



4 August 2011

## **DRILLING OPERATIONS COMMENCE IN THE GEORGINA BASIN**

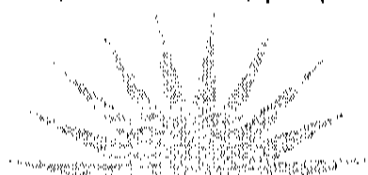
Baraka Energy and Resources Ltd's (ASX:BKP) ("Baraka" or "the Company"), and joint venture partner PetroFrontier Corp, (TSX VENTURE:PFC) ("PetroFrontier"), are pleased to announce that the long awaited drilling program has begun. PetroFrontier's "Baldwin-2" is the first drill hole to spud, it is expected to take three weeks at which time the well will be suspended temporarily and the rig mobilized to Baraka's EP127 to commence drilling the "MacIntyre-2" well.

PetroFrontier began drilling Baldwin-2 on the morning of Wednesday August 3, 2011, Australian Central Standard Time.

Baldwin-2 is located in the southwestern part of EP 103 in the Southern Georgina Basin. PetroFrontier has a 100% working interest in EP 103 and is the operator. The primary target in Baldwin-2 is the unconventional Basal Arthur Creek "hot" shale, with conventional secondary targets being the Hagen Member and Dolomitic Shoal above the Basal Arthur Creek "hot" shale and the Thornton located just below. Management believes that the Arthur Creek "hot" shale is potentially analogous to the Bakken play found in Saskatchewan, Canada and North Dakota, USA. PetroFrontier has re-evaluated existing wellbores on its lands and believes the unconventional Basal Arthur Creek "hot" shale is prospective for hydrocarbons over most of its land holdings. PetroFrontier's capital program for 2011 continues to focus on exploratory drilling opportunities around these existing wellbores.

Baldwin-2 will be air drilled vertically to an estimated depth of 900 meters to test the Thornton formation for prospective hydrocarbon shows. The well will then be extensively logged, plugged back and deviated horizontally for approximately 1,000 meters into the Basal Arthur Creek shale. This is expected to take approximately three weeks, at which time PetroFrontier will suspend the well temporarily and move to drill the MacIntyre-2 well, located in the northeastern corner of EP 127. Once it is drilled, MacIntyre-2 will be frac'd and completed using multi-stage open hole techniques. The rig and frac crew will subsequently return to Baldwin-2 to conduct a similar completion program on that well.

According to a report (the "Ryder Scott Resource Report") prepared by Ryder Scott Company Canada (independent oil and natural gas reservoir engineers), dated November 1, 2010, the unrisks, undiscovered, prospective (recoverable) resource,



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based on a best (P50) scenario, for the unconventional Basal Arthur Creek shale zone in EP 103 and EP 127 may contain approximately 13.2 billion barrels and 2.7 billion barrels (gross) of oil respectively.

The Ryder Scott Resource Report on the resource potential of the Southern Georgina Basin describes the prospective (recoverable) portion of "Undiscovered Resources", as defined by the Canadian Oil and Gas Evaluation Handbook and does not represent an estimate of reserves. The Ryder Scott Resource Report is compliant with National Instrument 51-101 "Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. Prospective resources are presented as unrisks prospective oil resources. The term unrisks means that no geological risk (play risk) has been incorporated in the hydrocarbon volume estimates.

Majors Drilling Pty Ltd. Has been engaged as an independent drilling contractor, to provide drilling and support services for the wells to be drilled in EP 103, EP 104 and EP 127.

Unless a material event occurs in the interim, Baraka & PetroFrontier expects to issue its next drilling update report once Baldwin-2 has completed its horizontal leg and the rig is being mobilized to Baraka's MacIntyre-2 well site.

Baraka has a carried undivided 25% working interest up to completion of a minimum of 500 meters of horizontal drilling into the Basal Arthur Creek Shale on either EP 127 or EP 128. This zone commences at a depth of approximately 770 meters vertical depth on EP 127. Baraka also retains an undivided 75% working interest in approximately 75kms<sup>2</sup> around the Elkedra-7 well on EP 127, where previous drilling has indicated oil shows. This zone could be of significant value in the event of a discovery.

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