Baraka Petroleum Limited

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29 January 2010

QUARTERLY ACTIVITIES AND CASH FLOW REPORT

PERIOD ENDED 31 DECEMBER 2009

Highlights

- *Technical review of EP 127 and EP 128 completed*
- *Review confirms that hydrocarbon source is a low risk on permits*
- *Isis recommend further work to evaluate reservoir quality and extent*
- *Falcon discovery in Beetaloo Basin boosting interest in central Australia basins*
- *Geoscience Australia completes seismic line traversing EP 127 and EP 128*

Baraka Petroleum Limited

Contacts:
Collin Vost
Telephone: 08 9363 1700

Tony Veitch
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Directors:
Barry MacKinnon (Chairman)
Collin Vost (Non Executive)
Tony Veitch (Non Executive)

Company Secretary:
Jim Moran

Issued Capital:
1,764,209,046 Ordinary Shares
25,000,000 Unlisted Options

ASX Code:
BKP (Ordinary Shares Fully Paid)

Cash (31 December 2009):
$1.85 million

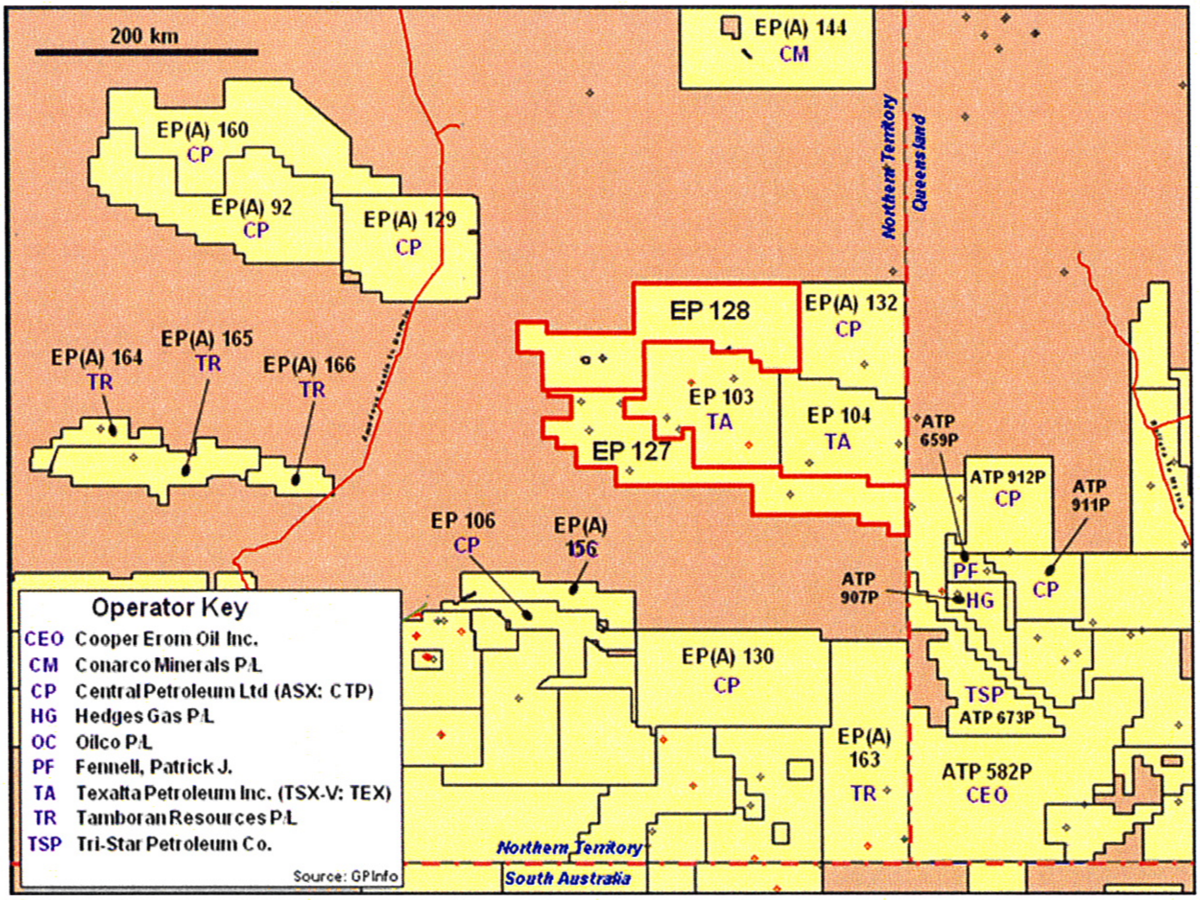
December Quarter Activities Report

Baraka Petroleum Limited ("Baraka" or the "Company") is pleased to provide its quarterly activities report for the period ended 31 December 2009.

Georgina Basin

Oil and gas exploration in the Georgina Basin and central Australia continued to generate interest during the December quarter.

In November, Australia Energy Corporation completed a C$9 million capital raising to fund exploration on permits EP 103 and EP 104 in the Georgina Basin (see map below). These permits are adjacent to Baraka's EP 127 and EP 128.



Then in January, Falcon Australia announced a discovery in the Beetaloo Basin to the north of the Georgina Basin in the Northern Territory with the Shenandoah-1 well discovery. Reports suggested that Falcon's Shenandoah-1 well has encountered oil and gas shows, a potential conventional gas discovery and multiple thick zones of shale gas similar to the Barnett and Haynesville Shales in the US.

In addition, Geoscience Australia completed a seismic line in the Georgina Basin. This seismic line traversed permits EP 127 and EP 128 over 379 kilometres and was funded by the Northern Territory Geological Survey.

The purpose of the seismic line was to support the hydrocarbon prospectivity of the southern Georgina Basin. It is also intended to assist in the determination of the depth of burial of organic rich middle Cambrian source rocks, image potential hydrocarbon structural and stratigraphic traps and indicate any deformation and fault reactivation expected from the Alice Springs Orogeny. The data from this seismic line is scheduled for release during late 2010.

The developments in the Northern Territory and the Georgina Basin more specifically are extremely positive for Baraka's ongoing exploration efforts on EP 127 and EP 128 and Baraka has fielded a number of enquiries about its projects in recent months.

EP 127 and EP 128 - Georgina Basin (BKP operator and earning 75%)

Isis Report

Late in the quarter, ISIS Petroleum Consultants Pty Ltd ("Isis") completed a desk top study of the prospectivity of EP 127 and EP 128. The review incorporated all available open file data, papers and references and was designed to guide future exploration on the blocks.

The study identified three working petroleum systems and several play types across the permit areas and ISIS concluded that there is good evidence of a working petroleum system in the area of permits EP 127 and EP 128 evidenced by the existence of oil shows in a number of previous wells. As a result, Isis concluded that source is a relatively low risk in the permit areas.

Isis highlighted in its report that the critical factor in evaluating the Georgina Basin is the definition and evaluation of effective reservoirs in the Cambrian section and the vertical and areal distribution of the potential reservoirs.

As a result of reservoir quality and continuity being considered the key risks for exploration of EP 127 and EP 128, Baraka is now working with Isis to complete a study of previous well cuttings and cores with a view to identifying potential reservoirs in the permit areas.

Several key reservoir targets exist throughout the permits. These targets are predominately both sandstone and carbonate target reservoirs. The sandstone reservoirs are from the early Cambrian to Devonian age whilst the carbonate reservoirs are early Cambrain to Ordovician. The sandstone reservoirs incorporate shoreline and channel plays and the carbonate reservoirs comprise shoals, debris flows, karstic facies, tempesites and fractured carbonates.

The key reservoir targets that were revealed by the Isis report were the Thornton Limestone, Steamboat Sandstone, Chabalowie Formation, Eurowie Sandstone and the Kelly Creek Formation.

As part of the ongoing work on the permits, representatives of NT Oil undertook a visit to the NTGS Core Store in Alice Springs during the quarter to visually inspect and acquire core samples of relevant wells in the permits. A number of core samples, some of which showed substantial, visual vuggy porosity, were selected and were submitted to Isis for further detailed analysis.

Next Steps

The joint venture plans to study rock cuttings and cores in wells with the use of electric logs to better understand the potential reservoirs in the permits. It is likely the reservoir quality will be enhanced by fracturing, therefore a detailed study of Landsat data to determine areas where fractures might be better developed will also be completed.

Baraka also intends to complete a detailed analysis of higher resolution gravity and magnetic data with the objective of identifying structures and calibrating these structures to existing seismic data on the permits. It is anticipated this work will identify targets for more detailed seismic acquisition during 2010.

The Northern Territory authorities have been advised of the anticipated work programmes for 2010 and official confirmation of the acceptance of those submissions is currently pending.

New Ventures

During the quarter, the Board made progress on the evaluation of a select number of new investment opportunities. Baraka will keep shareholders informed of progress with those discussions as they mature, which the Board believes have the potential to enhance shareholder value.

Appendix 5B

An Appendix 5B for the quarter is attached.

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 2009

Consolidated statement of cash flows

	Cash flows related to operating activities	Current Quarter $A	Year to date (9 months) $A
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	(47,006)	(47,006)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(94,971)	(385,212)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	16,375	29,629
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	-	(147,000)
	Net Operating Cash Flows	(125,602)	(549,589)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a)prospects	-	-
	(b)equity investments	(25,000)	(25,000)
	(c) other fixed assets	-	-
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	-	-
	Net investing cash flows	(25,000)	(25,000)
1.13	Total operating and investing cash flows (carried forward)	(150,602)	(574,589)

1.13	Total operating and investing cash flows (brought forward)	(150,602)	(574,589)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	2,450,010
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	(100,000)
1.18	Dividends paid	-	-
1.19	Other	-	-
	Net financing cash flows	-	2,350,010
	Net increase (decrease) in cash held	(150,602)	1,775,421
1.20	Cash at beginning of quarter/year to date	1,988,196	62,173
1.21	Exchange rate adjustments to item 1.20	(14)	(14)
1.22	**Cash at end of quarter**	**1,837,580**	**1,837,580**

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	29,825
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions - Directors and consultancy fees

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

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 for next quarter

		$A
4.1	Exploration and evaluation	75,000
4.2	Development	-
	Total	**75,000**

+ See chapter 19 for defined terms.

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	1,837,580	1,988,196
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	1,837,580	1,988,196

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				

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**	1,764,209,046	1,764,209,046		
7.4	Changes during quarter a) Increases through issues b) Decreases through returns of capital, buy-backs	 - -	 - -	 - -	 - -
7.5	**+Convertible debt securities**				
7.6	Changes during quarter a) Increases through issues b) Decreases through returns of capital, buy backs				
7.7	**Options** *(description and conversion factor)* Options over Ordinary Shares	 25,000,000	 -	*Exercise price* .3 cents	*Expiry date* 30 June 2011
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during the quarter: Lapsed during the quarter				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

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: J R Moran .... Date: 29 January 2010
Company Secretary

Print name: J. R MORAN

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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