

13 September 2018

Dear Shareholder

**Invitation to Participate in Baraka Energy & Resources Ltd's Share Purchase Plan**

On 11 September 2018, Baraka Energy & Resources Ltd (ACN 112 893 491) (ASX: BKP) (**Company**) announced its intention to offer shareholders the chance to participate in a share purchase plan to subscribe for ordinary, fully paid shares in the Company (**Plan**).

The Company's Board of Directors is now pleased to make that offer to eligible shareholders on the Terms and Conditions enclosed with this letter.

**Shareholders eligible to participate in the Plan**

The right to participate in the Plan is optional and is only available to shareholders who are registered as holders of fully paid ordinary shares in the capital of the Company (**Shares**) at 5.00pm (WST) on the Record Date of Monday 10 September 2018 and whose registered address is in Australia or New Zealand (**Eligible Shareholders**).

**Share Purchase Plan**

The Plan entitles Eligible Shareholders in the Company, irrespective of the size of their shareholding, to purchase up to \$15,000 worth of Shares at \$0.006 per Share, free of brokerage and commission (**Offer**).

The average market price of the Company's Shares on the ASX during the 5 trading days immediately prior to the announcement date of the Offer was \$0.0071.

Details of the Offer are set out in this letter and the enclosed Terms and Conditions, together with an Share Purchase Plan Form.

**Key Dates\***

| EVENT   | DATE  |
|---|---|
| Record Date   | 5.00pm (WST)<br>Monday 10 September 2018    |
| Announcement of Plan                                    | Tuesday 11 September 2018                   |
| Opening Date of Plan and Dispatch of Plan Documentation | Thursday 13 September 2018                  |
| Closing Date  | 5.00pm (WST)<br>Wednesday 26 September 2018 |
| Issue Date  | Friday 28 September 2018                    |
| Quotation of New Shares on ASX                          | Monday 1 October 2018                       |

*\*The above dates are indicative only and are subject to change at the Company's discretion without notice. Accordingly, shareholders are encouraged to submit their Share Purchase Plan Forms as early as possible.*

## Current Projects

Details of the Company's current activities are set out in the announcements made by the Company to the ASX and are available from the ASX.

The funds raised under the Plan will be used by the Company primarily for the Company's proposed continued review of the Philippine Iron Sands-Vanadium Magnetite Project, the review of other advanced vanadium projects and of exploration permit EP127 in the Northern Territory and general working capital requirements, as set out in the Company's ASX announcement dated 17 August 2018.

## How much can you invest?

Under the Plan, Eligible Shareholders may purchase Shares in specific parcels up to a maximum of \$15,000 worth of Shares (being 2,500,000 Shares at the Offer price of \$0.006 per Share). The maximum investment any Eligible Shareholder may apply for will remain \$15,000 even if they receive more than one Offer (whether in respect of a joint holding or because they have more than one holding under a separate account). Please note, that as set out in section 5 of the Plan, the Company reserves its right to:

- (a) issue fewer Shares than an Eligible Shareholder applies for under the Offer or none at all and its right to scale back applications in such manner as the Directors see fit at their sole discretion; and
- (b) raise a higher total amount, being an amount over and above \$1,500,000, at the Company's sole discretion depending on the total subscription under the Plan.

Any determination by the Directors in respect of any scaling back or refusal of any application for Shares will be final. If a scale back occurs or the Company refuses an application for Shares, the Company will refund any excess Application Monies to the relevant Eligible Shareholders in full (without interest).

## Subscription and Application Procedure

Eligible Shareholders may participate by selecting one of the following Offers to purchase Shares under the Plan:

| Offer    | Subscription Price | No. of Shares |
|----------|--------------------|---------------|
| Offer A: | \$2,000 (minimum)  | 333,333       |
| Offer B: | \$5,000            | 833,333       |
| Offer C: | \$10,000           | 1,666,666     |
| Offer D: | \$15,000 (maximum) | 2,500,000     |

No fraction of Shares will be issued.

All application monies must be paid in Australian dollars.

No brokerage, stamp duty or other costs are payable by applicants in respect of an application for Shares under this Offer.

For personal use only

If you would like to participate in the Offer, please return your completed Share Purchase Plan Form (enclosed), together with your cheque made payable to “**Baraka Energy & Resources Ltd**” and crossed “**Not Negotiable**” for the subscription moneys for the Shares you wish to acquire to the following location **before the Closing Date**:

| By Post                         | By Hand                                 |
|---------------------------------|---|
| PO Box 1156<br>Nedlands WA 6909 | 110 Stirling Highway<br>Nedlans WA 6009 |

#### By BPAY

If you elect to pay by BPAY, you will not need to return the Application Form but you will need to make the payment by 3.00pm (WST) 26 September 2018 in accordance with the instructions on the Share Purchase Plan Form and quoting your personalised BPAY reference number provided on the Share Purchase Plan Form.

Applications (together with payment) must be received on or before the **Closing Date of 5.00pm (WST) on Wednesday 26 September 2018**. No late applications will be accepted. Once an application has been made, it cannot be revoked. All valid applications shall be deemed accepted if received before the Closing Date.

Please refer to the Plan Terms & Conditions for details of the certification you will be deemed to provide when you participate in the Offer by returning an Share Purchase Plan Form or by paying by BPAY.

#### Purchase Price and acceptance of risk factors

The purchase price of Shares under the Offer is \$0.006 per Share. On the trading day immediately prior to the announcement date of the Offer (**Announcement Date**), the closing price of the Company traded on ASX was \$0.007. The Offer price of \$0.006 per Share represents a 15.49% discount to the volume weighted average share price over the last 5 trading days prior to the Announcement Date.

The market price of the Shares in the Company may rise and fall between the date of the Offer and the date that any Shares are allotted to you as a result of your acceptance of this Offer.

By accepting the Offer and applying for Shares under the Plan, each Eligible Shareholder will be acknowledging that, although the Offer price is at a discount to the Share price on the Announcement Date, Shares are a speculative investment and the price of Shares on ASX may change between the date of the Company announcing its intention to make an Offer and the date of issue of Shares under that Offer and that the value of the Shares received under the Plan may rise or fall accordingly.

The Board recommends that you obtain your own financial advice in relation to the Offer and consider price movements of Shares in the Company prior to accepting this Offer.

## Shareholder Approval

The Offer is limited to 30% of the Company's ordinary shares on issue as at the date of this document and the Company will issue the Shares pursuant to ASX Listing Rule 7.2 Exception 15. Accordingly, Shareholder approval is not required for the issue of the Shares under the Offer.

## Additional Information and Important Dates

The Offer cannot be transferred and the Board reserves the right to reject any application. Shares allotted under the Plan will be issued as soon as practicable after the Closing Date of the Offer. Application for quotation on ASX of the new Shares will be made immediately following the issue of those Shares.

In the event of an oversubscription by the Closing Date, the Directors may, in their absolute discretion, scale-back all applications on any basis they deem fit and/or determine to raise an amount higher than \$1,500,000. The Directors may also elect to accept less than the maximum number of Shares that may be issued under the Offer.

As set out in section 5 of the Plan, if the Company rejects or scales-back an application or purported application, the Company will promptly return to the shareholder the relevant application monies, without interest.

## New Zealand offer restrictions

The Plan 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 with New Zealand law.

This document has not been registered, filed with or approved by any New Zealand regulatory authority under New Zealand law. 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.

## Shortfall Placement

If less than 250,000,000 Shares are applied for pursuant to the Offer, the Company will seek shareholder approval at its upcoming Annual General Meeting for the issue any shortfall shares. Subject to shareholder approval, any shortfall shares will be placed at the Director's discretion.

Yours faithfully



Anna MacKintosh  
**Company Secretary**  
**Baraka Energy & Resources Ltd**

**BARAKA ENERGY & RESOURCES LTD**

**ACN 112 893 491**

**Shareholder Share Purchase Plan – Terms and Conditions**

**1. Purpose**

The purpose of the Shareholder Share Purchase Plan (**Plan**) is to offer existing shareholders of Baraka Energy & Resources Ltd (**Company**) the opportunity to acquire additional fully paid ordinary shares in the Company (**Shares**) at \$0.006 per Share up to a maximum of \$15,000 (when combined with any Shares issued under any share purchase plan in the 12 months preceding the date of the Plan) without the need to pay brokerage costs and without the need for the Company to issue a prospectus. The Plan Terms and Conditions have been determined by the Board of Directors of the Company.

**2. Shareholders eligible to participate**

The right to participate in the Plan is optional and is only available to shareholders who are registered as holders of fully paid ordinary shares in the capital of the Company at 5.00pm (WST) on the Record Date of Monday 10 September 2018 with a registered address is in Australia or New Zealand (**Eligible Shareholders**).

Due to foreign securities laws, it is not practical for shareholders resident in other countries to be offered the opportunity to participate in the Plan.

Participation in the Plan is optional and is subject to these Terms and Conditions. Offers made under the Plan are non-renounceable (that is, Eligible Shareholders may not transfer their rights to any Shares offered under the Plan).

The maximum amount, which any Eligible Shareholder may subscribe for in any consecutive 12 month period under the Plan, is A\$15,000. The Board may also determine in its discretion, the minimum amount for participation, the multiple of Shares to be offered under the Plan and the period the Offer is available to Eligible Shareholder.

**3. Custodians, trustees and nominees**

If you are an Eligible Shareholder and hold Shares as a custodian (as defined in ASIC Class Order CO 09/425) (refer below) (**Custodian**) or in any more specific ASIC relief granted to the Company in relation to the Plan), you may apply for up to the maximum number of new Shares for each beneficiary for whom you act as custodian, provided you annexe to your Share Purchase Plan Form a certificate to the Company (**Custodian Certificate**) confirming the following:

- (a) that you held Shares on behalf of one or more other persons (each a **Participating Beneficiary**) at 5.00pm (WST) on the Record Date of 10 September 2018 and have subsequently been instructed by those Participating Beneficiaries to apply for Shares under the Plan on their behalf;
- (b) the number of Participating Beneficiaries and their names and addresses;
- (c) the number of Shares that you hold on behalf of each Participating Beneficiary;
- (d) the dollar amount of Shares that each Participating Beneficiary has instructed you, either directly or indirectly through another custodian, to apply for on their behalf;
- (e) that the application price for Shares applied for under the Offer for each Participating Beneficiary for whom you act, plus the application price for any other Shares issued to you

as custodian for that Participating Beneficiary under any arrangement similar to the Plan in the prior 12 months does not exceed \$15,000;

- (f) that a copy of the written offer document was given to each Participating Beneficiary; and
- (g) where you hold Shares on behalf of a Participating Beneficiary indirectly, through one or more interposed custodians, the name and address of each interposed custodian.

For the purposes of ASIC Class Order CO 09/425, you are a 'custodian' if you are a registered holder that:

- (a) holds an Australian financial services licence that:
  - (i) covers the provision of a custodial or depositary service (as that term is defined in section 766E of the Corporations Act); or
  - (ii) covers the operations of an IDPS (as defined in ASIC Class Order [CO 13/763];
- (b) is exempt from the requirement to hold an Australian financial services licence for the provision of a custodial or depositary service under:
  - (i) paragraph 7.6.01(1)(k) or 7.6.01(l)(na) of the *Corporations Regulations 2001* (Cth);
  - (ii) ASIC Class Order [CO 14/1000] to the extent that it relates to ASIC Class Order [CO 14/1001];
  - (iii) ASIC Class Orders [CO 03/1100], [CO 03/1101], [CO 03/1102], [CO 04/829] or [CO 04/1313];
  - (iv) an individual instrument of relief granted by ASIC to the person in terms similar to one of the class orders referred to in paragraph (b)(iii) above; or
  - (v) paragraph 911A(2)(h) of the Corporations Act;
- (c) is a trustee of a:
  - (i) self managed superannuation fund; or
  - (ii) superannuation master trust;
- (d) is a responsible entity of an IDPS-like scheme (as defined in ASIC Class Order [CO 13/762]; or
- (e) is the registered holder of shares or interest in the class and is noted on the register of members of the body or scheme (as the case may be) as holding the shares or interest on account of another person.

If you hold Shares as a trustee or nominee for another person or persons but are not a Custodian as defined above, you cannot participate for beneficiaries in the manner described above. In this case, the rules for multiple single holdings (above) apply.

Custodians should request a Custodian Certificate when making an application on behalf of Participating Beneficiaries. To request a Custodian Certificate and if you would like further information on how to apply, you should contact the Company's Share Registry, Advanced Share Registry Services on (08) 9389 8033 at any time from 8:30am to 5:00pm (WST) Monday to Friday during the Offer period.

The Company reserves the right to reject any application for Shares to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements. The Company reserves the right to reject applications in accordance with these Terms and Conditions.

#### 4. Price of Shares

The price of Shares to be issued under the Plan is \$0.006 per Share.

#### 5. Applications, notices and certification

The Company will send Eligible Shareholders a letter of offer and acceptance procedures, inviting them to subscribe for Shares under the Plan, and accompanied by the Terms and Conditions of the Plan and an Share Purchase Plan Form. Applications will not be accepted after the Closing Date of the Offer. Oversubscriptions to the Offer may be refunded without interest.

Notices and statements made by the Company to participants may be given in any manner prescribed by its Constitution.

By returning an Share Purchase Plan Form or by paying by BPAY, an applicant:

- (a) acknowledges that the application is irrevocable;
- (b) irrevocably and unconditionally agree to these terms and conditions and the terms of the Application Form;
- (c) acknowledges and warrants they are an Eligible Shareholder; and
- (d) certifies that the aggregate of the application price for the following does not exceed \$15,000:
  - (i) the Shares that are the subject of the application; and
  - (ii) any other Shares applied for by the applicant under the Plan (or any similar arrangement in the 12 months prior to the application), whether:
    - (A) in the applicant's own right; or
    - (B) jointly with one or more persons; or
    - (C) in the applicant's capacity as a beneficiary (as defined below),

but not including in the applicant's capacity as a trustee or nominee where it is expressly noted on the Company's register of members that the shareholding is held on account of another person.

If 2 or more persons are recorded in the register of members as jointly holding the Shares to which an applicant's application relates, they are taken to be a single registered holder and these statements are taken to be given by all of them.

If a trustee or nominee is expressly noted on the Company's register of members as holding the shares to which an application relates on account of another person (the "**beneficiary**"), these statements and confirmations are taken to be given by the beneficiary in respect of him/her/itself (and not the trustee or nominee).

The Company reserves its right, in its absolute discretion, to:

- (a) issue fewer Shares than an Eligible Shareholder applies for under the Offer or none at all and its right to scale back applications in such manner as the Directors see fit at their sole discretion; and/or
- (b) raise a higher total amount, being an amount over and above \$1,500,000, at the Company's sole discretion depending on the total subscription under the Plan subject to regulatory restrictions.

Any determination by the Directors in respect of any scaling back or refusal of any application for Shares will be final subject to regulatory restrictions. If a scale back occurs or the Company refuses an application for Shares, the Company will refund any excess Application Monies to the relevant Eligible Shareholders in full (without interest).

#### **6. Placement of Shortfall**

Any Shares offered under the Plan that are not taken up by eligible Shareholders will make up a shortfall which will be placed by the Company subject to regulatory requirements. The Company does not have sufficient capacity pursuant to ASX Listing Rule 7.1 to issue new shares, therefore, the Company will seek shareholder approval at its upcoming Annual General Meeting for the issue any shortfall shares. Subject to shareholder approval, any shortfall shares will be placed at the Director's discretion.

#### **7. Issue of Shares**

Shares to be issued under the Plan will be issued as soon as reasonably practicable after the Closing Date.

Shares issued under the Plan will rank equally in all respects with all other fully paid ordinary shares in the Company from the date of issue.

Holding statements or CHESS notification will be issued in respect of all Shares issued under the Plan. The Company will, promptly after the issue of Shares under the Plan, make application for those Shares to be listed for quotation on the Official List of ASX.

#### **8. Modification and termination of the Plan**

The Company may modify or terminate the Plan at any time. The Company will notify ASX of any modification to, or termination of, the Plan. The omission to give notice of any modification to, or termination of, the Plan or the failure of ASX to receive such notice will not invalidate the modification or termination.

Without limiting the above, the Company may issue to any Eligible Shareholder fewer Shares than the Eligible Shareholder applied for under the Plan if the issue of the Shares applied for would contravene any applicable law or the Listing Rules of ASX.

#### **9. Dispute resolution**

The Company may, in any manner it thinks fit, settle any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any participant, application or Shares. The Company's decision in this respect will be conclusive and binding on all shareholders and other persons to whom that determination relates.

The Company reserves the right to waive strict compliance with any provision of these Terms and Conditions. The Company's powers under these Terms and Conditions may be exercised by the Directors of the Company or any delegate of the directors of the Company.

#### **10. Queries**

If you have any questions regarding the Plan or how to deal with this Offer, please contact your stockbroker or professional adviser in the first instance, or the Company on (08) 6380 2470.