

1 September 2014

2014 Work Program Update Georgina Basin, Northern Territory

Baraka Energy & Resources Ltd (ASX:BKP) (Baraka) reports that Statoil Australia Theta B.V. ("Statoil"), the operator of EP127, has completed testing operations on the OzBeta-1 well.

As our shareholders will be aware from the announcement on the ASX, 6th January 2014, a program made up of 3 vertical test wells on Baraka's permits commenced with the drilling of OzBeta-1 in early May of 2014 on Permit EP127. Statoil Australia Theta B.V. ("Statoil") is the operator of the 2014 work Program.

OzBeta-1 on Permit EP127

As previously reported, OzBeta-1 was drilled during May 2014 in the South Georgina Basin, Northern Territory. The well was drilled to a total depth of 1442 meters encountering gas and oil shows in the cores of the Lower Arthur Creek and Thornton formations. A total of some 99 metres of core was recovered of which 29 metres was identified as a target zone. This well was selected for completion and testing.

Completion operations commenced on 24 July and the operator perforated a 3 meter interval at the base of the Arthur Creek Hot Shale and a 0.4 meter interval at the top. A small, water based hydraulic stimulation was successfully completed and a total of 866 barrels (137 m³) of water and 14.1 tonnes of sand were pumped into the well.

Testing operations, using a coiled tubing conveyed jet pump were then carried out. A net total of 989 bbls (157 m³) of water was produced with no measurable volume of oil or gas. Statoil is now in the process of plugging and abandoning OzBeta-1, as anticipated.

These results are disappointing and technically challenging considering the positive hydrocarbon indicators measured while drilling and subsequently derived from log and core data.

OzDelta-1 on EP128

Was drilled to a TVD of 840 metres and cased in July 2014. A total of 32 metres of core were recovered in a continuous coring process, which penetrated the Lower Arthur Creek and Thornton formations. All of the planned open hole well evaluation activities have been completed and analyzed.

A completion and testing program will proceed on this well over the previously preferred OzAlpha-1, as OzDelta-1 is now considered to be the technically preferred location over OzAlpha-1, which is a joint venture between Statoil and Petrofrontier in the adjoining permit.

Based on costs and the stated objectives of collecting data only from these wells, the eventual abandonment of this well and Baraka's expected dilution of this permit, Baraka does not intend participating in this program and have advised Statoil and Petrofrontier accordingly.

Whilst we will not participate in this well we wish the other partners success, as this would nevertheless add value to the basin as a whole and on any diluted equity we may retain.

OzEpsilon-1 on Ep128

This well was successfully drilled and evaluated. The well was drilled to a TVD of 665m and encountered a combined total of approx 81m of Lower Arthur Creek Hot Shale and Thornton formations. A total of 67 metres of core was recovered in a continuous coring process. The well was abandoned as anticipated due to its shallow depth and additionally, a lack of Hydrocarbon indicators while drilling.

Whilst the results to date are disappointing, we are sure Statoil and Petrofrontier will assess the total data collected from this year's program thoroughly as intended, and consider the 2015 program by the end of this year.

All minimum work commitments have been met on both EP127 and EP128 for 2015. Baraka's commitments for 2015 could potentially be nil, unless the joint venture elects to carry out further exploration on these permits in 2015.

The board of Baraka, whilst being disappointed with the current results, feel that the decision not to participate in the work program put to us for expenditure of some \$6.6m during 2014, and accept dilution, was justified in this instance. The whole 2014 program as outlined in previous announcements was a data collection program to assess future exploration and whether Hydrocarbons could be brought to surface.

Whether the joint venture will continue to pursue the Unconventional program for Oil only, and or consider Conventional targets for Oil or Gas in future programs, will also be known by the end of this year when the 2015 work program will be voted on.

We will consider any future programs based on our final equity in each permit, when it is known, after dilution discussions are finalised sometime before the end of this year.

Baraka continues to be debt free and with cash and current assets of approximately \$4.5m, will continue to assess other opportunities which the board believes will add





value for its shareholders, in a market where cash and a clean balance sheet is a valuable commodity.

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