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31 January 2007

QUARTERLY REPORT
December 2006

CEO Comments

During the last quarter Baraka moved into a new phase in its development as an exploration company with the commencement of the drilling of its first well, Heron-1 in on shore Mauritania. Following many months of planning and working with the Operator CNPCI, Heron-1, within the onshore portion of the Coastal Basin of Mauritania, was spudded in on 13 October 2006. Drilling of the well is progressing and as of 29 January 2007 the well had progressed to 3668 metres.

In Mali, our ground breaking airborne survey, one of the largest ever flown by a private company, acquisition activities were completed in early November. Processing and interpretation will be completed in the second quarter. An aero-gravimetric survey was commenced in December. This work will focus the next phase of the programme, a 2-D seismic survey later in 2007-08, over identified target areas.

In November 2006 Baraka signed a farm out agreement (FOA) with subsidiaries of oil & gas super majors Eni S.p.A (Eni) and Sonatrach International Petroleum Exploration & Production BVI (SIPEX) for its five blocks (1, 2, 3, 4 and 9) in Mali. Under the terms of this FOA a fully own subsidiary of Italian oil & gas company Eni, will earn a 50% Participating Interest and assume Operatorship in all 5 blocks. Eni is reputably the sixth largest oil and gas company in the world, operating in more than 70 countries. SIPEX, the international subsidiary of Algerian national oil & gas company Sonatrach, will earn a 25% participating interest in the same five blocks. SIPEX has extensive exploration and production experience in the Algerian Sahara where geological conditions are very similar to that of the Taoudeni Basin in Mali.

In New Ventures, we have been focused on our objective of acquiring projects at advanced to production stage and we are continuing to evaluate a number of opportunities. Baraka is in the process of forming an Alliance with other small companies that are seeking petroleum new venture projects in Africa. It is expected that this Alliance will be formalised in the first quarter 2007.

Baraka is evaluating other potential mineral opportunities that are emerging as a result of our push in the acquisition of advanced oil & gas opportunities in Africa.

Mauritania Coastal Block 20

Heron-1 was spudded on 13 October 2006 and at 2pm Mauritanian time on 29 January 2007 was at a depth of 3,668 metres drilling ahead in 8 ½ inch hole. The well has encountered fluorescence and gas shows (C1-C5) over a number of intervals in both interbedded sandstones and shales and limestones. Each section has been penetrated deep to prognosis and the total depth of the well will be revised based on the depth at which the Aptian formation is penetrated. Due to the slow penetration rate the well will take longer than the three months planned.

Mauritania Blocks Ta11 & Ta12.

As previously reported the Joint Venture with Woodside Petroleum Ltd on Blocks Ta11 & Ta12 is progressing to the next stage of evaluation. During this next stage the joint venture is acquiring and interpreting geophysical airborne and surface data over an area of approximately 69'000 km² under a US$3.8m work program commitment. Baraka remains fully carried for the entire period. A work program and budget was reviewed at the OCM/TCM held on 26 October 2006.

Mali – Taoudeni Basin Blocks 1,2,3,4 and 9.

The aeromagnetic and radiometric airborne survey totalling 235,234 line km was completed over the five blocks in the Taoudeni Basin. These blocks cover a total area of 193,200 km2 and extend along the Mauritanian border. The survey was one of the largest onshore airborne surveys undertaken by a private oil and gas company. Two planes were operative between the end of January and 10 November 2006 completing 1870 hours of flying over a total of 293 days inclusive of 53.5 days lost due to weather.

A gravity survey, which is the second stage of a planned ongoing works program, commenced on 4 December 2006 and will consist of approximately 24,800 line km's. Delays have been incurred as a result of aircraft and gravimeter tool maintenance. As at 29 January 2007 a total of 4803 line km's had been acquired. The airborne gravity survey together with the results of the magnetic and radiometric survey, enable the Company and its Joint Venture Partners to better define the basin structure/s within these blocks and provide more definite targets for future oil and gas exploration. Interpretation should be completed early in the second quarter of 2007. The regional airborne survey is expected to upgrade several of the identified structural trends within the Taoudeni Basin, with expected results leading to targeted ground work, the planning of a seismic acquisition programme to begin in the third quarter 2007 and the selection of drilling targets.

A work program and budget was prepared and reviewed at the OCM/TCM held on 11 January 2007.

Corporate

Baraka has signed a farm out agreement (FOA) with subsidiaries of oil & gas super majors Eni S.p.A (Eni) and Sonatrach International Petroleum Exploration & Production BVI (SIPEX) for its five blocks (1, 2, 3, 4 and 9) in Mali, West Africa. Under the terms of this FOA Eni Mali B.V., a fully own subsidiary of Italian oil & gas company Eni, will earn a 50% Participating Interest and assume Operatorship in all 5 blocks. Eni is reputably the sixth largest oil and gas company in the world, operating in more than 70 countries. SIPEX, the international subsidiary of Algerian national oil & gas company Sonatrach, will earn a 25% participating interest in the same five blocks. SIPEX has extensive exploration and production experience in the Algerian Sahara where geological conditions are very similar to that of the Taoudeni Basin in Mali.

Baraka will recoup all past costs associated with Year 1 and Year 2 of the exploration program and will be carried for a significant part of Year 3 expenditure program starting on 28 April 2007 to a total of US$19 million.

Baraka will retain 18.75% participating interest in all five PSA's.

Max de Vietri
Managing Director & CEO.

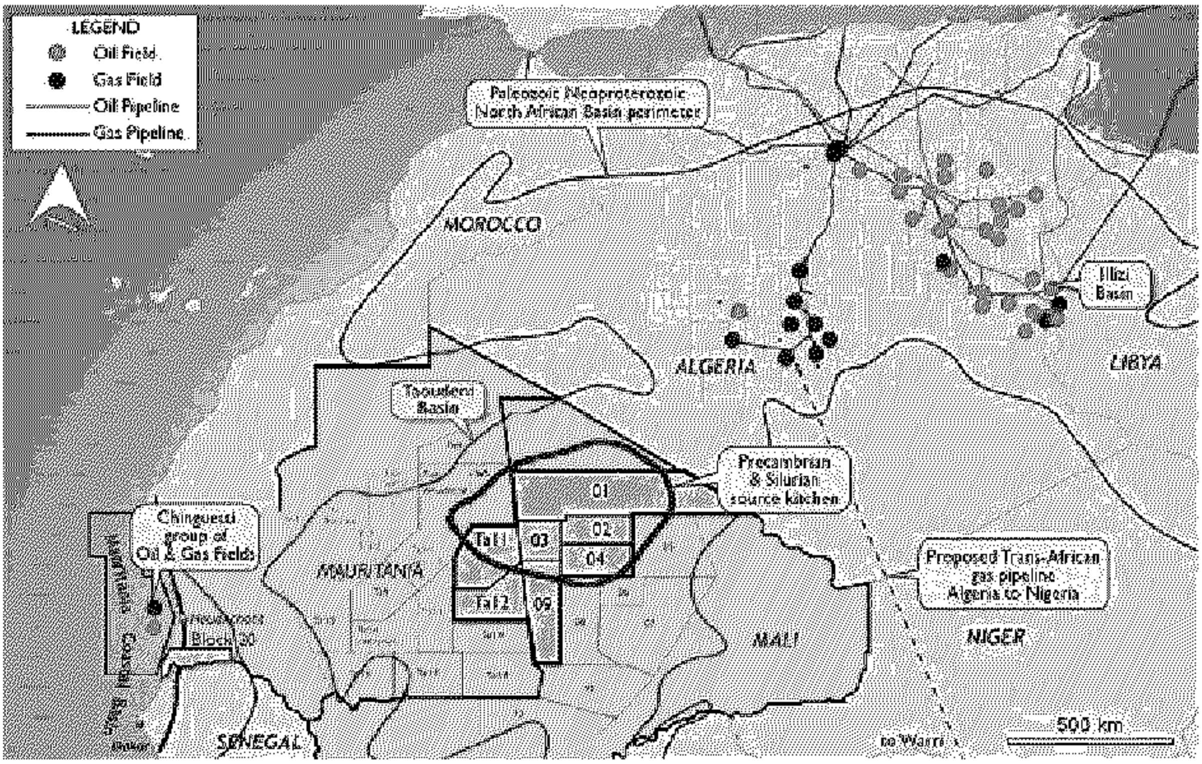

Fig 1 Baraka Petroleum Limited: Tenement Areas

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Baraka Petroleum Limited

ABN	Quarter ended ("current quarter")
80 112 893 491	31 December 2006

Consolidated statement of cash flows

	Cash flows related to operating activities		Current quarter $A	Year to date (6 Months) $A
1.1	Receipts from product sales and related debtors		-	-
1.2	Payments for	(a) exploration and evaluation	(1,984,542)	(2,903,337)
		(b) development	-	-
		(c) production	-	-
		(d) administration	(554,235)	(1,018,878)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		165,443	219,725
1.5	Interest and other costs of finance paid		-	-
1.6	Income taxes paid		-	-
1.7	Other - Foreign exchange gains / (losses)		(95,467)	(120,941)
	Net Operating Cash Flows		(2,468,801)	(3,823,431)
	Cash flows related to investing activities			
1.8	Payment for purchases of:	(a)prospects	-	-
		(b)equity investments	-	-
		(c) other fixed assets	(31,567)	(57,281)
1.9	Proceeds from sale of:	(a)prospects	-	-
		(b)equity investments	-	-
		(c)other fixed assets	-	-
1.10	Loans to other entities		-	-
1.11	Loans repaid by other entities		-	-
1.12	Other (provide details if material)		-	-
	Net investing cash flows		(31,567)	(57,281)
1.13	Total operating and investing cash flows (carried forward)		(2,500,368)	(3,880,712)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(2,500,368)	(3,880,712)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	400,000	10,531,060
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (expenses of capital raising)	-	(627,570)
	Net financing cash flows	400,000	9,903,490
	Net increase (decrease) in cash held	(2,100,368)	6,022,778
1.20	Cash at beginning of quarter/year to date	12,860,281	4,737,135
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	10,759,913	10,759,913

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A
1.23	Aggregate amount of payments to the parties included in item 1.2	203,975
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

a) Salary and Superannuation payable to Directors of $108,125.
b) Administrative costs and consultancy fees payable to a company related to a director of $83,955.
c) Office premise rent payable to a company related to a director of $11,895.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

+ See chapter 19 for defined terms.

Add notes as necessary for an understanding of the position.

		Amount available $A	Amount used $A
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows / (inflows) for next quarter

		$A
4.1	Exploration and evaluation	(5,340,000)*
4.2	Development	-
	Total	**(5,340,000)***

** The amount shown is a net inflow of funds during the next quarter as it includes the planned receipt of reimbursed project costs under the terms of the Mali project farmout agreement with Eni/Sipex.*

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A	Previous quarter $A
5.1	Cash on hand and at bank	196,093	115,847
5.2	Deposits at call	10,563,820	12,744,434
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	10,759,913	12,860,281

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed				
6.2	Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities**	-	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	 - -	 - -	 - -	 - -
7.3	**+Ordinary securities**	342,954,303	342,954,303		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	 2,000,000	 2,000,000		
7.5	**+Convertible debt securities**	-	-		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	 - -	 - -		
7.7	**Options**			*Exercise price*	*Expiry date*
	Directors 20 cent BKPAM	8,000,000	-	$0.20	25/5/2007
	Directors 25 cent BKPAQ	8,000,000	-	$0.25	25/5/2009
	Contractors 20 cent BKPAQ	2,000,000	-	$0.20	25/5/2007
	Contractors 25 cent BKPAS	4,500,000	-	$0.25	25/5/2009
	Employee 20 cent BKPAU	1,450,000	-	$0.20	25/5/2007
	Employee 25 cent BKPAY	1,250,000	-	$0.25	25/5/2009
	Contractor 20 cent BKPAE	700,000	-	$0.20	22/9/2007
	Contractor 20 cent BKPAB	1,250,000	-	$0.20	1/5/2008
	Employee 20 cent BKPAZ	75,000	-	$0.20	10/8/2008
	Contractor 25 cent BKPAC	500,000	-	$0.25	1/11/2009
	Contractor 25 cent BKPAD	1,250,000	-	$0.25	1/5/2010
	Prospectus issue BKPO	25,327,650	25,327,650	$0.25	30/9/2008
7.8	Issued during quarter				
7.9	Exercised during quarter	1,000,000	-	$0.20	25/5/2007
		300,000	-	$0.20	22/9/2007
		500,000	-	$0.20	1/11/2007
		150,000	-	$0.20	25/5/2007
		50,000	-	$0.20	1/7/2008
7.10	Expired during quarter	-	-		
7.11	**Debentures** *(totals only)*	-	-		
7.12	**Unsecured notes** *(totals only)*	-	-		

+ See chapter 19 for defined terms.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: .... Date: 31 January 2007
(Company Secretary)

Print name: Brian J McGillivray

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.