

BARAKA ENERGY & RESOURCES LTD A.B.N. 80 112 893 491
AND CONTROLLED ENTITIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018



Corporate Directory

Board of Directors

Chris Zielinski

Non-Executive Chairman

Jason Brewer

Non-Executive Director

Patric Glovac

Non-Executive Director

Joint Company Secretary

Anna MacKintosh

Patrick O'Neill

Registered Office

22 Townshend Road

Subiaco WA 6008

Contact Details

Baraka Energy & Resources Ltd

22 Townshend Road

Subiaco WA 6008

Tel: +61 8 6380 2470

Email: admin@barakaenergy.com.au

Website: www.barakaenergy.com.au

Solicitors

Nova Legal

Level 2 50 Kings Park Road

West Perth WA 6005

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 Listing

Australian Securities Exchange

(Home Exchange: Perth Western Australia)

ASX Code: Ordinary Shares - BKP

Bankers

National Australia Bank Ltd

Capital Office

100 St Georges Terrace

Perth WA 6000

BARAKA ENERGY & RESOURCES LTD (ABN 80 112 893 491)
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DIRECTORS' REPORT

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 2018.

Principal Activities and Significant Change in Nature of Activities

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

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

Operating Results and Review of Operations for the Year

Operating Results

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

Year ended 30 June 2018	Year ended 30 June 2017
\$ (8,147,703)	\$ (326,364)

Review of Operations

IRON SANDS INVESTMENT - Philippines

The Philippine Iron Sands Project has been funded by the Company pursuant to a secured converting loan and profit share agreement with an unlisted public Australian company, that controlled an Iron Sands Project in the Philippines.

The Philippine Iron Sands Project area is made up of 2 exploration permits contained within a Philippine company, 100% controlled by the unlisted public Australian company Baraka is funding. A Seismic program has been completed over the 10,000 hectare area (100,000,000 square metres) which indicates 3 layers of material, over which a considerable amount of coring has been completed.

Magnetite Sands (Iron Sands) traditionally are made up of primarily Iron, Titanium and Vanadium, and this project does not appear to vary from those standards. The Vanadium content has now become more interesting in any future testing because of the rise of the new Vanadium Redox Flow Battery, and its influence on Battery Storage in competition with Lithium.

Shortly after entering into the agreement which was a secured, interest bearing loan agreement with a 75% profit distribution, Baraka was advised that litigation had commenced in the Philippines by the original vendors against the unlisted public Australian company. Those original directors were subsequently removed from the unlisted public Australian company and 2 directors of Baraka appointed to the Philippine company to add an additional layer of visibility in respect of the loan facility.

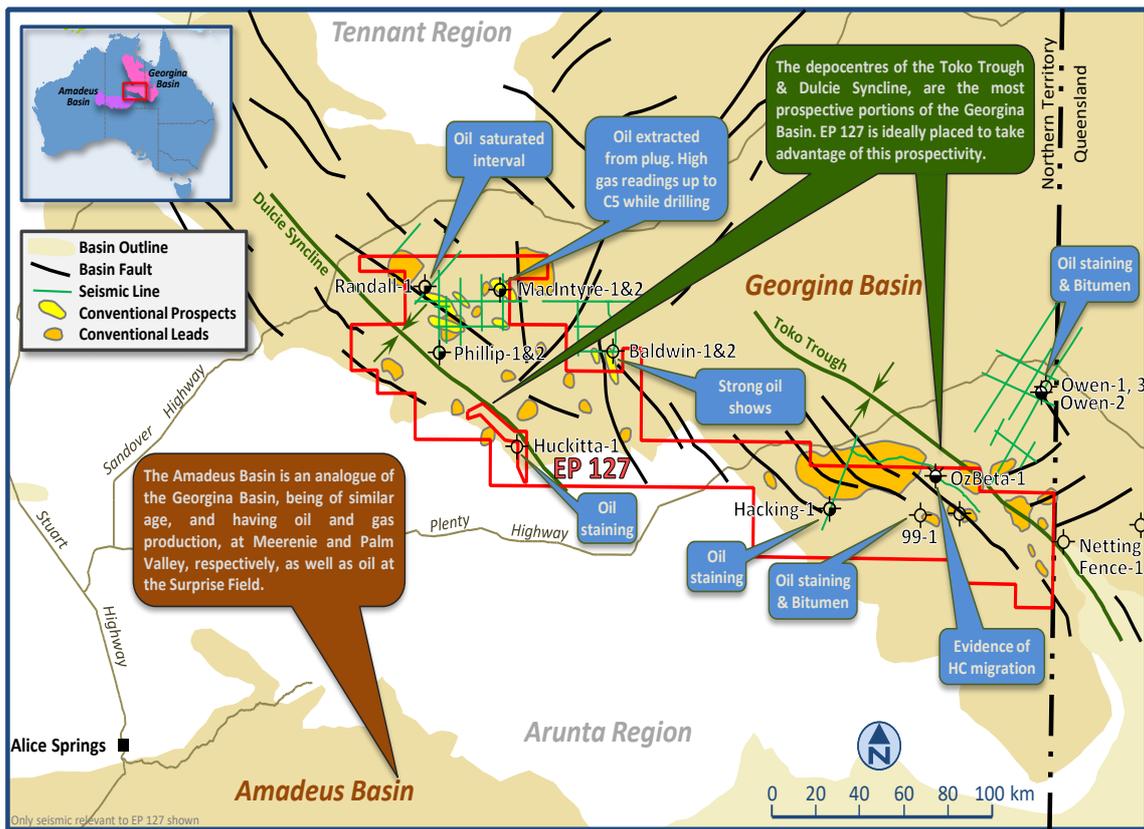
Baraka was informed at the end of 2017 that the 5 year defence of these legal actions was successful with the Supreme Court ruling in favour of the company being funded by Baraka. The work done to date and including the success in the legal action have made discussions with any potential farm-in partners or other interested parties considerably more favourable.

EP127 – Northern Territory (NT)

Baraka's 100% owned permit EP127 is in the Southern Georgina Basin, has been referred to as being one of the more attractive shale oil and gas basins in Australia.

The lifting of the fracking moratorium after nearly 2 years, with some limited exceptions, by the Northern Territory (NT) Government on 17 April 2018 has added considerable interest to and potential for all companies' with oil and gas assets in the NT, including Baraka. The removal of the moratorium has now allowed the Company to pursue a potential farm-in partner for EP127 and to realise the potential of the area. All potential has been sitting idle until the Northern Territory fracking moratorium was lifted. This also resulted in a substantial lift in the Company share price and the volume traded.

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The potential for gas in the Northern Territory is well publicised and according to a report “Onshore Shale Gas in Australia and the Northern Territory” published on ‘The Scientific Inquiry into Hydraulic Fracturing in the Northern Territory’ website (frackinginquiry.nt.gov.au), ‘the Southern part of the Georgina Basin is considered to be among the most prospective onshore areas in the Northern Territory for oil and gas potential and to have world class shale source rocks, but the Basin is under explored’.

This is certainly of interest to Baraka with its approx 4 million acres (approx 16,000 square kilometres) at its EP127 in the southern part of the Georgina Basin, based on the results from the 2011 drilling campaign, has gas potential.

When the fracking ban was introduced, the board negotiated a 2 year suspension of expenditures to safeguard the Company, which the Northern Territory Government granted, allowing the Company time to consider the future of the permit and possible farm-in partners.

Previously planned Resource Imaging Technology (RIT) survey utilizing advance Seismo-Electric (SE) technology that was put on hold can now be revisited. Resource Imaging Technology (RIT) has only recently been introduced to Australia in order to better define the hydrocarbon presence within prospects and leads. The Company has also engaged a consultant to instigate an initial phase of testing on EP127 for prospectivity of helium.

Forward Looking Statement

All statements other than statements of historical fact included in this Review of Operations including, without limitation, statements regarding future plans and objectives of Baraka Energy & Resources Ltd are forward-looking statements. When used in this Review of Operations forward-looking statements can be identified by words such as ‘may’, ‘could’, ‘believes’, ‘estimates’, ‘targets’, ‘expects’ or ‘intends’ and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this report, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management of the Company, that could cause the Company’s actual results to differ materially from the results expressed or anticipated in these statements.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in the Review of Operations will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. The Company does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Review of Operations, except where required by applicable law and stock exchange listing requirements.

Financial Position

The net assets of the Group have decreased by \$7,420,114 from \$12,475,330 to \$5,055,216 at 30 June 2018.

Significant Changes in the State of Affairs

The following significant changes in the state of affairs of the Company during the financial year:

The Company announced a pro-rata non-renounceable issue of two (2) fully paid ordinary shares for every three (3) share held by eligible shareholders and despatched a prospectus on 16 August 2017. The offer was closed on 5 September 2017 with applicants subscribing for 119,809,254 shares and the Company raised \$119,809 before costs.

On 4 May 2018 to Company placed 300,000,000 fully paid ordinary shares at \$0.002 to professional investors under ASX Listing Rule 7.1 to raise \$600,000 before costs.

On 28 June 2018 the Company raised an additional \$100,000 before costs, by the issue of 50,000,000 fully paid ordinary shares at \$0.002 to a professional investor under ASX Listing Rule 7.1.

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 10 August 2018 Mr Jason Paul Brewer, Mr Christopher Jan Zielinski and Mr Patrick Michael Glovac were appointed to the board to replace Mr Collin Vost, Mr Justin Vost and Mr Ray Chang who resigned.

The Extraordinary General Meeting schedule for 10 August 2018 pursuant to section 249D and 203D of the Corporations Act 2001 was cancelled at the request of the requisitioning shareholders.

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.

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 subject to significant environmental regulations in respect of its exploration activities. Tenements in the Northern Territory are granted subject to environmental conditions with strict controls on cleaning, including a prohibition on the use of mechanised equipment or development without the approval of the relevant government agencies, and with rehabilitation required on completion of exploration activities. These regulations are controlled by the Department of Mines and Energy.

Baraka Energy & Resources Ltd conducts its exploration activities in an environmentally sensitive manner and the Group is not aware of any breaches of statutory conditions or obligations.

Greenhouse gas and energy data reporting requirements

The Directors have considered compliance with both the Energy Efficiency Opportunity Act 2006 and the National Greenhouse and Energy Reporting Act 2007 which require entities to report annual greenhouse gas omissions and energy use. The Directors have assessed that there are no current reporting requirements for the year ended 30 June 2018, however reporting requirements may change in the future.

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Information on Directors

Collin Vost

Qualifications

CHAIRMAN (Executive)

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 and resigned 10 August 2018.

Interest in shares and options

47,000,000 ordinary shares.

Special responsibilities

Mr Vost was 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, resigned 12 March 2018)

Justin Vost

Qualifications

DIRECTOR (Non-executive)

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. Mr Vost resigned on 10 August 2018.

Interest in shares

13,500,000 ordinary shares.

Special responsibilities

Mr Vost was 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 23 November 2011)

JV Global Ltd (appointed 19 April 2011, resigned 9 February 2018)

Ray Chang

Qualifications

DIRECTOR (Non-executive)

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 (Shenzhen) Ltd Co in China. Mr Chang resigned 10 August 2018.

Interest in shares

None

Special responsibilities

Mr Chang was a member of the audit committee

Directorships held in other listed entities during the three years prior to the current year

None

Chris Zielinski

Qualifications

CHAIRMAN (Non-executive)

Bachelor of Laws (LLB) and Bachelor of Commerce (Finance) (BComm)

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Experience	Mr Zielinski is a corporate lawyer with over 10 years' experience. He is a director at the West Australian corporate law firm, Nova Legal. Mr Zielinski primarily works in mergers and acquisitions, capital raisings, regulatory compliance and commercial transactions with particular experience in the resources and technology sectors. Mr Zielinski was appointed to the board on 10 August 2018.
Interest in shares	None
Special responsibilities	Mr Zielinski is a member of the audit committee
Directorships held in other listed entities during the three years prior to the current year	Caeneus Minerals Ltd
Jason Brewer	DIRECTOR (Non-executive)
Qualifications	Masters Degree with Honours from Royal School of Mines, London
Experience	Mr Brewer has 18 years' experience in mining, equity investment, corporate and project financing, capital raising, investment advising and evaluation of resource companies. Mr Brewer has experience in a variety of commodities having worked in underground and open-cast mining operations in the UK, Australia, Canada and South Africa. In addition, Mr Brewer has worked for a number of major global investment banks including Dresdner Kleinwort Benson, NM Rothschild & Sons (Australia) Limited and Investec Bank (Australia) Limited in London, Sydney and Perth where he had responsibility for structuring and arranging corporate and project financing facilities for mining companies operating in Asia and Africa. Mr Brewer was appointed to the board on 10 August 2018.
Interest in shares	None
Special responsibilities	Mr Brewer is a member of the audit committee
Directorships held in other listed entities during the three years prior to the current year	Cape Lambert Resources Ltd Vector Resources Ltd Force Commodities Ltd Metalsearch Ltd
Patric Glovac	DIRECTOR (Non-executive)
Qualifications	Bachelor of Commerce majoring in Finance, Banking Management Diploma of Management
Experience	In 2013 Mr Glovac co-founded GTT Ventures Pty Ltd (GTT), a boutique corporate advisory firm, specialising in the resource and technology sector. GTT has funded numerous listed and private companies since its inception across multiple markets including Australia, USA and the United Kingdom. Previously he worked as an investment advisor for Bell Potter Securities Limited since 2003, focusing on high net-worth clients and corporate advisory services. Mr Glovac was appointed to the board on 10 August 2018.
Interest in shares	22,500,000 ordinary shares
Special responsibilities	Mr Glovac is a member of the audit committee

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Directorships held in other listed entities during the three years prior to the current year	Robo 3D Ltd Cirrus Networks Ltd Force Commodities Ltd Search Party Ltd Kalia Ltd TAO Commodities Ltd
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COMPANY SECRETARY

The following persons held the position of company secretary during the financial year:

Timothy Clark – Bachelor of Commerce, Economics and Finance. Mr Clark was appointed Company Secretary on 5 October 2015 and resigned on 28 August 2017.

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 28 August 2017.

Meetings of Directors

During the financial year, 5 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors’ Meetings	
	Number eligible to attend	Number attended
Collin Vost	5	5
Justin Vost	5	5
Ray Chang	5	1

During the financial year there were 5 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 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 policy expired in October 2017 and was not renewed. 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 2018.

Auditor’s Independence Declaration

The auditor’s independence declaration for the year ended 30 June 2018 has been received and can be found on page 34 of the financial report.

REMUNERATION REPORT (Audited)

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.

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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 2018 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	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 2018

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 Benefit		Post Employment	Equity-settled share-based payments		Total
		Salaries & Fees	Other	Super-annuation	Shares	Options/Rights	
		\$	\$	\$	\$	\$	
Collin Vost	2018	24,000	221,086	-	-	-	245,086
Chairman	2017	24,000	234,221	-	-	-	258,221
Justin Vost	2018	24,000	101,000	-	-	-	125,000
Non-Executive Director	2017	24,000	100,000	-	-	-	124,000
Ray Chang	2018	12,000	-	-	-	-	12,000
Non-Executive Director	2017	12,000	-	-	-	-	12,000
John Greeve (resigned 19 May 2017)	2018	-	-	-	-	-	-
Company Secretary	2017	-	27,220	-	-	-	27,220
Patrick O'Neill (appointed 28 August 2017)	2018	-	23,080	-	-	-	23,080
Company Secretary	2017	-	-	-	-	-	-
Total	2018	60,000	345,166	-	-	-	405,166
Total	2017	60,000	361,441	-	-	-	421,441

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

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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 New York Securities Pty Ltd. During the financial year \$77,000 (2017: \$84,000) was paid or payable.

Also included in other short-term benefits are 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. Mr Collin Vost is a director of the New York Securities Pty Ltd. During the financial year \$6,586 (2017: \$221) was paid for share trading, investment services and capital raising services. New York Securities Pty Ltd was paid or payable a further \$137,500 (2017: \$150,000) and Bluesky Trust was paid or payable \$101,000 (2017: \$100,000) as corporate consulting fees. Mr Justin Vost is a beneficiary of the Bluesky Trust.

Share-based Payments

There were no shares granted as remuneration to key management personnel and other executives.

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.



Christopher Zielinski
Chairman

Dated 28 September 2018

DIRECTORS DECLARATION

The Directors of the Company declare that, in the opinion of the Directors:

- (a) The attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position and performance of the consolidated entity; and
 - (ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements.
- (b) The financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1 and other mandatory professional reporting requirements.
- (c) The Directors have been given the declarations required by s.295A of the *Corporations Act 2001*.
- (d) There are reasonable grounds to believe that Baraka Energy & Resources Ltd will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act 2001*.



Christopher Zielinski
Chairman

Dated this 28 September 2018

BARAKA ENERGY & RESOURCES LTD (ABN 80 112 893 491)
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Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018

	Note	Consolidated Entity	
		2018 \$	2017 \$
Continuing Operations			
Revenue			
Interest income	4	511,553	146,563
Other income		-	2,685
Fair value adjustment other financial assets		88,742	-
		600,295	149,248
Impairment of exploration expenditure		(3,493,230)	-
Provision for non-recovery of loan		(3,713,638)	-
Loss of sale of investments		(1,014,172)	(110)
Employee benefits expense		(60,000)	(54,000)
Fair vale adjustment other financial assets		-	(14,377)
Finance costs		(612)	(2,268)
Technical consultants and contracts	5a	(237,500)	(212,500)
Occupancy expenses	5b	(53,250)	(49,413)
Travel expenses		(25)	(2,750)
Administration expenses		(174,125)	(138,397)
Other		(1,446)	(1,797)
Profit/(Loss) from continuing operations before income tax		(8,147,703)	(326,364)
Income tax benefit	7	-	-
Profit/(Loss) from continuing operations for the year		(8,147,703)	(326,364)
Other Comprehensive Income for the year		-	-
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Profit/(Loss) on revaluation of financial assets, net of tax		-	-
Total Comprehensive Profit/(Loss) Attributable to Members of Baraka Energy & Resources Ltd		(8,147,703)	(326,364)
Profit/(Loss) per share attributable to the ordinary equity holders of the company:			
Basic and diluted earnings/(loss) per share	8	(0.344) cents	(0.015) cents

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

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Statement of Financial Position as at 30 June 2018

	Note	Consolidated Entity	
		2018 \$	2017 \$
Current Assets			
Cash and cash equivalents	9	576,448	167,607
Other assets	11	1,257,400	5,417,600
Financial assets	12	84,458	132,747
Total Current Assets		<u>1,918,306</u>	<u>5,717,954</u>
Non-Current Assets			
Exploration assets	13	3,493,230	6,928,879
Financial assets		-	-
Total Non-Current Assets		<u>3,493,230</u>	<u>6,928,879</u>
Total Assets		<u>5,411,536</u>	<u>12,646,833</u>
Current Liabilities			
Trade and other payables	14	356,320	171,503
Total Current Liabilities		<u>356,320</u>	<u>171,503</u>
Total Liabilities		<u>356,320</u>	<u>171,503</u>
Net Assets		<u>5,055,216</u>	<u>12,475,330</u>
Equity			
Contributed equity	15	54,979,537	54,251,948
Accumulated losses	16	(49,924,321)	(41,776,618)
Total Equity		<u>5,055,216</u>	<u>12,475,330</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

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Statement of Changes in Equity for the year ended 30 June 2018

Consolidated Entity	Share Capital	Accumulated	Total Equity
	Ordinary	Losses	
	\$	\$	\$
Balance at 1 July 2016	54,251,948	(41,450,254)	12,801,694
Comprehensive income for the year			
Profit/(Loss) for the year	-	(326,364)	(326,364)
Total Comprehensive Income for the Year	-	(326,364)	(326,364)
Balance at 30 June 2017	54,251,948	(41,776,618)	12,475,330
Balance at 1 July 2017	54,251,948	(41,776,618)	12,475,330
Share issue	819,810	-	819,810
Transaction costs	(92,221)	-	(92,221)
Comprehensive income for the year			
Profit/(Loss) for the year	-	(8,147,703)	(8,147,703)
Total Comprehensive Income for the Year	-	(8,147,703)	(8,147,703)
Balance at 30 June 2018	54,979,537	(49,924,321)	5,055,216

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

BARAKA ENERGY & RESOURCES LTD (ABN 80 112 893 491)
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Statement of Cash Flows for the year ended 30 June 2018

	Note	Consolidated Entity	
		2018 \$	2017 \$
Cash Flows from Operating Activities			
Receipts from customers		-	2,685
Payments to suppliers and employees		(336,470)	(300,144)
Interest received		760	3,085
Finance costs		(612)	(2,272)
		<hr/>	<hr/>
Net Cash Used In Operating Activities	9b	(336,322)	(296,646)
Cash Flows from Investing Activities			
Proceeds from held for trading investments		606,008	4,890
Purchase of held for trading investments		(3,895)	(6,060)
Loans repaid by other entities		60,000	500,000
Loan to other entities		(586,958)	(750,826)
Payments for exploration & evaluation		(57,581)	(152,141)
		<hr/>	<hr/>
Net Cash Used In Investing Activities		17,574	(404,137)
Cash Flows from Financing Activities			
Proceeds from share issue		819,810	-
Cost of share issue		(92,221)	-
		<hr/>	<hr/>
Net Cash Provided by Financing Activities		727,589	-
		<hr/>	<hr/>
Net Increase/(Decrease) in Cash Held		408,841	(700,783)
		<hr/>	<hr/>
Cash and Cash Equivalent at the Beginning of the Financial Year		167,607	868,390
		<hr/>	<hr/>
Cash and Cash Equivalents at the End of the Financial Year	9a	576,448	167,607

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1 ABOUT THIS FINANCIAL REPORT

Reporting Entity

This financial report of Baraka Energy & Resources Ltd ('the Company') for the year ended 30 June 2018 comprises the Company and its subsidiary (collectively referred to as 'the consolidated entity' or 'Group'). Baraka Energy & Resources Ltd is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The financial report was authorised for issue in accordance with a resolution of Directors dated 28 September 2018.

The notes to the financial statements are organised into the following sections:

- (a) **Key Performance:** Provides a breakdown of the key individual line items in the statement of comprehensive income that is most relevant to understanding performance and shareholder returns for the year:

Notes

- 4 Revenue and other income
- 5 Profit/(Loss) for the year
- 6 Segment information
- 7 Income tax expense
- 8 Profit/(Loss) per share

- (b) **Financial Risk Management:** Provides information about the Consolidated Entity's exposure and management of various financial risks and explains how these affect the Consolidated Entity's financial position and performance:

Notes

- 9 Cash and cash equivalents
- 10 Financial risk management

- (c) **Other Assets and Liabilities:** Provides information on other balance sheet assets and liabilities that do not materially affect performance or give rise to material financial risk:

Notes

- 11 Financial assets
- 12 Exploration and evaluation
- 13 Trade and other payables
- 14 Financial liabilities

- (d) **Capital Structure:** This section outlines how the Consolidated Entity manages its capital structure and related financing costs (where applicable), as well as capital adequacy and reserves. It also provides details on the dividends paid by the Company:

Notes

- 15 Contributed equity
- 16 Accumulated losses
- 17 Share-based payments

- (e) **Consolidated Entity Structure:** Provides details and disclosures relating to the parent entity of the Consolidated Entity, controlled entities, investments in associates and any acquisitions and/or disposals of businesses in the year. Disclosure on related parties is also provided in the section:

Notes

- 18 Parent entity information
- 19 Investment in controlled entities
- 20 Key Management Personnel Disclosures & Related party transactions

- (f) **Other:** Provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements however, are not considered significant in understanding the financial performance or position of the Consolidated Entity:

Notes

- 21 Remuneration of Auditors
- 22 Commitments for expenditure
- 23 Contingencies
- 24 Events occurring after reporting period

Notes to the Financial Statements

1 ABOUT THIS FINANCIAL REPORT continued

1a Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*. Baraka Energy & Resources Ltd is a for-profit entity for the purposes of preparing the financial statements.

Compliance with IFRSs

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

New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

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

Any significant impact on the accounting policies of the Consolidated Entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2018. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Consolidated Entity, are set out below.

(i) AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

(ii) AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation

Notes to the Financial Statements

1 ABOUT THIS FINANCIAL REPORT continued

1a Basis of Preparation continued

New Accounting Standards and Interpretations not yet mandatory or early adopted continued

(ii) AASB 15 Revenue from Contracts with Customers continued

would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

(iii) AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the consolidated entity.

1b 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:

- i 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.

1c Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the Company as at 30 June 2018 and the results of its subsidiaries for the year then ended. The Company and its subsidiaries are referred to in this financial report as the Group or the Consolidated Entity.

All inter-company balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation.

Notes to the Financial Statements

1 ABOUT THIS FINANCIAL REPORT continued

1d GST

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated as inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2a Historical Cost Convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2b Income Tax

The consolidated entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Baraka Energy & Resources Ltd and its wholly-owned Australian subsidiary formed an income tax consolidated Group under the Tax Consolidation Regime, effective 1 January 2016.

2c Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for major business activities as follows:

(i) Interest Income

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

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

2c Revenue Recognition continued

(ii) Other Services

Other debtors are recognised at the amount receivable and are due for settlement within 30 days from the end of the month in which services were provided.

2d Exploration and Evaluation Expenditure

Exploration and evaluation 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 which permits reasonable assessment of the economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against operating results 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 classified as development costs and amortised over the life of the project area according to the rate of depletion of the economically recoverable reserves.

Where independent valuations of areas of interest have been obtained, these are brought to account. Subsequent expenditure on re-valued areas of interest is accounted for in accordance with the above principles. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

At 30 June 2018 the Directors considered that the carrying value of the mineral tenement interests of the consolidated entity was as shown in the Statement of Financial Position and no further impairments arises other than that already recognised.

2e Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off. An allowance for bad debts is established when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the Statement of Comprehensive Income. They are recognised initially at fair value and subsequently at amortised cost.

Deposits with maturity periods in excess of three months but less than twelve months are included in receivables and not discounted if the effect of discounting is immaterial.

2f Trade and Other Payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid, together with assets ordered before the end of the financial year. The amounts are unsecured and are usually paid within 30 days of recognition.

2g Equity-Based Payments

Equity-based compensation benefits are provided to Directors and executives.

The fair value of options granted to Directors and executives is recognised as an employee benefit expense with a corresponding increase in contributed equity. The fair value is measured at grant date and recognised over the period during which the Directors and/or executives becomes unconditionally entitled to the options. Where options are issued to consultants the fair value of the options given is valued by the market value of the service being provided.

The fair value at grant date is independently determined using an option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

2h Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

2i Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the steering committee that makes strategic decisions.

The standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

2j Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

2k Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

2l Provisions

Provisions are recognised when the consolidated entity has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

2m Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the Statement of Comprehensive Income and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

2n Comparative Figure

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4 REVENUE AND OTHER INCOME

	Consolidated Entity	
	2018	2017
	\$	\$
Interest income	511,553	146,563
	511,553	146,563

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

Notes to the Financial Statements

5 PROFIT/(LOSS) FOR THE YEAR

	Consolidated Entity	
	2018	2017
	\$	\$
The profit for the year includes the following expenses:		
5a Consultants and contractors	237,500	252,050
less amounts capitalised to exploration	-	(39,550)
	237,500	212,500
5b Occupancy expenses	53,250	57,513
less amounts capitalised to exploration	-	(8,100)
	53,250	49,413

6 SEGMENT INFORMATION

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

The company is domiciled in Australia. All revenue from external parties is generated from Australia only. All the assets are located in Australia, investing in opportunistic/distressed situations where both short and long term rewards may be produced for shareholders.

7 INCOME TAX EXPENSE

7a Reconciliation of income tax expense to prima facie tax payable:

Profit/(Loss) before income tax	(8,147,703)	(326,364)
Prima facie income tax at 27.5% (2017: 27.5%)	(2,240,618)	(89,750)
Add non-allowable items		
Impairment of exploration expenditure	960,638	-
Provision for non-recovery	1,021,250	-
Fair value adjustment	24,404	3,954
Accruals	3,850	-
less		
Capital loss offset	252,795	-
Prepayments	-	(23)
Exploration expenditure	(15,835)	(41,839)
Tax losses not brought to account	(6,484)	127,658
	-	-
Net Deferred Tax Assets/(Liabilities)	8,521,667	8,528,151

The deferred tax assets arising from these balances have not been recognised as an asset because recovery of tax losses is not probable at this point in time.

7b Unrecognised temporary differences

The potential tax benefit will only be obtained if the relevant company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised; and

- i. the relevant company continues to comply with the conditions for deductibility imposed by the law; and
- ii. no changes in tax legislation adversely affect the relevant company in realising the benefit.

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

Notes to the Financial Statements

8 PROFIT/(LOSS) PER SHARE

	2018	2017
	Cents Per Share	Cents Per Share
Basic profit/(loss) per share	(0.344)	(0.015)
	2018	2017
	\$	\$
The profit/(loss) for the year and the weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:		
Loss for the year after income tax	(8,147,703)	(326,364)
	2018	2017
	No.	No.
Weighted average number of ordinary shares for the purposes of basic earnings per share	2,367,979,790	2,225,337,344

9 CASH AND CASH EQUIVALENTS

For the purposes of the Statements of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	Consolidated Entity	
	2018	2017
	\$	\$
9a Reconciliation of Cash		
Cash and short term deposits	576,448	167,607
9b Reconciliation of Net Cash used In Operating Activities to Operating Profit/(Loss) after Income Tax		
Profit/(Loss) for the year	(8,147,703)	(326,364)
Impairment of exploration expenditure	3,493,230	-
Provision for non-recovery of loan	3,713,638	-
(Profit)/loss on disposal of shares	1,014,172	110
Fair value adjustment	(88,742)	14,377
Interest accrued	(510,794)	(143,478)
Change in assets and liabilities during the financial year:		
Receivables	-	6,565
Prepayments & rental bonds	5,058	85
Payables	170,819	152,059
Accruals	14,000	-
Net cash inflow/(outflow) from operating activities	336,322	296,646

10 FINANCIAL RISK MANAGEMENT

The consolidated entity's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and cash flow interest rate risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

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

Notes to the Financial Statements

10 FINANCIAL RISK MANAGEMENT continued

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

	Note	Consolidated Entity	
		2018 \$	2017 \$
Financial Assets			
Cash and cash equivalents	9	576,448	167,607
Held for trading financial assets	12	84,458	132,747
Total Financial Assets		660,906	300,354
Financial Liabilities			
Trade and other payables	14	356,320	171,503
Total Financial Liabilities		356,320	171,503

Risk management is carried out by the Board of Directors, who identify, evaluate and manage financial risks as they consider appropriate.

10a Market Risk

(i) Cash Flow Interest Rate Risk

Refer to (d) below.

10b Credit Risk

The Group does not have any significant concentrations of credit risk. Credit risk is managed by the Board and arises from cash and cash equivalents as well as credit exposure including outstanding receivables and committed transactions.

All cash balances held at banks are held at internationally recognised institutions. The majority of receivables are immaterial to the Group. Given this, the credit quality of financial assets that are neither past due or impaired can be assessed by reference to historical information about default rates. The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets as summarised at the start of Note 10.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. Financial assets that are neither past due and not impaired are as follows:

	Consolidated Entity	
	2018 \$	2017 \$
Cash and cash equivalents		
'AA' S&P rating	576,448	167,607

10c Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and, the availability of funding through the ability to raise further equity or through related party entities. Due to the dynamic nature of the underlying businesses, the Board aims at maintaining flexibility in funding through management of its cash resources.

The Group has normal trade and other payables incurred in the general course of business.

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

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

Notes to the Financial Statements

10 FINANCIAL RISK MANAGEMENT continued

10d Cash Flow Risk

As the Group has interest-bearing assets in the form of cash, the Group's income and operating cash flows are exposed to changes in market interest rates.

Based on the year-end balances, a 1% increase in interest rates would have increased the consolidated profit by \$3,720 (2017: Profit \$5,180) and increased the cash balances by a corresponding amount. There were no other amounts included in Net Assets subject to material interest rate risks.

11 OTHER ASSETS

		Consolidated Entity	
		2018	2017
		\$	\$
CURRENT			
Prepayments		-	5,058
Loans to unrelated entities – unsecured	a	1,257,400	1,082,400
Loans to unrelated entities – secured	b	-	4,330,142
		1,257,400	5,417,600

Note a

During the year the Company advanced a total of \$261,500 (2017: \$486,189) to two publicly listed companies of which Directors Mr Collin Vost and Mr Justin Vost were common directors at the time. On 9 August 2018 the previous Board of the Company announced it had successfully renegotiated the loan agreement with Cervantes whereby, the Company would receive a \$357,400 reduction in the loan for the waiving of all rights, fees, obligations and entitlements to the Iron Sands venture introduced to Baraka by the Company in 2012. The calculation of this reduction was made up of a 10% introduction fee which was based on the conditional offered purchase price of \$3m for the Iron Sands venture by an unrelated third party, plus \$57,400 including the waiving of any outstanding interest and future interest payments for 24 months and any rights to convert any of the loan to securities for the waiving of all other rights. This was considered a commercial arrangement by the previous board of Baraka, based on documents provided which contained similar terms, and considered to be standard and commercial. The loan has been amended to a \$900,000 loan repayable over twenty four month interest free. During the year these companies repaid \$60,000 (2017: \$500,000). This renegotiated agreement (negotiated by the previous Baraka Board) is currently under review by the new board of Baraka Energy & Resources.

NON-CURRENT

Loans to unrelated entities – secured	b	3,713,639	-
Provision for non-recovery loan	b	(3,713,639)	-
		-	-

Note b

This amount of \$3,713,639 (2017: \$2,877,387 included within \$4,330,142) includes accrued interest and penalty interest lent to an unlisted public company, Consolidated Iron Sands Limited (CIS) and indirectly its Philippine subsidiary, Luzon Iron Development Group Corporation (Luzon), provided under a "Secured Converting Loan and Profit Sharing Agreement". The security for the loan comprises a controlling interest in Luzon which owns two exploration licences. Previous Company Directors Collin Vost and Justin Vost are Directors of Luzon.

The provision has been raised as the Company is unable to determine the recoverability of the loan - however the current Directors of the Company are of the understanding that the loan is secured and the Company will exercise its rights over the security should the loan not be paid when called.

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

Notes to the Financial Statements

12 FINANCIAL ASSETS

	Consolidated Entity	
	2018	2017
	\$	\$
Financial assets at fair value through profit and loss	84,458	132,747
	84,458	132,747
Financial assets at fair value through profit and loss		
Held for trading listed shares	462,480	461,420
Purchases	3,985	6,060
Cost of sales	(141,016)	(5,000)
Provision for fair value	(240,991)	(329,733)
	84,458	132,747

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.

13 EXPLORATION & EVALUATION

Balance at beginning of year	6,928,879	6,776,738
Exploration expenditure capitalised	57,581	152,141
Exploration expenditure written off	-	-
Impairment of exploration expenditure ⁽ⁱ⁾	(3,493,230)	-
	3,493,230	6,928,879

(i) The Board determined that in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources* there were impairment indicators and has therefore impaired the carrying amount.

14 TRADE AND OTHER PAYABLES

Trade creditors	339,245	160,889
Accruals	14,000	-
Sundry creditors	3,075	10,614
	356,320	171,503

15 CONTRIBUTED EQUITY

15a Share capital

Fully paid ordinary shares at the beginning of the financial year	52,251,948	54,251,948
12 September 2017	119,810	-
4 May 2018	600,000	-
28 June 2018	100,000	-
Less transaction costs	(92,221)	-
At the End of the Financial Year	54,979,537	54,251,948

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

Notes to the Financial Statements

15 CONTRIBUTED EQUITY continued

15a Share Capital continued

	2018	2017
	No. Shares	No. Shares
Ordinary Shares		
At the beginning of the financial year	2,225,337,344	2,225,337,344
11 September 2017	119,809,254	-
4 May 2018	300,000,000	-
28 June 2018	50,000,000	-
	2,695,146,598	2,225,337,344

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

15b Capital Risk Management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares, pay dividends or return to capital to shareholders.

Capital is calculated as 'equity' as shown in the Statement of Financial Position, and is monitored on the basis of funding current activities.

16 ACCUMULATED LOSSES

	Consolidated Entity	
	2018	2017
	\$	\$
Accumulated losses at the beginning of the year	(41,776,618)	(41,450,254)
Net profit/(loss) for the year	(8,147,703)	(326,364)
	(49,924,321)	(41,776,618)

17 SHARE-BASED PAYMENTS

There were no share based payment transactions during the year ended 30 June 2018.

BARAKA ENERGY & RESOURCES LTD (ABN 80 112 893 491)
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Notes to the Financial Statements

18 PARENT ENTITY INFORMATION

	Parent	
	2018	2017
Financial Position	\$	\$
Assets		
Current assets	1,918,306	5,717,954
Total assets	5,411,536	12,646,833
Liabilities		
Current liabilities	356,320	171,503
Total liabilities	356,320	171,503
Equity		
Issued capital	54,979,537	54,251,948
Accumulated losses	(49,924,321)	(41,776,618)
Total equity	5,055,216	12,475,330
Financial Performance		
Profit/(Loss) for the year	(8,147,703)	(326,364)
Other comprehensive income	-	-
Total comprehensive profit/ (loss) for the year	(8,147,703)	(326,364)

18b Guarantees

Baraka Energy & Resources Ltd has not entered into any guarantees in relation to the debts of its subsidiary.

18c Other Commitments and Contingencies

Baraka Energy & Resources Ltd has no commitments to acquire property, plant and equipment. Refer to Note 22 and Note 23 for the Company's other commitments and contingent liabilities.

19 INVESTMENT IN CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding	
			2018	2017
			%	%
Baraka Minerals Pty Ltd	Australia	Ordinary	100	100
Goldfleet Enterprises Pty Ltd	Australia	Ordinary	100	100

20 KEY MANAGEMENT PERSONNEL DISCLOSURES & RELATED PARTY TRANSACTIONS

	Consolidated Entity	
	2018	2017
	\$	\$
20a Details of Remuneration of Key Management Personnel		
Short-term benefits	405,166	421,441
Post-employment benefits	-	-
	405,166	421,441

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

Notes to the Financial Statements

20 KEY MANAGEMENT PERSONNEL DISCLOSURES & RELATED PARTY TRANSACTIONS continued

	Consolidated Entity	
	2018	2017
	\$	\$
20b Aggregate Amount Payable to Directors and their Director Related Entities at Balance Date		
Current liabilities	330,047	121,500
	330,047	121,500

Detailed remuneration disclosures are provided in the remuneration report on pages 8 - 10.

20c Key Management Personal 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 2018

	Balance at beginning of year	Granted as remuneration during the year	Issued on exercised of options during the year	Other changes during the year	Balance on resignation / appointment	Balance at end of year
Collin Vost	47,000,000	-	-	-	-	47,000,000
Justin Vost	13,500,000	-	-	-	-	13,500,000
Patrick O'Neill	-	-	-	-	5,782,000	5,782,000
	60,500,000	-	-	-	5,782,000	66,282,000

30 June 2017

Collin Vost	47,000,000	-	-	-	-	47,000,000
Justin Vost	13,500,000	-	-	-	-	13,500,000
	60,500,000	-	-	-	-	60,500,000

	Consolidated Entity	
	2018	2017
	\$	\$
21 REMUNERATION OF AUDITORS		
Remuneration for audit or review of the financial reports of the Group:		
For auditing and reviewing of financial statements, paid or payable	28,300	14,000
	28,300	14,000

No non-audit services have been provided to the Group by the auditor.

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

Notes to the Financial Statements

22 COMMITMENTS FOR EXPENDITURE

	Consolidated Entity	
	2018	2017
	\$	\$
22a Operating lease commitments		
Operating lease contracted for but not capitalised in the financial statements		
Payable: minimum lease payments		
- not later than 12 months	24,000	84,000
- between 12 months and 5 years	-	-
- greater than 5 years	-	-
	<hr/>	<hr/>
Minimum lease payments	24,000	84,000
	<hr/> <hr/>	<hr/> <hr/>

A serviced office including bookkeeping services and business premises were provided by New York Securities Pty Ltd and companies associated with Mr Collin Vost, at a fee of \$7,000 per calendar month (2017: \$7,000). This agreement has since been terminated. The Company has recently entered into a 12 month lease arrangement at \$2,000 per month including outgoings.

22b Exploration commitments

Under the requirements of the Northern Territory Department of Mines and Petroleum, the Company has an annual minimum expenditure of \$500,000 on the granted tenements. As at 30 June 2018 the Company had met the minimum expenditure requirement on its granted tenements.

Tenement	Date Acquired	Annual Expenditure Commitment \$
EP127	14 September 2015	<hr/> 500,000
Total		<hr/> <hr/> 500,000

In order to retain the rights of tenure to its granted tenements, the Company is required to meet the minimum statutory expenditure requirement but may reduce these at any time by reducing the size of the tenements. The figure below assumes that no new tenements are granted and the only compulsory statutory area reductions are made.

	\$
Not later than 1 year	500,000
Later than 1 year but not later than 5 years	1,500,000
Later than 5 years	<hr/> 500,000
Total	<hr/> <hr/> 2,500,000

The Group has made an application for the suspension of these commitments and expects this to be granted in the ordinary course of business.

23 CONTINGENCIES

There are no contingent liabilities at reporting date.

24 EVENTS OCCURRING AFTER REPORTING DATE

On 10 August 2018 Mr Jason Paul Brewer, Mr Christopher Jan Zielinski and Mr Patrick Michael Glovac were appointed to the board to replace Mr Collin Vost, Mr Justin Vost and Mr Ray Chang who resigned.

The Extraordinary General Meeting scheduled for 10 August 2018 pursuant to section 249D and 203D of the Corporations Act 2001 was cancelled at the request of the lodging shareholders.

There have been no other events subsequent to reporting date.

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

Shareholder Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. The information is current at 26 September 2018

DISTRIBUTION OF ORDINARY SHAREHOLDERS

Spread of Holdings	Number of Holders	Number of Ordinary Shares	Percentage of Issued Capital
1 - 1,000	121	20,705	0.00%
1,001 - 5,000	194	712,395	0.03%
5,001 - 10,000	340	3,044,650	0.11%
10,001 - 100,000	1,660	81,314,752	3.02%
100,001 - and over	1,841	2,610,054,096	96.84%
	4,156	2,695,146,598	100%

On-Market Buy Back

There is no current on-market buy back.

Voting Rights

All ordinary shares carry one vote per share without restriction.

Shareholder Information

Top Twenty Shareholders – BKP		Number of Ordinary Shares Held	%
1	CITICORP NOMINEES PTY LIMITED	96,975,706	3.60
2	SAWAQED INVESTMENTS PTY LTD <S SAWAQED FAMILY A/C>	50,999,994	1.89
3	NEW YORK HOLDINGS PTY LTD <CV SUPERANNUATION FUND A/C>	45,000,000	1.67
4	BNP PARIBAS NOMINEES PTY LTD	44,307,140	1.64
5	CORBEAUX INVESTMENTS PTY LTD <KC SUPERANNUATION FUND A/C>	39,000,000	1.45
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	35,503,956	1.32
7	MR MICHAEL ROBERT HODGETTS	32,500,000	1.21
8	MRS LISA MARLANE ROBERTS	25,400,000	0.94
9	MR GEORGE HAYDARIEH	25,000,006	0.93
10	BROKEN RIDGE PTY LTD	23,500,000	0.87
11	MURDOCH CAPITAL PTY LTD <GLOVAC SUPERFUND A/C>	22,500,000	0.83
12	GA ARMSTRONG SUPERANNUATION PTY LTD <GA ARMSTRONG SUPERFUND A/C>	21,942,000	0.81
13	MR JOHN CONNOR	21,800,648	0.81
14	MR WILLIAM ROSS BURRELL	21,293,318	0.79
15	TA SECURITIES HOLDINGS BERHAD	20,565,239	0.76
16	ALLCREST NOMINEES PTY LTD <RIEMER A/C>	20,032,000	0.74
17	AZOLIA PTY LTD <ALAN SMITH SUPER FUND A/C>	20,000,000	0.74
18	MR DOMINIC FURFARO + MRS JOSEPHINE FURFARO	20,000,000	0.74
19	CORBEAUX INVESTMENTS PTY LTD	19,400,000	0.72
20	MR RODNEY HORNER	19,000,000	0.70

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

SCHEDULE OF TENEMENTS

As at 30 June 2018

Project / Tenement		Nature of Interest
Northern Territory		
Southern Georgina Basin	EP 127	100%



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 & Resources Ltd
22 Townshend Rd
Subiaco WA 6008

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 2018 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham Swan FCA (Lead auditor)

Rothsay Auditing

Dated *28* September 2018



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**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
BARAKA ENERGY & RESOURCES LTD**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Baraka Energy & Resources Ltd (“the Company”) and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended on that date and notes to the financial statements, including a summary of significant accounting policies and the directors’ declaration of the Company.

In our opinion the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group’s financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under these standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants* (the “Code”) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor’s report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

Exploration and evaluation expenditure

The group has capitalised exploration and evaluation expenditure. As the carrying value of exploration and evaluation expenditure represents a significant asset of the Group we considered it necessary to assess



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whether facts and circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.

In doing so we carried out the following work in accordance with the guidelines set out in AASB 6 *Exploration for and Evaluation of Mineral Resources*. Our procedures included but were not limited to the following:

- We obtained evidence that the Group has rights to explore in the licence area represented by the capitalised exploration and evaluation expenditure;
- We reviewed ASX announcements and minutes of directors' meetings with regard to future work on the licence area;
- We tested a sample of current year expenditure to source documents on the exploration licence area;
- We obtained an understanding of the key processes associated with management's review of the carrying value of capitalised exploration and evaluation expenditure after the impairment charge and challenged management's assertion that the carrying amount of the capitalised expenditure was likely to be recovered in full from successful development or sale.

We have also assessed the appropriateness of the disclosures included in Notes 2, 13 and 22 to the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.



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Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.aasb.gov.au/Home.aspx

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2018.

In our opinion the remuneration report of Baraka Energy & Resources Ltd for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Rothsay Auditing

Dated 28th September 2018

**Graham Swan FCA
Partner**



Chartered Accountants