BARAKA ENERGY & RESOURCES LIMITED

ABN 80 112 893 491

and Controlled Entities

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2013

BARAKA ENERGY & RESOURCES LIMITED

ABN 80 112 893 491
and Controlled Entities
Interim Financial Report
for the Half-Year ended 31 December 2013

DIRECTORS' REPORT

The directors of Baraka Energy & Resources Limited ("Baraka" or the "Company") submit their report for the half year ended 31 December 2013.

DIRECTORS

The names of the Company's directors in office during the half year period and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Collin Vost	Managing Director/Chairman	Appointed 18 May 2009
Justin Vost	Non-Executive Director	Appointed 15 March 2011
Ray Chang	Non-Executive Director	Appointed 23 November 2011

REVIEW AND RESULTS OF OPERATIONS

The consolidated net profit from continuing operations after income tax for Baraka and its subsidiaries ("the Group" or "the consolidated entity") for the half year ended 31 December 2013 was $355,686 (2012: ($156,274)).

Southern Georgian Basin

In November and December 2013, Baraka executives attended meetings with representatives of Statoil ASA (Statoil) (OSE:STL, NYSE:STO) in Adelaide, together with representatives of PetroFrontier Corp (PFC) (TSX-V:PFC), to discuss, among other things, Statoil's proposed work program for the joint venture for the coming year, the results of the 2013 seismic work program completed in September 2013 and their role as Operator of each Joint Operation Agreement (JOA).

Statoil is reported as being the 13th biggest oil and gas company in the world and operates in 30 countries, including the famous shale oil and gas area of the Bakken in Canada, one of the most prolific oil producing areas of North America.

At the December meeting, the Operating Committee (OCM) under each JOA approved the 2014 work programs by a majority vote, with Baraka abstaining. Baraka has issued a notice disputing the validity of the work programs as not valid work programs under each JOA. Baraka has given notice to the Operator and PFC that it will not contribute to the cost and that Baraka elects, should the 2014 work programs be valid, to dilute its 25% participating interest in each JOA.

The extent of any dilution may be nil if, as Baraka maintains, the relevant 2014 work programs are not valid and certain other expenditures on McIntyre 2H could be incorporated. However, it would remain to be resolved what revised 2014 work programs might then be proposed by the Operator.

If the 2014 work programs are valid, then Baraka's participating interest at the end of the programs will be determined by a formula that is the same in each JOA.

Baraka has sought expert accounting advice on the likely outcome of application of the dilution formula if the work programs are held to be valid, including potential incorporation of work on McIntyre 2H, and is awaiting the results of these discussions. Should this inclusion prove successful it may also allow Baraka to pursue other possible actions for the benefit of its shareholders

Baraka has taken these steps so as not to risk any breach of the JOA's. If the work programs are valid, Baraka may remain a party to the JOAs with a reduced participating interest.

The disputed 2014 work programs proposed by the Operators are outlined below with Baraka's comments for the information of the shareholders.

EP127 "OzBeta - 1"

A vertical test well is proposed to be drilled in approximately May of 2014 depending on weather conditions on this permit, close to the border of EP104, held by the Operator 80% and PFC 20%, and would take approximately 28 days, to an approximate depth of 1300m. The purpose of this well would be to test 3 potential pay zones within the structures and formations in that area and particularly targeting a 40-50m section expected within the Thorntonian Limestone formation. This same formation produced the 32m intersection in Owen 3 on EP104 seeped oil and showed extensive florescence throughout. This area of EP127 is close to or incorporated in the Toko Syncline on the South Eastern border of EP127 and the permit stops on the Queensland border. A well of similar status is planned to be drilled just over the northern border of EP127 in EP104 by the Operator and PFC, and that one of the possible outcomes would be to "de-risk the south eastern corner of licence EP104" in which Baraka has no economic interest.

EP128 "OzDelta – 1"
Is the second vertical test well and is proposed to be drilled in approximately July of 2014, once again close to the border of EP103, held by the Operator 80% and PFC 20%, This test well will be drilled down to approximately 900m and is not considered to have any potential for the Thorntonian formation, but possibly in an oil window. A well of similar status is to be drilled by the Operator and PFC close to and over the southern boundary of EP128 into EP103 controlled 80% by the Operator and 20% PFC. The target of interest is the Arthur Creek Hot Shale and possibly a section above the shale.

EP128 "OzEpsilon – 1"
Is the third vertical test well and is proposed to be drilled in approximately August 2014, down to approximately 800m and is in the North East section of EP128,closer to EP(A)132. This test well is to examine the target formation to the North of the licences and possibly define the basin to the North and any oil window, as well as test for maturity.

Subject to the success of the vertical well on EP127 to be drilled in May of 2014, the Operator proposes to return to that well and carry out a Completion and Test of "OzBeta-1" in September 2014, after finalizing the vertical "OzDelta-1" and "OzEpsilon-1" test wells in July and August of 2014.

The Operator then proposes to "Plug & Abandon" McIntyre 2H in November 2014. The apparent reasoning being that McIntyre 2H fractures (Fraccing) hit pre existing waterways with formation water containing H_2S and there is no reason to believe that lower permeability hydrocarbon layers will start producing when high permeable water bearing fractures have been activated despite McIntyre 2H producing some of the highest quality gas, and wet gas readings, from the previous drilling program. The Operator has previously stated their goal is Oil and or Wet Gas within the basin as a priority.

Baraka requested that the "Hagen Member" contained in the south western area of EP127 and just north of the Dulcie Syncline, written up by Ryder Scott as having substantial potential for conventional targets, be considered in the 2014 program, but this was rejected by the Operator because of poor seismic testing, (which was carried out many years ago), top seal and migration risks and because of faulting in the area.

Both EP127 and EP128
The work programs for both EP127 and EP128 have been developed by the Operator as part of an overall campaign for the exploration of the entire area of EP103, EP104, EP127 and EP128 and the factors governing the exploration of EP127 and EP128 have been subsumed by considerations that apply to the entirety of all four permits. All four permits straddle a huge area of 50,000 square kilometres. Baraka recommends that each of EP127 and EP128 be evaluated on their respective merits as the JOAs require. Baraka has no economic interest in EP103 and EP104.

It should also be noted that all wells on EP127 and EP128 are currently planned to be plugged and abandoned on completion, as all wells are only for data collection and testing by the Operator to consider future exploration programs in the basin as a whole.

In addition it should be noted that the Operator has brought forward the minimum permit work commitments from 2015 for both EP127 and EP128 into the 2014 work program, as well as the plugging and abandoning of McIntyre 2H, which is not required until the end of the permit expiration. Baraka has been advised by the Operator that this is justifiable for technical and economical reasons, principally to reduce the costs of drilling and completion contractors for the entire program and all permits including EP103 and EP104.

Decision of Baraka to dispute the work programs
Baraka disputes that the 2014 proposed work programs for each of EP127 and EP128 are valid work programs under each JOA. Although it could be argued by the Operator that the work programs are necessary to satisfy the minimum work commitments under the permits, it was open to the Operator to seek amendments, exemptions and or extensions to delay drilling until further work had been carried out to improve the prospects of exploration success.

Baraka is not satisfied that the proposed work programs are technically or economically prudent, nor that they are reasonable or fair, involving costly drilling in questionable locations, with data collection for the aggregate area of four permits as the principal aim of the programs. Baraka considers that the programs are not in accord with the intention of the parties under either of the JOAs, and are detrimental to the interests of Baraka and its shareholders.

The 2014 proposed work programs as budgeted by the Operator for both permits EP127 and EP128 have a total cost of $26.6m including the plugging and abandonment of all 3 wells, (including McIntyre 2H for $1.1m), geological and geophysical evaluation and special studies of $988,000, exploration administration of $1,298,000 and parent company overheads of the Operator of $382,000.

Baraka's 25% of these costs for both permits would be approximately $6.65m for both permits for the 2014 period.

The breakdown of total costs on an individual permit basis are $12,554,000 for EP127 and $11,288,000 for EP128 with evaluation, administration and overhead costs of $2,761,000 spread across both permits.

Settlement of the disputes

Statoil has approached Baraka to discuss and resolve the issues, and Baraka executives attended the offices of Statoil to amicably discuss the potential resolution, and ongoing discussions are currently underway. Both parties have expressed a view to avoid legal confrontations and expenses where possible and Baraka hopes Statoil will consider the very detailed case Baraka have put to them on behalf of their shareholders.

Baraka will remain entitled to participate in any new exploration or other wells on any diluted basis and will keep the market fully informed in regards to the progress of all issues.

Baraka retains 25% working interest in both EP127 and EP128, including a 75% undivided working interest in the 75km² around the Elkedra-7 well on EP128, and intends to meet the contributions on EP127 and EP128 when and if required, subject to the resolution of the dispute and work program.

Iron Sands Investment (Titaniferous Magnetite)

Baraka entered into a Commercial Secured Loan Agreement in September 2012, including a 7.5% interest payments, and a 70% profit sharing arrangement with an unlisted public company, with an iron sands venture in the Philippines. Details of which have been released in two previous announcements. The project was introduced to Baraka by Cervantes Corporation Ltd (ASX:CVS) who will as a result be entitled to certain fees, profits and or the right to back in to the investment at a later date subject to particular goals being achieved.

As a result of Baraka's assistance, the permits controlled by the unlisted public company have been renewed for a further two years and further exploration of the highly potential areas are being pursued, potentially adding substantial value to the underlying assets of the loan agreement, subject to resolution of some disputes.

Whilst disputes were encountered with the Directors of this company and an Administrator was appointed in September 2013, Baraka is hopeful that this Administration will be concluded in the next 2 quarters subject to the Administrators pursuing a number of concerning issues regarding the administration of the company and a number of potential breaches of the Corporations Act.

One of the huge benefits of this iron sands project, which is located in a shallow offshore area, is that the material has already been ground down to fine material and no crushing, road transport, rail or other major infrastructure costs are involved, and only low cost dredging and a magnetic separation process is required to produce high margin, low capital and production cost material.

The project compares extremely favourably with other listed and unlisted projects in New Zealand, Fiji, and especially now Indonesia, because of their recent export restrictions on bulk mineral products. The anticipated low CAPEX requirements, shallow depth of material, low cost labour, multi work shift extraction potential, operating expenses and extreme closeness to China for shipping times and cost, making this project a very exciting venture considering current iron ore prices.

Current information, based on comparable projects, indicates an exploration plan and budget considerably lower than normal exploration programs to produce a mining permit, and in particular considerably lower CAPEX and earlier production times, based on outsourcing of Contract Mining and other services currently available. Baraka may also sell down its investment in this venture as previously outlined and incorporated in the agreement.

It is nevertheless emphasized that this is a secured loan agreement and not a direct investment in the permits or a joint venture on the permits, but a profit sharing agreement subject to a number of conditions.

The investment may very well involve other investment opportunities for Baraka shareholders when the final structure of the unlisted company and ongoing negotiations are resolved.

Baraka shareholders currently have two investments to follow over the balance of 2014 and onwards.

Due to family issue, Mr Peter Philipchuk, the exploration manager, has returned to Canada and the Company and he have mutually agreed that his appointment will not be renewed for the coming year.

Baraka continues to be debt free and based on current known expenditure can meet its full commitments to the current work program this year, subject to finalisation of any resolution with Statoil.

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

Baraka has extremely low overhead expenses, negligible liabilities and some $1.8m of current assets, of which $700,000 is expected to be recovered in next quarter to add to the current cash position.

SIGNIFICANT CHANGE IN THE STATE OF AFFAIRS

The following significant changes in the state of affairs of the Company occurred during the half-year ended 31 December 2013:

On 27 November 2013 the Company announced the results of the Non-Renounceable Entitlement offer announced on 17 October 2013 that closed on 22 November 2013. The Entitlement issue raised $402,508.56 before issue cost with applicants subscribing for 80,501,712 shares. The Company engaged New York Securities Pty Ltd as the Lead Manager and they were to use their best endeavours to place the shortfall of 438,412,050 shares.

On 11 December 2013 the Company advised that 56,430,586 shares had been issued to applicants under the shortfall raising $282,152.93.

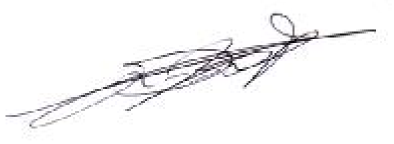
On 19 December 2013 the Company advised that a further 12,750,000 shares had be issued to applicants under the shortfall raising $63,750.00.

On 2 January 2014 the Company advised that applications to participate in the shortfall from the Company's entitlement offer announced on 17 October 2013 had closed.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained the independence declaration set out on page 7 from our auditors, Rothsay Chartered Accountants. The independence declaration forms part of this report.

Signed in accordance with a resolution of the directors.



Collin Vost

Chairman

Perth, 14 March 2014

ROTHSAY
Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsayresources.com.au

The Directors
Baraka Energy & Resources Ltd
PO Box 190
South Perth WA 6951

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

i) no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 31 December 2013 interim financial statements; and

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

Graham R Swan (Lead auditor)

Rothsay Chartered Accountants

Dated 14th March 2014

Chartered Accountants

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Note	Consolidated 31 December 2013 $	31 December 2012 $
REVENUE			
Interest	2(a)	26,604	76,587
Increase in fair value of held for trading investments		20,399	596
Dividend		-	4,500
Profit on share and option trading		-	7,175
Other income		1,196	-
		48,199	88,858
EXPENDITURE			
Administration expenses	2(c)	(173,473)	(145,946)
Occupancy		(22,668)	(25,076)
Loss on sale of property, plant & equipment		-	(1,096)
Technical consultants	2(c)	(173,045)	(27,124)
Travel		(29)	(8,727)
Depreciation expense	2(c)	(238)	(384)
Interest paid		(662)	(779)
Salaries and employment expense	2(b)	(36,000)	(36,000)
Other		(1,843)	-
Loss before income tax		(359,759)	(156,274)
Income tax (expense)/benefit		715,445	-
Total Comprehensive Profit (Loss) for the period attributable to Members of Baraka Energy & Resources Limited		355,686	(156,274)
Earnings per share (cents per share):			
Basic earnings (loss) per share		0.017	(0.008)
Diluted earnings (loss) per share		0.017	(0.008)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	Consolidated 31 December 2013 $	30 June 2013 $
ASSETS			
Current Assets			
Cash and cash equivalents	4	1,220,264	620,978
Trade and other receivables		-	34,049
Other assets		1,718,118	2,048,011
Other financial assets		165,529	145,131
TOTAL CURRENT ASSETS		3,103,911	2,848,169
NON-CURRENT ASSETS			
Other non-current assets		690,925	392,208
Property, plant and equipment		1,063	1,301
Exploration and evaluation expenditure	5	2,412,305	1,744,247
TOTAL NON-CURRENT ASSETS		3,104,293	2,137,756
TOTAL ASSETS		6,208,204	4,985,925
CURRENT LIABILITIES			
Trade and other payables		266,884	85,131
TOTAL CURRENT LIABILITIES		266,884	85,131
TOTAL LIABILITIES		266,884	85,131
NET ASSETS		5,941,320	4,900,794
EQUITY			
Issued capital	6	54,251,948	53,567,108
Accumulated losses		(48,310,628)	(48,666,314)
TOTAL EQUITY		5,941,320	4,900,794

The above statement of financial position should be read in conjunction with the accompanying notes.

INTERIM CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Note	Consolidated 31 December 2013 $	31 December 2012 $
Cash flows from operating activities			
Payments to suppliers and employees		(341,131)	(348,874)
R&D proceeds		715,445	-
Interest received		31,259	76,587
Interest paid		(662)	(779)
Dividends		-	4,500
Net cash flows used in operating activities		404,911	(268,566)
Cash flows from investing activities			
Payments for financial assets		-	(111,331)
Proceeds from sale of financial assets		-	114,252
Payments for exploration and evaluation expenditure		(583,532)	(972,227)
Borrowings made		(375,372)	(411,600)
Repayment of borrowings made		440,000	105,000
Net cash flows used in investing activities		(518,904)	(1,275,680)
Cash flows from financing activities			
Proceeds from issue of shares		748,411	-
Payments for share issue costs		(63,571)	-
Borrowings		28,439	-
Net cash flows from financing activities		713,279	-
Net increase/(decrease) in cash and cash equivalents		599,286	(1,544,246)
Cash at the beginning of the period - 1 July 2012		620,978	3,354,485
Cash and cash equivalents at the end of the period	4	1,220,264	1,810,239

The above statement of cash flows should be read in conjunction with the accompanying notes.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Attributable to equity holders of the parent Consolidated			
	Issued Capital	Option Premium Reserve	Accumulated Loss	Total Equity
	$	$	$	$
CONSOLIDATED				
As at 1 July 2012	53,567,108	-	(48,295,018)	5,272,090
Loss for the period	-	-	(156,274)	(156,274)
Equity Transactions				
Issue of share capital	-	-	-	-
Share issue costs	-	-	-	-
As at 31 December 2012	53,567,108	-	(48,451,291)	5,115,817
CONSOLIDATED				
As at 1 July 2013	53,567,108	-	(48,666,314)	4,900,794
Profit for the period	-	-	355,686	355,686
Equity Transactions				
Issue of share capital	748,411	-	-	748,411
Share issue costs	(63,571)	-	-	(63,571)
As at 31 December 2013	54,251,948	-	(48,310,628)	5,941,320

The above statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

1. Basis of Preparation

This general purpose financial report for the interim half-year reporting period ended 31 December 2013 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made by Baraka Energy & Resources Limited during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2013, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2013.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

Accounting Policies

Revenue recognition

Dividends received from a subsidiary, joint venture or associate shall be recognised as dividend revenue in the profit or loss irrespective of whether such dividends may have been paid out of pre-acquisition profits. Previously, such dividends were treated as a return of capital invested. Such dividends may be an indicator of impairment where the carrying amount of the investment exceeds the consolidated net assets relating to that investment or where the dividend exceeds the total comprehensive income of the respective investee in the period the dividend is declared.

Plant and equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation of plant and equipment is calculated using the reducing balance method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term. The rates vary between 20% and 40% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When re-valued assets are sold, it is Company policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

Exploration and evaluation costs

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through the sale or

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that are written off in the financial period the decision is made. Each area of interest is reviewed at the end of each accounting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

Going concern

The directors have prepared the financial statements of the consolidated entity on a going concern basis. In arriving at this position, the directors have considered the following pertinent matters:

1. Cash on hand at balance date is $1.22 million; and
2. 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.

Critical Accounting Estimates and Judgments

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

Key Judgment – Exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the consolidated entity decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of extraction, future legal changes (including changes to environmental restoration obligations), political factors in the country in which the exploration is taking place and changes to commodity prices.

To the extent that capitalized 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

2. REVENUE AND EXPENSES

Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the consolidated entity:

	Consolidated 31 December 2013 $	Consolidated 31 December 2012 $
(a)Revenue		
Bank interest	6,259	41,782
Other	20,345	34,805
(b) Employee benefits expense		
Wages and salaries	36,000	36,000
(c) Other expenses		
Depreciation	238	384
Technical consultants	173,045	27,124
Administration expenses	173,473	145,946

3. DIVIDENDS PAID OR PROPOSED

No dividend was paid or proposed during the period.

4. CASH AND CASH EQUIVALENTS

For the purposes of the Condensed Cash Flow Statement, cash and cash equivalents comprise the following:

	Consolidated 31 December 2013 $	Consolidated 31 December 2012 $
Cash at bank and in hand	1,220,264	1,810,239
	1,220,264	1,810,239

5. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated 31 December 2013 $	Consolidated 30 June 2013 $
Opening balance	1,744,247	152,145
Additions	668,058	1,592,102
Impairment	-	-
Closing balance	2,412,305	1,744,247

The ultimate recoupment of the Company's expenditure on its oil and gas interests is dependent upon the successful development and commercial exploitation or sale of the respective interests at amounts at least equal to book value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

6. ISSUED AND PAID UP CAPITAL

	Consolidated 31 December 2013 $	Consolidated 30 June 2013 $
6. (a) *Ordinary Shares*		
Issued share capital	54,581,799	53,833,388
Cost of capital raising	(329,851)	(266,280)
Issued and fully paid	54,251,948	53,567,108

6. (b) *Movements in ordinary shares on issue*	$	Number
Balance at 1 July 2013	53,567,108	2,075,655,046
Issued during the half year:		
29 November 2013	402,508	80,501,712
11 December 2013	282,153	56,430,586
19 December 2013	63,750	12,750,000
Less transaction cost	(63,571)	-
Balance at 31 December 2013	54,251,948	2,225,337,344

7. SEGMENT REPORTING

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings since the diversifications of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on this basis.
Reportable segment disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and also similar with respect to the following:

- The product sold and/or services provided by the segment;
- The manufacturing process;
- The type or class of customer for the product or service
- The distribution method; and
- External regulatory requirements

Assets by geographical region

The Group operated only in Australia.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

8. CONTINGENT ASSETS AND LIABILITIES

The directors are not aware of any contingent liabilities or contingent assets at 31 December 2013 not otherwise disclosed in this report.

9. EVENTS AFTER THE BALANCE DATE

There are no matters or circumstances that have arisen since the end of the half-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.

DIRECTOR'S DECLARATION

In accordance with a resolution of the directors of Baraka Energy & Resources Limited (the "consolidated entity"), in the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2013 and the performance for the half year ended on that date; and

(ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Collin Vost

Chairman

Perth, 14 March 2014

ROTHSAY

Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsayresources.com.au

Independent Review Report to the Members of Baraka Energy & Resources Ltd

The financial report and directors' responsibility

The interim consolidated financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Baraka Energy & Resources Ltd for the half-year ended 31 December 2013.

The Company's directors are responsible for the preparation and fair presentation of the consolidated financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim consolidated financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated financial position as at 31 December 2013 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Baraka Energy & Resources Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Independence

In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim consolidated financial report of Baraka Energy & Resources Ltd is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the consolidated financial position as at 31 December 2013 and of the performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Rothsay

Rothsay

Graham R Swan
Partner

Dated 14th March 2014

Chartered Accountants