

30 August 2018

ASX Release

Clarification Announcement – “CVS: Iron Sands Rights and Fees”

Baraka Energy & Resources Limited (“**Baraka**” or “the **Company**”) provides the following clarification to the announcements released to the Australian Stock Exchange by Cervantes Corporation Ltd (ASX:CVS) in conjunction with Baraka on 9 August 2018 titled respectively “CVS: Iron Sands Rights and Fees” and “Iron Sands Venture Update”.

The announcements released on 9 August 2018, signed off by CVS Executive Chairman (who is also the former Baraka Executive Chairman) referred to the CVS/Baraka loan agreement being amended so that the amount of loan owed by CVS to Baraka was amended to **\$900,000**. However, in the interests of continued increased transparency promised by the current Baraka Board of Directors, it should be noted that based on the information that the current board has reviewed, the value of the loan amount before the agreed amendment was **\$1,257,400.47**.

Accordingly the loan, which also had all interest repayments suspended, was revised down on 2 August 2018 in a meeting between CVS Board of Directors and Baraka Board of Directors (which at the time shared two common directors, none of which are the current Baraka Directors).

The Board intends to investigate the basis of the reduction and further clarify why the terms of the loan were changed from a loan which was payable on 12 months’ written notice (with ability to convert wholly or partly into CVS shares), to a loan that is only repayable on 2 years notice with no interest accruing or payable.

The Board are completing an audit of this matter and other various loan agreements advanced to CVS and other ASX and unlisted companies by Baraka.

The Company expects to update the market shortly regarding its progression of the Philippines Iron Sands Vanadium-Magnetite project and its ongoing Vanadium strategy.

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

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Director
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