BARAKA ENERGY & RESOURCES LTD A.B.N. 80 112 893 491
AND CONTROLLED ENTITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Corporate Directory

Board of Directors

Collin Vost

Executive Chairman

Justin Vost

Non-Executive Director

Ray Chang

Non-Executive Director

Company Secretary

Patrick J O'Neill

Registered Office

Shop 12 "South Shore Piazza"

85 South Perth Esplanade

South Perth WA 6151

Contact Details

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South Perth WA 6951

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Corporate Advisors

Jackson Greeve

Suite 2 286 Fitzgerald Street

Perth WA 6000

Solicitors

Steinepreis Paganin

GPO Box 2799

Perth WA 6001

Auditors

Rothsay Chartered Accountants

Level 1 Lincoln House 4 Ventnor Avenue

West Perth WA 6005

Share Registry

Advanced Share Registry

150 Stirling Highway

Nedlands WA 6009

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 ENTITY
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Introduction
Since the introduction of the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Guidelines" or "the Recommendations"), Baraka Energy & Resources Limited ("Company" or "Baraka") and it's controlled entity ("Group") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Commensurate with the spirit of the ASX Guidelines, the Group has followed each Recommendation where the Board has considered the Recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Group, the Board, resources available and activities of the Group. Where, after due consideration, the Group's corporate governance practices depart from the Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

Taking into account the size of the Group, the Group endeavours to comply with the Corporate Governance Principles and the corresponding Best Practice Recommendations as published by the ASX Corporate Governance Council ("Corporate Governance Principles and Recommendations")[i]. Significant policies and details of any significant deviations from the principles are specified below.

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. A copy of the Board Charter can be found on the Company's website.

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, the Managing Director 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
Promote Ethical and Responsible Decision Making

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. A copy of the Code of Conduct is available on the Company's website.

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%

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.

The Company's Securities Trading Policy is available on the Company's website.

Corporate Governance Council Recommendation 4
Safeguarding Integrity in Financial Reporting

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
Make Timely and Balanced Disclosure

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. A copy of the Company's Disclosure Policy can be found on the Company's website.

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. A copy of the Company's Shareholder Communication Policy is available on the Company's website.

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 2014.

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.

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

	Year ended 30 June 2014 $	Year ended 30 June 2013 $
	1,781,106	3,775,165

The consolidated profit of the Group amounted to $1,781,106, after providing for income tax. Further discussion on the Group's operation now follows.

Review of Operations

The beginning of this financial year started out with a number of positive activities including the announcement that Petrofrontier Corporation (Petrofrontier) had introduced one of the largest and most experienced oil and gas companies in the world to become operator later in the program and would spend nearly US$230m on exploration of the Southern Georgina Basin, including permits EP127 and EP128 in the Northern Territory.

Things then started to deviate from positive to unsure as our JV Partner Petrofrontier publicly announced it was going through financial difficulties in January 2013, and any future work programs were placed on hold. Petrofrontier and Statoil Australia Theta B.V. (Statoil) amended the terms of their Joint Venture/Farm In agreement in June 2013 and Statoil elected to become Operator on 1 September 2013.

In July 2013 a Seismic program over EP127 and EP128 was approved and completed in September of 2013.

The Operating Committee Meeting (OCM) was held in early December of 2013, where Baraka was provided the details of the 2014 work program. Having considered the work program Baraka elected not to participate. Baraka's reasoning for the decision was outlined in detail in our 6 January 2014 announcement. On the 24 July 2014 Baraka announced that a deed of settlement had been signed to settle the dispute, but in the meantime the first Well of the 2014 work program involving 3 vertical test wells on Baraka's permits had commenced.

As our shareholders will be aware from the announcement on the ASX, 6 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 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 vertical depth (TVD) of 1442 metres encountering gas and oil shows in the cores of the Lower Arthur Creek and Thorntonia 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 metre interval at the base of the

Arthur Creek Hot Shale and a 0.4 metre interval at the top. A small, water based hydraulic stimulation was successfully completed and a total of 866 barrels(bbls) (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 were 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 Thorntonia formations. All of the planned open hole well evaluation activities were completed and analyzed.

A completion and testing program commenced on this well over the previously preferred OzAlpha-1, as OzDelta-1 was 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, including the eventual abandonment of this well and Baraka's expected dilution of this permit, Baraka elected not to participating in this program and 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 Thorntonia 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.

The board of Baraka, whilst being disappointed with the current results, feels that the decision not to participate in the work program put to it 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 may 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 considered and voted on.

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

Based on the completed 2014 work programs, all of the Northern Territory Governments minimum work commitments on both EP127 and EP128, being Baraka's permits, have been met for the 2015 year. Unless the Operating Committee, which is expected to meet sometime in November/December of this year, approves any further work on these permits, Baraka will not be required to meet any commitments in 2015.

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

As previously announced there were disputes with the directors of the company to which Baraka had extended secured, interest bearing loans to, on this venture.

As a result of failed negotiations and other alleged breaches, an Administrator was appointed to the borrower.

Extensive investigations by the Administrators unearthed a number of breaches of the Corporations Act by the directors of the borrowing company.

However, as a result of Baraka's support and ongoing involvement, the Administrator during July 2014 removed the previous remaining directors at a final meeting of creditors, and accepted a Deed of Company Arrangement submitted by Baraka's subsidiary, and a new board appointed to the borrowing company.

It is expected that Baraka will have discussions with the new board in the very near future to resolve a number of outstanding issues and to allow the venture to proceed.

Baraka continues discussions in regards to farming down or disposing of all or part of this investment to third parties, subject to the satisfactory resolution of the various issues outlined herein, and expects to make a further announcement regarding this within the next few months.

This investment and venture may very well involve other investment opportunities for Baraka shareholders when the final structure of the venture and ongoing negotiations are resolved with the new board of the borrowing company.

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. We believe this will prove to be just such an opportunity in the near future.

Baraka continues to have minimal debt and with cash and current assets of approximately $5.2m, 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. Indeed these activities have already commenced.

Financial Position

The net assets of the Group have increased by $2,465,946 from $9,047,255 at 30 June 2013 to $11,513,201 at 30 June 2014.

Significant Changes in the State of Affairs

On 27 November 2013, the Company issued 80,501,712 shares at 0.005c each pursuant to the Prospectus for pro-rata non-renounceable entitlement issue announced on 17 October 2013 and raised $402,509.

On 11 December 2013, the Company issued 56,430,586 shares at 0.005c each pursuant to the shortfall from the Prospectus for pro-rata non-renounceable entitlement issue announced on 17 October 2013 and raised $282,153.

On 19 December 2013, the Company issued 12,750,000 shares at 0.005c each pursuant to the shortfall from the Prospectus for pro-rata non-renounceable entitlement issue announced on 17 October 2013 and raised $63,750.

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

On 24 July 2014 the Company settled by a deed of settlement the dispute between Baraka and its joint venture partners over the 2014 work program, but in the meantime the first Well of the 2014 work program involving 3 vertical test wells on Baraka's permits had commenced.

Except for the above, 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:

Patrick O'Neill – Bachelor of Business, Chartered Accountant. Mr O'Neill is a partner in the accounting firm Jackson Greeve. He has acted as Company Secretary for several public companies. Mr O'Neill was appointed Company Secretary on 12 October 2010.

Meetings of Directors

During the financial year, eight 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	8	8
Justin Vost	8	8
Ray Chang	8	7

There were of 3 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 2014.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 47 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 2014 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

The service terms and conditions of the key management personnel and Group executives are not formalised in contracts of employments. The service terms and conditions are of no fixed term, no requirement for notice on termination and no entitlement for payment upon termination.

Remuneration Details for the Year Ended 30 June 2014

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	2014	174,000	93,889	-	-	-	-	267,889
	2013	208,000	69,410	-	-	-	-	277,410
Justin Vost appointed 15/3/2011	2014	124,000	-	-	-	-	-	124,000
	2013	124,000	-	-	-	-	-	124,000
Ray Chang appointed 23/11/2011	2014	24,000	-	-	-	-	-	24,000
	2013	24,000	-	-	-	-	-	24,000
Other Executives								
Patrick O'Neill appointed 12/10/2010	2014	57,190	252,110	-	-	-	-	309,300
	2013	32,809	-	-	-	-	-	32,809
Total Key Management Personnel	2014	379,190	345,999	-	-	-	-	725,189
	2013	388,809	69,410	-	-	-	-	458,219

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 $63,000 (2013: $63,000) 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 $30,889 (2013: $6,410) was paid for share trading, investment services and capital raising services, New York Securities Pty Ltd was paid a further $150,000 (2013: $184,000) and Bluesky Trust was paid $100,000 (2013: $100,000) as corporate consulting fees. Mr Justin Vost is a beneficiary of the Bluesky Trust. Mr Patrick

O'Neill is a director of the trustee company that provided technical, taxation and accounting advise in connections with the Company's R&D tax offset claim and was paid or is due payable $252,110 (2013: $nil).

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
30 September 2014

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 29 September 2014.

(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	17,726
1001 – 5,000	200	740,628
5001 – 10,000	366	3,293,719
10,001 – 100,000	1,759	86,014,708
100,001 and above	1,758	2,135,270,563
Total	4,195	2,225,337,344

The number of shareholders holding less than a marketable parcel of shares is 3,107 (204,359,952 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	125,776,446	5.652%
2	ABN AMRO Clearing Sydney Nominees Pty Ltd <Custodian A/c>	66,141,376	2.972%
3	GA Armstrong Superannuation Pty Ltd <GA Armstrong Superfund A/c>	41,942,000	1.885%
4	Laceglen Holdings Pty Ltd <Cadly Superfund A/c>	27,610,700	1.241%
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	HSBC Custody Nominees (Australia) Ltd	25,498,852	1.146%
10	Mr David Bovell	24,882,000	1.118%
11	Nefco Nominees Pty Ltd	20,815,239	0.935%
12	Allcrest Nominees Pty Ltd <The Riemer A/c>	20,032,000	0.900%
13	Mr Michael Hodgetts	20,000,000	0.899%
14	New York Securities Pty Ltd	19,000,000	0.854%
15	Mr William Burrell	18,805,300	0.845%
16	J P Morgan Nominees Australia Ltd	17,870,956	0.803%
17	Mr Craig Marshall	17,247,500	0.775%
18	Mr Anthony Norman Buist	16,300,000	0.732%
19	Cervantes Corporation Ltd	15,750,000	0.708%
20	Mr Gerard Van Brugge	15,000,000	0.674%

(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.

BARAKA ENERGY & RESOURCES LTD ABN 80 112 893 491
AND CONTROLLED ENTITY
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR YEAR ENDED 30 JUNE 2014

	Note	Consolidated Group	
		2014	**2013 Restated**
Continuing Operation		**$**	**$**
Revenue			
Grant of right to access	3	-	4,146,461
Interest income	3	97,467	153,917
Dividends	3	-	4,500
Profit on sale of investments	3	-	40,669
Fair value adjustment	3	55,282	-
Other income	3	21,196	-
		173,945	4,345,547
Loss on sale of equipment		-	(1,050)
Loss on sale of investments		(17,892)	
Employee benefits expenses		(72,000)	(72,000)
Depreciation expenses		(488)	(657)
Occupancy expenses	4	(46,055)	(48,608)
Technical consultants and contracts	4	(503,610)	(96,124)
Travel expenses		(3,002)	(6,472)
Finance costs		(2,902)	(2,770)
Administration expenses		(266,011)	(194,574)
Fair value adjustment	4	-	(145,047)
Other		(1,982)	(3,080)
Loss before income tax		**(739,997)**	**3,775,165**
Income tax (expense) / benefit	5	**2,521,103**	**-**
Profit (Loss) after tax		**1,781,106**	**3,775,165**
Other comprehensive income		**-**	**-**
Total comprehensive income net of income tax		**1,781,106**	**3,775,165**
Basic loss per share (cents per share)	8	0.08c	0.18c
Diluted loss per share (cents per share)	8	0.08c	0.18c

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	Consolidated Group	
		2014	**2013 Restated**
		$	**$**
Current Assets			
Cash and cash equivalents	9	697,424	620,978
Trade and other receivables	10	1,808,239	34,049
Other assets	11	2,490,836	2,048,011
Other financial assets	12	174,576	145,131
Total Current Assets		**5,171,075**	**2,848,169**
Non-Current Assets			
Other Non-current assets	11	-	392,208
Property, plant and equipment	13	813	1,301
Exploration & evaluation expenditure	14	6,693,223	5,890,708
Total Non-Current Assets		**6,694,036**	**6,284,217**
Total Assets		**11,865,111**	**9,132,386**
Current Liabilities			
Trade and other payables	15	351,910	85,131
Total Current Liabilities		**351,910**	**85,131**
Total Liabilities		**351,910**	**85,131**
Net Assets		**11,513,201**	**9,047,255**
Equity			
Issued capital	16	54,251,948	53,567,108
Accumulated losses		(42,738,747)	(44,519,853)
Total Equity		**11,513,201**	**9,047,255**

The accompanying notes form part of these financial statements

BARAKA ENERGY & RESOURCES LTD ABN 80 112 893 491
AND CONTROLLED ENTITY

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

Consolidated Group	**Share Capital**	**Accumulated Losses**	**Reserves**	**Total**
	$	**$**	**$**	**$**
Balance at 1 July 2012	53,567,108	(48,295,018)	-	5,272,090
Shares issued during year	-	-	-	-
Transaction costs	-	-	-	-
Net loss attributable to members of the parent entity	-	3,775,165	-	3,775,165
Balance at 30 June 2013	53,567,108	(44,519,853)	-	9,047,255
Shares issued during year	748,411	-	-	748,411
Transaction costs	(63,571)	-	-	(63,571)
Net loss attributable to members of the parent entity	-	1,781,106	-	1,781,106
Balance at 30 June 2014	54,251,948	(42,738,747)		11,513,201

The accompanying notes form part of these financial statements

BARAKA ENERGY & RESOURCES LTD ABN 80 112 893 491
AND CONTROLLED ENTITY
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated Group	
		2014	2013
		$	$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(599,368)	(418,207)
Interests received		38,528	128,917
R&D proceeds		715,445	-
Dividends received		-	4,500
Interests paid		(1,815)	(2,770)
		1,196	-
Net cash used in operating activities	21	153,986	(287,560)
Cash Flows from Investing Activities			
Proceeds from the sale of equipment		-	226
Proceeds from held for trading investments		7,945	291,192
Purchase of held for trading investments		-	(154,301)
Profit share from investments		20,000	-
Loans repaid by other entities		1,410,000	-
Loans to entities		(1,400,495)	(1,007,208)
Payments for exploration & evaluation		(802,515)	(1,575,856)
Net cash used in investing activities		(765,065)	(2,445,947)
Cash Flows from Financing Activities			
Proceeds of issue of shares		748,411	-
Costs of share issue		(63,571)	-
Borrowings		2,685	-
Net cash provided by financing activities		687,525	-
Net outflow in cash held for the year		76,446	(2,733,507)
Cash at the beginning of the year		620,978	3,354,485
Cash at the end of the year	9	697,424	620,978

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 20 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 interim 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
Changes in accounting policy and disclosures.

The accounting policies adopted are consistent with those of the previous financial year. The group has adopted the following standards and interpretations from 1 July 2013:

The following accounting standards and interpretations are most relevant to the consolidated entity:

AASB 10 Consolidated Financial Statements
The consolidated entity has applied AASB 10 from 1 July 2013, which had a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider it's holding and rights but also the holdings and rights of other shareholders in order to determine whether is has the necessary power for consolidation purposes.

AASB 11 Joint Arrangements

The consolidated entity has applied AASB 11 from 1 July 2013. The standard defines which entities qualify as joint arrangement and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for its share of the assets, liabilities, revenues and expenses separately under the appropriate classifications.

AASB 12 Disclosure of Interests in Other Entities
The consolidated entity has applied AASB 12 for 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosures requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation-Special Purpose Entities'.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

The consolidated entity has applied AASB 119 and its consequential amendments from 1 July 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

AASB 127 Separate Financial Statements (Revised), AASB 128 Investments in Associates and Joint Ventures (Reissued) and AASB 2011-7 Amendments to the Australian Accounting Standards arising from the Consolidated and Joint Arrangements Standards.

The consolidated entity has applied AASB 127, AASB 128 and AASB 2011-7 from 1 July 2013. AASB 127 and AASB 128 have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12 and AASB 2011-7 makes numerous consequential changes to a range of Australian Accounting Standards and Interpretations. AASB 128 has also been amended to include the application of the equity method to investments in joint ventures.

AASB 2012-10 Amendments to Australian Accounting Standards- Transition Guidance and Other Amendments.
The consolidated Entity has applied AASB 2012-10 amendments from 1 July 2013, which amends AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement

The consolidated entity has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

The adoption of these standards have had no impact on the accounting policies of the Group.

(ii) New Accounting Standards and Interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of initial application. They have been issued but are not yet effective and are available for early adoption at 30 June 2014, but have not been applied in preparing this financial report. No accounting impact is expected as a result of these new accounting statements and interpretations.

AASB 9 Financial Instruments and its consequential amendments
This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2017 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated

entity will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 2012-3 Amendments to Australian Accounting Standards- Offsetting Financial Assets and Financial Liabilities
The amendments are applicable to annual reporting periods beginning on or after 1 July 2014. 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. The adoption of the amendments from 1 July 2014 will not have a material impact on the consolidated entity.

AASB 2013-3 Amendments to AASB 136- Recoverable Amount Disclosures for Non-Financial Assets
These amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about 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. The adoption of these amendments from 1 July 2014 may increase the disclosures by the consolidated entity.

AASB 2013-4 Amendments to Australian Accounting Standards- Novation of Derivatives and Continuation of Hedge Accounting
These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and amends AASB 139 'Financial Instruments: Recognition and Measurement' to permit continuation of hedge accounting in circumstances where a derivative (designated as hedging instrument) is novated from one counter party to a central counterparty as a consequence of laws or regulations. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

Annual Improvements to IFRSs 2010-2012 Cycle
These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and affects several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance conditions' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measurements at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgments made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments; Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial, Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortization); and Amends ASSB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

Annual Improvements to IFRSs 2011-2013 Cycle
These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139 'Financial Instruments; Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

NOTE 2: Change in Accounting Policy and Accounting Estimates, and Correction of Prior Period Error

On 30 September 2012, Petrofrontier invoiced the Company for the drilling costs of the MacIntyre 2H well on EP127. In accordance with the farm-in agreement between Petrofrontier and the Company, the drilling costs are considered to be a taxable supply. Pursuant to Miscellaneous Taxation Ruling MT2012/2, the Company has given Petrofrontier a right to use and access to EP 127 in exchange for the supply of an exploration benefit.

Restatement of Financial Statements as a results of Correction of an Error

30 June 2013 Comparative year

Financial Statement Line item / balance affected	Note	Actual 2013	Correction of Error Ajd	Restated Actual 2013
Statement of Profit or Loss (Extract)				
Revenue				
Grant of right to access	**3**	-	4,146,461	4,146,461
Total Revenue		199,086	4,146,461	4,345,547
Profit (Loss) after tax		(371,296)	4,146,461	3,775,165
Total comprehensive income net of income tax		**(371,296)**	**4,146,461**	**3,775,165**
Basic loss per share (cents per share)		(0.02)c		0.18c
Diluted loss per share (cents per share)		(0.02)c		0.18c
Balance Sheet (Extract)				
Non-Current Assets				
Exploration & evaluation expenditure	**14**	1,744,247	4,146,461	5,890,708
Total Non-Current Assets		2,137,756	4,146,461	6,284,217
Total Assets		**4,985,925**	**4,146,461**	**9,132,386**
Net Assets		**4,900,794**	**4,146,461**	**9,047,255**
Equity				
Accumulated losses		(48,666,314)	4,146,461	(44,519,853)
Total Equity		**4,900,794**	**4,146,461**	**9,047,255**

	Consolidated Group	
	2014	**2013**
	$	**$**
NOTE 3: Revenue and Other Income		
Grant of right to access	-	4,146,461
	-	**4,146,461**
Interest revenues		
- other persons	97,467	153,917
Dividend received	-	4,500
Total revenue	**97,467**	**158,417**
Other income		
FBT recoupment	1,196	-
Profit share from investments	20,000	-
Fair value adjustment	55,282	-
Gain on disposal of held for sale investments	-	40,669
	76,478	**40,669**

NOTE 4: Loss for the Year

The profit for the year included the following expenses:

Fair value adjustment	-	145,047
Loss on disposal of held for sale investments	17,972	-
Rental expense on operating leases		
- rental expense for sublease	46,055	48,608
Technical consultants and contracts	503,610	96,124

	Consolidated Group	
	2014	2013
	$	$
NOTE 5: Income Tax		
Prima facie tax benefit on profit/(loss) before income tax @ 30%.	(221,999)	1,132,550
Add tax effect:		
Non-allowable items		
Fair value adjustment	(16,585)	43,514
Entertainment	-	80
Accrued expenses	(4,875)	4,875
Allowable items		
Capital raising cost	(19,604)	(17,339)
Prepayment	(671)	(564)
Exploration expenditure	(240,655)	(1,721,569)
Tax losses not brought to account	504,389	558,454
Research & development tax offset	2,521,103	-
Income tax benefit	**2,521,103**	**-**
Unrecognised deferred tax balances:		
Unrecognised deferred tax asset losses	504,388	2,717,268
Unrecognised deferred capital losses	9,366,077	7,654,671
Unrecognised deferred tax asset other	111,687	592,903
Unrecognised deferred equity adjustment	20,520	60,786
Unrecognised deferred tax liabilities	(765,264)	(51,185)
Net deferred tax asset not brought to account	**9,237,408**	**10,974,443**

The Unrealising deferred tax assets will only be available if:

a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;

b) the conditions for deductibility imposed by the tax legislation continue to be complied with; and

c) no changes in tax legislation adversely affect the Company in realising the benefit.

NOTE 6: 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 2014.

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

	2014 $	2013 $
Short-term employment benefits	725,189	458,219
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
	725,189	458,219

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 2014

	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	4,282,000	-	-	1,500,000	-	5,782,000
	64,782,000	-	-	1,500,000	-	66,282,000

30 June 2013

	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	4,282,000	-	-	-	-	4,282,000
	64,782,000	-	-	-	-	64,782,000

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 23: Related Party Transactions.

	Consolidated Group	
	2014	**2013**
	$	**$**
NOTE 7: Auditors' Remuneration		
Amounts paid to the auditor of the parent entity for:		
- auditing or reviewing the financial report	14,000	17,000

	Consolidated Group	
	2014	**2013**
	$	**$**
NOTE 8: Earnings per Share		
Profit (Loss) for the year	1,781,106	3,775,165
	No.	**No.**
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	2,160,439,012	2,075,644,064
Weighted average number of dilutive options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	2,160,439,012	2,075,644,064

	Consolidated Group	
	2014	**2013**
	$	**$**
NOTE 9: Cash and cash Equivalents		
Cash at bank & in hand	34,736	69,648
Interest bearing deposit	662,688	551,330
	697,424	**620,978**
Reconciliation of cash		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the statement of financial position as follows:		
Cash & cash equivalents	697,424	620,978
	697,424	**620,978**

	Consolidated Group	
	2014	**2013**
	$	**$**
NOTE 10: Trade and Other Receivables		
Current		
Trade and other receivable	2,581	25,000
Input tax credits	-	9,049
R&D tax offset	1,805,658	-
	1,808,239	**34,049**

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.

Financial assets classified as loans and receivables		
Trade and other receivable		
- Total current	1,808,239	34,049
- Total non-current	-	-
Financial assets	**1,808,239**	**34,049**

NOTE 11: Other assets		
Current		
Rental Bond	76	1,131
Prepayments	4,118	1,880
Loans to unrelated entities – unsecured	1,357,000	2,045,000
Loans to unrelated entities – unsecured	1,129,642	-
	2,490,836	**2,048,011**
Non-Current		
Loans to unrelated entities – secured	-	392,208
	-	**392,208**

During the year the Company advanced a total of $722,000 (2013: $615,000) to two publicly listed companies of which Directors Mr Collin Vost and Mr Justin Vost are also directors. The funds may be secured against real estate and other financial investments. 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 property venture or other investment. During the year these companies repaid $1,410,000.

	Consolidated Group	
	2014	2013
	$	$
NOTE 12: Other Financial Assets		
Current		
Financial assets at fair value through profit and loss	174,576	145,131
	174,576	**145,131**
Financial assets at fair value through profit and loss		
Opening balance	533,475	386,400
Purchases	-	154,301
Cost of Sales	(25,837)	(250,523)
Adjustment for fair value	(333,062)	(145,047)
	174,576	**145,131**

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 13: Property, Plant and Equipment		
Plant & equipment		
- At cost	2,368	2,368
- Less: accumulated depreciation	(1,555)	(1,067)
Net carrying amount	**813**	**1,301**
Reconciliation		
Written down at the start of the period	1,301	3,234
Additions	-	-
Disposals	-	(226)
Depreciation expense	(488)	(657)
Write down of accumulated depreciation on disposals	-	(1,050)
Net carrying amount	**813**	**1,301**

NOTE 14: Exploration & evaluation expenditure		
Non-Current		
Opening balance	5,890,708	152,145
Additions	802,515	5,738,563
Impairment	-	-
Closing Balance	**6,693,223**	**5,890,708**

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	
	2014	**2013**
	$	**$**
NOTE 15: Trade and other payable		
Current		
Unsecured liabilities		
- Trade creditors	309,997	29,657
- Accruals	39,228	55,474
- Sundry creditors	2,685	-
	351,910	**85,131**
Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables		
- Total Current	**309,997**	**29,657**

NOTE 16: Issued Capital

	2014 $	2013 $
2,225,337,344 (2013: 2,075,655,046)		
Fully paid ordinary shares	54,251,948	53,567,108
	54,251,948	**53,567,108**

	2014	**2013**
	No	**No**
Ordinary shares		
At the beginning of reporting period	2,075,655,046	2,075,655,046
Shares issued during the year:		
29 November 2013	80,501,712	-
11 December 2013	56,430,586	-
19 December 2013	12,750,000	-
At the end of reporting year	**2,225,337,344**	**2,075,655,046**

NOTE 16: 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 2014 and 30 June 2013 are as follows:

		Consolidated Group	
		2014	2013
	Note	$	$
Total payables	15	351,910	85,131
Less cash and cash equivalents	9	697,424	620,978
Working capital		(345,514)	(535,847)
Total equity		11,513,201	9,047,255
Total capital		54,251,948	53,567,108
Gearing ratio		-0.006	-0.010

	Consolidated Group	
	2014	**2013**
	$	**$**
NOTE 17: Capital and Leasing Commitments		
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	63,000	63,000
- 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 $5,250 per calendar month (2013:$5,250).

Exploration expenditure commitment		
- not later than 12 months	-	750,000
- 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 completed the seismic program on the joint venture tenements including Baraka's tenement, EP 127 and EP 128 in the Southern Georgina Basin in the Northern Territory. The 2014 work program on EP127 and EP128 has essentially been completed. Representatives from Baraka, Petrofrontier and Statoil will meet in November/December 2014 to discuss the results and determine the targets for the joint ventures exploration program for the 2014-2015 year. The Company has a number of avenues available to it to continue funding of any exploration program, if it elects to participate, other commitments and as and when decisions are made, the Company will disclose this information to shareholders.

NOTE 18: Contingent Liabilities

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

NOTE 19: Segment Reporting
Segment Information

The consolidated entity operates in a single business segment being oil and gas exploration in Australia.

NOTE 20: Controlled Entities

	Country of Incorporation	Percentage Owned (%) 2014	Percentage Owned (%) 2013
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	
	2014	2013
	$	$
NOTE 21: Cash Flow Information		
Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax		
Profit (Loss) after income tax	1,781,106	3,775,165
Non-cash flows in profit/(loss) after income tax		
Grant of right of access	-	(4,146,461)
Loss on sale of equipment	-	1,050
Net loss (profit) on disposal of financial assets	17,892	(40,669)
Fair value adjustment	(55,282)	145,047
Depreciation	488	657
Profit share on investments	(20,000)	-
Interest accrued	(58,939)	-
Changes in Assets and Liabilities, net of the effect of purchase of subsidiary		
(Increase)/decrease in trade & term receivables	(1,774,190)	(24,788)
(Increase)/decrease in prepayment & rental bond	(1,183)	(197)
Increase/(decrease) in trade & other payables	264,094	2,636
Cash flow from operations	**153,986**	**(287,560)**

NOTE 22: Events After Balance Sheet Date

On 24 July 2014 the Company settled by a deed of settlement the dispute between Baraka and its joint venture partners over the 2014 work program, but in the meantime the first Well of the 2014 work program involving 3 vertical test wells on Baraka's permits had commenced.

No other 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 23: 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 2014 was $135 (2013: $6,410).

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 2014 was $63,000 (2013: $63,000).

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 2014 was $150,000 (2013: $184,000).

During the year, a firm of which Mr C Vost is a director, provided capital raising services to the Company. The value of these related party services for the year ended 30 June 2014 was $30,754 (2013: $nil).

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 2014 was $100,000 (2013: $100,000).

During the year, an entity of which Mr P O'Neill is a director of the trustee, provided technical, taxation and accounting services to the Company. The value of these related party services for the year ended 30 June 2014 was $252,110 (2013: $nil).

NOTE 23: Related Party Transactions (cont'd)

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 24: 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:

	Note	Consolidated Group 2014	2013
		$	$
Financial Assets			
Cash and cash equivalents	9	697,424	620,978
Trade and other receivables	10	1,808,239	34,049
Financial assets at fair value through profit or loss			
-Held for trading	12	174,576	145,131
		2,680,239	800,158
Financial Liabilities			
- Trade and other payables	15	351,910	85,131
		351,910	85,131

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 24: Financial Risk Management (cont'd)

	< 1 Year $	Total $	Weighted average effective interest rate
Year ended 30 June 2014			
Floating rate Cash assets	697,424	697,424	14.79%
Year ended 30 June 2013			
Floating rate Cash assets	620,978	620,978	2.90%

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 2014				
Trade and other creditors	351,910	-	-	351,910
	351,910	**-**	**-**	**351,910**
Year ended 30 June 2013				
Trade and other creditors	85,131	-	-	85,131
	85,131	**-**	**-**	**85,131**

The Group also has an office service agreement. The future contracted commitments at year end are disclosed in Note 17.

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. In most cases, the Group requires full and final payment either prior to, or upon delivery of the goods to the customer. In limited cases where credit is provided, the Group trades on credit terms with recognised, creditworthy third parties. Customers who wish to trade on credit terms are subject to credit verification procedures.

NOTE 24: Financial Risk Management (cont'd)

In addition, receivables balances are monitored on an ongoing basis with the results that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group.

All amounts past due in excess of 30 days are individually assessed and provided for as doubtful if reasonable doubt as to collectability exists.

With respect to credit risk arising from financial assets of the Group, which comprise of cash and cash equivalents and receivables, the Group's maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, as disclosed in the balance sheet and notes to the financial statements.

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.

	2014		**2013**	
	Net Carrying Value	**Net Fair Value**	**Net Carrying Value**	**Net Fair Value**
	$	**$**	**$**	**$**
Consolidated Group				
Financial Assets				
Cash and cash equivalents	697,424	697,424	620,978	620,978
Financial assets at fair value through profit or loss				
-Held for trading	174,576	174,576	145,131	145,131
Other assets	2,490,836	2,490,836	2,048,011	2,048,011
Trade and other receivables	1,808,239	1,808,239	34,049	34,049
	5,171,075	5,171,075	2,848,169	2,848,169
Financial Liabilities				
Trade and other payables	351,910	351,910	85,131	85,131
	351,910	351,910	85,131	85,131

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

NOTE 24: 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	
	2014	**2013**
	%	**%**
Energy	18.5	20.9
Materials	69.1	64.2
Capital Goods	10.6	12.8
Food & Beverage	1.8	2.1
	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**
	$	**$**
2014		
+/- 2% in interest rate	+/- 13,184	+/- 13,184
2013		
+/- 2% in interest rate	+/- 39,755	+/- 39,755

NOTE 25: 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 26: Parent Entity Information

Information relating to Baraka Energy & Resources Ltd:	2014 $	2013 $
Current assets	5,171,075	2,845,169
Total assets	11,865,111	9,132,386
Current liabilities	(351,910)	(85,131)
Total liabilities	(351,910)	(85,131)
Issued capital	54,251,948	53,567,108
Retained earnings	(42,738,747)	(44,519,853)
Total shareholders' equity	11,513,201	9,047,255
Profit or loss of the parent entity	1,781,106	3,775,165
Total comprehensive income of the parent entity	1,781,106	3,775,165

Provision for Impairment of Receivables

Non-current trade and other receivables are assessed for 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. A provision for impairment is recognised when there is objective evidence that an individual trade or other receivable is impaired. Refer to Note 1, Critical Accounting Estimates and Judgments for recoverability.

	Opening Balance 1.7.2013 $	Charge for the year $	Amount Written Off $	Closing Balance 30.6.2014 $
Parent Entity				
i) Non-current wholly owned subsidiary	392,208	737,434	-	1,129,642
	392,208	737,434	-	1,129,642

	Opening Balance 1.7.2012 $	Charge for the year $	Amount Written Off $	Closing Balance 30.6.2013 $
Parent Entity				
i) Non-current wholly owned subsidiary	-	392,208	-	392,208
	-	392,208	-	392,208

There are no balances within trade and other receivables that are impaired and are past due. It is expected these balances will be received when due.

BARAKA ENERGY & RESOURCES LTD (ABN 80 112 893 491)
AND CONTROLLED ENTITY
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, 2014 and of the performance for the year ended on that date of the Company and Group; and

    (e) 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 2014

ROTHSAY

Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 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 2014 financial statements; and

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

Graham R Swan (Lead auditor)

Rothsay

Dated 30th September 2014

ROTHSAY

Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 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 balance sheet as at 30 June 2014 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, 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 (including the Australian Accounting Interpretations) 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 Auditing 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*.

Chartered Accountants

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 2014 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 2014. 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 2014 complies with section 300A of the *Corporations Act 2001*.

Rothsay

Rothsay

Graham R Swan FCA
Partner

Dated 30th September 2014