

**BARAKA ENERGY & RESOURCES LIMITED**  
**ACN 112 893 491**

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**ENTITLEMENT ISSUE PROSPECTUS**

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For a non-renounceable entitlement issue of 1 Share for every 4 Shares held by those Shareholders registered at the Record Date at an issue price of \$0.005 per Share to raise up to \$2,594,569 (based on the number of Shares on issue as at the date of this Prospectus) (Offer).

**IMPORTANT NOTICE**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser. This document may not be distributed in the United States.

The Shares offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Directors

Collin Vost (Managing Director and Executive Chairman)  
Justin Vost (Non-executive Director)  
Ray Chang (Non-executive Director)

Company Secretary

Patrick O'Neill

Share Registry\*

Advanced Share Registry Services  
150 Stirling Highway  
Nedlands WA 6009

Telephone: +61 8 9389 8033  
Facsimile: +61 8 9389 7871

Website: [www.advancedshare.com.au](http://www.advancedshare.com.au)

Lead Manager

New York Securities Pty Ltd  
AFSL No. 317392  
Shop 11, South Shore Piazza  
85 South Perth Esplanade  
South Perth, WA 6151

Registered Office

Shop 12 "South Shore Piazza"  
83 - 85 South Perth Esplanade  
South Perth, WA 6151

Telephone: +61 8 6436 2350  
Facsimile: +61 8 9367 2450

Email: [info@barakaenergy.com.au](mailto:info@barakaenergy.com.au)  
Website: [www.barakaenergy.com.au](http://www.barakaenergy.com.au)

Solicitors

Steinepreis Paganin  
Lawyers and Consultants  
Level 4, The Read Buildings  
16 Milligan Street  
Perth WA 6000

\*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

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## 2. TIMETABLE

Announcement, lodgement of Prospectus with the ASIC, Lodgement of Prospectus & Appendix 3B with ASX	17 October 2013
Notice sent to Shareholders	21 October 2013
Ex date	22 October 2013
Record Date for determining Entitlements	28 October 2013
Prospectus sent out to Shareholders & Company announces this has been completed	1 November 2013
Closing Date*	22 November 2013
Shares quoted on a deferred settlement basis	25 November 2013
ASX notified of under subscriptions	27 November 2013
Issue date/Shares entered into Shareholders' security holdings	29 November 2013
Quotation of Shares issued under the Offer*	2 December 2013

\*The Directors may extend the Closing Date by giving at least 6 Business Days notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

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### 3. IMPORTANT NOTES

This Prospectus is dated 17 October 2013 and was lodged with the ASIC on that date.

The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

#### 3.1 Risk factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 8 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

#### 3.2 Forward-looking statements

This Prospectus contains forward-looking statements which are 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 Prospectus, 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 our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention 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 prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 4 of this Prospectus.

### 3.3 Foreign Jurisdictions

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

The Offer is not being extended, and Shares will not be issued, to Shareholders with a registered address which is outside Australia, New Zealand, Hong Kong and Singapore. It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than those mentioned above) having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

For further details in relation to foreign jurisdictions please refer to Section 5.12 of this Prospectus.

#### *Hong Kong*

**WARNING:** The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

#### *New Zealand*

The Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand and to whom the Offer is being made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand).

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the *Securities Act 1978* (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

#### *Singapore*

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other

document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be issued, circulated or distributed, nor may the securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an existing holder of the Company's Shares. In the event that you are not such a Shareholder, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

#### *United States*

This Prospectus and any Entitlement and Acceptance Form do not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Neither this Prospectus nor related documents may be distributed or released in the United States. The Shares have not been, nor will be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. The entitlements may not be taken up by persons in the United States or by persons who are acting for the account or benefit of a person in the United States. The Shares may not be offered or sold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act of 1933 and the applicable securities laws of any state or other jurisdiction in the United States.

#### 3.4 Notice to nominees and custodians

Nominees and custodians may not distribute any part of this Prospectus or any Entitlement and Acceptance Form to any person in any country outside Australia, New Zealand, Hong Kong and Singapore, except in such other country as the Company may determine it is lawful and practical to make the Offer.

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#### 4. CHAIRMAN'S LETTER

Dear Shareholder,

Baraka, your company, is about to enter its most active and exciting period since being saved and reinstated to the boards of the ASX in July 2009.

Baraka was in and out of receivership in 2009 as a distressed company and, as a result of a commercial loan from Cervantes Corporation Ltd (CVS), another listed ASX company, and the capital raising support of New York Securities Pty Ltd (AFSL 317392), was relisted and requoted in July 2009, and came back on the boards providing substantial returns to the new shareholders.

Baraka, prior to relisting, and under the guidance of New York Securities Pty Ltd, and its new board, distanced itself from the very risky projects in Africa after suffering considerable losses, and New York Securities Pty Ltd introduced a distressed shale oil & gas project in the Northern Territory of Australia to the Board of Baraka, comprising 2 permits controlling some 7.4 million acres of prospective exploration ground, for no reward or compensation to New York Securities Pty Ltd as a new farm-in venture.

Baraka paid a nominal option fee to acquire the right to farm into the project areas to earn 75% of the permits and to meet the minimum expenditures under the permits for a limited period.

Shortly after relisting, and having acquired a very positive report on the areas from ISIS Petroleum Consultants ("ISIS"), an independent oil consulting group, Baraka was approached by a Canadian group as a result of a referral from the owners of the shale permits introduced by New York Securities Pty Ltd. The Canadians controlled an adjoining area of some 6.2 million acres of prospective ground in the Southern Georgina Basin, and acquired additional ground thereafter, and offered to meet all of the costs of Baraka in return for earning 50% of the 75% to be earned by Baraka, allowing Baraka to retain a net 25% Working Interest of some 7.4 million acres of exploration ground, which has since been proven to be some of the most exciting shale oil & gas areas in Australia, and attracted some of the largest oil & gas companies in the world to not only Baraka's ground but to adjoining ground.

Baraka's share price reached 2.5 cents and peaked at 3 cents from March through June of 2011 when the Canadian group, also acting as Operator, announced a drilling program involving one horizontal well of 1000m lateral plus fracking, on one of Baraka's permits, believed to be the first horizontal well in Australia at the time.

This well unfortunately encountered hydrogen sulphide gas (H<sub>2</sub>S), a poisonous gas, and required the shutdown of the well before final testing, but encountered very high grades of gas in the C1 to C5 range. H<sub>2</sub>S is a common issue in Canada and the USA but new to Australia and the special equipment was not immediately available at the time, and the Operator moved onto their wells and had 2 additional unsuccessful wells for a number of reasons, none of which detracted from the potential of the shale or the Basin as a whole, but had negative effects on Baraka's share price thereafter, compounded by a severe downturn in the market conditions, and the Operator running short of capital to complete all of the expenditures required of it under agreements it had entered into.

Fortunately for the Canadian group and Baraka, the Canadian group entered into a farm-in agreement with one of the world's largest and most technically competent partners called Statoil, operating in some 30 countries, including the famous shale oil & gas area known as the Bakken, a prolific oil producing area in North America. Statoil Australia Oil and Gas, a wholly owned subsidiary of Statoil ASA of Norway, entered into the farm-in agreement in June of 2012, whereby Statoil would earn some 65% of all the areas controlled by the Canadian group including their interests in Baraka's permits for

expenditures of approx US\$210m which, at the time, was an Australian record for investment in shale projects. This 65% has since been increased to 80% and Statoil, as from the 1<sup>st</sup> September 2013, has become Operator of the whole approx 14 million acres (full details of the terms and conditions are accessible on the ASX, or Baraka's Website ([www.barakaenergy.com.au](http://www.barakaenergy.com.au))).

In addition Total SA, a French Oil & Gas company, also one of the world's biggest oil & gas companies, entered into a farm in agreement on a permit immediately adjoining one of Baraka's permits in November 2012, as well as on 3 others to the immediate south/east of Baraka's permits. It has been reported that they will spend some US\$190m to earn 68% of the permits and will include 1,250km of seismic and 8 core holes during the period February 2013 to August 2014.

Baraka and its partner have recently completed some 304 km of seismic on its joint permits which has been submitted to the Statoil technical team in Norway for detailed assessment. A meeting is planned with Statoil in November to discuss the results of that assessment and an additional meeting is expected in early December to discuss a works program for 2014/2015 which has been indicated as 4 to 6 wells on the joint permits and possibly up to 3 wells on Baraka's permits.

As the wet season in the Northern Territory usually ends in March, we suspect that the drilling programs will commence in April through to October/November 2014, very much in line with the simultaneous work program and drilling of Total SA on adjoining and nearby permits of Baraka, making for a very exciting period for Baraka shareholders.

Whilst the final works and drilling has not yet been finalised, or the costing thereof, the Board of Baraka believe it is in the interests of Baraka and its shareholders to get ahead of the curve and ensure sufficient funds are in hand earlier rather than later, and allow the existing shareholders to take advantage of the current low share price prior to the drilling program commencing.

In recent times, as stated in this prospectus, the Baraka's share price has varied from 0.5c to 0.7c and we believe the offer price of 0.5c allows our shareholders to obtain additional shares at the lower end of the price range as a priority in lieu of the shares being offered to non shareholders who will benefit from any lift in price as we move closer to the drilling program.

The Board took the view that the very extensive due diligence and documentation procedure and the additional substantial legal and other costs was a price the shareholders would be prepared to pay to ensure they were given priority to any shares at this stage rather than non shareholders who have not been as supportive over the last 4 years.

The Board also considered meeting the cost of a prospectus to allow small shareholders to participate where possible, in lieu of section 708 sophisticated Investors only, was considerably fairer than making placements to larger investors in the initial entitlement period.

If, however, the existing shareholders do not take up their entitlement, and any additional shares on offer, the Board will place the balance of the shortfall to all and any investors they elect to do so in conjunction with the Lead Manager, New York Securities Pty Ltd.

We hope you take advantage of this opportunity to participate in this very exciting exploration program by Statoil, and another world class company in Australia, and benefit from their experience and work in and around our permits starting early in 2014, when, we believe, the confidence in the global and Australian markets by both retail and institutional investors will have returned substantially.

We strongly recommend all shareholders and new investors refer to Baraka's website at [www.barakaenergy.com.au](http://www.barakaenergy.com.au) (News Centre/Reports-Presentations), review the previous ISIS and other reports and, in particular, the resources estimates indicated by Ryder Scott in their detailed report to Baraka as previously announced. Ryder Scott are a highly respected oil & gas consulting firm in Canada and familiar with shale projects and ventures in Canada, the USA and elsewhere.

Should you wish to be placed on Baraka's email service for all and any new releases and reports please contact Baraka and provide your name and email address.

Yours sincerely,

Collin Vost  
Chairman

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## 5. DETAILS OF THE OFFER

### 5.1 The Offer

The Offer is being made as a non-renounceable entitlement issue of 1 Share for every 4 Shares held by Shareholders registered at the Record Date at an issue price of \$0.005 per Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of approximately 518,913,762 Shares will be issued pursuant to this Offer to raise up to \$2,594,569.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 7 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in Section 6.1 of this Prospectus.

### 5.2 Minimum subscription

There is no minimum subscription to the Offer.

### 5.3 Acceptance

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement (as shown on that form) unless application is made for the Shortfall in the prescribed area on the Entitlement and Acceptance Form (refer to Section 5.4 of this Prospectus for further details of the Shortfall).

If your acceptance does exceed your Entitlement (unless applied for under the Shortfall), your acceptance will be deemed to be for your maximum Entitlement and any surplus money will be refunded.

You may participate in the Offer as follows:

- (a) if you wish to accept your full Entitlement:
  - (i) complete the Entitlement and Acceptance Form; and
  - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
  - (iii) pay the appropriate application monies at \$0.005 per Share through the BPAY® facility described below. If you make your payment by BPAY®, you do not need to return the Entitlement and Acceptance Form to the Company; or
- (b) if you only wish to accept part of your Entitlement:
  - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and

- (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.005 per Share); or
  - (iii) pay the appropriate application monies at \$0.005 per Share through the BPAY® facility described below. If you make your payment by BPAY®, you do not need to return the Entitlement and Acceptance Form to the Company; or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

Should you wish to apply for more than your Entitlement, please follow the procedure outlined in Section 5.4 below.

#### 5.4 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.005 being the price at which Shares have been offered under the Offer.

Eligible Shareholders may apply for additional Shares under the Shortfall by completing the prescribed area on the Entitlement and Acceptance Form designated to the Shortfall and by paying the appropriate application monies in accordance with the instructions set out in the Entitlement and Acceptance Form.

Additionally, other investors who are not currently Shareholders who wish to participate in the Shortfall may apply for Shares using the Shortfall Acceptance Form attached to this Prospectus by following the instructions set out on the Shortfall Acceptance Form.

The Directors reserve the right, in consultation with the Lead Manager, to issue Shares under the Shortfall Offer at their absolute discretion. As such there is no guarantee that participating parties will receive any additional Shares applied for under the Shortfall. The Directors reserve the right to allot to an applicant a lesser number of Shares than the number, for which the applicant applies, or to reject an application, or to not proceed with placing the Shortfall. In that event, application monies (without interest) will be refunded by the Company in accordance with the provisions of the Corporations Act.

#### 5.5 Payment by cheque

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Baraka Energy & Resources Ltd Share Offer Account" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5.00pm WST on the Closing Date:

Baraka Energy & Resources Ltd  
PO Box 255  
South Perth WA 6951

## 5.6 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 3.00pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

## 5.7 Underwriting

The Offer is not underwritten.

## 5.8 Dilution and Effect on control of the Company

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 25% (assuming full subscription under the Offer and no other Shares being issued) as compared to their holdings and number of Shares on issue as at the date of the Prospectus.

Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	200,000,000	9.636%	50,000,000	200,000,000	7.708%
Shareholder 2	50,000,000	2.409%	12,500,000	50,000,000	1.927%
Shareholder 3	10,000,000	0.482%	2,500,000	10,000,000	0.385%
Shareholder 4	5,000,000	0.241%	1,250,000	5,000,000	0.193%
Shareholder 5	1,000,000	0.048%	250,000	1,000,000	0.039%
Total	2,075,655,046	100%	518,913,762	2,075,655,046	80%

Notes:

1. This assumes the Offer is fully subscribed and that no other Shares are issued prior to the Record Date.
2. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall

Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

## 5.9 Lead Manager

New York Securities Pty Ltd (Lead Manager) has been appointed as Lead Manager to the Offer. The terms of the appointment of the Lead Manager are summarised in Section 9.5 of this Prospectus.

## 5.10 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

## 5.11 Issue of Shares

Shares issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Shares issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Shares issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Shares issued under the Shortfall Offer as soon as practicable after their issue.

## 5.12 Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to

Shareholders with a registered address which is outside Australia, New Zealand, Singapore or Hong Kong.

For further details in relation to foreign jurisdictions, please refer to Section 3.3 of this Prospectus.

#### 5.13 Enquiries

Any questions concerning the Offer should be directed to Mr Collin Vost, or Mr Justin Vost, on +61 8 6436 2350.

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## 6. PURPOSE AND EFFECT OF THE OFFER

### 6.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$2,594,569.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$)	%
1.	Phase 1 and 2A of exploration program to be determined by the operator (Statoil) on EP 127 and/or EP 128 <sup>1</sup>	\$1,786,569	68.9%
2.	Maintain and preserve assets and investments <sup>2</sup>	\$300,000	11.6%
3.	Working capital	\$448,000	17.3%
4.	Expenses of the Offer <sup>3</sup>	\$60,000	2.3%
	Total	\$2,594,569	100%

#### Notes:

1. Refer to Section 8.2(c) of this Prospectus for further details.
2. Refer to Section 8.2(d) of this Prospectus for further details. These funds are intended to maintain and protect the Company's existing secured loan investment in Consolidated Iron Sands Ltd.
3. Refer to Section 9.9 of this Prospectus for further details relating to the estimated expenses of the Offer.

The funds raised from the Offer will first be applied to towards the expenses of the Offer followed by exploration program as determined by operator, Statoil, then the maintenance and preservation of investments and assets and then working capital expenditure.

The Directors currently believe that the amount raised under the Prospectus should be adequate to cover the Company's expenses until next year. However the Company may need to raise additional capital as a result of events outside the control of the Company. The Company currently has two anticipated meetings with Statoil (the operator of the Company's permits) in November and December 2013 to discuss the seismic results and the work programs for 2014.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

## 6.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted and no other Shares are issued prior to the Record Date, will be to:

- (a) increase the cash reserves by \$2,534,569 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 2,075,655,046 as at the date of this Prospectus to 2,594,568,808 Shares.

## 6.3 Pro-forma balance sheet

The audited balance sheet as at 30 June 2013 and the unaudited pro-forma balance sheet as at 30 June 2013 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no other Shares are issued prior to the Record Date and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	AUDITED 30 June 2013	PROFORMA 30 June 2013 (maximum subscription)
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents <sup>1</sup>	620,978	3,155,547
Trade & other receivables	34,049	34,049
Other assets	2,048,011	2,048,011
Other financial assets	145,131	145,131
<b>TOTAL CURRENT ASSETS</b>	<b>2,848,169</b>	<b>5,382,738</b>
<b>NON-CURRENT ASSETS</b>		
Other Non-current assets	392,208	392,208
Property, Plant and Equipment	1,301	1,301
Exploration & evaluation assets	1,744,247	1,744,247
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,137,756</b>	<b>2,137,756</b>
<b>TOTAL ASSETS</b>	<b>4,985,925</b>	<b>7,520,494</b>
<b>CURRENT LIABILITIES</b>		
Trade & other payables	85,131	85,131
<b>TOTAL CURRENT LIABILITIES</b>	<b>85,131</b>	<b>85,131</b>
<b>TOTAL LIABILITIES</b>	<b>85,131</b>	<b>85,131</b>
<b>NET ASSETS (LIABILITIES)</b>	<b>4,900,794</b>	<b>7,435,363</b>
<b>EQUITY</b>		
Share capital	53,567,108	56,093,677

	AUDITED 30 June 2013	PROFORMA 30 June 2013 (maximum subscription)
Retained loss	(48,666,314)	(48,666,314)
TOTAL EQUITY	4,900,794	7,435,363

The Pro-Forma balance sheet includes the following adjustments:

1. Proceeds totalling \$2,534,569 (assuming maximum subscription) from the Offer (deducting expenses of the Offer).
2. Subsequent to reporting date the Company has received nearly \$800,000 during August, being repayments from loans to unrelated parties, and additional funds are expected to flow in prior to year end. In addition, the Company is anticipating a refund in December 2013 from the Australian Tax Office of \$715,445 under the refundable R & D tax incentive scheme, but is subject to approval and may not necessarily be forthcoming.

#### 6.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, is set out below.

##### Shares

	Number
Shares currently on issue	2,075,655,046
Shares offered pursuant to the Offer	518,913,762
Total Shares on issue after completion of the Offer	2,594,568,808

##### Options

	Number
Options currently on issue:	Nil
Options offered pursuant to the Offer	Nil
Total Options on issue after completion of the Offer	Nil

The capital structure on a fully diluted basis as at the date of this Prospectus is 2,075,655,046 Shares and on completion of the Offer (assuming all Entitlements are accepted) would be 2,594,568,808 Shares.

No Shares on issue are subject to escrow restrictions, either voluntary or ASX imposed.

#### 6.5 Details of substantial holders

Based on publicly available information as at 17 October 2013, there is only one shareholder of the Company (together with their associates) that has a relevant

interest in 5% or more of the Shares on issue in the Company, being Citicorp Nominees Pty Ltd which holds approximately 5.004% of the Company's Shares.

In the event all Entitlements are accepted, there will be no change to each Shareholders relevant interest in Shares on completion of the Offer.

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## 7. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

### 7.1 General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

### 7.2 Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

### 7.3 Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

#### 7.4 Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

#### 7.5 Shareholder liability

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

#### 7.6 Transfer of shares

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

#### 7.7 Future increase in capital

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

#### 7.8 Variation of rights

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

## 7.9 Alteration of constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

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## 8. RISK FACTORS

### 8.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### 8.2 Company specific

#### (a) Potential for significant dilution

Upon implementation of the Offer, assuming all Entitlements are accepted the number of Shares in the Company will increase from 2,075,655,046 currently on issue to 2,594,568,808. This means that each Share will represent a significantly lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the prospectus being lodged of \$0.005 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

#### (b) Joint Venture Risk

The Company has entered into a joint venture with PetroFrontier (Australia) Pty Ltd (ACN 135 997 778) (PetroFrontier) in respect of EP 127 and EP 128 (Permits). The Company has retained an undivided 25% working interest in both EP-127 and EP-128 (approx 2 million net acres) plus an undivided 75% working interest in approximately 75km<sup>2</sup> around the Elkedra-7 well on EP 128.

In June 2013, PetroFrontier entered into an agreement ("Amended Farm-in Agreement") with Statoil whereby Statoil agreed to farm in to acquire up to 80% of PetroFrontier's interest in the Permits and to that end became the joint venture operator from 1 September 2013.

The grant of oil and gas exploration permits are subject to a number of obligations and conditions imposed by the relevant government body, including the holder's fulfilment of its obligations under the submitted technical works programme for exploration on EP-127 and EP-128. The Company's interest in its exploration permits can become subject to

forfeiture if, for any reason, the obligations under the works programme are not fulfilled.

EP-127 and EP-128 are operated by Statoil and, although the Company will be represented on the operating committee for each of the projects, the Company will not enjoy sole control over the relevant projects or the activities to be taken on the projects and must abide by the terms of the relevant agreement.

Should Statoil fail to comply with the conditions laid down by the government in respect of the projects, this could result in loss of title to the projects, and the Company would lose its interest in the projects unless the Company was able to amend the Permit conditions &/or meet the obligations in their own right in accordance with its JV agreement.

(c) Contractual Risk

Under the terms of the Amended Farm-in Agreement, up to the next US\$160 million of PetroFrontier's exploration costs will be fully funded by Statoil over three phases to the end of 2016, in return for 80% of PetroFrontier's 75% working interest (WI) in EP 103/EP 104 (80% Statoil/20% PFC), EP 127/EP 128 (25% BKP/15% PFC/60% Statoil) and EPA 213/EPA 252 (80% Statoil/20% PFC) in the Southern Georgina Basin, Northern Territory, Australia (collectively the Permits).

The current expenditure budget under the Amended Farm-in Agreement is as follows:

- (i) Phase 1 & 2A (2013 and 2014):
  - (A) Statoil will spend the next US\$50 million on exploration (PetroFrontier – nil, Baraka – as required).
  - (B) At the end of Phase 2A, Statoil will have the option to continue to Phase 2B. If Statoil elects not to continue, it must return to PetroFrontier 50% of its former WI in the Permits, such that ownership of PetroFrontier's 75% WI will then be: Statoil (30%), PetroFrontier (70%) (with Baraka retaining its 25% WI).
- (ii) Phase 2B (2015):
  - (A) Upon proceeding to Phase 2B, Statoil will spend the next US\$30 million on exploration (PetroFrontier - nil, Baraka – as required).
  - (B) At the end of Phase 2B, Statoil will have the option to continue to Phase 3. If Statoil elects not to continue to Phase 3, then it must return to PetroFrontier 25% of its former WI in the Permits, such that ownership of PetroFrontier's 75% WI will then be Statoil (55%), PetroFrontier (45%) (with Baraka retaining its 25% WI).

- (iii) Phase 3 (2016):
  - (A) Upon proceeding to Phase 3, Statoil will spend the next US\$80 million on exploration (PetroFrontier - nil, Baraka - as required).
  - (B) At the end of Phase 3, Statoil will own 80% and PetroFrontier will own 20% of PetroFrontier's former 75% WI in the Permits (with Baraka retaining its 25% WI).

At the end of Phase 3, Statoil will have completed its funding obligations under the Amended Farm-in Agreement and the sharing of future costs between Statoil, Baraka and PetroFrontier will be based on their then respective ownership interests.

The current expenditure budget for EP 127 and 128 is dependent on each party meeting its necessary expenditure obligations. If Statoil or PetroFrontier fail to fulfil their respective expenditure obligations, there is no guarantee that the other parties (including the Company) will be able to meet the shortfall in expenditure. This may adversely affect the Company's objectives and possible result in loss of title to the projects and Permits.

If a party defaults in the performance of its obligations it may be necessary for the Company to approach a court to seek a legal remedy. Legal action can be costly and there can be no guarantee that a legal remedy will be ultimately granted on the appropriate terms.

(d) Loan and Profit Share Agreement

In August 2012 the Company, via a wholly owned subsidiary, entered into a 3 year secured loan and profit share agreement (Loan Agreement) with an Australian unlisted public company, Consolidated Iron Sands Ltd (CIS) (Borrower), under which:

- (i) the Company has progressively loaned approximately \$400,000, secured over the assets of the Borrower, to fund renewal of certain iron sands exploration permits in the Philippines in return for a 70% profit share in future production from the permits;
- (ii) the Company has an option, expiring in January 2014, to elect to provide an additional loan (initially to be up to \$3 million, subject to various conditions and possible amendments) in return for the exclusive right to fund the permits into production (Option); and
- (iii) interest of 7.5%pa is payable quarterly on amounts loaned by the Company and that remains outstanding.

Following a series of alleged defaults and breaches of the Loan Agreement by the Borrower (which the Borrower has disputed), the Company appointed an administrator to the Borrower in September 2013 to maintain and protect the Company's secured investment and shareholders' interests. While the Company is confident it will be able to recover its loan and maintain its profit share, there is a risk that it may not be able to do so.

A Director of the Company has now been appointed to the board of the Borrower's Filipino subsidiary that holds the permits, with a view to ensuring compliance with the terms of the Loan Agreement.

The Company intends, subject to various factors, to provide limited ongoing funding to the Borrower (currently anticipated to be approximately \$300,000 in the next 12 months) to protect the Company's existing investment and to protect CIS' interest in the permits. There is a risk that any additional loan funds advanced by the Company may not be ultimately recoverable.

The Company intends discussing with the administrator whether the Loan Agreement (including the Option) can be pursued in light of the appointment of the administrator. There is a risk that the Company may not be able to proceed with the Loan Agreement as intended.

The Borrower and its Filipino subsidiary are currently subject to two separate legal actions in the Philippines arising from the Borrower's past actions. While the Company believes both are able to be resolved in due course, there is a risk that these actions may result in the Borrower losing, or having a reduced interest in, the permits, which may adversely affect the Company's ability to recover its secured loan advances and benefit from its profit share.

The Company is in discussions with the ASX as to whether the Loan Agreement triggers Chapter 11 of the ASX Listing Rules. The Company considers Chapter 11 does not apply, given the Company's focus remains on its oil and gas activities, and has made submissions to ASX on that basis. If the ASX determines that Chapter 11 applies, the Company may be required to obtain shareholder approval, or re-comply with Chapters 1 and 2 of the ASX Listing Rules, before advancing additional loan funds or exercising its Option.

(e) Asset Concentration

The Company's current projects are presently located in close proximity to each other within the Georgina Basin in the Northern Territory. This makes the Company's projects more susceptible to adverse events in this area, such as flooding, natural disasters, or a change of laws or regulations that could lead to the cessation of the Company's petroleum exploration and production activities either temporarily or permanently.

8.3 Industry specific

(a) Tenure

Oil and gas exploration permits are subject to periodic review and renewal. In particular, there is no guarantee that applications for future exploration permits or production permits will be approved. Government Authorities review and renewal and transfer conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the exploration permits comprising the Company's projects. The imposition of new conditions or the inability to meet conditions may adversely affect the operations, financial position and/or performance of the Company.

(b) Exploration and Development Risk

The business of oil and gas exploration and development involves a significant degree of risk, which even with a combination of experience, knowledge and careful evaluation may not be able to be overcome. The Company depends on factors that include successful exploration and the establishment of petroleum resources and reserves. There is no assurance that exploration expenditure will result in discoveries of oil or gas that can be commercially or economically exploited since exploration is inherently a speculative endeavour.

The general risks of oil and gas exploration and development include encountering unexpected geological formations or pressure, premature declines or reservoirs, blow-outs, craterings, sour gas releases, fires and spills causing pollution and changes in drilling plans and locations following the results of exploratory wells and interpretation of new seismic data.

Exploration and development operations can be hampered by circumstances and cost overruns for unforeseen events, including unexpected variations in geology and equipment malfunction. Losses resulting from any of these risks could have a material adverse effect on the financial resources of the Company or could result in a total loss of the assets affected, and accordingly, materially adversely affect the market price of the Shares.

(c) Drilling Rig and Equipment Access

Currently there is a high demand for oil and gas exploration and development equipment and infrastructure as well experienced operators of this equipment. The Company may not always have access to experienced seismic crews, drill rigs and operators and this may cause delays in the Company's exploration and development programs which may result in increased costs in relation to Company's permits.

(d) Native Title

The prospects in which the Company has an interest, or will in the future acquire an interest, are subject to laws and regulations applicable in the jurisdiction of those prospects. Each permit is for a specified term and carries with it expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in prospects if these conditions are not met.

It is also possible that, in relation to prospects which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to those prospects (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and production phases of operations may be adversely affected.

The Directors will closely monitor the potential effect of native title claims involving prospects in which the Company has or may have an interest.

(e) Price of Oil and Gas and Currency Volatility

The demand for, and price of oil and gas is highly dependent on a variety of factors, including international supply and demand, the level of consumer product demand, actions taken by governments and major petroleum corporations, global economic and political developments and other factors all of which are beyond the control of the Company. International petroleum prices fluctuate and at times the fluctuations can be quite wide. A material decline in the price of oil and gas may have a material adverse effect on the economic viability of a project. Examples of such uncontrollable factors that can affect oil price is the recent unrest and political instability in Egypt and Libya that have increased concern over supply.

Oil is principally sold throughout the world in US dollars. As a result, any significant and/or sustained fluctuations in the exchange rate between the Australian dollar and the US dollar oil and gas prices could have a materially adverse effect on the Company's operations.

(f) Environmental Regulations

The Company's operations are subject to the environmental risks inherent to the oil and gas industry. The Company is subject to environmental laws and regulations in connection with its operations. The Company will endeavour to comply in all material respects with all applicable environmental laws and regulations. However, there are certain risks inherent to its activities that could subject the Company to extensive liability. There can be no assurance that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expense and undertake significant investment which could have a material adverse effect on the business, financial conditions and results of operations of the Company.

Further, the Company may require approval from the relevant authorities before it can undertake activities which are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking the desired activities.

(g) Insurance

The Company may maintain insurance within ranges of coverage that it believes to be consistent with industry practice and having regard to the nature of activities being conducted. However, it is not always possible to insure against all risks associated with activities in oil and gas exploration and development. The Company may decide not to take out insurance against certain risks as a result of high premiums or for other reasons. Should liabilities arise on uninsured risks or the insurer becomes insolvent on an insured risk, the Company's business, financial condition and results of operations and the market price of the Shares may be materially adversely affected.

(h) Resource estimates

Oil and gas reserves are expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when originally calculated, may change significantly when new information or techniques becomes available. In addition, by their nature, oil and gas

reserves are imprecise and depend to some extent on interpretations which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and commercial flow plans which may, in turn, either benefit or adversely affect the Company's operations.

#### 8.4 General risks

##### (a) Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

##### (b) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

##### (c) Additional requirements for capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

##### (d) Dividends

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on

the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(e) Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

(f) Reliance on key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

## 8.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

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## 9. ADDITIONAL INFORMATION

### 9.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company other than threats by a director of the Borrower against the Borrower's administrator, the Company and its Directors in relation to the lawful appointment of the administrator to the Borrower as outlined section 8.2(d) of this Prospectus.

As also noted in section 8.2(d) of this Prospectus, the Company is in dispute with the Borrower in relation to alleged defaults under the Loan Agreement. The Company is working towards resolving this dispute now that an administrator has been appointed to the Borrower by the Company.

### 9.2 Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a "transaction specific prospectus". In general terms a "transaction specific prospectus" is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the

Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and

- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
- (i) the annual financial report most recently lodged by the Company with the ASIC;
  - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
  - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

There have been no documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC.

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website [www.barakaenergy.com.au/announcements.php](http://www.barakaenergy.com.au/announcements.php).

### 9.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the most recent dates that those sales were recorded:

Highest	\$0.007	27 September 2013
Lowest	\$0.003	3 September 2013
Last	\$0.005	16 October 2013

### 9.4 Not Used

### 9.5 NYS Mandate Letter

The Company and New York Securities (NYS) have entered into a mandate agreement, dated 16 October 2013, under which NYS has agreed to act as Lead Manager to the Offer.

The Consideration payable by the Company to NYS is 6% of the gross dollar amount raised by NYS under the Shortfall Offer. NYS will be responsible for paying other brokers who assist with placing the Shortfall a fee of 5% of the funds placed by the broker.

If the Offer is oversubscribed, and the Company wishes to place additional Shares, New York Securities has the right to place any additional Shares for a fee of 6% of the amount raised, with the right to pay 5% of that fee to any other AFSL holders who assist with the placement of the additional Shares.

NYS has the right to act as lead manager for any further capital raisings throughout the 2014 calendar year on a best of endeavours basis, if any additional capital raisings are instigated by the board of Baraka, on the same terms and conditions.

## 9.6 Interests of Directors

Collin Vost is currently a director of NYS which is receiving the fees set out in section 9.4 in relation to its engagement as lead manager to the Offer.

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Offer.

### *Security holdings*

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Options	Entitlement	\$
Collin Vost	47,000,000 <sup>1</sup>	Nil	11,750,000	\$58,750
Justin Vost	13,500,000 <sup>2</sup>	Nil	3,375,000	\$16,875
Ray Chang	Nil	Nil	Nil	Nil

Notes:

1. 2,000,000 Shares are held indirectly through New York Holdings Pty Ltd. 26,000,000 Shares are held indirectly through New York Holdings Pty Ltd <CV Superannuation Fund>. 19,000,000 Shares are held indirectly through New York Securities Pty Ltd.
2. 12,000,000 Shares are held indirectly through Avost Holdings Pty Ltd <Bluesky Trust>. 1,500,000 Shares are held jointly by Mr Justin Vost & Mrs Jennifer Vost <Avost Superfund Account>.

The Board recommends all Shareholders take up their Entitlement

### Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$250,000 per annum.

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	2011/12	2012/13	2013/14
Collin Vost	\$166,000 <sup>1</sup>	\$277,410 <sup>2</sup>	\$237,000
Justin Vost	\$64,000	\$124,000 <sup>3</sup>	\$74,000
Ray Chang	\$14,000	\$24,000	\$24,000

Notes:

- 1 This includes \$54,000 paid to New York Securities Pty Ltd in tenancy fees and \$48,000 for corporate consulting fees.
- 2 This includes \$63,000 paid to New York Securities Pty Ltd in tenancy fees and bookkeeping services, \$6,410 for securities dealing and investment services, and \$184,000 for corporate consulting fees.
- 3 This includes \$100,000 paid to Bluesky Trust for corporate consulting fees. Mr Justin Vost is a beneficiary of the Bluesky Trust.

## 9.7 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$15,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$82,505.00 (excluding GST and disbursements) for legal services provided to the Company.

New York Securities Pty Ltd will be paid \$20,000 plus a management fee of 6% of the gross dollar amount raised by New York Securities under the Shortfall Offer. Assuming no take up under the Offer, and New York Securities placing the entire Shortfall, this equals approximately \$175,674. During the 24 months preceding lodgement of this Prospectus with the ASIC, New York Securities Pty Ltd has been paid fees totalling \$403,877 by the Company.

## 9.8 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section;

- (c) Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC; and
- (d) New York Securities Pty Ltd has given its written consent to being named as Lead Manager to the Company in this Prospectus. New York Securities Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

## 9.9 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$60,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,225
ASX fees	8,740
Lead Manager fees*	20,000
Legal fees	15,000
Printing and distribution	12,000
Miscellaneous	2,035
<b>Total</b>	<u>60,000</u>

\* The Lead Manager is also entitled to a 6% fee on gross amounts it places under the Shortfall Offer. If no Entitlements are taken up by Shareholders under the Rights Issue, and the Lead Manager places all the Shortfall, then it will be entitled to additional fees of \$155,674.

## 9.10 Electronic prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 8 6436 2350 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at [www.barakaenergy.com.au](http://www.barakaenergy.com.au).

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

## 9.11 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad

range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

#### 9.12 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

#### 9.13 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

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10. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

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Collin Vost  
Chairman  
For and on behalf of  
Baraka Energy & Resources Limited

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11. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

AFSL means an Australian Financial Services Licence as defined in the Corporations Act.

Applicant means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHES.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company means Baraka Energy & Resources Limited (ACN 112 893 491).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

NYS means New York Securities Pty Ltd (ACN 111 049 800).

Offer means the non-renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Petrofrontier means Petrofrontier (Australia) Pty Ltd.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Shortfall means the Shares not applied for under the Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 5.4 of this Prospectus.

Shortfall Shares means those Shares issued pursuant to the Shortfall.

Statoil means Statoil Australia Oil & Gas ASA.

WST means Western Standard Time as observed in Perth, Western Australia.



TO MEET THE REQUIREMENTS OF THE CORPORATIONS ACT, THIS FORM MUST NOT BE HANDED TO ANY PERSON UNLESS IT IS ATTACHED TO OR ACCOMPANIED BY THE PROSPECTUS DATED 17 OCTOBER 2013 AND ANY RELEVANT SUPPLEMENTARY PROSPECTUS.

## INSTRUCTIONS TO APPLICANTS

Please post or deliver the completed Shortfall Application Form together with a cheque to the Company. If an Applicant has any questions on how to complete this Shortfall Application Form, please telephone Collin Vost or Justin Vost on (08) 6436 2350 or your professional adviser. The Form must be received by the Company no later than 5.00pm (WST) on that date which is 3 months after the Closing Date (or such earlier date as directed by the Company).

### A. Name of Applicant / Joint Applicants or Account Designation

Write the Applicant's FULL NAME. This must be either an individual's name or the name of a company. Please refer to the bottom of this page for the correct form of registrable title. Applications using the incorrect form of registrable title may be rejected. If JOINT APPLICANTS are applying, up to three joint Applicants may register. If applicable, please provide details of the Account Designation in brackets. Please refer to the bottom of this page for instructions on the correct form of registrable title.

### B. Address

Enter the Applicant's postal address for all correspondence. If the postal address is not within Australia, please specify Country after City/Town.

### C. Contact Details

Please provide a contact name and daytime telephone number so that the Company can contact the Applicant if there is an irregularity regarding the Shortfall Application Form.

### D. TAX FILE NUMBERS

The collection of tax file number ("TFN") information is authorised and the tax laws and the Privacy Act strictly regulate its use and disclosure. Please note that it is not against the law not to provide your TFN or claim an exemption, however, if you do not provide your TFN or claim an exemption, you should be aware that tax will be taken out of any unfranked dividend distribution at the maximum tax rate.

If you are completing the application with one or more joint applicants, and you do not wish to disclose your TFN or claim an exemption, a separate form may be obtained from the Australian Taxation Office to be used by you to provide this information to the Company. Certain persons are exempt from providing a TFN. For further information, please contact your taxation adviser or any Taxation Office.

### E. CHESS HIN or existing SRN Details

The Company participates in CHESS. If the Applicant is already a participant in this system, the Applicant may complete this section with their existing CHESS HIN and the name and address as recorded in the CHESS system. If the applicant is an existing shareholder with an Issuer Sponsored account, the SRN for this existing account may be used. Otherwise leave the section blank and the Applicant will receive a new Issuer Sponsored account and statement.

### F. Cheque Details

Make cheques payable to "BARAKA ENERGY & RESOURCES LTD SHARE OFFER ACCOUNT" in Australian currency and cross them "NOT NEGOTIABLE". Cheques must be drawn on an Australian Bank. The amount of the cheque should agree with the amount shown on the Shortfall Application Form.

If a Shortfall Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the Directors as to whether to accept a Shortfall Application Form, and how to construe, amend or complete it, shall be final. A Shortfall Application Form will not however, be treated as having offered to subscribe for more Shares than is indicated by the amount of the accompanying cheque.

Forward your completed application together with the application money to PO Box 255 South Perth WA 6951

## CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities are allowed to hold securities. Shortfall Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. Shortfall Application Forms cannot be completed by persons under 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mr John Alfred Smith	J A Smith
Company Use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings Use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts Use the trustee(s) personal name(s).	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use the executor(s) personal name(s).	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation.	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships Use the partners personal names.	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names.	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s).	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds Use the name of the trustee of the fund.	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund