

Arkanova Energy Corporation Provides Update Letter for Shareholders

Arkanova Energy Corporation updates its shareholders on the progress of the acquisition of Provident Energy of Montana, LLC which took place in October of 2008. This letter can be found on the company's website.

Dear Shareholders,

For over the last two and a half years, since the acquisition of Provident Energy of Montana, LLC ("Provident Energy") in October of 2008, the company has been focused on rebuilding its infrastructure, including the reactivation of the southern battery, re-commissioning wells and exploring deeper targets within the Two Medicine Cut Bank Sand Unit ("TMCBSU"). The company currently has 30 producing wells, 21 of which were brought online within the last two years resulting in increased lease production. The results of the company's second quarter of its 2011 fiscal year indicated that TMCBSU production totaled 7,344bbls, which is a 56% increase compared to the company's second quarter results of the 2010 fiscal year.

The company is currently preparing for the recompletion of four producing vertical wells and a six stage frac of our Tribal-Max 1-2817. The Tribal-Max 1-2817 was the first successful horizontal well drilled in the Cut Bank Sand formation. A successful completion of Tribal-Max 1-2817 and recompletion of the four producing vertical wells is anticipated to enhance production and would be considered a major milestone for the company. It is also anticipated that such a milestone would drive further development, including potential new drilling and additional recompletion of existing wells, in the TMCBSU in the years to come.

We are also pleased with the exploration activities being conducted in the area with respect to the bakken like formations adjacent to the company's TMCBSU. To date, three vertical test wells have been drilled, two of which are within approximately six miles of the North West TMCBSU boundary and one well is approximately 2,500 feet from our North East boundary of TMCBSU.

Provident Energy and the operator of a neighboring property off our North East boundary of section 26 are currently engaged in a confidential data sharing agreement. As a result of this agreement we have received their geological well information. The company is currently conducting a well bore correlation with this data and the data from the vertical test section of the Tribal-Max 1-2817. It is anticipated that this information may help the company in its strategy to move forward with its plan to exploit these lower targets.

Sincerely,

Pierre Mulacek
President / CEO

About Arkanova Energy Corporation

Arkanova Energy is an exploration and junior production company engaged in the acquisition, exploration, and development of oil and gas properties. The company has secured working interest in three key North American areas in Montana, Arkansas and Colorado. The company relies on experience, science and proven growth strategies in order to continuously balance a risk/reward portfolio.

For more information, please visit www.arkanovaenergy.com

This shareholder letter contains projections and forward-looking information that involve various risks and uncertainties regarding future events. Such forward-looking information can include statements based on current expectations involving a number of risks and uncertainties and are not guarantees of future performance of the company such as the statement that: (i) it is anticipated that completion of four producing vertical wells and a six stage frac of our Tribal-Max 1-2817 would drive further development, including potential new drilling and additional recompletion of existing wells, in the TMCBSU in the years to come; and (ii) the anticipation that confidential data sharing may help the company in its strategy to move forward with its plan to exploit lower targets with respect to our North East boundary of TMCBSU . Actual results and future events could differ materially from those anticipated in such information. Except as required by law, the company does not intend to update such forward-looking information. The contents of this shareholder letter should be considered in conjunction with the risk factors and cautionary statements contained in the company's periodic filings with the Securities and Exchange Commission available at www.sec.gov.