

17 August 2018

ASX Release

Company Update and Continued Strategic Focus on Vanadium

- **Company to continue its strategic focus on vanadium through its indirect legal rights and majority profit share in the Philippine Iron Sands-Vanadium Magnetite Project and through identification and due diligence review of other advanced vanadium projects**
- **Strategic review of the Company's 100% owned permit EP127 in the Southern Georgina Basin in the Northern Territory**
- **Ongoing review and assessment of all current assets and investments of the Company and outstanding loans advanced to other ASX and unlisted companies**
- **Implementation of improved corporate governance measures and immediate reduction in corporate and administration costs by 50%**

Baraka Energy and Resources Limited ("**Baraka**" or "**The Company**") is pleased to provide shareholders with a corporate update following the first meeting of the newly appointed Board of Directors held on Wednesday 15th August 2018.

Continued Strategic Focus on Vanadium

The Board is firmly of the opinion that the Company should continue to pursue its investment in the vanadium commodity sector, through its continued involvement in the Philippine Iron Sands-Vanadium Magnetite Project and through the identification and review of other projects that are considered highly prospective for vanadium.

The Board has now commenced a review of a number of advanced and early stage resource projects that it believes will complement and enhance Baraka's position in the vanadium sector.

Representatives of the Board and technical consultants of the Company will be in Southern Africa next week as part of this project identification and due diligence review process.

The Board has also commenced an immediate review of the technical aspects and legal structure of its investment in the Philippine Iron Sands-Vanadium Magnetite Project.

Over the past several years, Baraka has directed the majority of its funds raised from shareholders (outside of the payment of corporate and administration fees) to secure exposure to the vanadium sector and obtain an effective 75% profit share distribution in the Philippine Iron Sands-Vanadium Magnetite Project through a "Secured Converting Loan and Profit Sharing Agreement".

To date more than A\$2.8 million has been advanced to the Philippine Iron Sands-Vanadium Magnetite Project, through loan monies advanced to an unlisted public company, Consolidated Iron Sands Limited and indirectly to its Philippine subsidiary Luzon Iron Development Group.

The Board is reviewing the structure of this investment and historical payments made to these companies both directly and indirectly. The Board is reviewing its payment obligations to this project and further seeking to replace the current directors of these companies with its nominees, as provided for under the agreement by which its investments have been made.

The Philippine Iron Sands-Vanadium Magnetite Project comprises two exploration permits, covering approx. 10,000 hectares, most of which is only 500m offshore.

Seismic reports indicate that the sands within the project areas are made up of 3 distinct levels of materials containing Vanadium, Titanium and Iron Ore. The exploration permits are located between 5km - 8km from a port and a special economic zone in the Philippines.

As part of the Company's review of the Philippine Iron Sands-Vanadium Magnetite Project, its technical consultants will complete a review of all available technical information, including the analyses of the historical drilling data and drill cores, and set out the Company's new exploration and development plans for the Philippine Iron Sands-Vanadium Magnetite Project.

Strategic Review of Southern Georgina Basin

The Company holds a 100% interest in exploration permit EP127 located in the southern part of the Georgina Basin in the Northern Territory. The permit extends over approx. 16,000km².

Drilling completed in 2011 has identified the potential for gas, however exploration activities by the Company have been limited since then, due to the Company's focus on and investment in the Philippine Iron Sands-Vanadium Magnetite Project, the Company's limited capital resources and regulatory issues.

The lifting of a fracking moratorium, by the Northern Territory Government earlier this year now provides the opportunity for the Company to pursue a potential farm-in partner and to complete a more strategic review of its investment.

Review of Current Assets and Investments of the Company

The Board has initiated a legal and financial review and assessment of all current assets and investments currently held and made by the Company over the past several years.

The Board and its legal advisors are completing an audit of the various loan agreements and associated variations made in respect to a number of significant loan monies that were advanced to other ASX and unlisted companies.

The Board will provide updates to shareholders on the progress of this audit review.

50% Corporate and Administration Costs Reduction

The Company is pleased to confirm that following the appointment of the new Board of Directors on 10 August 2018, a number of measures have been implemented that will result in a 50% reduction in corporate and administration costs.

These cost reductions have been achieved through amongst other things, an immediate reduction in director remuneration and related party expenses and the relocation of the Company's business premises to 22 Townshend Rd, Subiaco WA 6008.

It is the Board's clear intention to ensure corporate and administration costs are kept at these reduced levels until the Company has secured additional project interests to complement its interest in the Philippine Iron Sands-Vanadium Magnetite Project and strategic focus on resource projects that are considered highly prospective for vanadium.

The Board has also engaged its legal advisors to assist in the immediate implementation of measures to improve previous corporate governance practices.

Change of Business Address

The Company also wishes to advise that effective 17 August 2018, the Registered Office and Business Address of the Company is:

22 Townshend Rd, Subiaco WA 6008
Telephone: +61 8 6380 2470

If you have any queries please contact the Company on +61 8 6380 2470.

Jason Brewer
Director
Baraka Energy & Resources Limited