



31 October 2014

QUARTERLY ACTIVITIES AND CASH FLOW REPORT

PERIOD ENDED 30 SEPTEMBER 2014

Baraka Energy & Resources Limited

Contacts:

Collin Vost

Telephone: 08 6436 2350

Directors:

Collin Vost (Executive Chairman)

Justin Vost (Non Executive)

Ray Chang (Non-Executive–Chinese Division)

Company Secretary:

Patrick O'Neill

Issued Capital:

2,225,337,344 Ordinary Shares

Australian Securities Exchange (ASX)

Code: BKP (Ordinary Shares Fully Paid)

Cash (30 September 2014):

\$1.67 million

## September 2014 Quarter Activities Report

Baraka Energy & Resources Limited ("Baraka" or "the Company") (ASX:BKP) provides its quarterly activities report for the period ended 30 September 2014.

### OzBeta-1 on Permit EP127

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

Completion operations commenced on 24 July and the operator perforated a 3 meter interval at the base of the Arthur Creek Hot Shale and a 0.4 meter interval at the top. A small, water based hydraulic stimulation was successfully completed and a total of 866 barrels (137 m<sup>3</sup>) 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 m<sup>3</sup>) of water was produced with no measurable volume of oil or gas. Statoil proceeded plugging and abandoning OzBeta-1.

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

OzDelta-1 drilled to a TVD of 840 metres and cased in July 2014. A total of 32 metres of core were recovered in a continuous coring process, which penetrated the Lower Arthur Creek and Thornton formations. All of the planned open hole well evaluation activities were completed and analyzed.

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

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

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

### OzEpsilon-1 on Ep128

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

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

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

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

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

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

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

Baraka continues discussions in regards to farming down or disposing of all or part of this investment to third parties, subject to the resolution of the various issues outlined herein, and expects to make a further announcement on this within the next few months, possibly resulting in a further injection of a substantial amount of cash into Baraka.

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

Baraka continues to be currently debt free with no expenditures required on this year's 2015 work program as a result of the legal settlement announced on the 24 July 2014.

Whilst the board continues to assess other opportunities it will be the short term goal to concentrate on those ventures, investments and projects currently in hand throughout the 2014/2015 financial year.

Baraka has extremely low overhead expenses, negligible liabilities and some \$4.69m of net current assets including cash.



## Appendix 5B

The Appendix 5B for the quarter ended 30 September 2014 is attached.

### *Forward-Looking Statements*

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

## Appendix 5B

### Mining exploration entity quarterly report

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

Name of entity

<b>BARAKA ENERGY &amp; RESOURCES LIMITED</b>
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ABN

80 112 893 491
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Quarter ended ("current quarter")

30 September 2014
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#### Consolidated statement of cash flows

	Current quarter SA'000	Year to date (3 months) SA'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(53)	(53)
(b) development	-	-
(c) production	-	-
(d) administration	(460)	(460)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	45	45
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	1,806	1,806
<b>Net Operating Cash Flows</b>	<b>1,338</b>	<b>1,338</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	31	31
(c) other fixed assets	-	-
1.10 Loans to other entities	(397)	(397)
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(366)</b>	<b>(366)</b>
1.13 Total operating and investing cash flows (carried forward)	972	972

**Appendix 5B**  
**Mining exploration entity quarterly report**

<b>1.13 Total operating and investing cash flows (brought forward)</b>	<b>972</b>	<b>972</b>
<b>Cash flows related to financing activities</b>		
1.14 Proceeds from issues of shares, options, etc.	-	-
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	-
1.17 Repayment of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Other (provide details if material)	-	-
<b>Net financing cash flows</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash held</b>	<b>972</b>	<b>972</b>
1.20 Cash at beginning of quarter/year to date	697	697
1.21 Exchange rate adjustments to item 1.20		
1.22 Cash at end of quarter	1,669	1,669

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

		<b>Current quarter \$A'000</b>
1.23	Aggregate amount of payments to the parties included in item 1.2	121
1.24	Aggregate amount of loans to the parties included in item 1.10	-

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

Directors fee, serviced office, bookkeeping and consulting fees.

**Non-cash financing and investing activities**

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

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

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**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

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

**Estimated cash outflows for next quarter**

	SA'000
4.1 Exploration and evaluation	50
4.2 Development	
4.3 Production	
4.4 Administration	90
<b>Total</b>	<b>140</b>

**Reconciliation of cash**

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

	Current quarter SA'000	Previous quarter SA'000
5.1 Cash on hand and at bank	11	62
5.2 Deposits at call	1,658	565
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,669</b>	<b>627</b>

**Changes in interests in mining tenements**

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

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference <sup>+</sup> securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 <sup>+</sup> Ordinary securities	2,225,337,344	2,225,337,344	-	-
7.4 Changes during quarter				
(a) Increases through issues				-
(b) Decreases through returns of capital, buy-backs				-
7.5 <sup>+</sup> Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 Options <i>(description and conversion factor)</i>			<b>Exercise price</b>	<b>Expiry date</b>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.



**Compliance statement**

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

Sign here:



(Company secretary)

Date: .31 October 2014

Print name: Patrick J O'Neill

**Notes**

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

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**Baraka Energy & Resources Ltd**  
**Schedule of Tenements as at 30 September 2014**

<b>Project</b>	<b>Tenement</b>	<b>Nature of Company's Interest</b>
<b>Southern Georgina Basin Northern Territory</b>	<b>EP 127</b>	<b>25%</b>
<b>Southern Georgina Basin Northern Territory</b>	<b>EP 128<sup>1</sup></b>	<b>25%</b>

**1** including a 75% undivided working interest in the 75kms<sup>2</sup> around the Elkedra-7 well on EP128.