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Newsletter

Exciting unique Drill program ahead

Baraka Petroleum Ltd (ASX:BKP)is pleased to announce that it has signed an amended agreement with its two farm-in partners, NT Oil Ltd (NTO) and Georgina Basin Energy Pty Ltd, (a wholly owned Australian subsidiary of Australian Energy Corp. (AEC)) that substantially increases AEC's expenditure and commitment to the joint venture oil and gas areas of EP 127 and EP 128.

AEC is progressing the listing of their company in Canada and the raising of additional capital for the exploration of EP127 and EP128 (7.8 million acres) as well as their other adjoining joint venture areas, EP103 and EP104, in the Georgina Basin of the Northern Territory.

AEC are encouraged by the prospectively of this area and they have approached BKP's original farm-in partner to acquire NTO's 25% interest in EP127 and EP128. Whilst BKP had pre emptive rights to share in that 25% under the existing Joint Operating Agreement (JOA), the Board of BKP believe it is in the best interests of the joint venture to give consent for AEC to acquire the full 25% without participation by BKP. The acquisition of NTO's 25% by AEC will entitle AEC to a full 75% interest in the EP127 and EP128 areas and BKP to a free 25% free carried interest up to the completion of a well as agreed on the amended terms. This arrangement is subject to NT Government approval of the amended expenditure agreements on the areas. BKP will retain its 75% interest in exclusion zone of some five kilometre radius around the Elkedra-7 well on EP127, where previous drilling has indicated oil shows. This zone could be of significant value in the event of a discovery.

An extensive core and Petrophysical analysis of the basal Arthur Creek Shale and the interbedded reservoir in the Macintyre-1 well on EP127, carried out by AEC, indicates a potential bypassed unconventional pay zone analogous to the Bakken formation in Southeast Saskatchewan and North Dakota. The amended agreement requires AEC to complete one horizontal exploration well, of at least 500 metres, through the basal Arthur Creek Shale Zone on either EP127 or EP128 with Multistage Frac stimulation (similar to the Bakken drilling and completions). This enhances the possibility of a discovery by opening up hundreds of metres of potential pay zone. At least five wells on EP127 and EP128 have had live oil shows, some with background gas. The Arthur Creek Shale commences at a vertical depth of 770m.

Under the revised agreement, AEC have committed to a significantly increased exploration budget (almost double the previous commitment). The proposed drilling technique will utilise horizontal drilling and fraccing, a technique that is used to test unconventional oil rich shale zones in North America and it is BKP's understanding that this technology has yet to be used in Australia on this type of formation.

Should the investigation result in an interpretation that is analogous to the Bakken model and the drilling and fraccing indicate acceptable flow rates, the objective is to progress the project towards production, possibly as early as 2011.

Discussions between AEC and the drilling contractors have already commenced and it is anticipated that an announcement on the signing of this agreement is imminent.

Ryder Scott, a Worldwide Oil and Gas consulting firm, were engaged to prepare a report for AEC on their adjoining areas, EP103 and EP104. In addition, Ryder Scott has also been commissioned by AEC to prepare a resource report, in accordance with the farm-in agreement with BKP, on EP127 and EP128. This report is also expected to be released in the very near future.

The decision to utilise the horizontal drilling and fraccing technology will delay the spud date due to the extra time required to design and engineer the well and system and to introduce it into Australia. However, AEC are confident that the use of the technology will greatly enhance the value of the project. The Board of AEC, their management and consultants, are strongly of the belief that the geology of the EP's within the tightly held areas of the partners, is analogous to that of the geology of the Bakken Shale areas within the USA and Saskatchewan in Canada, where massive discoveries of oil and gas have resulted from the uses of horizontal drilling and fraccing technologies.

AEC have kindly consented to the use of their presentation material incorporated into this document, to illustrate the very positive nature of this program. The maps are for illustration purposes only and should be considered as such, as data, circumstances and estimates can change.

BKP are committed to a free flow of information over the coming months prior to the spud date, to keep investors, traders and the market informed of progress being made on this very exciting initiation and other activities as they unfold.

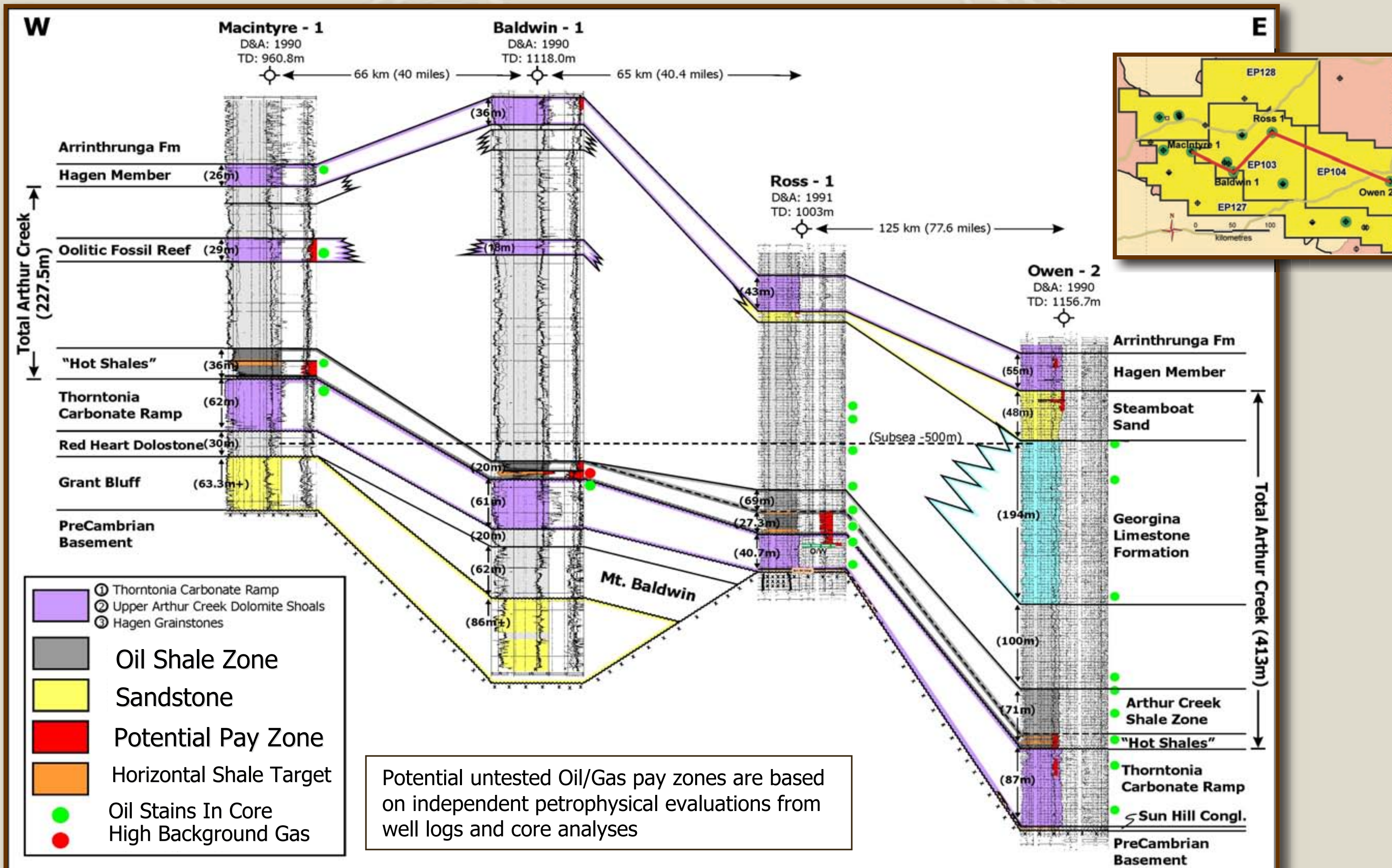
Baraka will be updating their website with ongoing information released to the ASX but if you would like to be place on an email list for updates please email your address to our offices.

Yours sincerely

Collin Vost

Dip Financial Services (Financial Planning)
Dip AII AAII AFSAA.
Derivatives Accredited (ADA2)
Superannuation Accredited
Director

11 Potential Untested Bypassed Pay Zones



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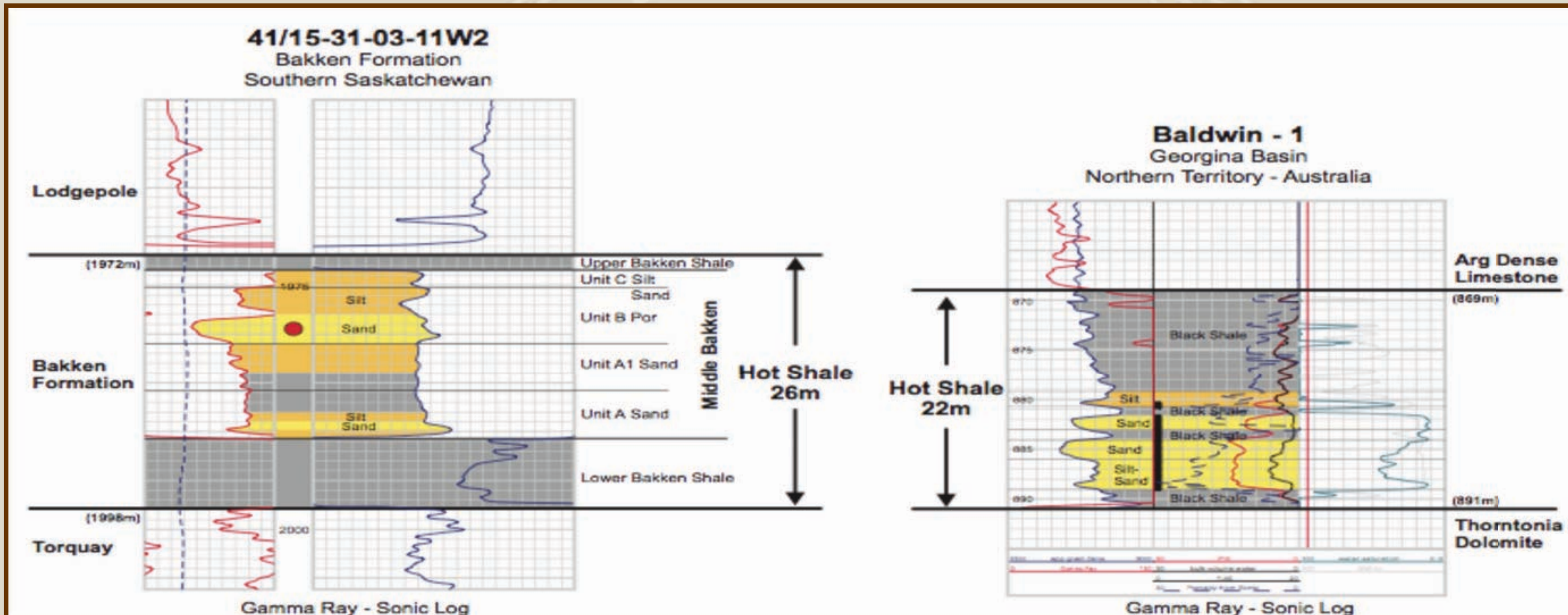
Bakken vs Arthur Creek



Log Parameters	Bakken	Arthur Creek
Porosity (ave.)	**4%-8%**(3)	**8%-15%**(2&4)
Permeability (ave.)	**0.5-2.0mD** (1)	**10-100mD** (2&4)
Shale Thickness (ave)	26 meters(2)	22 meters(4)
Res. Thickness (ave)	4.5 meters(1)	9.0 meters(4)
Total Organic Carbon	8(1)	5%(2)
Resistivity Peak	1,000 ohms(3)	10,000 ohms(2&4)

Note: Even though the Arthur Creek appears better on logs than the Bakken, there is significant play risk since it is untested and unproven.

Economic Parameters	Bakken
Ave. drill and complete cost	$1.7MM(1)
Ave. rate of return per well	56%(1)
Ave. well 1st month production	156 BOE/d(1)
Ave. recoverable reserves per well	112,500 BOE(1)

Sources:
(1) Peters and Co. Limited - Bakken Report - Spring 2009
(2) JN Dunster, PD Kruse, ML Duffett and GJ Ambrose
(3) AAPG Vol 93. Sonnenber and Pramudito
(4) Independent petrophysical evaluation of Baldwin-1

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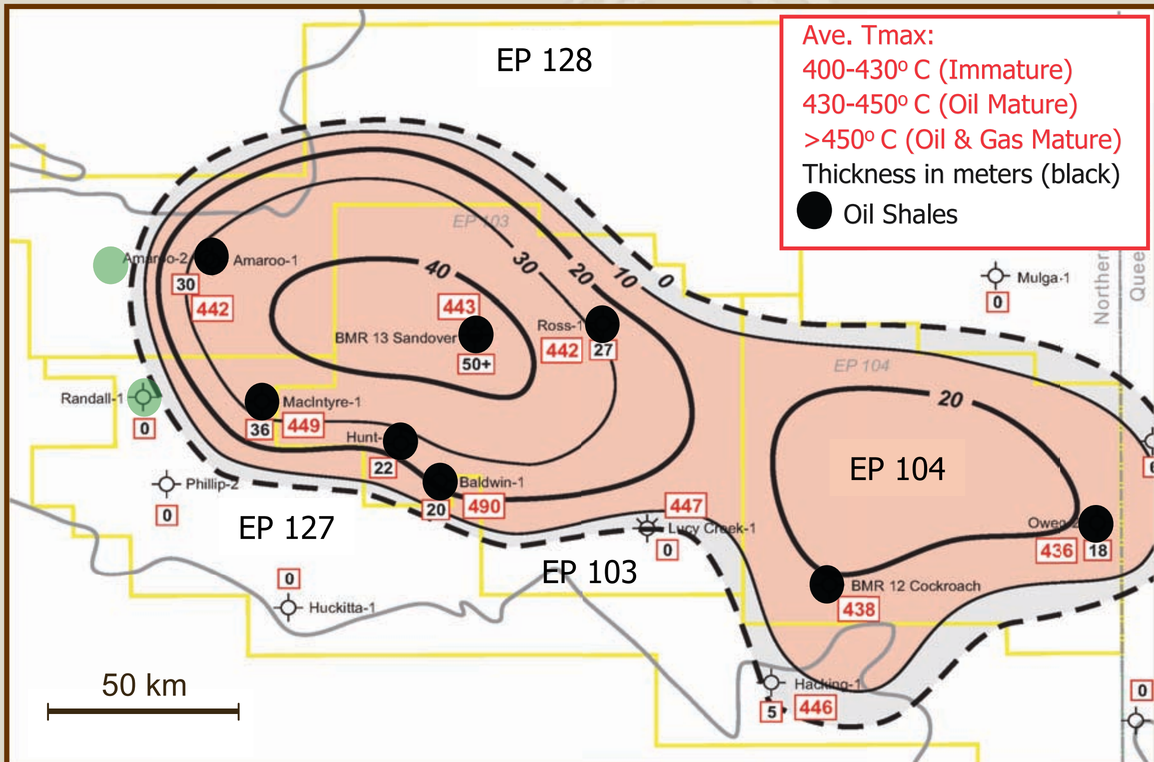
Unconventional Oil Shale Map



Unconventional Source Rock

- 8 old wells contain prospective Oil Shales
- Oil Shale Resource **8.90 BBbl**[(1)]
- Reservoir rocks inter-bedded in Oil Shale
- Biggest play risk is technical and economic (engineering)[(1)]

- "Strong technical similarities between the Arthur Creek formation and the unconventional oil targets within the Bakken Oil Shale play in Canada and USA"[(1)]

(1) Ryder Scott, Resource Evaluation (Sept. 2009). Ryder Scott report (2009) did not evaluate EP 127 and 128 as those lands were not owned at that time. Resources are Un-risked, Undiscovered, Prospective (**Recoverable**), P50, gross acreage.

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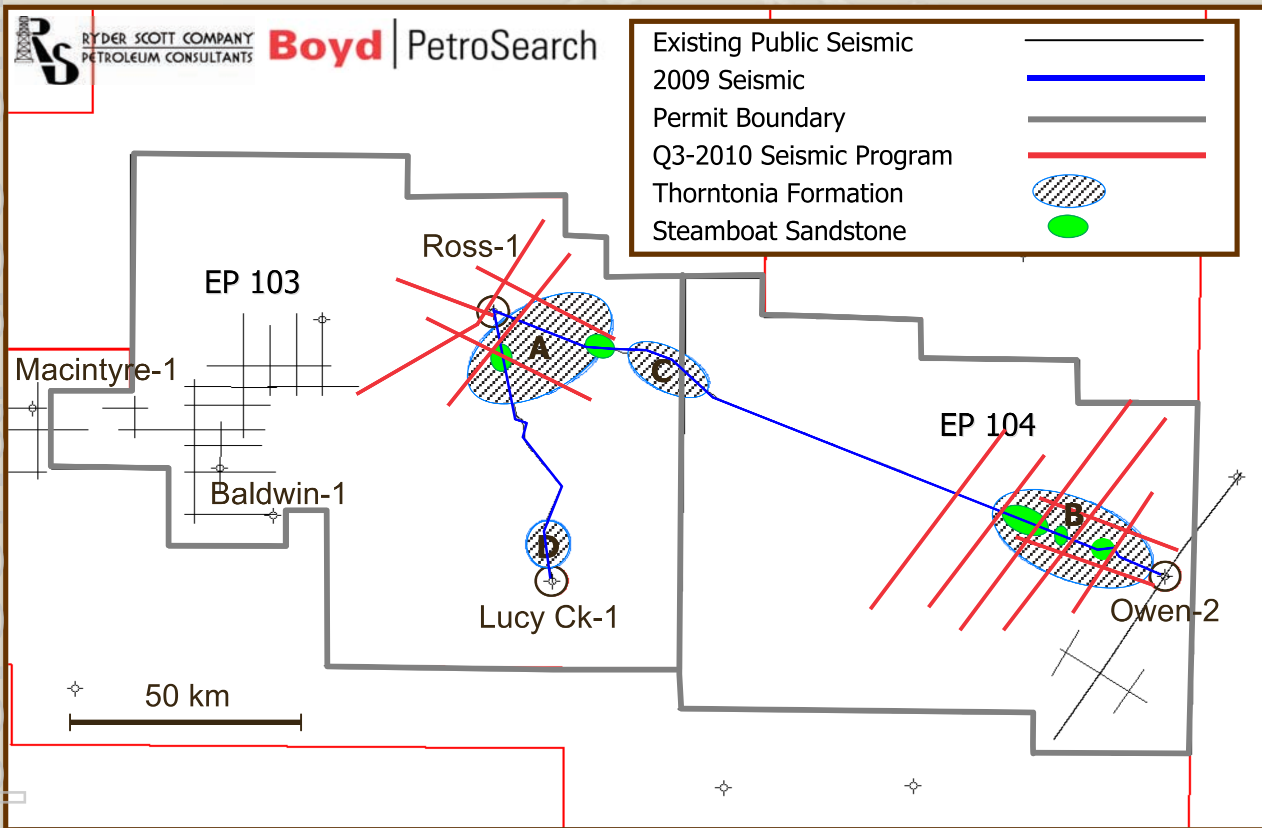
Conventional Targets Identified on Seismic

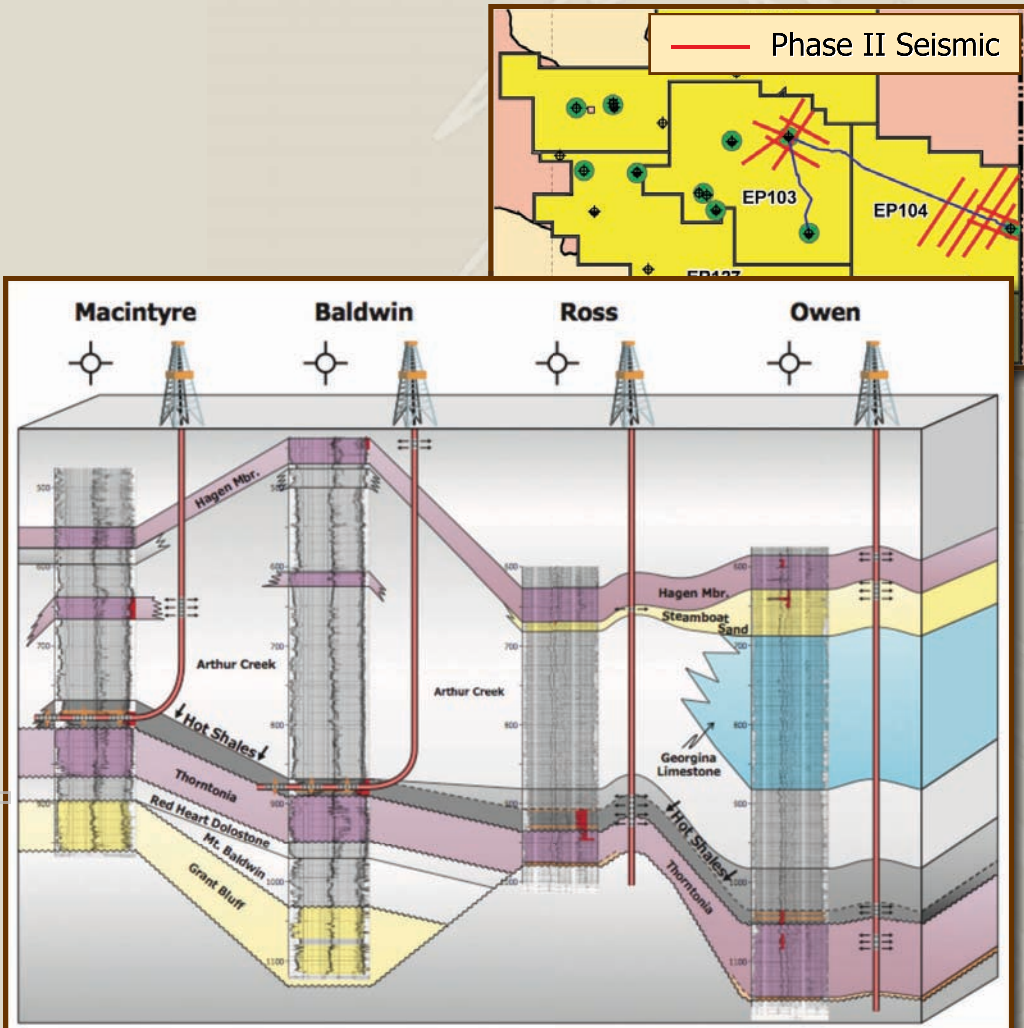


*(1) Ryder Scott, Resource Evaluation (Sept. 2009). Resources are Un-risked, Undiscovered, Prospective (**Recoverable**), P50, gross acreage.*

Lead A and B

- Potential conventional oil pools up-dip from old wells
- Conventional Oil Resource from Thorntonia Formation and Steamboat Sandstone
  - Lead A **1,017 MMBbl**(1)
  - Lead B **1,020 MMBbl**(1)
  - Lead C **252 MMBbl**(1)
  - Lead D **150 MMBbl**(1)

Exploration Program: Phase II Seismic and Phase I Drilling



Phase II Seismic

- 550 Km of 2D seismic to locate up-dip structures from Owen-2 and Ross-1 (see map on page 7)

Phase I Drilling Campaign

- Macintyre-2 and Baldwin-2
  - Horizontal twins using old wells as pilot holes
  - Primary Target Unconventional
- Ross-2 and Owen-3
  - Vertical wells up-dip from old wells based on new seismic
  - Primary Target Conventional

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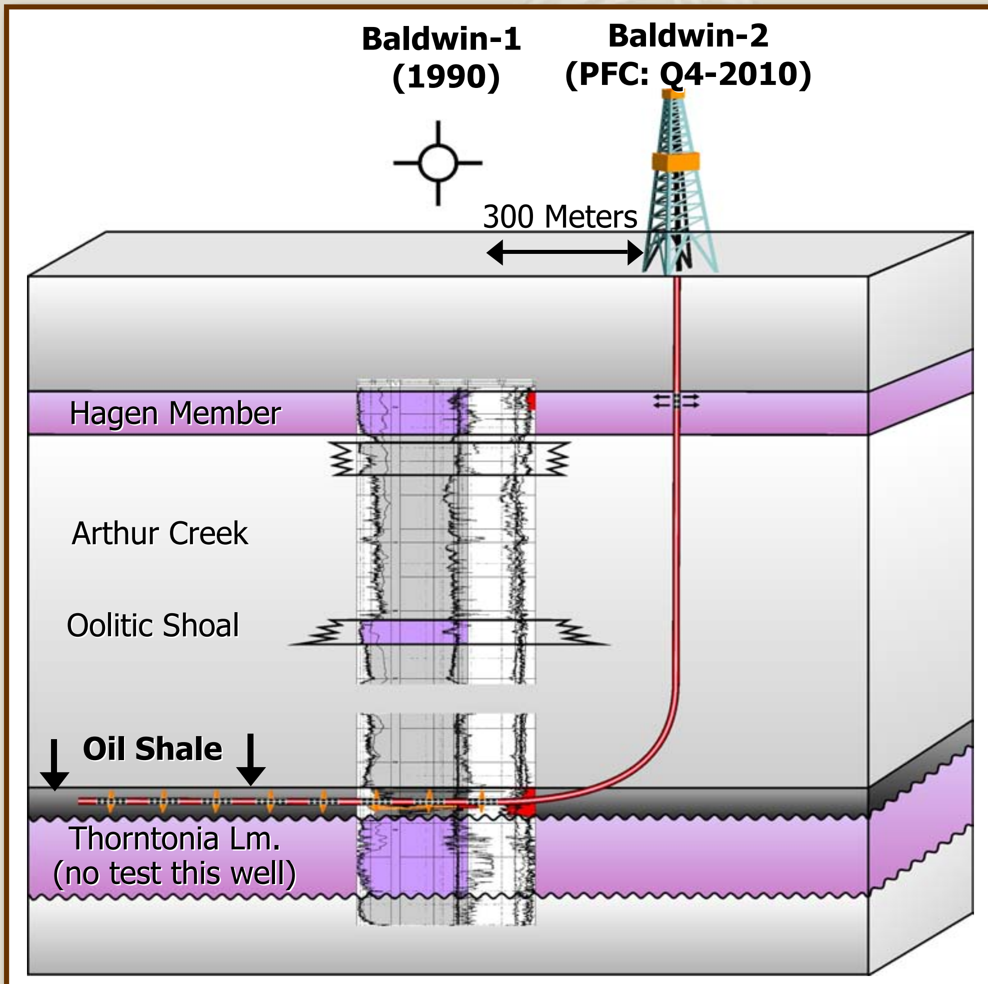
Horizontal Wells (Baldwin-2 and Macintyre-2)



- Macintyre-1 is similar to the section above however in Macintyre-1 the Oolitic Shoal is perspective and the Hagen Member is not, based on independent petrophysical analysis

Horizontal Section

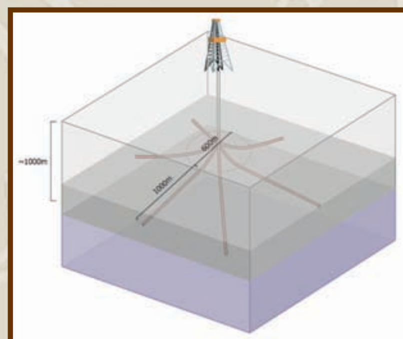
- Directional drill to intersect Oil Shale adjacent to old well-bore (pilot hole)
- Geosteer bit through Oil Shale reservoir rock 500-1,000 meters

Completion

- Multistage frac horizontal leg (if needed)
- Perforate upper conventional zone

Multi-Lateral

- The Oil Shale may be a candidate for multi-lateral drilling
- Multi-lateral development reduces drilling costs and time



World Class Total Organic Carbon ("TOC")

Souce Rock	Av TOC (%)	Age	Lithology	Kerogen Type	Reference
Arthur Creek "Hot" Shale PFC Lands Southern Georgina Basin	**>5.0**	**Middle Cambrian**	**shale**	**I & II**	**Ryder Scott Report (Sept. 2009)**
Bakken (Middle Member)	**8.0**	**Carboniferous**	**shale**	**I**	**Peters and Co. Limited 2009**
Niger Delta	2.6	Cenozoic	shale	II	Tuttle *et al* (2002)
Kimmeridgian 'hot' shale, Brent	>6.0	Jurassic - Cretaceous	shale	II	Klemme (1994)
Proven source rock of Russian Platform	0.47	various including,	carbonate rocks	II, III	Ronov (1958)
	1.37	Cambrian	shale	II, III	Ronov (1958)
Qusaiba 'hot' Shale, Arabian Peninsula	4.1	Silurian	shale	II	Hussain (2001)
Hanifa and Tuwaiq Mountain Formation, Arab Basin	3.0	Upper Jurassic	shale	II	Klemme (1994)
Smackover, Tamman	2-4	Upper Jurassic	shale	II, III	Klemme (1994)
Brown-Duwi Member, Sudr Formation Red Sea Basin	2.6	Upper Cretaceous	uraniferous limestone	II	Lindquist (1998)

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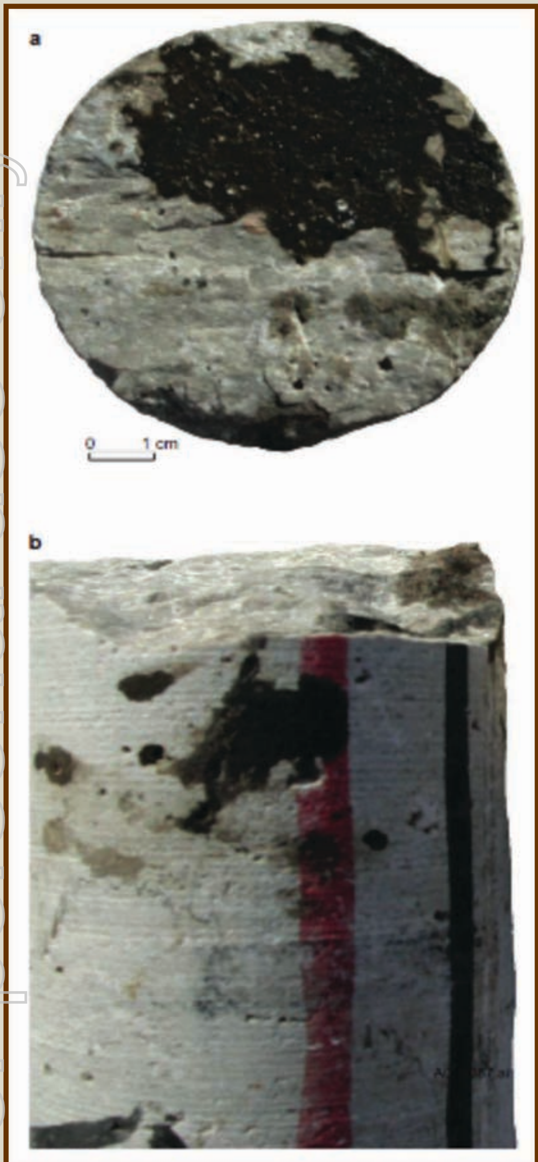
Well Cores



Oil shows in Thorntonia Formation.
935 m depth in Ross 1

Vugular porosity associated with karsted Thorntonia Formation dolostone Ross-1.

Black laminated, organic-rich shale (potential source rock) of the basal Arthur Creek Formation (Oil Shale) overlying Thorntonia Formation from Ross-1 (934 m)

Vuggy porosity in upper Arthur Creek Formation, 878-880 m depth Owen 2

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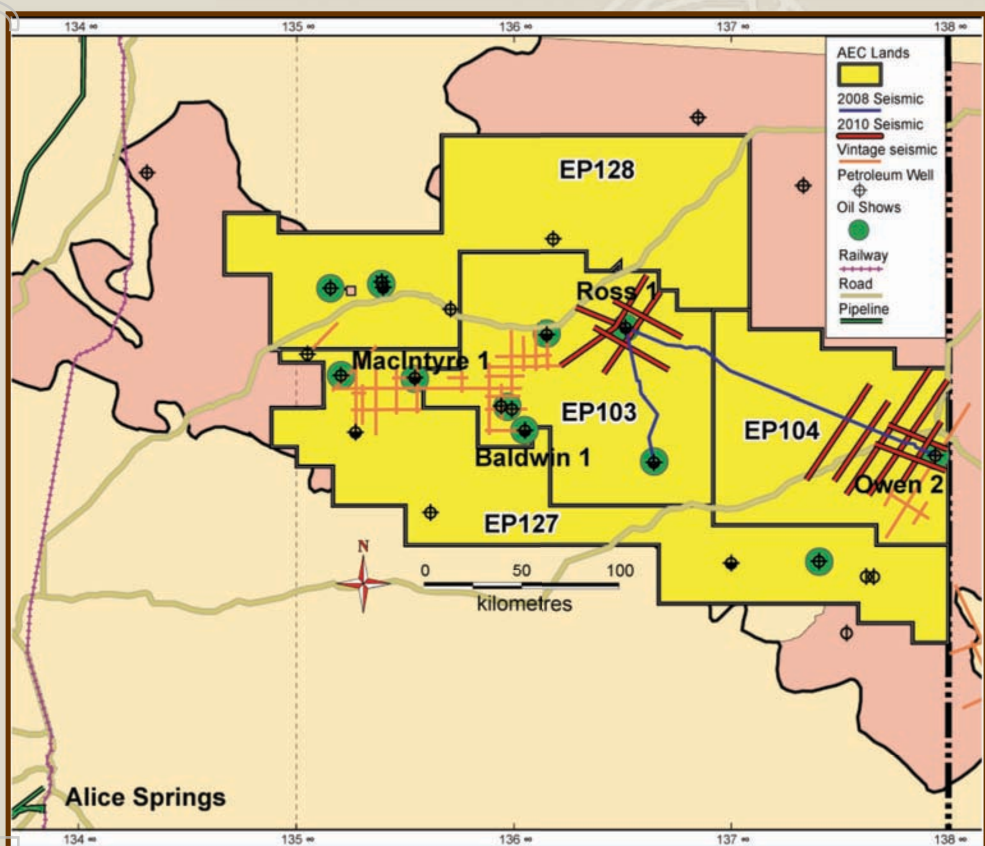
Cambrian Petroleum System

Age	Dulcie Syncline	Western Toko Syncline	Tectonic Event (Primary Target)
TERTIARY	Undifferentiated	Undifferenciated	
LATE JURASSIC CRETACEOUS		Undifferenciated	
DEVONIAN	Dulcie Sandstone	Cravens Peak Beds	
LATE ORDOVICIAN-SILURIAN			Alice Springs Orogeny
EARLY-MIDDLE ORDOVICIAN		Ethabuka Sandstone	
		Mithaka Formation	
		Carlos Sandstone	
		Nora Formation	
	Nora Formation	Coolibah Formation	
	Kelly Creek Formation	Kelly Creek Formation	
LATE CAMBRIAN	Tomahawk Formation	Ninmaroo Formation	Delamerian Orogeny
	Arrinthrunga Formation	Arrinthrunga Formation	
	Eurowie SS Member	Eurowie SS Member	
	Chabalowe Formation	Chabalowe Formation	
	Hagen Member	Hagen Member	
MIDDLE CAMBRIAN		**Steamboat Sandstone**	*(Primary Oil Reservoir)*
	Arthur Creek Formation	**Georgina Limestone**	*(Secondary Unconventional Oil Reservoir)*
		Arthur Creek Formation	*(Secondary Unconventional Oil Source & Reservoir)*
	"Hot Shale"	**"Hot Shale"**	*(Primary Unconventional Oil Source & Reservoir)*
	Thorntonia Limestone	**Thorntonia Limestone**	*(Primary Oil Reservoir)*
EARLY CAMBRIAN	Red Heart Dolostone	Red Heart Dolostone	
	Mount Baldwin Formation	Adam Shale	Petermann Orogeny
NEOPROTEROZOIC	Elker Formation		
	Mopunga Group	Mopunga Group	

Georgina Basin Petroleum System



- Known petroleum system
- Old wells with live oil shows and high background gas
- Majority of PFC lands in oil mature window
- Source rocks and seals
  - Cambrian black organic Oil Shales
  - Thickness up to 45 meters
  - Average total organic carbon content >5% (Max 14.2%)
  - Shale evaporite and tight carbonate seal lateral and vertical
- Reservoirs (Cambrian Carbonate and Sandstones)
  - Thickness up to 100 meters
  - Porosity range ave. 10%-15%
  - Permeability 15 millidarcies - 3.1 darcies
- Structural Traps
  - Potential closed anticlines and fault traps up to 1,200 meters depths

Source: Ryder Scott, Resource Evaluation (Sept. 2009) (gross acreage)

- *Southern Georgina Basin "Mostly stratigraphic tests drilled to date. Less than 1 well per 5,500 km^2. Exploration wells drilled to date had oil and gas shows. No wells appear to be valid structural tests."* *(Source: Northern Territory Geological Survey 2006)*

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