

## June 2018 Quarterly Activities Report

**Baraka Energy & Resources Limited** (“Baraka” or “The Company”) (ASX:BKP) provides its quarterly activities report for the period ended 30 June 2018.

As shareholders will be aware, in April the Company engaged GTT Ventures Pty Ltd in good faith and with written undertakings regarding spread of investors, to raise \$600,000 before costs with the issue of 300,000,000 fully paid shares. Subsequent to the raising the Company was offered a project, introduced by GTT Ventures Pty Ltd, however the board considered the project unsuitable for the Company due to the very high sovereign risk location and the project not being in the same sector as current activities. GTT Global Opportunities Pty Ltd together with its associates including Hustler Investments Pty Ltd acting in concert requested the Company requisition a general meeting to consider the appointment of Mr Jason Paul Brewer, Mr Christopher Jan Zielinski and Mr Patrick Michael Glovac to replace the current board. The Extraordinary General Meeting is to be held 10 August 2018, the current board is confident of a successful result.

Baraka has continued pursuit of opportunities across all sectors, including diversification of activities. However, nothing to date has been considered suitable or sufficiently advanced enough to be beneficial to the Company and its shareholders based on the risk reward, market conditions or ASX Listing Rules.

### IRON SANDS

The Philippine Iron Sands Project, introduced by Cervantes Corporation Ltd some 6 years ago, was entered into by the Company as a Streaming Finance arrangement with an unlisted Australian company, who controlled an Iron Sands Project in the Philippines.

The Philippine project area is made up of 2 exploration permits contained within a Philippine company, 100% controlled by the company Baraka is funding, and is the prime security. A Seismic program has been completed over the 10,000 hectare area (100,000,000 square metres) which indicates 3 layers of material, over which a considerable amount of coring has been completed. The permit renewal fees have recently been paid.

Magnetite Sands (Iron Sands) traditionally are made up of primarily Magnetite, Titanium and Vanadium, and this project does not appear to vary from those standards. The Vanadium content has now become more interesting in any future testing because of the rise of the new Vanadium Redox Flow Battery, and its influence on Battery Storage in competition with Lithium.

Shortly after entering into the agreement which was a secured, interest bearing streaming loan agreement with a 75% profit distribution, Baraka was advised that litigation had commenced in the Philippines by the original vendors who were unhappy with the directors of the company Baraka was funding. Those directors were consequently removed from the Australian company and 2 directors of Baraka appointed to the Philippine company to add an additional layer of security for the streaming loan facility.

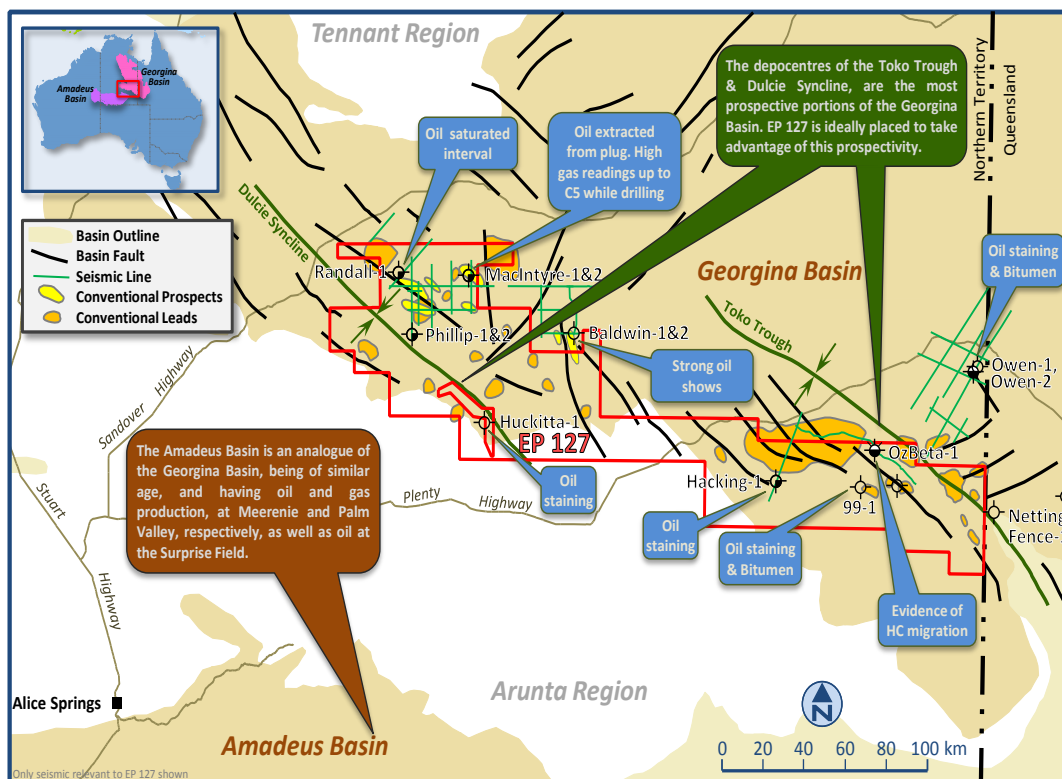
Baraka was informed in early 2017 that the 5 year defence of these legal actions was successful with the Supreme Court ruling in favour of the company being funded by Baraka, with no

appeal process available. Baraka continues to work with the unlisted public company, which Baraka has funded, to renegotiate the original terms of the vendor agreement for more favourable terms. This process continues to be ongoing. The work done to date and including the success in the legal action have made discussions with any potential farm in partners or other interested parties considerably more favourable.

Baraka and Cervantes have, since obtaining a favourable ruling in the Philippine Supreme Courts, continued negotiations regarding Cervantes retained First Right of Refusal and outstanding introduction fees relating to the introduction, to remove any additional encumbrance from any potential sale of the Iron Sands Project. The Company has been in continued discussions with a group over the last 2 years, introduced by New York Securities Pty Ltd, interested in purchasing the Philippine Iron Sands Project. The potential sale discussions are still in the early stages and the outcome is still uncertain, however the Company will keep the shareholders informed of any progress. A similar Iron Sands Project located in Fiji, owned by a previously listed Australian Company was taken over last year for in excess of AUD\$50m.

## SOUTHERN GEORGINA BASIN

Baraka's 100% owned permit EP127 is in the Southern Georgina Basin, has been referred to as being one of the more attractive shale Oil & Gas basins in Australia.



The lifting of the fracking moratorium after nearly 2 years, with some limited exceptions, by the Northern Territory Government on 17 April 2018 has added considerable interest to and potential for all companies' with oil and gas assets in the NT, including Baraka. The removal of the moratorium has now allowed the Company to pursue a potential farm-in partner for EP127 and to realise the

potential of the area. All potential has been sitting idle until the Northern Territory fracking moratorium was lifted. The lifting of the ban resulted in a substantial lift in the Company share price and the volume of shares traded.

The potential for gas in the Northern Territory is well publicised and according to a report “Onshore Shale Gas in Australia and the Northern Territory” published on ‘The Scientific Inquiry into Hydraulic Fracturing in the Northern Territory’ website (frackinginquiry.nt.gov.au), ‘the Southern part of the Georgina Basin is considered to be among the most prospective onshore areas in the Northern Territory for oil and gas potential and to have world class shale source rocks, but the Basin is under explored’.

This is certainly of interest to Baraka with its approx 4 million acres (approx 16,000 square kilometres) at its EP127 in the southern part of the Georgina Basin, which based on the results from the 2011 drilling campaign, has gas potential.

When the fracking ban was introduced, the board negotiated a 2 year suspension of expenditures to safeguard the Company, which the Northern Territory Government granted, allowing the Company time to consider the future of the permit and possible farm-in partners.

Previously planned Resource Imaging Technology (RIT) survey utilizing advance Seismo-Electric (SE) technology that was put on hold can now be revisited. Resource Imaging Technology (RIT) has only recently been introduced to Australia in order to better define the hydrocarbon presence within prospects and leads. The Company has also engaged a consultant to instigate an initial phase of testing on EP127 for prospectivity of helium.

## **Corporate**

Whilst the last few years have been very trying for management and the shareholders, the board has always believed Baraka to be a very attractive Company with undervalued assets. Therefore it is completely understandable that the GTT group and their associates see the same value in the Company and its assets. For further information regarding the upcoming shareholder meeting please refer to our website for “Baraka Strikes Back”.

On the basis that the fracking ban has been lifted and market conditions have improved for the Company, a number of parties have approached the board regarding their interest in providing capital raising services. The board will look at advancing these discussions and including the potential for a rights issue to shareholders.

## **Appendix 5B**

The Appendix 5B for the quarter ended 30 June 2018 is attached.

### *Forward-Looking Statements*

*This press release may contain forward-looking information that involves substantial known and unknown risks and uncertainties, most of which are beyond the control of Baraka, including, without limitation, statements pertaining to management's future plans and operations. All statements included herein, other than statements of historical fact, are forward-looking information and such information involves various risks and uncertainties. There can be no assurance that such information will prove to be accurate and actual results and future events could differ materially from those anticipated in such information. Any forward-looking statements are made as of the date of this release and Baraka does not assume any obligation to update or revise them to reflect new events or circumstances.*

## 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**

Baraka Energy & Resources Limited

**ABN**

80 112 893 491

**Quarter ended ("current quarter")**

30 June 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(31)	(58)
(b) development	-	-
(c) production	-	-
(d) staff costs	(15)	(60)
(e) administration and corporate costs	(72)	(275)
1.3 Dividends received(see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(118)</b>	<b>(394)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	(6)	(10)
(d) other non-current assets	-	-

+ See chapter 19 for defined terms.  
1 September 2016

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	6	52
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	(101)	33
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(101)</b>	<b>75</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	700	820
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	(42)	(92)
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 (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>658</b>	<b>728</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	138	168
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(118)	(394)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(101)	75
4.4	Net cash from / (used in) financing activities (item 3.10 above)	658	728
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>577</b>	<b>577</b>

+ See chapter 19 for defined terms.  
1 September 2016

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	107	57
5.2 Call deposits	460	71
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	10	10
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>577</b>	<b>138</b>

<b>6. Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	15
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	

Directors fees
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<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1 Aggregate amount of payments to these parties included in item 1.2	46
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	

Serviced Offices and Bookkeeping provided by a Directors company, Consultants fees
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## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	60
9.2 Development	-
9.3 Production	-
9.4 Staff costs	15
9.5 Administration and corporate costs	72
9.6 Other (Loans to preserve and maintain Philippine Iron Sands Project)	78
<b>9.7 Total estimated cash outflows</b>	<b>225</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced		Refer below schedule		
10.2 Interests in mining tenements and petroleum tenements acquired or increased		Refer below schedule		

**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.

Signed:



Date: 31 July 2018

Print name: Collin Vost  
(Executive Chairman)

**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.

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**Baraka Energy & Resources Ltd****Schedule of Tenements as at 30 June 2018**

<b>Project</b>	<b>Tenement</b>	<b>Nature of Company's Interest</b>
Southern Georgina Basin, Northern Territory	EP 127	100%