



31 October 2013

QUARTERLY ACTIVITIES AND CASH FLOW REPORT

PERIOD ENDED 30 SEPTEMBER 2013

Baraka Energy & Resources Limited

Contacts:

Collin Vost

Telephone: 08 6436 2350

Directors:

Collin Vost (Executive Chairman)

Justin Vost (Non Executive)

Ray Chang (Non-Executive–Chinese Division)

Company Secretary:

Patrick O'Neill

Issued Capital:

2,075,655,046 Ordinary Shares

Australian Securities Exchange (ASX)

Code: BKP (Ordinary Shares Fully Paid)

Frankfurt Stock Exchange (FWB)

Code: RBD (Ordinary Shares Fully Paid)

Cash (30 September 2013):

\$0.63 million

September Quarter Activities Report

Baraka Energy & Resources Limited ("Baraka" or "the Company") (ASX:BKP) (FWB:RBD) provides its quarterly activities report for the period ended 30 September 2013.

In July, Baraka advised that it attended a very positive meeting with the geologist of Statoil ASA (Statoil) (OSE:STL, NYSE:STO) in Adelaide, being one of three representatives based in Australia, including a video conference with the Statoil representative in Norway responsible for the Georgina Basin operations, as well as PetroFrontier Corp (PetroFrontier) (TSX-V:PFC), to discuss Statoil's increased involvement in the joint venture, the current 2013 seismic work program and their role as Operator as from the 1 September 2013.

Statoil is quoted as the 13th biggest oil and gas company in the world and operates in 30 countries, including the famous shale oil and gas area of the Bakken in Canada, one of the most prolific oil producing areas of North America.

Whilst the current years work program may be disappointing to some shareholders as it does not involve any wells being drilled this year, the bigger picture is far more practical, positive and is determined by the work commitments required by the Northern Territory Government in relation to each permit, and for Statoil to assess the larger potential of the basin for increased drilling of wells in the 2014 year and onwards.

As far as Baraka is concerned, Statoil's work commitments have been substantially increased from the previous discussions had with PetroFrontier and involve increased seismic work carried out in the south east area of EP127 south of the Owen 3 well on EP104, which produced a 32m core seeping oil. Increased seismic was also planned in the north east boundary of EP128, this area adjoins the permit owned by Central Petroleum Ltd (ASX CTP) and is subject to a farmin agreement with the Total SA (Paris:FP, NYSE:TOT)(quoted as the world's fifth biggest oil and gas company), who have extensive work planned over this permit and three others to the south east of Baraka's EP127 outlined above.

Baraka also raised the issue of unconventional shale versus conventional oil and gas exploration in Baraka's permits, and whilst Statoil's major objective is liquid oil from the shale, it is also assessing all potential conventional liquid targets within the basin, including the Hagen Member on Baraka's EP127, which Baraka have been pressing for, for some time, because of Ryder Scott's positive report on the area. All and any gas discoveries will be assessed in regards to the volumes, and Baraka have passed onto Statoil, enquiries from a group prepared to fund a small LNG plant for early cash flow subject to providing proof of sufficient reserves to justify the capital expenditure.

The MacIntyre 2H results were also assessed by Statoil technical team in Norway during the current work programs and will be revisited at the appropriate time based on the priorities that have to be met by seismic and new wells on the permits according to NT Government required commitments.

Statoil are planning for 4-6 wells in the joint venture permits in 2014 and subject to the seismic evaluations and other data evaluated, up to 3 wells could be drilled on Baraka's permits in 2014.



As a result of this favourable and transparent meeting, and following discussions, Baraka signed off on all relevant documentation for Statoil to become the Operator from 1 September 2013 and for them to acquire a greater equity percentage in PetroFrontiers holdings in EP103, EP104, EP127 and EP128, including a waiver for Baraka not exercising its rights under the pre-emptive clauses of the joint venture agreement.

The board believe Baraka will benefit greatly by Statoil's professional approach to exploration and the huge technical resources available from their teams globally, involved in very large conventional and especially unconventional projects worldwide.

In September, the Company announced the "AMY" 2D proprietary seismic acquisition program on its Southern Georgina Basin exploration permits in the Northern Territory, Australia were completed. The data was being assessed at Statoil's Norwegian Headquarters by their technical team, to determine drilling locations for conventional and unconventional exploration wells as part of the 2013/2014 capital exploration program. Statoil is rated as one of the most technically advanced oil and gas operators in the world and it is expected their global expertise will assist in overcoming some of the technical issues that affected the previous drilling programs in the area.

Baraka will be in attendance at the Joint Operator Meeting, expected to be held in November and another in December this year, to discuss the outcome of the program.

Comments from the Chairman, Collin Vost

"To the benefit of our shareholders, the latter part of 2013 and 2014 will see increased activity in the Southern Georgina Basin. Besides our own activities, neighbouring exploration company, Central Petroleum, is due to complete its seismic survey in the last quarter of 2013 as per their Southern Georgina Joint Venture with the world's fifth largest oil and gas company, French energy giant, Total. Interpretation of their data is expected to be finalised during the first quarter of 2014, followed by a 6 hole drilling programme and testing program during the period April-November 2014".

Iron Sands Investment (Titaniferous Magnetite)

The Company also announced on a number of occasions in the past, that it has been seeking to diversify its activities and investments, so as not to be a single project focussed company.

Initially, the Company established an office in Jakarta and assessed in excess of 180 coal and other projects, but when the Indonesian Government changed the rules and regulations in regards to bulk mining and other resource projects, including increased taxes, and moved to a more Nationalistic approach as against being foreign investment friendly, the Company reduced its operations to a virtual office. The Company continues to monitor current and future resource regulations and changes as Indonesia has enormous natural resources and may one day revert to economic reality.

Baraka entered into a Commercial Secured Loan Agreement including interest payments and a profit sharing arrangement with an unlisted public company, with an iron sands venture in the Philippines. 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 being achieved.



As a result of Baraka's assistance, the permits controlled by the unlisted public company have been renewed for a further two years to allow further exploration of the highly potential areas to be pursued.

Baraka funded the acquisition of unique equipment to carry out very economical assessment of the permits under an exploration program.

Data provided to Baraka prior to the agreement and other data provided since as a result of a visit to the Philippines by a director of Baraka, of previous mining of the area, and data from the surrounding areas indicates a large tonnage, low cost production of titaniferous magnetite sands, which has a takeoff agreement in place with a Chinese mill.

The huge benefit of iron sands projects is that the material has already been ground down to fine material and no crushing, road transport, rail or other major infrastructure costs are involved and only a simple low cost dredging and separation process is required to produce high margin, low capital and production cost material.

The project compares extremely favourably with other listed and unlisted projects Baraka have reviewed in carrying out the due diligence on projects in New Zealand, Fiji and Indonesia, because of export restrictions, CAPEX requirements, depth of material, low cost labour and operating expenses and closeness to China for shipping times and cost.

Current information indicates an exploration plan and budget considerably lower than normal exploration programs to produce a mining permit and in particular considerably lower CAPEX and earlier production times.

The investment may very well involve other investment opportunities for Baraka shareholders when the final structures and negotiations are resolved.

Baraka shareholders are now involved in and have two very exciting investments to follow over the balance of this year and especially into 2014 and onwards.

NT Resources Week 2013

In conjunction with NT Resources Week 2013, Baraka published an article in the Territory Focus Magazine, the official magazine for the South East Asia Australia Offshore Conference (SEAAOC) and Mining the Territory conference and exhibition held at the Darwin Convention Centre from the 10-12 September. This article was distributed to a widespread audience, Australia wide and internationally. A copy of this article entitled "Baraka Well Connected in The Georgina Basin" is available for viewing via the website www.barakaenergy.com.au

Baraka retains 25% working interest in both EP 127 and EP 128, including a 75% undivided working interest in the 75km² around the Elkedra-7 well on EP128, and will meet our contributions on EP127 and EP128 when and if required.

Baraka continues to be debt free and based on current known expenditure can meet its full commitments to the current work program this year.

Whilst the board continues to assess other opportunities it will be the short term goal to concentrate on those ventures, investments and projects currently in hand.



Baraka has extremely low overhead expenses, small liabilities and some \$1,535,000 of current assets which could be realised in the next quarter to add to the current cash position.

Appendix 5B

The Appendix 5B for the quarter ended 30 September 2013 is attached.

Forward-Looking Statements

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

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

BARAKA ENERGY & RESOURCES LIMITED
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ABN

80 112 893 491

Quarter ended ("current quarter")

30 September 2013

Consolidated statement of cash flows

	Current quarter SA'000	Year to date (3 months) SA'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(445)	(445)
(b) development	-	-
(c) production	-	-
(d) administration	(131)	(131)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	28	28
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(548)	(548)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	(231)	(231)
1.11 Loans repaid by other entities	795	795
1.12 Other (provide details if material)	-	-
Net investing cash flows	564	564
1.13 Total operating and investing cash flows (carried forward)	16	16

Appendix 5B
Mining exploration entity quarterly report

1.13 Total operating and investing cash flows (brought forward)	16	16
Cash flows related to financing activities		
1.14 Proceeds from issues of shares, options, etc.	-	-
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	-
1.17 Repayment of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Other (provide details if material)	-	-
Net financing cash flows	-	-
Net increase (decrease) in cash held	16	16
1.20 Cash at beginning of quarter/year to date	612	612
1.21 Exchange rate adjustments to item 1.20		
1.22 Cash at end of quarter	627	627

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

Current quarter SA'000

1.23 Aggregate amount of payments to the parties included in item 1.2

71

1.24 Aggregate amount of loans to the parties included in item 1.10

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1.25 **Explanation necessary for an understanding of the transactions**

Directors fee, serviced office, bookkeeping and consulting fees.
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Non-cash financing and investing activities

2.1 **Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows**

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2.2 **Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest**

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available SA'000	Amount used SA'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	SA'000
4.1 Exploration and evaluation	350
4.2 Development	
4.3 Production	
4.4 Administration	90
Total	420

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter SA'000	Previous quarter SA'000
5.1 Cash on hand and at bank	62	61
5.2 Deposits at call	565	551
5.3 Bank overdraft		-
5.4 Other (provide details)		-
Total: cash at end of quarter (item 1.22)	627	612

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference ⁺ securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 ⁺ Ordinary securities	2,075,655,046	2,075,655,046	-	-
7.4 Changes during quarter				
(a) Increases through issues				-
(b) Decreases through returns of capital, buy-backs				-
7.5 ⁺ Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 Options <i>(description and conversion factor)</i>			Exercise price	Expiry date
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~/does not*~~ (*delete one*) give a true and fair view of the matters disclosed.

Sign here:



(Company secretary)

Date: .31 October 2013

Print name: Patrick J O'Neill

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 Issued and quoted securities - The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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