions on this feed will occur during Q4 2018. This will include parameters such as feed grade, SO₂ concentration, temperature, process water salinity, grind size, agitator sizing, and H₂SO₄ acid addition. Optimisation of these parameters is expected to further improve the metal recoveries. In particular, the addition of acid has great potential to significantly improve the recoveries based on previous results from 2009-2010.

Engineering of the processing plant, and capital and operating cost estimating to a PFS level of accuracy at optimised conditions will occur during Q1 2019.

Cobalt Market Outlook

The long-term demand for cobalt looks very encouraging with the emergence of main stream electric vehicles. In addition, the battery industry is also competing with demand for cobalt from producers of superalloys, aircraft turbines and chemical industries.

While there has been some short-term softening in the spot price for cobalt from about US\$90,000/t back to about US\$60,000/t, somewhat offset by a lower Australian dollar, the medium- and long-term fundamentals remain exceptional.

Demand is likely to escalate exponentially with battery production; however, supply is uncertain as 68% of global supply comes from the politically unstable African countries such the Democratic Republic of Congo, typically as a by-product of nickel and copper mining.

With potential supply constraints and surging demand, many commentators see pricing pressure as a likely eventuality.



BURBANKS GOLD PROJECT

(100% Barra)

ACTIVITIES

Barra's 100% owned Burbanks Gold Project is located just 9 km south of Coolgardie in Western Australia (Figure 3).

Barra has identified an Exploration Target for Burbanks of 223,000 to 564,000 Oz (refer ASX Release dated 21/03/2018). The Exploration Target is conceptual in nature and further work is required to declare a Mineral Resource of this magnitude. Based on this Exploration Target, Barra has set itself a strategy to grow its Mineral Resources at its Coolgardie Gold Projects to a critical mass of 500 kOz ahead of a sustainable future re-start in mining operations.

Main Lode Resource Estimation

Following the successful Autumn RC drilling campaign at Main Lode and Kangaroo Hills, the Company commissioned Mineral Resource Estimation for the Main Lode Deposit.

The maiden Indicated and Inferred Mineral Resource of 29,900 Oz at 2.59 g/t gold was reported in accordance with the 2012 JORC Code, for the historical Main Lode Underground Mine.

The maiden MRE for Main Lode is a significant milestone for Barra. It adds an additional 24% of Mineral Resources to our global Mineral Resource inventory which now stands at 125,300 Oz (Table 3). This represents about a quarter of the upper limit of the Company's previously announced Exploration Target.

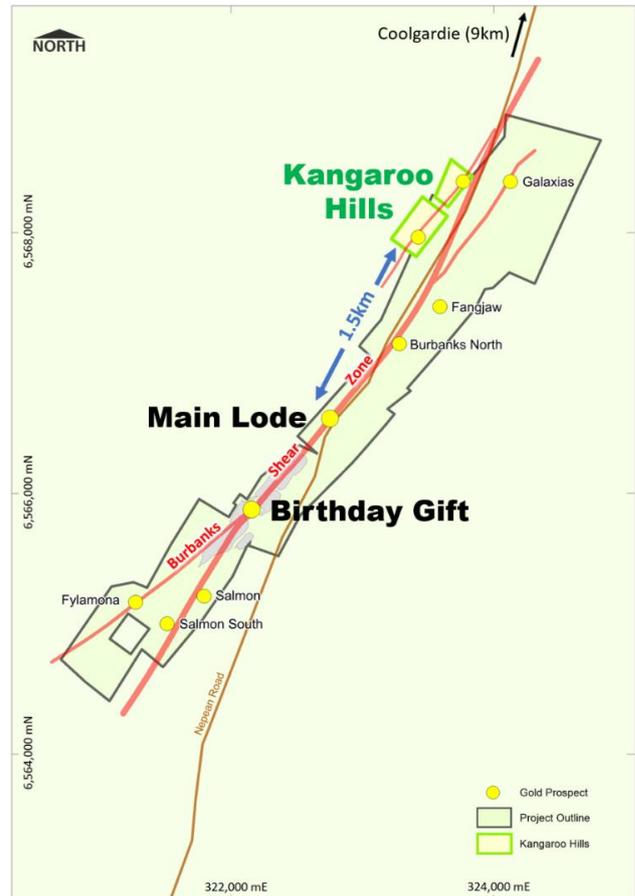


Figure 3: Burbanks Location Plan

The Main Lode Mineral Resource adjoins the existing Birthday Gift Mineral Resource and together the total Mineral Resource now spans 1,500 m in strike length and is fast becoming an extensive and significant mineralised system still with vastly untested depth potential.

Deposit	Cut-Off g/t Au	Indicated			Inferred			Total		
		kt	Grade g/t Au	Ounces	kt	Grade g/t Au	Ounces	kt	Grade g/t Au	Ounces
Christmas Open Pit	1.0	5	6.2	1,100	4	7.8	1,050	9.7	6.89	2,150
Birthday Gift Underground Mine	2.5	180	6.0	34,750	325	5.6	58,500	505	5.74	93,250
Main Lode Deposit	1.0	106	2.8	9,700	254	2.5	20,200	360	2.59	29,900
Total	1.0/2.5	291	4.9	45,550	583	4.3	79,750	874	4.5	125,300

All tonnages reported are dry metric tonnes. Minor discrepancies may occur due to rounding to appropriate figures. For full details of the Birthday Gift and Christmas Pit Mineral Resources, refer to ASX:KDR's 2016 Annual Report.

Table 3 – Burbanks Global Mineral Resources

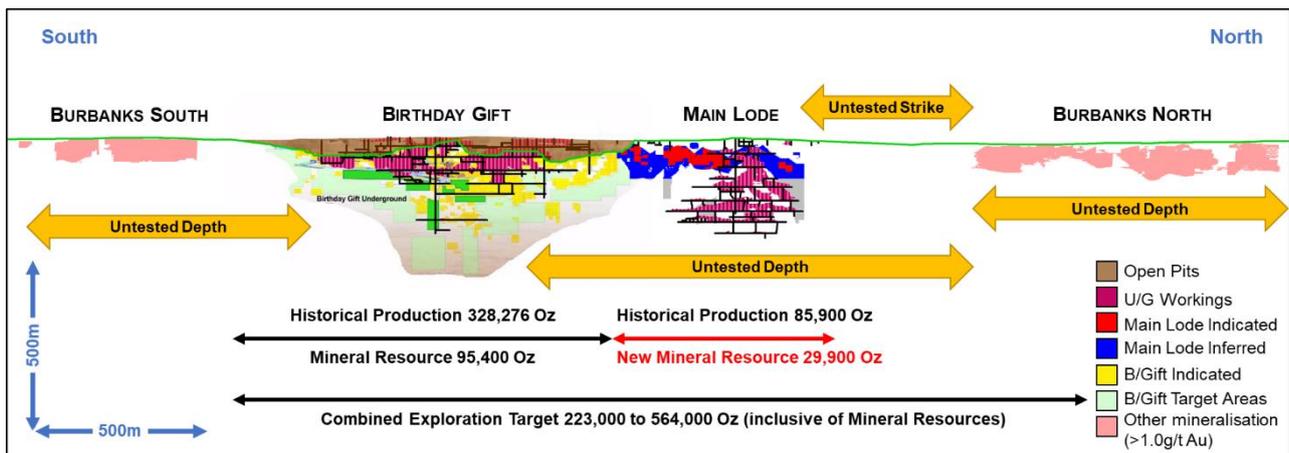


Figure 4: Burbanks Long Section showing Mineral Resources at Birthday Gift and Main Lode, other unclassified mineralisation blocks and areas yet to be tested by drilling.

Next Steps

The addition of the maiden Main Lode MRE to Burbanks inventory now lays a solid foundation for further growth. When considered in the context of the overall Burbanks mineral system as illustrated in Figure 4, there remain several glaring gaps that represent outstanding drill targets and scope to add significantly more resources.

In particular, the 500 m of untested strike along the Burbanks Shear between the northern limit of the Main Lode MRE and the southern limit of Burbanks North Deposit has emerged as a high priority area for follow up testing.

The entire Burbanks high-grade gold system has only been tested to shallow depths, below which it remains open.

The next round of resource expansion drilling campaigns at Burbanks will target these clear gaps seeking to build the resource base towards a critical mass of 500 kOz ahead of a sustainable future restart in mining operations.



PHILLIPS FIND GOLD PROJECT

(100% Barra)

ACTIVITIES

Target Generation

The Truth target area is an expansive convalescence of complex structural geology and anomalous auger geochemistry that represents a highly prospective drilling target.

Detailed structural mapping in 2017 identified an interplay between thrust faults, folds and thick units of favourable dolerite rocks highlighting zones of structural complexity (Figure 5), analogous to that seen at the Phillips Find Mining Centre (PFMC).

Following the mapping, an auger geochemical sampling program proved to be highly successful with both gold and gold pathfinder element suite anomalism showing remarkable correlation with the new mapping and structural interpretation.

The Truth target area, due to its favourable geology, structural setting, and geochemical anomalism is the highest priority target outside of the PFMC and represents the most exciting and significant new target the Company has identified as a result of completing the mapping and geochemistry programs.

Drilling Program

The next step in the systematic exploration of the Phillips Find Gold Project is broad spaced AC drilling. AC drilling is a relatively inexpensive drilling method that collects a high-quality sample but is only capable of drilling to a refusal depth. This is typically to the top of fresh bedrock, which for this program is expected at a depth of around 30m.

The 10,000m AC program will test for near surface oxide mineralisation, but more importantly it will allow direct measurements of the chemistry of the top of the bedrock. Identified bedrock mineralisation will then be tested more definitively by future Reverse Circulation (RC) drilling campaigns.

AC Drilling has now commenced, and results will be announced to the market during the current quarter.

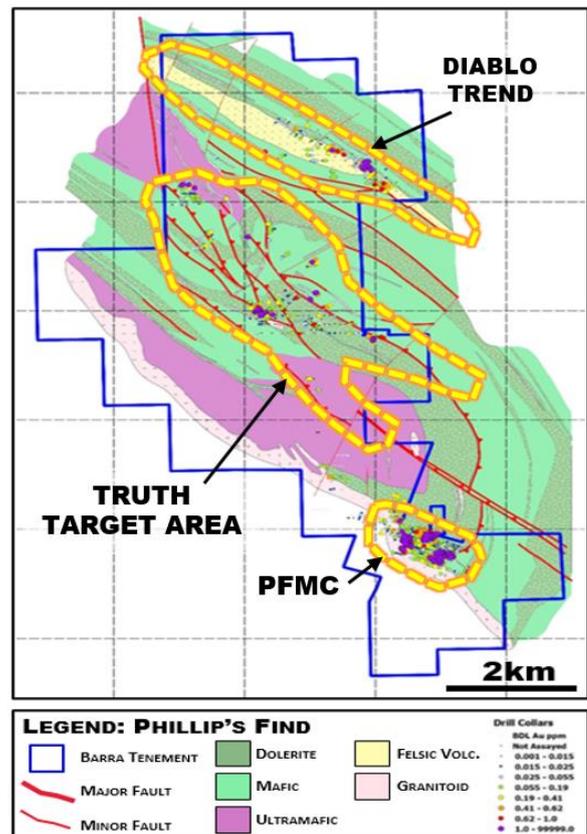


Figure 5: Phillips Find Project showing key structural target areas.



CORPORATE

The Company completed a \$2,000,000 placement to Perth-based leading mining services provider Mineral Resources Limited (Min Res) at 3.5c. Min Res is now Barra's second largest shareholder, holding 10.8% and providing strength on our shareholder register.

As at the end of the quarter, Barra has \$2.9m in cash to fund its 50% share of the Pre-Feasibility Study (PFS) for the Mt Thirsty Cobalt-Nickel Oxide Project as well as ongoing exploration and drilling at the Company's Burbanks and Phillips Find Gold projects. All of Barra's projects are located in Western Australia's goldfields region (Figure 1).

SEAN GREGORY

Managing Director & CEO

Please refer to our recently updated website for background information on each of Barra's projects.

DISCLAIMER

The interpretations and conclusions reached in this report are based on current geological theory and the best evidence available to the authors at the time of writing. It is the nature of all scientific conclusions that they are founded on an assessment of probabilities and, however high these probabilities might be, they make no claim for complete certainty. Any economic decisions that might be taken based on interpretations or conclusions contained in this report will therefore carry an element of risk.

This report contains forward-looking statements that involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this report. No obligation is assumed to update forward-looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

COMPETENT PERSONS' STATEMENTS

The information in this report which relates to Exploration Targets, Exploration Results and Mineral Resources for the Phillips Find and Burbanks Projects is based on and fairly represents information compiled by Mr Gary Harvey who is a Member of the Australian Institute of Geoscientists and a full-time employee of Barra Resources Ltd.

The information in this report which relates to the collection of samples for Exploration Results for the Mt Thirsty Project is based on and fairly represents information compiled by Mr Michael J Glasson who is a Member of the Australian Institute of Geoscientists contracted to Conico Limited. Mr Glasson holds shares in Conico Ltd.

The information in this report which relates to the metallurgical test work for Exploration Results for the Mt Thirsty Project is based on and fairly represents information compiled by Mr Dean David who is a Fellow and Chartered Professional of the Australian Institute of Mining and Metallurgy and a full-time employee of Wood.

Messrs Harvey, Glasson and David have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). They consent to the inclusion in the report of the matters



based on their information in the form and context in which it appears.

APPENDIX 1 - ASX ANNOUNCEMENTS DURING THE QUARTER

Date	Announcement
30/10/2018	Main Lode Maiden Resource at Burbanks
25/10/2018	Phillips Find Drilling Commences at Truth
22/10/2018	Excellent Progress on Mt Thirsty PFS Work
19/10/2018	Kambalda Geology Symposium Presentation
8/10/2018	Notice of Annual General Meeting
18/09/2018	World Mining Summit Presentation – September 2018
10/09/2018	Mineral Resources Ltd Injects \$2 Million into Barra for a 10.8% Stake
24/08/2018	AMEC Investor Briefing Presentation
30/07/2018	Managing Director's Letter to Shareholders
30/07/2018	Quarterly Activities & Cashflow Report 30 June 2018
10/07/2018	Burbanks Set to Grow Following Completed Autumn Drilling Campaign



APPENDIX 2 – TENEMENT LISTING

There were no tenement changes during the quarter.

Tenement	Project	Location	Change in Interest (%) during Quarter		
			End of Quarter	Acquired	Disposed
E63/1267	Mt Thirsty	WA	50		
E63/1790		WA	50		
P16/2045		WA	50		
R63/4		WA	50		
M15/161	Burbanks	WA	100		
P15/5249		WA	100		
P15/5412		WA	100		
M16/130	Phillips Find	WA	100		
M16/133		WA	100		
M16/168		WA	100		
M16/171		WA	100		
M16/242		WA	100		
M16/258		WA	100		
M16/550		WA	100		
P16/2702		WA	100		
P16/2785		WA	100		
P16/2786		WA	100		
P16/2985		WA	100		
P16/2986		WA	100		
P16/2987		WA	100		
P16/2988		WA	100		
P16/2989		WA	100		
P16/2990		WA	100		
P16/2991		WA	100		
P16/2992		WA	100		
P16/2993		WA	100		
P16/2994		WA	100		
P16/2995		WA	100		
P16/2998		WA	100		
P16/2999		WA	100		
P16/3037		WA	100		
P16/3038		WA	100		
P16/3039		WA	100		
P16/3040		WA	100		
P16/3041		WA	100		
P16/3042		WA	100		
P16/3043		WA	100		

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Barra Resources Limited

ABN

76 093 396 859

Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(210)	(210)
(b) development		
(c) production		
(d) staff costs	(165)	(165)
(e) administration and corporate costs	(51)	(51)
1.3 Dividends received (see note 3)		
1.4 Interest received	4	4
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(422)	(422)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(9)	(9)
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(9)	(9)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	2,000	2,000
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (share issue costs)	(10)	(10)
3.10	Net cash from / (used in) financing activities	1,990	1,990
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,342	1,342
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(422)	(422)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(9)	(9)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,990	1,990
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	2,901	2,901

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	164	259
5.2 Call deposits	2,737	1,083
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,901	1,342

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

112

Salaries, superannuation, consulting fees and Directors fees paid to Directors.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(600)
9.2 Development	
9.3 Production	
9.4 Staff costs	(200)
9.5 Administration and corporate costs	(125)
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	(925)

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced		No changes in quarter		
10.2 Interests in mining tenements and petroleum tenements acquired or increased		No changes in quarter		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Director/Company secretary)

Date: 31 October 2018

Print name: Grant Mooney

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.