BARAKA ENERGY & RESOURCES LTD A.B.N. 80 112 893 491

AND CONTROLLED ENTITIES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

BARAKA

ENERGY & RESOURCES LTD

Corporate Directory

Board of Directors

Collin Vost

Executive Chairman

Justin Vost

Non-Executive Director

Ray Chang

Non-Executive Director

Corporate Advisors

Kamran Accounting

Suite 12, 142 South Terrace

Fremantle WA 6160

Solicitors

Steinepreis Paganin

GPO Box 2799

Perth WA 6001

Company Secretary

Tim Clark

John Greeve

Auditors

Rothsay Chartered Accountants

Level 1 Lincoln House 4 Ventnor Avenue

West Perth WA 6005

Registered Office

Shop 12 “South Shore Piazza”

85 South Perth Esplanade

South Perth WA 6151

Share Registry

Advanced Share Registry

150 Stirling Highway

Nedlands WA 6009

Contact Details

Baraka Energy & Resources Ltd

PO Box 255

South Perth WA 6951

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Fax: +61 8 9367 2450

Email: admin@barakaenergy.com.au

Website: www.barakaenergy.com.au

Stock Exchange Listings

Home Exchange: Perth, Western Australia

Australian Securities Exchange

ASX Code: Ordinary Shares – BKP

Bankers

National Australia Bank Ltd

Capital Office

100 St Georges Terrace

Perth WA 6000

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AND CONTROLLED ENTITIES
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CORPORATE GOVERNANCE

Introduction
The Board is responsible for the corporate governance of the Company. The major processes by which the Board fulfils those responsibilities are described in this statement.

The Board considers that except to the extent expressly indicated in this statement, those corporate governance practices comply with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 3rd Edition 2015 Amendments. Also, except to the extent expressly indicated in this statement, those practices were followed throughout the year.

A copy of the Corporate Governance Statement, the Audit and Risk Management Committee Charter and the Company's Code of Conduct are available in the corporate governance section of the Company's website at www.barakaenergy.com.au together with other information which the ASX Corporate Governance Council's recommends be made publicly available.

Corporate Governance Council Recommendation 1
Lay Solid Foundations for Management and Oversight

Role of the Board of Directors
The Board has responsibility for protecting the rights and interests of Shareholders and is responsible for the overall direction, monitoring and governance of the Group. Responsibility for managing the business on a day-to-day basis has been delegated to the Managing Director and the management team.
The Board is responsible for the overall corporate governance of the Group and its subsidiaries. Responsibilities and Functions of the Board are set out under the Board Charter and include:

i. setting the strategic direction of the Group, establishing goals to ensure that the strategic objectives are met and monitoring the performance of management against these goals and objectives;
ii. ensuring that there are adequate resources available to meet the Group's objectives;
iii. appointing the Managing Director, evaluating the performance and determining the remuneration of senior executives, and ensuring that appropriate policies and procedures are in place for recruitment, training, remuneration and succession planning;
iv. evaluating the performance of the Board and its Directors on an annual basis;
v. determining remuneration levels of Directors;
vi. approving and monitoring financial reporting and capital management;
vii. approving and monitoring the progress of business objectives;
viii. ensuring that any necessary statutory licences are held and compliance measures are maintained to ensure compliance with the law and licence(s);
ix. ensuring that adequate risk management procedures exist and are being used;
x. ensuring that the Group has appropriate corporate governance structures in place, including standards of ethical behaviors and a culture of corporate and social responsibility;
xi. ensuring that the Board is and remains appropriately skilled to meet the changing needs of the Group;
xii. ensuring procedures are in place for ensuring the Group's compliance with the law; and financial and audit responsibilities, including the appointment of an external auditor and reviewing the financial statements, accounting policies and management processes.

In complying with Recommendation 1.1 of the Corporate Governance Council, the Company has adopted a Board Charter which clarifies the respective roles of the Board and senior management and assists in decision making processes.

Diversity Policy
The Board has adopted a diversity policy that considers the benefits of diversity, ways to promote a culture of diversity, factors to be taken into account in the selection process of candidates for Board and senior management positions in the Company, education programs to develop skills and experience in preparation for Board and senior management positions, processes to include review measurable diversity performance objectives for the Board, Managing Director and senior management.

The diversity policy states that the Company will report, where appropriate, in each annual report, the measurable objectives for achieving gender diversity set by the Board.

The following table provides a break-up of the gender diversity in the organisation.

	Number	%
Number of women employees in the whole organisation	0	0%
Number of women in senior executive positions	0	0%
Number of women on the Board	0	0%

Board Processes
An agenda for the meetings has been determined to ensure certain standing information is addressed and other items which are relevant to reporting deadlines and or regular review are scheduled when appropriate. The agenda is regularly reviewed by the Chairman and the Company Secretary.

Corporate Governance Council Recommendation 2
Structure the Board to Add Value

Board Composition
The relevant provisions in the Constitution and the Corporations Act determine the terms and conditions relating to the appointment and termination of Directors. All Directors, other than the Managing Director, are subject to re-election every three years.

The Board does not have a separate Nomination Committee comprising of a majority of Independent Directors and as such does not comply with Recommendation 2.4 of the Corporate Governance Council. The Board believes that given the size of the Consolidation Group and the stage of its development a separate nomination committee is not warranted at this time. Any changes to Directorships will, for the foreseeable future, be considered by the full Board subject to any applicable laws. Identification of potential Board candidates includes consideration of the skills, experience, personal attributes and capability to devote the necessary time and commitment to the role.

The Board consists of Mr Collin Vost, executive Chairman and Managing Director, Mr Justin Vost non-executive Director, and Mr Ray Chang, non-executive Director.

The Constitution requires a minimum number of three Directors. The maximum number of Directors is fixed by the Board but may not be more than 9, unless the members of the Company, in general meeting, resolve otherwise. The skills, experience and expertise of all Directors is set out in the Directors' section of the Company's website.

The Board considers, however, that given the size and scope of the Group's operations at present, it is appropriately structured to discharge its duties in a manner that is in the best interests of the Group and its Shareholders from both a long-term strategic and operational perspective.

Independent Chairman
The Chairman is not considered to be an independent director and as such Recommendation 2.2 of the Corporate Governance Council has not been complied with. However, the Board believes that Mr Collin Vost is an appropriate person for the position as Chairman because of his industry experience and proven track record as a public company director.

Roles of Chairman and Managing Director
The roles of Chairman and Managing Director is exercised by the same individual, and as such the Company does not comply with Recommendation 2.3 of the Corporate Governance Council. However, the Board believes that Mr Collin Vost is an appropriate person for the position of Managing Director because of his industry experience and proven track record as a public company director.

Evaluation of Board Performance
The Company does not have a formal process for the evaluation of the performance of the Board and as such does not comply with Recommendation 2.5 of the Corporate Governance Council. The Board is of the opinion that the competitive environment in which the Company operates will effectively provide a measure of the performance of the Directors. In addition the Chairman assesses the performance of the Board, individual directors and key executives on an informal basis.

Education
All Directors are encouraged to attend professional education courses relevant to their roles.

Independent Professional Advice and Access to Information
Each Director has the right to access all relevant information in respect of the Group and to make appropriate enquiries of senior management. Each Director has the right to seek independent professional advice at the Group's expense, subject to the prior approval of the Chairman, which shall not be unreasonably withheld.

Corporate Governance Council Recommendation 3
<u>Promote Ethical and Responsible Decision Making</u>

The Board actively promotes ethical and responsible decision making.

Code of Conduct
The Board has adopted a Code of Conduct that applies to all employees, executives and Directors of the Group, and as such complies with Recommendation 3.1 of the Corporate Governance Council. This Code addresses expectations for conduct in accordance with legal requirements and agreed ethical standards.

Security Trading Policy
The Board has committed to ensuring that the Group, its Directors and executives comply with their legal obligations as well as conducting their business in a transparent and ethical manner. The Board has adopted a policy and has procedures on dealing in the Company's securities by directors, officers and employees which prohibits dealing in the Company's securities when those persons possess information, and as such complies with Recommendation 3.2 of the Corporate Governance Council.

Corporate Governance Council Recommendation 4
<u>Safeguarding Integrity in Financial Reporting</u>

Audit Committee
The Board does not have a separate Audit Committee with a composition as suggested by Recommendations 4.1, 4.2 and 4.3 of the Corporate Governance Council. The full Board carries out the function of an audit committee. The Board believes that the Group is not of a sufficient size to warrant a separate committee and that the full Board is able to meet objectives of the best practice recommendations and discharge its duties in this area. The relevant experience of Board members is detailed in the Directors' section of the Directors' Report.

Financial Reporting
The Board relies on senior executives to monitor the internal controls within the Group. Financial performance is monitored on a regular basis by the Managing Director who reports to the Board at the scheduled Board meetings.

Corporate Governance Council Recommendation 5
<u>Make Timely and Balanced Disclosure</u>

The Board reviews the performance of the external auditors on an annual basis and meets with them during the year to review findings and assist with Board recommendations.

In the absence of a formal audit committee the Directors of the Group are available for correspondence with the auditors of the Group.

Continuous Disclosure
The Board places a high priority on communication with Shareholders and is aware of the obligations it has, under the Corporations Act and ASX Listing Rules, to keep the market fully informed of information which is not generally available and which may have a material effect on the price or value of the Company's securities.

The Company has adopted policies which establish procedures to ensure that Directors and management are aware of and fulfill their obligations in relation to the timely disclosure of material price sensitive information.

Continuous disclosure is discussed at all regular Board meetings and on an ongoing basis the Board ensures that all activities are reviewed with a view to the necessity for disclosure to security holders.

Corporate Governance Council Recommendation 6
Respect the Rights of Shareholders

Communications
The Board fully supports security holder participation at general meetings as well as ensuring that communications with security holders are effective and clear. This has been incorporated into a formal shareholder communication strategy, in accordance with Recommendation 6.1 of the Corporate Governance Council.

In addition to electronic communication via the ASX website, the Company publishes all significant announcements together with all quarterly reports. These documents are available in both hardcopy on request and on the Company website at www.barakaenergy.com.au

Shareholders are able to pose questions on the audit process and the financial statements directly to the independent auditor who attends the Company's Annual General Meeting for that purpose.

Corporate Governance Council Recommendation 7
Recognise and Manage Risk

Risk Management Policy
The Board has adopted a risk management policy that sets out a framework for a system of risk management and internal compliance and control, whereby the Board delegates day-to-day management of risk to the Managing Director, therefore complying with Recommendation 7.1 of the Corporate Governance Council. The Board is responsible for supervising management's framework of control and accountability systems to enable risk to be assessed and managed.

The Group's risk management strategy is evolving and will be an ongoing process and it is recognised that the level and extent of the strategy will develop with the growth and change in the Group's activities.

Risk Reporting
As the Board has responsibility for the monitoring of risk management it has not required a formal report regarding the material risks and whether those risks are managed effectively therefore not complying with Recommendation 7.2 of the Corporate Governance Council. The Board believes that the Group is currently effectively communicating its significant and material risks to the Board and its affairs are not of sufficient complexity to justify the implementation of a more formal system for identifying, assessing, monitoring and managing risk in the Company.

Managing Director and Company Secretary Written Statement
The Board requires that the Managing Director and the Company Secretary provide a written statement that the financial statements of the Group present a true and fair view, in all material aspects, of the financial position and operational results and have been prepared in accordance with Australian Accounting Standards and the Corporations Act. The Board also requires that the Managing Director and Company Secretary provide sufficient assurance that the declaration is founded on a sound system of risk management and internal control, and that the system is working effectively.

The declarations have been received by the Board, in accordance with Recommendation 7.3 of the Corporate Governance Council.

Corporate Governance Council Recommendation 8
Remunerate Fairly and Responsibly

Remuneration Committee
The Board has not created a separate Remuneration Committee and as such does not comply with Recommendation 8.1 of the Corporate Governance Council. The Board considers that the Group is not currently of a size, nor are its affairs of such complexity to justify a separate Remuneration Committee.

Executive Directors, non-executive Director receive fees agreed on an annual basis by the Board and may include performance based components designed to reward and motivate.

The full Board determines all compensation arrangements for Directors. It is also responsible for setting performance criteria, performance monitors, share option schemes, incentive performance schemes, superannuation entitlements, retirement and termination entitlements and professional indemnity and liability insurance cover.

The Board ensures that all matters of remuneration will continue to be in accordance with the Corporations Act requirements.

Your Directors present their report, together with the financial statements of the Group, being the Company and its controlled entity, for the year ended 30 June 2016.

Principal Activities and Significant Change in Nature of Activities

The principal activities of the Group during the financial year was operating in the oil and gas exploration sector in Australia. Investing in opportunistic/distressed situations where both short term & long term rewards may be produced for shareholders. The company also holds a streaming financial agreement in Iron Sands since 2012.

There were no other significant changes in the nature of the Group's principal activities during the financial year.

Operating Results and Review of Operations for the Year

Operating Results

The profit of the Group for the financial year after providing for income tax amounted to:

	Year ended 30 June 2016	Year ended 30 June 2015
	$	$
	733,164	555,329

The consolidated profit of the Group amounted to $733,164 after providing for income tax. Further discussion on the Group's operation now follows.

Review of Operations

Baraka has completed the renewal process of, what we believe is, the most prospective of the 2 permits, being EP127 in the Southern Georgina Basin in The Northern Territory, Australia. The renewal and transfer process was finalised during the month of July 2016. The necessary security bond required by the NT Department of Mines and Energy was lodged, both joint venture partners have been removed and EP127 is now 100% in the name of Baraka.

A review of the historical data and reports on EP127 has been carried out, a new Map and summary was created and included in the last quarterly. The result of this review has been very exciting and has unearthed a number of new prospects and leads of Conventional Oil & Gas within EP127 as highlighted in the maps now on our website www.barakaenergy.com.au .

Discussions with a Canadian group in relation to a farm in has been an on and off affair and we will be seeking other interested parties, if they elect to stay on the sidelines.

Baraka has, in addition to pursuing the renewal of these permits and seeking farm in partners, continued to assess a number of other projects and ventures for the benefit of its shareholders, including its current assets, and seeks to create cash generating opportunities as soon as realistically possible. The Oil & Gas sector has been substantially affected globally by the low oil prices and other options have to be considered by junior companies.

Iron Sands (Titaniferous Magnetite) "Loan Profit Sharing Agreement"

Baraka entered into a Commercial Secured Loan Agreement in September 2012, including a 7.5% interest payments, and a 75% amended profit sharing arrangement with an unlisted public company, with an iron sands venture in the Philippines. Details of which have been previously announced. The project was introduced to Baraka by Cervantes Corporation Ltd (ASX:CVS) who will as a result be entitled to certain fees, profits and or the right to back in to the investment at a later date subject to particular goals and conditions being achieved.

As a result of Baraka's assistance, the permits controlled by the unlisted public company were renewed and further exploration of the areas are being considered, in an attempt to add value to the underlying assets of the loan agreement. This agreement is in reality a hybrid "streaming" agreement, utilised extensively in the mining sector, to achieve participation in profit generating ventures by way of funding facilities.

Baraka continues discussions in regards to farming down or disposing of all or part of this investment to third parties, subject to the resolution of a continuing legal dispute with the original vendors.

This opportunity was considered by Baraka as a distressed situation at the time, in line with the guidelines previously outlined by the board, to secure such opportunities and add value for Baraka shareholders where possible. The board of Baraka may need to reconsider the current loan arrangement terms as a result of the extended legal actions, and this may include discussions with the ASX.

Baraka continues to have minimal debt, cash and current assets of approximately $5.4m. In a market where cash and a clean balance sheet is a valuable commodity, Baraka continues to assess other opportunities which the board believes will add value for its shareholders. During the year Baraka has also received the ATO R & D tax incentive funds of some $1.1m before costs. Considering the company was rescued from receivership by the current board in June of 2009, Baraka now has some $12.8m of Net Assets, around $31m of accumulated capital losses incurred prior to the current management involvement, still to be utilized. We believe the shareholders should have a considerable amount of confidence in the company's future.

Financial Position

The net assets of the Group have increased by $733,164 from $12,068,530 at 30 June 2015 to $12,801,694 at 30 June 2016.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Company during the financial year.

Dividends Paid or Recommended

No dividends were declared or paid since the start of the financial year. No recommendation for payment of dividends has been made.

Events after the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Future Developments, Prospects and Business Strategies

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Environmental Issues

The Group is not aware of any matter which requires disclosure with respect to any significant environmental regulation in respect of its operating activities.

Information on Directors

Collin Vost	EXECUTIVE CHAIRMAN (Executive) (appointed 13 March 2012) MANAGING DIRECTOR (Executive)
Qualifications	Diploma of Financial Services, Licenced Securities Dealer.
Experience	Mr Vost has been involved in public companies for the past 30 years and has served on the Board of several, mostly junior resource companies as well as being involved in the securities dealing business since 2001. Mr Vost was appointed to the Board on 18 May 2009.
Interest in shares and options	47,000,000 ordinary shares.
Special responsibilities	Mr Vost is a member of the audit committee
Directorships held in other listed entities during the three years prior to the current year	Cervantes Corporation Ltd (appointed 9 October 2007) JV Global Ltd (appointed 29 May 2009).
Justin Vost	DIRECTOR (Non-executive)
Qualifications	Diploma of Financial Markets.
Experience	Mr Vost was appointed to the Board on 15 March 2011. Mr Vost has experience in mining, manufacturing and capital markets.
Interest in shares	13,500,000 ordinary shares.
Special responsibilities	Mr Vost is a member of the audit committee
Directorships held in other Listed entities during the three years prior to the current year	JV Global Ltd (appointed 19 April 2011) Cervantes Corporation Ltd (appointed 23 November 2011)
Ray Chang	DIRECTOR (Non-executive) (appointed 23 November 2011)
Qualifications	Bachelor of Science, Pd D and Diplomas in Metallurgy and Gemmology
Experience	Mr Chang was appointed to the Board on 23 November 2011. Ray Chang has over 39 years experience including the Atomic Energy Commission in Taiwan, University of Calgary in Canada, University of WA and Curtin University of Technology in Australia and Zhejiang University and Yantat Electronics (Shendzhen) Ltd Co in China.
Interest in shares	None
Special responsibilities	Mr Chang is a member of the audit committee
Directorships held in other Listed entities during the three years prior to the current year	None.

COMPANY SECRETARY

The following person held the position of company secretary at the end of the financial year:

John Greeve – Bachelor of Business, Chartered Accountant, Certified Practicing Accountant. Mr Greeve is the Principal in the accounting firm Kamran Accounting. He has acted as Company Secretary, Finance Director and Managing Director for several public companies. Mr Greeve was appointed Company Secretary on 7 of October 2015.

Tim Clark – Bachelor of Commerce, Tim is a director of JV Global and is a director and company secretary of several listed companies. Tim was appointed Company Secretary on 5th October 2015.

Meetings of Directors

During the financial year, five meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	**Number attended**
Collin Vost	5	5
Justin Vost	5	5
Ray Chang	5	3

In addition there were of 7 circular resolutions.

Indemnifying Officers

In accordance with the constitution, except as may be prohibited by the Corporation Act 2001, every Officer of the Company shall be indemnified out of the property of the Company against any liability incurred by them in their capacity as an Officer of the Company or a related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company (as named above), the company secretary, and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

Non-Audit Services

Rothsay did not provide non-audit services to the Group during 2016.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 45 of the financial report.

Remuneration Policy

The Board as a whole is responsible for considering remuneration policies and packages applicable both to Board members and key management personnel of the Group. Broadly, the Group's remuneration policy is to ensure that any remuneration package properly reflects the person's duties and responsibilities and that it is competitive in attracting, retaining and motivating people of the highest quality.

Fixed Remuneration

Executive Directors and Non-Executive Directors are remunerated by way of a consulting fee, receiving a fixed monthly amount for their services. This remuneration package is reviewed annually by the Board.

Performance Linked Remuneration and Entitlements

The Board may from time to time approve cash bonuses and/or options designed to reward or incentivise executives, contractors and staff on such terms and conditions determined appropriate at the time of payment or issue. Often this will be linked to the achievement of Group objectives with a direct link to the creation of shareholder value.

Director Remuneration and Incentives

The Board policy is to remunerate Non-Executive Directors at market rates for time commitment and responsibilities. Independent external advice is sought where required. All securities issued to Directors and related parties must be approved by shareholders. In addition to Directors' fees, it is a policy of the Group that a Director may be paid fees or other amounts as the Board determines where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

No securities were issued to Directors or key management personnel of the Group during or since the end of the year as remuneration.

Post-Employment Benefits

The Group does not have any scheme relating to retirement benefits for Directors or key management personnel.

Nomination and Remuneration Committee

Currently, the full Board together with the Company Secretary, will consider all Nomination and Remuneration matters. The objective when the Board is convened to consider these matters is to ensure that the Group adopts and complies with remuneration policies that:

- attract, retain and motivate high caliber executives and directors so as to encourage enhanced performance by the Group;
- are consistent with the human resource needs of the Group;
- motivate directors and management to pursue long-term growth and success of the Group with an appropriate framework; and
- demonstrate a clear relationship between key executive performance and remuneration.

Employment Details of Members of Key Personnel and Other Executives

The following table provides detail of persons who were, during the financial year, members of key management personnel of the Group, and to the extent different, among the three Group executives or company executives receiving the highest remuneration.

Group Key Management Personnel	Position held as at 30 June 2016 and any change during the year	Proportion of elements of remuneration related to performance			Proportions of elements of remuneration not related to performance	
		Non-salary cash-based incentives %	Shares/Units %	Options/Rights %	Fixed Salary/Fees %	Total %
Collin Vost	Managing Director/Chairman (Executive)	-	-	-	100	100
Justin Vost	Director (Non-executive)	-	-	-	100	100
Ray Chang	Director (Non-executive	-	-	-	100	100

Remuneration Details for the Year Ended 30 June 2016

The following table of benefits and payments detail, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Group, and to the extent different, the three Group executives receiving the highest remuneration.

		Short-Term Benefits		Post-Employment		Equity-settled share-based payments		
Group Key Management Personnel		Salary, Fees & Commissions $	Other $	Pension and Super-annuation $	Other $	Shares $	Options/Rights $	Total $
Collin Vost appointed 18 May 2009	2016	24,000	235,028	-	-	-	-	259,028
	2015	24,000	228,719	-	-	-	-	252,719
Justin Vost appointed 15/3/2011	2016	24,000	100,000	-	-	-	-	124,000
	2015	24,000	100,000	-	-	-	-	124,000
Ray Chang appointed 23/11/2011	2016	17,000	-	-	-	-	-	17,000
	2015	24,000	-	-	-	-	-	24,000
Other Executives				-	-	-	-	
John Greeve appointed 23/11/2015	2016	-	15,635					15,635
	2015	-	-	-	-	-	-	-
Patrick O'Neill appointed 12/10/2010	2016	-	-	-	-	-	-	-
	2015	22,008	-	-	-	-	-	22,008
Total Key Management Personnel	2016	65,000	350,663	-	-	-	-	415,663
	2015	94,008	328,719	-	-	-	-	422,727

There were no long-term, Cash settled share-based payments or termination benefits paid to Key Management Personnel or Other Executives.

Included in other short-term benefits are payments made to New York Securities Pty Ltd which provides a serviced office including bookkeeping services and is the landlord of Baraka Energy & Resources Ltd. Mr Collin Vost is a director of the securities dealing company. During the financial year $84,000 (2015: $77,000) was paid or payable. Also included payments made to New York Securities Pty Ltd which is appointed as the Company's securities dealer and advisors on normal commercial terms and conditions. During the financial year $1,028 (2015: $1,718) was paid for share trading, investment services and capital raising services, New York Securities Pty Ltd was paid a further $150,000 (2015: $150,000) and Bluesky Trust was paid $100,000 (2015: $100,000) as corporate consulting fees. Mr Justin Vost is a beneficiary of the Bluesky Trust.

END OF AUDITED REMUNERATION REPORT

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

COLLIN VOST
Director
28 September 2016

BARAKA ENERGY & RESOURCES LTD (ABN 80 112 893 491)
AND CONTROLLED ENTITIES
SHAREHOLDER INFORMATION

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows.

The information is current as at 27th September 2016.

(a) **Distribution of Equity Securities**

The number of holders, by size of holding, in each class of security are:

	Ordinary Shares	
	No. of holders	No. of shares
1 – 1,000	112	17,627
1001 – 5,000	201	747,628
5001 – 10,000	363	3,264,770
10,001 – 100,000	1,686	81,203,859
100,001 and above	1,607	2,140,103,460
Total	3,969	2,225,337,344

The number of shareholders holding less than a marketable parcel of shares is 3,288 (296,235,549 ordinary shares).

(b) **Twenty Largest Holders**

The names of the twenty largest holders, in each class of security are:

***Ordinary Shares**:*

1	Citicorp Nominees Pty Ltd	107,132,603	4.814%
2	ABN AMRO Clearing Sydney Nominees Pty Ltd <Custodian A/c	49,060,213	2.205%
3	GA Armstrong Superannuation Pty Ltd <GA Armstrong Superfund A/c>	41,942,000	1.885%
4	Mr Michael Hodgetts	32,500,000	1.460%
5	Broken Ridge Pty Ltd	27,500,000	1.236%
6	Ms DM Vost & Mrs KL Sayers <The Dalma Vost Superfund A/c>	27,000,000	1.213%
7	Mr Kenneth Seeto	26,692,340	1.199%
8	New York Holdings <CV Superannuation Fund>	26,000,000	1.168%
9	Laceglen Holdings Pty Ltd <Cadly Superfund A/c>	26,000,000	1.168%
10	Mr George Haydarieh	25,000,000	1.123%
11	Tireni Pty Ltd <Bovell Superfund A/c>	24,882,000	1.118%
12	Mr William Burrell	21,293,318	0.957%
13	HSBC Custody Nominees (Australia) Ltd	21,206,647	0.953%
14	TA Securities Holdings Berhad	20,565,239	0.924%
15	JV Global Ltd	20,345,489	0.914%
16	Allcrest Nominees Pty Ltd <Riemer A/c>	20,032,000	0.900%
17	Mr Damian Mario Cifonelli	20,000,000	0.899%
18	Mr Rodney Horner	20,000,000	0.899%
19	New York Securities Pty Ltd	19,000,000	0.854%
20	Mr Craig Marshall	17,247,500	0.775%

(c) **Substantial Shareholder**

Citicorp Nominees Pty Limited is a nominee company used to hold securities on behalf of Citigroup Pty Ltd's custody clients. As Citicorp Nominees Pty Limited acts purely as a bare trustee, per Section 609(2) of the Corporations Act 2001, Citicorp Nominees Pty Limited itself does not have a relevant interest in these securities, notwithstanding that it is the registered holder of these securities.

(d) **Voting Rights**

All ordinary shares carry one vote per share without restriction.

(e) **Restricted Securities**

The Company has no restricted securities (held in escrow) on issue.

(f) **Business Objective**

The Company has used its cash and assets that are readily convertible to cash in a way consistent with its business objectives.

INTEREST IN EXPLORATION TENEMENTS

Baraka held the following interest in exploration tenements.

Project	Tenement	Nature of Company's Interest
Southern Georgina Basin Northern Territory	EP 127	100%

BARAKA ENERGY & RESOURCES LTD ABN 80 112 893 491
AND CONTROLLED ENTITIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR YEAR ENDED 30 JUNE 2016

	Note	Consolidated Group	
		2016	2015
Continuing Operation		$	$
Revenue			
Interest income	2	275,702	213,486
Profit on sale of investments		17,113	11,110
Fair value adjustment		(4,505)	22,211
Other income	2	1,098,052	896,632
		1,386,362	1,143,439
Loss on sale of equipment		-	(752)
Employee benefits expenses	3	(59,000)	(72,000)
Depreciation expenses		-	(61)
Occupancy expenses	3	(48,923)	(53,094)
Technical consultants and contracts	3	(411,964)	(250,000)
Travel expenses		(2,443)	(5,918)
Finance costs		(1,872)	(5,676)
Administration expenses		(126,892)	(198,511)
Other		(2,104)	(2,098)
Profit (Loss) before income tax		**733,164**	**555,329**
Income tax (expense) / benefit	4	**-**	**-**
Profit (Loss) after tax		**733,164**	**555,329**
Other comprehensive income		**-**	**-**
Total comprehensive income net of income tax		**733,164**	**555,329**
Basic profit per share (cents per share)	7	0.03c	0.02c
Diluted profit per share (cents per share)	7	0.03c	0.02c

The accompanying notes form part of these financial statements

BARAKA ENERGY & RESOURCES LTD ABN 80 112 893 491
AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	Consolidated Group	
		2016	**2015**
		$	**$**
Current Assets			
Cash and cash equivalents	8	868,390	334,781
Trade and other receivables	9	6,565	921,594
Other assets	10	5,023,380	3,959,920
Other financial assets	11	146,065	196,031
Total Current Assets		**6,044,400**	**5,412,326**
Non-Current Assets			
Exploration & evaluation expenditure	12	6,776,738	6,722,927
Total Non-Current Assets		**6,776,738**	**6,722,927**
Total Assets		**12,821,138**	**12,135,253**
Current Liabilities			
Trade and other payables	13	19,444	66,723
Total Current Liabilities		**19,444**	**66,723**
Total Liabilities		**19,444**	**66,723**
Net Assets		**12,801,694**	**12,068,530**
Equity			
Issued capital	14	54,251,948	54,251,948
Accumulated losses		(41,450,254)	(42,183,418)
Total Equity		**12,801,694**	**12,068,530**

The accompanying notes form part of these financial statements

BARAKA ENERGY & RESOURCES LTD ABN 80 112 893 491
AND CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

Consolidated Group	Share Capital	Accumulated Losses	Reserves	Total
	$	$	$	$
Balance at 1 July 2014	54,251,948	(42,738,747)	-	11,513,201
Shares issued during year	-	-	-	-
Transaction costs	-	555,329	-	555,329
Net profit attributable to members of the parent entity	-	-	-	-
Balance at 30 June 2015	54,251,948	(42,183,418)	-	12,068,530
Shares issued during year	-	-	-	-
Net profit attributable to members of the parent entity	-	733,164	-	733,164
Balance at 30 June 2016	54,251,948	(41,450,254)	-	12,801,694

The accompanying notes form part of these financial statements

BARAKA ENERGY & RESOURCES LTD ABN 80 112 893 491
AND CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Note	Consolidated Group	
		2016	2015
		$	$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(665,944)	(865,137)
Interests received		45,234	188,486
R&D tax offset proceeds		1,994,646	1,805,658
Interests paid		(1,872)	(5,676)
Net cash used in operating activities	20	1,372,064	1,123,331
Cash Flows from Investing Activities			
Proceeds from held for trading investments		70,146	31,050
Purchase of held for trading investments		(7,570)	(19,184)
Loans repaid by other entities		45,000	47,763
Loans to entities		(852,992)	(1,515,899)
Payments for exploration & evaluation		(93,039)	(29,704)
Net cash used in investing activities		(838,455)	(1,485,974)
Cash Flows from Financing Activities			
Proceeds of issue of shares		-	-
Costs of share issue		-	-
Borrowings		-	-
Net cash provided by financing activities		-	-
Net inflow (outflow) in cash held for the year		533,609	(362,643)
Cash at the beginning of the year		334,781	697,424
Cash at the end of the year		868,390	334,781

The accompanying notes form part of these financial statements

This financial report includes the consolidated financial statements and notes of Baraka Energy & Resources Ltd and its controlled entity (‘Consolidated Group’ or ‘Group’), and the separate financial statements and notes of Baraka Energy & Resources Ltd as an individual parent entity (‘Parent Entity’ or ’Company’).

Note 1: Statement of Significant Accounting Policies

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001.*

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements of Baraka Energy & Resources Ltd also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

a Principles of Consolidation

A controlled entity is any entity over which Baraka Energy & Resources Ltd has the power to govern the financial and operating policies so as to obtain benefit from its activities. In assessing the power to govern, the existence and effect of holding actual and potential voting rights are considered.

Details of the controlled entity are contained in Note 18 to the financial statements. The controlled entity has a 30 June financial year-end.

As at reporting date, the assets and liabilities of the controlled entity have been incorporated into the consolidated financial statements as well as its results for the year ended. Where a controlled entity has entered or left the Group during the year, its operating results have been included from the date control was obtained or until the date control ceased.

All inter-group balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of the subsidiary have been changed where necessary to ensure consistency with those adopted by the parent entity.

b Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

c Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on the taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movement in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profits will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

d Property, Plant and Equipment

Each class of property, plant and equipment is carried at the cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount recognised as a separate asset, as appropriate, only when it is probable that future economic benefits are associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	0 – 30.0%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

e 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 that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandon 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 of the area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

f Financial Instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For the financial asset, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Classification and Subsequent Measurement
Finance instruments are subsequently measured at fair value. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

(i) Financial assets at fair value through profit and loss
A financial asset is classified at 'fair value through the profit and loss' when they are either held for trading for the purpose of short-term profit taking, derivates not held for hedge purposes or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with in the investment strategy. Such assets are subsequently measured at fair value with changes in the carrying value being included in the profit and loss.

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets).

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuations techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipts of the cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

g Going Concern

The directors have prepared the financial statements of the consolidated entity on a going concern basis. In arriving at this position, the directors have considered the following pertinent matters:

1. Current cash resources are considered more than adequate to fund the consolidated entity's immediate operating and exploration activities.

In the directors' opinion, at the date of signing this financial report, there are reasonable grounds to believe that the matters set out above will be achieved and the directors have therefore prepared the financial statements on a going concern basis.

h Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

i Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

j Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is possible that an outflow of economic benefits will result and that outflow can be reliably measured.

k Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

l Revenue and Other Income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

m Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except when the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

n Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, a statement of financial position as at the beginning of the earliest comparative period will be disclosed

Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Judgment – Exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the consolidated entity decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of extraction, future legal changes (including changes to environmental restoration obligations), political factors in the country in which the exploration is taking place and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

o New accounting standards and interpretations

(i) New and amended standards adopted by the Company

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

The following Accounting Standards and Interpretations are most relevant to the Company:

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

The Company has applied AASB 2012-3 from 1 July 2015. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement.

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

The Company has applied AASB 2013-3 from 1 July 2015. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

AASB 2015-1 Amendments to Australian Accounting Standards (Parts A to C)

The Company has applied Parts A to C of AASB 2015-1 from 1 July 2015. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination

(ii) Early adoption of standards

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(iii) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below. New standards and interpretations not mentioned are considered unlikely to impact on the financial reporting of the Company.

AASB 9: Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (effective from reporting periods beginning on or after 1 January 2018)

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Company has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and

- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.
- New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity.
- New impairment requirements will use an expected credit loss (ECL) model to recognise an allowance.
- Impairment will be measured under a 12 month ECL method unless the credit risk on a financial instrument has increased significantly since the initial recognition in which case the lifetime ECL method is adopted.
- The standard introduces additional new disclosures.

AASB 15: Revenue from Contracts with Customers

This Standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

- contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied.
- Credit risk will be presented separately as an expense rather than adjusted to revenue.
- For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied.
- Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment.
- Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer.

	Note	Consolidated Group	
		2016	**2015**
		$	**$**
NOTE 2: Revenue and Other Income			
Interest revenues			
- other persons		275,702	213,486
Total revenue		**275,702**	**213,486**
Other income			
Realised foreign gains		-	38
R&D tax offset proceeds		1,098,052	896,594
		1,098,052	**896,632**

NOTE 3: Profit for the Year
The profit for the year included the following expenses:

	Note	2016	2015
Technical R & D Consultants	3(i)	199,464	-
Consultants and Contractors		250,000	250,000
Less amounts Capitalised as Exploration		(37,500)	-
		411,964	**250,000**

NOTE 3(i)

Technical R&D consultant's expenditure was for 2 years' service of $89, 659 and $109, 865 respectively.

	Consolidated Group	
	2016	**2015**
	$	**$**
NOTE 4: Income Tax		
Prima facie tax benefit on profit/(loss) before income tax @ 28.5%. (2015 @ 30%)	208,951	166,599
Add tax effect:		
Non-allowable items		
Fair value adjustment	1,284	6,663
Entertainment		24
Less		
Capital loss offset	(4,877)-	(9077)
Capital raising cost	-	(9077)
Prepayment	-	(307)
Exploration expenditure	(15,336)	(8911)
Non Assessable R&D Revenue	(312,953)	(317,867)
Less Tax losses not brought to account	122,931	162,876
Income tax benefit	**-**	**-**
Unrecognised operating losses	122,931	-
Unrecognised deferred capital losses	8,889,729	9,366,077
Unrecognised deferred tax asset other	97,637	102,776
Unrecognised deferred equity adjustment	10,870	11,443
Unrecognised deferred tax liabilities	(720,671)	(758,601)
Net deferred tax asset not brought to account	**8,400,496**	**8,721,695**

The income tax returns for the company are lodged on a self-assessment basis and are subject to normal ATO procedures including audit.

NOTE 5: Interests of Key Management Personnel (KMP)

Refer to the remuneration report contained in the Report of the Directors for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2016.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2016 $	2015 $
Short-term employment benefits	415,163	422,727
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
	415,163	422,727

KMP Shareholdings

The number of ordinary shares in Baraka Energy & Resources Ltd held by each KMP of the Group during the financial year is as follows:

30 June 2016

	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance on resignation/ appointment	Balance at end of year
C Vost	47,000,000	-	-	-	-	47,000,000
J Vost	13,500,000	-	-	-	-	13,500,000
	60,500,000	-	-	-	-	60,500,000

30 June 2015

	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance on resignation/ appointment	Balance at end of year
C Vost	47,000,000	-	-	-	-	47,000,000
J Vost	13,500,000	-	-	-	-	13,500,000
P O'Neill	5,782,000	-	-	-	-	5,782,000
	66,282,000	-	-	-	-	66,282,000

Other KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above. For details of other transactions with KMP refer to Note 21: Related Party Transactions.

	Consolidated Group	
	2016	**2015**
	$	**$**
NOTE 6: Auditors' Remuneration		
Amounts paid to the auditor of the parent entity for:		
- auditing or reviewing the financial report	14,070	14,000

	Consolidated Group	
	2016	**2015**
	$	**$**
NOTE 7: Earnings per Share		
Profit (Loss) for the year	733,164	555,329
	No.	**No.**
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	2,225,326,344	2,225,326,344
Weighted average number of dilutive options outstanding		
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	2,225,326,344	2,225,326,344

	Consolidated Group	
	2016	**2015**
	$	**$**
NOTE 8: Cash and cash Equivalents		
Cash at bank & in hand	10,371	6,712
Interest bearing deposit	858,019	328,069
	868,390	**334,781**

	Note	Consolidated Group 2016 $	2015 $
NOTE 9: Trade and Other Receivables			
Current			
Trade and other receivable		6,565	25,000
R&D tax offset		-	896,594
		6,565	**921,594**

The terms of the amounts receivable from related parties are non-interest bearing, payable on 30 day terms.

Credit Risk – Trade and Other Receivables
The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties.

On a geographical basis, all the Group credit risk exposure is in Australia.

		2016 $	2015 $
Financial assets classified as loans and receivables			
Trade and other receivable			
- Total current		6,565	921,594
Financial assets		**6,565**	**921,594**

	Note	2016 $	2015 $
NOTE 10: Other assets			
Current			
Prepayments		5,142	5,142
Loans to unrelated entities – unsecured	**a**	817,776	824,200
Loans to unrelated entities – secured	**b**	4,200,462	3,130,578
		5,023,380	**3,959,920**

Note a
During the year the Company advanced a total of $1,063,505 (2015: $841,600) to two publicly listed companies of which Directors Mr Collin Vost and Mr Justin Vost are also directors. The advances are repayable within twelve months as mutually agreed. Interest is payable on the advances at 5.5%pa or the equivalent of the National Australia Bank 90 day term deposit rate, whichever is the lesser, with a cap of 7% for the exposure period and loan period plus a profit on the venture or other investment. During the year these companies repaid $45,000 (2015: $47,763).

Note b
Included within this figure is an amount of $2,059,409 including accrued interest and penalty interest lent to an unlisted public company, Consolidated Iron Sands Limited (CIS) and indirectly its Philippine subsidiary, Luzon Iron Development Group Corporation (Luzon), provided under a “Secured Converting Loan and Profit Sharing Agreement”. CIS had an Administrator appointed in September 2013 and a Deed of Company Arrangement, dated 24 July 2015, proposed by Baraka and agreed to by creditors. The security for the loan comprises a controlling interest in Luzon which owns two exploration licences. Directors Collin Vost and Justin Vost have been appointed as Directors of Luzon. Baraka continues discussions in regards to farming down or disposing of all or part of this investment to third parties to minimise or recover the loan amount. Interest is payable on the outstanding loan amount at the rate of 7.5% pa. Due to legal and other matters, there is a risk that Baraka may not be able to recover its secured loan advances or benefit from its profit share. The Directors are confident they will be successful in finalising all other outstanding issues

	Consolidated Group	
	2016	**2015**
	$	**$**
NOTE 11: Other Financial Assets		
Current		
Financial assets at fair value through profit and loss	146,065	196,031
	146,065	**196,031**
Financial assets at fair value through profit and loss		
Opening balance	506,882	507,638
Purchases	7,750	19,184
Cost of sales	(53,031)	(19,940)
Adjustment for fair value	(315,356)	(310,851)
	146,065	**196,031**

Shares held for trading are traded for the purpose of short term profit taking. Changes in fair value are included in the statement of comprehensive income.

NOTE 12: Exploration & evaluation expenditure

Non-Current

	2016	2015
Opening balance	6,722,927	6,693,223
Additions	53,811	29,704
		-
Closing balance	**6,776,738**	**6,722,927**

The ultimate recoupment of the capitalised expenditure is dependent upon the successful development and commercial exploitation or alternatively the sale of the respective areas of interest at amounts at least equal to book value.

	Consolidated Group	
	2016	**2015**
	$	**$**
NOTE 13: Trade and other payable		
Current		
Unsecured liabilities		
- Trade creditors	10,419	12,938
- Accruals	-	39,228
- Sundry creditors	9,025	14,557
	19,444	**66,723**
Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables		
- Total current	**10,419**	**12,938**

NOTE 14: Issued Capital		
2,225,337,344 (2015: 2,225,337,344)		
Fully paid ordinary shares	54,251,948	54,251,948
	54,251,948	**54,251,948**

NOTE 14: Issued Capital (cont'd)

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders' meetings, each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

Capital Management

Management control the capital of the Group in order to maintain a good debt to equity ratio and ensure that the Group can fund its operations and continue as a going concern

The Group's capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Groups financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels and share issues. Total borrowings below represents trade and other payables

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. The gearing ratio's for the year ended 30 June 2016 and 30 June 2015 are as follows

		Consolidated Group	
		2016	2015
	Note	$	$
Cash and cash equivalents	8	868,390	334,781
Less total payables	13	(58,672)	(66,723)
Working capital		809,718	268,058
Total equity		12,801,694	12,068,530
Total capital		54,254,948	54,251,948
Gearing ratio		-0.007	-0.007

There were no shares issued during the year.

NOTE 15: Capital and Leasing Commitments

	Consolidated Group 2016 $	Consolidated Group 2015 $
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable: minimum lease payments		
- not later than 12 months	84,000	84,000
- between 12 months and 5 years	-	-
- greater than 5 years	-	-

A serviced office including bookkeeping service and business premises are provided by New York Securities Pty Ltd at a fee of $7,000 per calendar month (2015:$7,000).

	2016 $	2015 $
Exploration expenditure commitment		
- not later than 12 months	500,000	-
- between 12 months and 2 years	-	-
- between 2 years and 5 years	-	-
- greater than 5 years	-	-

As at the date of this report, Petrofrontier and Statoil, our joint venture partners have withdrawn from the JV, EP128 has been relinquished & EP127 been renewed at 100%.

NOTE 16: Contingent Liabilities

There are no contingent liabilities as at balance date or as at the date of the report.

NOTE 17: Segment Reporting

Segment Information

The consolidated entity operates in a single business segment being oil and gas exploration in Australia, investing in opportunistic/distressed situations where both short and long term rewards may be produced for shareholders.

NOTE 18: Controlled Entities

	Country of Incorporation	Percentage Owned (%) 2016	Percentage Owned (%) 2015
Subsidiary of Baraka Energy & Resources Ltd:			
West Africa Energy & Minerals Pty Ltd	Australia	100	100
Baraka Minerals Pty Ltd	Australia	100	100
Goldfleet Enterprises Pty Ltd	Australia	100	100

Baraka Energy & Resources Ltd is the ultimate parent entity incorporated in Australia

	Consolidated Group	
	2016	2015
	$	$
NOTE 19: Cash Flow Information		
Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax		
Profit (Loss) after income tax	733,964	555,329
Non-cash flows in profit/(loss) after income tax		
Loss on sale of equipment	-	752
Net loss (profit) on disposal of financial assets	(17,113)	(11,110)
Fair value adjustment	(4,505)	(22,211)
Depreciation	-	61
Profit share on investments	-	-
Interest accrued	(255,468)	(72,364)
Changes in Assets and Liabilities, net of the effect of purchase of subsidiary		
(Increase)/decrease in trade & term receivables	896,594	814,281
(Increase)/decrease in prepayment & rental bond	5,225	(948)
Increase/(decrease) in trade & other payables	13,367	(285,187)
Cash flow from operations	**1,372,064**	**1,123,331**

NOTE 20: Events After Balance Sheet Date

No matters or circumstances that have arisen since the end of the financial year which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

NOTE 21: Related Party Transactions

Transactions entered into with related parties

Transactions with directors, other than as directors or employees

During the year, a firm of which Mr C Vost is a director, provided brokerage services to the Company. The value of these related party services for the year ended 30 June 2016 was $1,028 (2015: $1,718).

During the year, a firm of which Mr C Vost is a director, provided a serviced office with bookkeeping and reception staff to the Company. The value of these related party services for the year ended 30 June 2016 was $84,000 (2015: $77,000).

During the year, a firm of which Mr C Vost is a director, provided corporate consulting services to the Company. The value of these related party services for the year ended 30 June 2016 was $150,000 (2015: $150,000).

During the year, an entity of which Mr J Vost is a beneficiary, provided corporate consulting services to the Company. The value of these related party services for the year ended 30 June 2016 was $100,000 (2015: $100,000).

Terms and conditions of transactions with related parties

Transactions with related parties are made on arms length terms at normal market prices and on commercial terms.

NOTE 22: Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable and loans to other entities.

The totals for each category of financial instrument, measured in accordance with AASB: 139 as detailed in the accounting policies to these financial statements, are as follows:

		Consolidated Group	
	Note	2016	2015
		$	$
Financial Assets			
Cash and cash equivalents	8	868,390	334,781
Trade and other receivables	9	6,565	921,594
Financial assets at fair value through profit or loss			
-Held for trading	11	146,065	196,031
		1,021,020	1,452,406
Financial Liabilities			
- Trade and other payables	13	19,444	66,723
		19,444	66,723

Financial Risk Management Policies

The Group's financial risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors, in its function as Audit Committee, oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors is responsible for the developing and monitoring the Group's risk management policies.

Interest rate risk

The Group has cash subject to interest and therefore the interest rate risk impact is minimal. Management continually monitors the exposure to interest rate risk. The following table sets out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk.

NOTE 22: Financial Risk Management (cont'd)

	< 1 Year $	Total $	Weighted average effective interest rate
Year ended 30 June 2016			
Floating rate Cash assets	868,390	868,390	2.25%
Year ended 30 June 2015			
Floating rate Cash assets	334,781	334,781	2.25%

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy for managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The Group's overall objective is to maintain a balance between continuity of funding and flexibility through the use of bank facilities.

The Group also manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

The table below summarises the maturity profiles of the Group's financial liabilities based on contractual undiscounted payments.

	Less than 3 months $	3 to 12 Months $	More than 12 months $	Total $
Year ended 30 June 2016				
Trade and other creditors	19,444	-	-	19,444
	19,444	**-**	**-**	**19,444**
Year ended 30 June 2015				
Trade and other creditors	66,723	-	-	66,723
	66,723	**-**	**-**	**66,723**

The Group also has an office service agreement. The future contracted commitments at year end are disclosed in Note 15.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group

Included in receivables is the amount for GST refundable, this amount is not past due nor impaired.

Net Fair Value

Fair Value Estimation

The fair values of the financial assets and financial liabilities are presented in the following can be compared to their carrying values as presented in the balance sheet. Fair values are those amounts at which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information from markets that are actively traded. In this regard, fair value for listed securities are obtained from quoted market bid price.

	2016		2015	
	Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
	$	$	$	$
Consolidated Group				
Financial Assets				
Cash and cash equivalents	868,390	868,390	334,781	334,781
Financial assets at fair value through profit or loss				
-Held for trading	146,064	146,064	196,031	196,031
Other assets	5,023,380	5,023,380	3,959,920	3,959,920
Trade and other receivables	6,565	6,565	921,594	921,594
	6,044,399	6,044,399	5,412,326	5,412,326
Financial Liabilities				
Trade and other payables	19,444	19,444	66,723	66,723
	19,444	19,444	66,723	66,723

The fair values disclosed in the above table have been determined based on the following methodologies.

NOTE 22: Financial Risk Management (cont'd)

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payable exclude amounts provided for relating to annual leave which is not considered a financial instrument.

(ii) For listed held-for-trading financial assets, closing quoted bid prices at reporting date have been used.

Price Risk

Price risk relates to the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market prices largely due to demand and supply factors for commodities.

The Group is exposed to securities price risk on investments held for trading or for medium to longer term. Such risk is managed through diversification of investments across industries and geographical location.

The Group's investments are held in the following sectors at reporting date.

	Consolidated Group	
	2016 %	2015 %
Energy	5.1	5.1
Materials	88.9	77.2
Capital Goods	6	6.0
Food & Beverage	-	11.7
	100.0	100.0

Sensitivity Analysis

The following table illustrates sensitivity to the Group's exposures to changes in the interest rate. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

	Consolidated Group	
	Profit $	Equity $
2016		
+/- 2% in interest rate	+/- 10,000	+/- 10,000
2015		
+/- 2% in interest rate	+/- 10,322	+/- 10,322

NOTE 23: Company Details

The registered office and principal place of business of the Company is:

Shop 12 "South Shore Piazza"
85 South Perth Esplanade
South Perth WA 6151

NOTE 24: Parent Entity Information

	2016	**2015**
Information relating to Baraka Energy & Resources Ltd:	**$**	**$**
Current assets	6,044,399	5,412,326
Total assets	12,860,366	12,135,253
Current liabilities	(58,672)	(66,723)
Total liabilities	(58,672)	(66,723
Issued capital	54,251,948	54,251,948
Retained earnings	(41,450,254)	(42,183,418)
Total shareholders' equity	12,801,694	12,068,530
Profit or loss of the parent entity	733,164	555,329
Total comprehensive income of the parent entity	733,164	555,329

BARAKA ENERGY & RESOURCES LTD (ABN 80 112 893 491)
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the financial statements and notes and the remuneration disclosures that are contained in the Remuneration Report within the Directors' Report are in accordance with the Corporations Act 2001 and:

   (a) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporate Regulations 2001; and

   (b) give a true and fair view of the financial position as at 30 June, 2016 and of the performance for the year ended on that date of the Company and Group; and

   (c) complies with International Financial Reporting Standards as disclosed in Note 1.

2. the Chief Executive Officer and the Chief Financial Officer have each declared that:

   (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and

   (c) the financial statements and notes for the financial year give a true and fair view.

3. in the directors' 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.

This declaration is made in accordance with a resolution of the Board of Directors.

Collin Vost
Director
Dated: 30 September 2016

ROTHSAY
Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone 9486 7094 www.rothsayresources.com.au

The Directors
Baraka Energy and Resources Ltd
PO Box 255
South Perth WA 6951

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 30 June 2016 financial statements; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham Swan (Lead auditor)

Rothsay Auditing

Dated 30 September 2016

ROTHSAY

Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone 9486 7094 www.rothsayresources.com.au

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BARAKA ENERGY AND RESOURCES LIMITED

Report on the financial report

We have audited the accompanying financial report of Baraka Energy and Resources Limited (the Company") which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the year.

Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Australian Accounting Standards and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The Directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Company, and have met the independence requirements of Australian professional ethical requirements and the *Corporations Act 2001*.

Audit opinion

In our opinion the financial report of Baraka Energy and Resources Limited is in accordance with the *Corporations Act 2001*, including:

a) (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of their performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

b) the consolidated financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2016. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Audit opinion

In our opinion the remuneration report of Baraka Energy and Resources Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

Rothsay

Rothsay

GR Swan

Graham Swan
Partner

Dated 30 September 2016