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## ANNOUNCEMENT TO ASX

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**Date:** 25 February 2010  
**To:** Australian Securities Exchange Limited  
Companies Announcement Office  
Electronic Lodgment System

Dear Sir

### **Investor Presentation**

Please find attached Investor Presentation in connection with Innamincka's capital raising, which is currently underway but has not yet been finalised.

Yours sincerely  
**Innamincka Petroleum Limited**

**Leni Stanley**  
Company Secretary



**INNAMINCKA**  
PETROLEUM

ASX Code : INP

# Transformation to Oil & Gas Producer



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# Innamincka's Opportunity

## WHAT IS THE OPPORTUNITY

- INP is seeking to raise circa \$27 million to fund purchase of 5% of BassGas Project
- \$26.67 million purchase price is well below the broker valuation range and broker average of \$40.8 million
- INP's interests in the Bass Basin acquired in conjunction with AWE
- INP purchase is on fundamentally identical terms to AWE

<b>Security</b>	INP full paid ordinary shares, listed on ASX ("New Shares")
<b>Offer Size</b>	A\$27 million of which INP will secure a cornerstone investor for a minimum of \$10m via Convertible Bonds. Approximately \$17 million to be raised via issue of New Shares of which approximately \$7.5m will be offered to existing INP shareholders via an Underwritten 2 for 7 Rights Offer
<b>Issue Price</b>	Fixed price of A\$0.10 per share
<b>Offer Structure</b>	Conditional Placement of approximately 95 million New Shares (subject to shareholder approval at extraordinary general meeting on or around 13 April 2010). New Shares issued will rank equally in all respects with existing ordinary shares from allotment.
<b>Offer Purpose</b>	All proceeds from the Offer will be used to fund the acquisition of 5% of the BassGas Project, operated by Origin Energy Limited
<b>Settlement</b>	Settlement of Conditional Shares will occur on 14 April 2010

# BassGas – Broker Valuation

## Competitive price

- Based on recent broker reports the 5% interest in BassGas to be acquired by INP is valued within a range of \$32m to \$50.8m
- INP's acquisition price of \$26.67m is well below the broker valuation range and broker average of \$40.8m

Broker	Date	BassGas (A\$m)	
		at 100%	At 5%
Credit Suisse	Nov 09	\$667m	\$33.35m
Deutsche Bank	Nov 09	\$920m	\$46m
Macquarie	Nov 09	\$791m	\$39.55m
Merrill Lynch	Nov 09	\$640m	\$32m
RBS	Nov 09	\$1,016m	\$50.8m
UBS	Nov 09	\$695m	\$34.75m
Veritas	Dec 09	\$867m	\$43.35m
Wilson's HTM	Nov 09	\$928m	\$46.4m
<b>Average</b>		<b>\$815m</b>	<b>\$40.8m</b>
<b>INP acquisition price<sup>1</sup></b>		<b>\$533m</b>	<b>\$26.67m</b>

Note: (1) INP acquisition of 5% subject to completion adjustment based on an effective date of 1 July 2009

# BassGas Project

(INP 5%)<sup>(2)</sup>

## BassGas acquisition provides the base for future growth

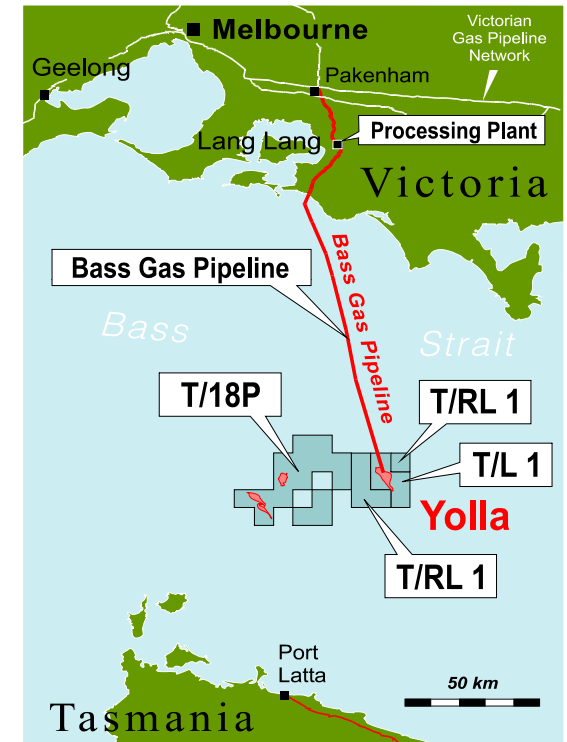
### BassGas Summary

- Established producing asset comprising offshore and onshore infrastructure
- Comprises T/RL1 and T/L1
- Liquids rich field – 62% of 2009 revenue from liquids
- 2P reserves of 70.1MMboe (100% basis)<sup>(1)</sup>
  - 288PJ of natural gas
  - 889kt of LPG
  - 11.1MMbbl of condensate
  - 0.7MMbbl of oil
- INP Share of 2P reserves is 3.5MMboe (purchased at \$7.62/boe)**
- Current field capacity can provide INP with initial 255,000 BOE per annum for significant period – this equates to Gross Revenues exceeding \$A10.6m pa to INP<sup>(4)</sup>

### Production Capacity<sup>(3)</sup>

Commodity	Current Design Capacity p.a.	
	100% Basis	INP's Equity Share
Natural Gas	20PJ	1PJ
LPG	65,000t	3,250t
Condensate	1,000,000bbl	50,000bbl
<b>Total</b>	<b>~5,100,000boe</b>	<b>~255,000boe</b>

### Bass Basin Permits



### JV Partners

Company	Interest
AWE <sup>(2)</sup>	50.0%
Innamincka <sup>(2)</sup>	5%
Origin Energy (Operator)	45%

**Note:** <sup>(1)</sup> Sourced from AWE 2009 Annual Report <sup>(2)</sup> Post completion of acquisition of 5% interest

<sup>(3)</sup> sourced from Origin Energy website ([www.originenergy.com.au](http://www.originenergy.com.au))

<sup>(4)</sup> Assumes oil price of \$US75 @ 0.85 ER and gas price of \$3.50/GJ



# BassGas – Project/Field Life

## Current Production Capacity

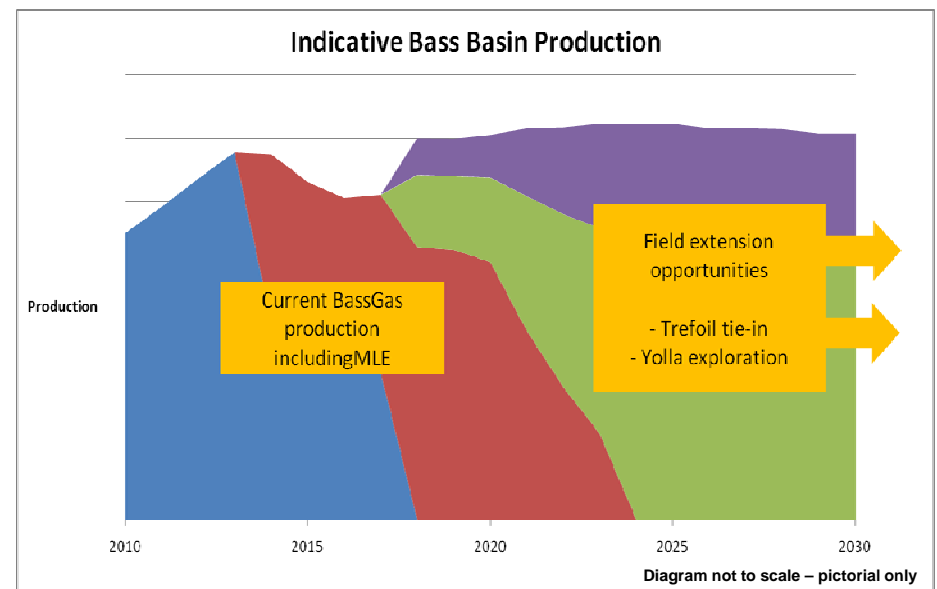
- Current field capacity can provide INP with initial 255,000 BOE per annum<sup>(1)</sup> for a significant period
- Provides significant revenue and cashflow base

## Mid Life Enhancement (MLE)

- Approved, near-term (2-3 year) project designed to maximise the field life by optimising and extending the production plateau, and lowering unit operating costs
- Total project cost \$A345m<sup>(2)</sup> (INP share \$A17.25m) – to be funded from project debt finance and operating cash
- Project includes two new production wells and the addition of compression and pumping on the existing platform
- Improves production stability
- Based on 2P reserves and at current production capacity, field life is ~ 12-15 years

## Further Field Extension

- Potential Trefoil (T/18P) tie-back or current T/RL1 exploration opportunities could provide field life beyond 20 years

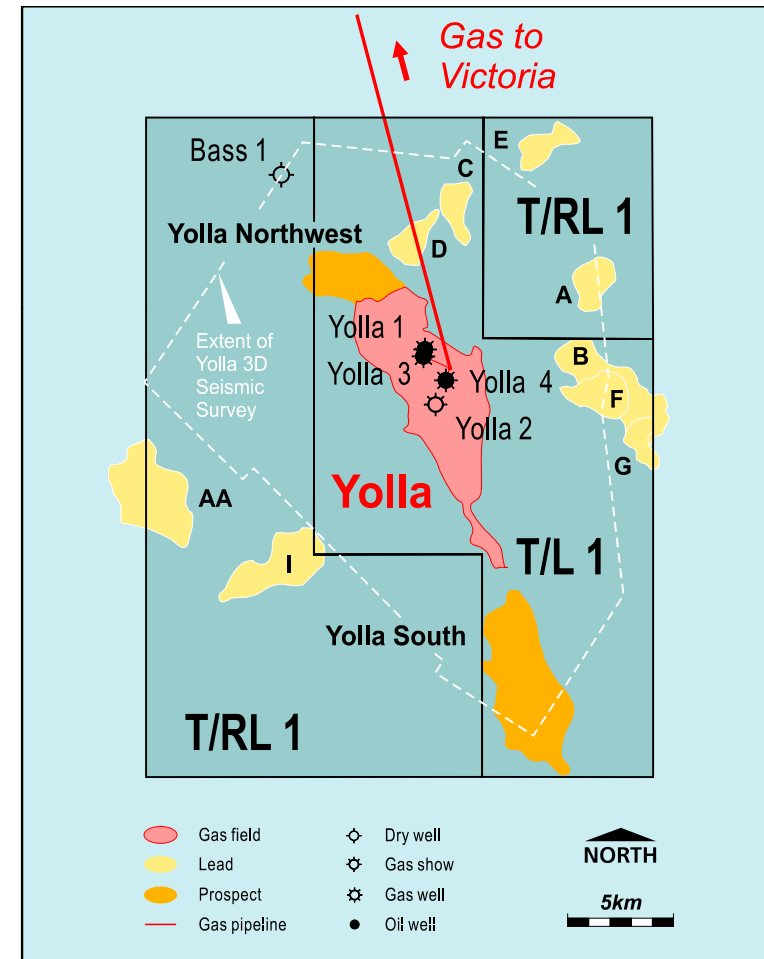




# BassGas – Exploration Targets

## Exploration potential

- High graded inventory of exploration potential mostly defined by 3D seismic.
- Oil and gas leads, indicate that field has the potential to produce for many years beyond the forecast period
- Excellent Gas Prospects
  - Yolla Field extensions - Yolla South and Yolla NW
  - Additional near field gas leads (Leads A and AA)
- Oil leads close to infrastructure
  - Lead AA
  - Lead A
  - Yolla South 1,2 and 3





# BassGas - Acquisition Rationale

Benefit	Comment
<p><b>Attractive acquisition price and deal terms</b></p>	<ul style="list-style-type: none"> <li>• INPs 5% acquisition at cost of ~\$A26.67m will add 3.5MMboe<sup>(1)</sup> at a price of A\$7.62/boe</li> <li>• The acquisition price is attractive against recent market valuations</li> <li>• Value to INP is enhanced through carry forward tax losses</li> <li>• Transaction is effective from 1<sup>st</sup> July, 2009 with completion expected Q2/CY2010</li> </ul>
<p><b>Complementary to T/18P</b></p>	<ul style="list-style-type: none"> <li>• Potential to “tie-back” T/18P to Yolla</li> <li>• Builds INP’s presence in the Bass Basin</li> </ul>
<p><b>Producing asset with long-term cashflow</b></p>	<ul style="list-style-type: none"> <li>• Long project life with potential to be at least 20 years</li> <li>• Will generate long-term earnings and cashflow streams</li> </ul>
<p><b>Increases exploration opportunities</b></p>	<ul style="list-style-type: none"> <li>• Adds to INP’s exploration portfolio</li> <li>• Provides exploration upside value</li> </ul>
<p><b>Consistent with growth strategy</b></p>	<ul style="list-style-type: none"> <li>• Building an asset portfolio to provide immediate, sustainable, long term cashflows</li> <li>• Diversification to be achieved through both organic growth and acquisition</li> </ul>
<p><b>High quality partners</b></p>	<ul style="list-style-type: none"> <li>• Project operated by Origin Energy Ltd (“ORG”)</li> <li>• Joint venture partners are AWE and ORG</li> <li>• INP can leverage from its partners operational experience in the area</li> </ul>

Note: <sup>(1)</sup> Sourced from AWE 2009 Annual Report



# T/18P - Summary

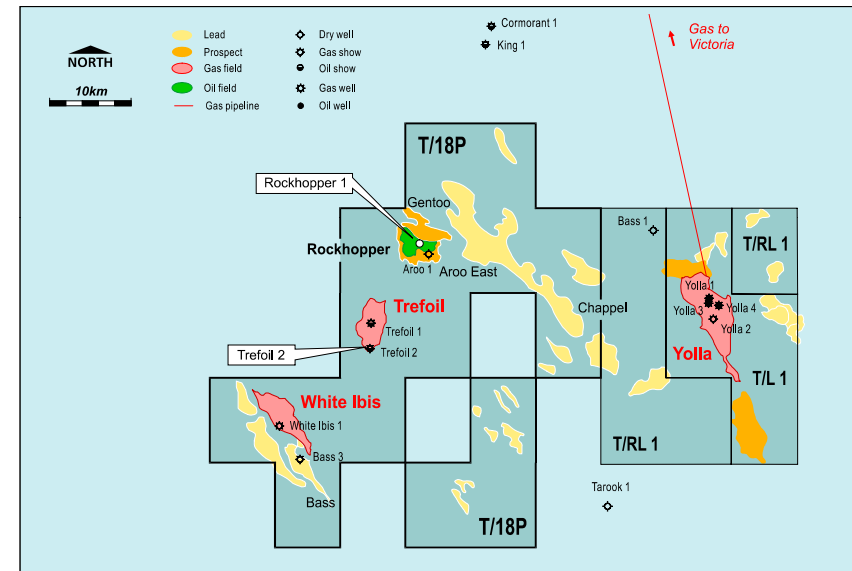
(INP 5.0%)

## T/18P provides near-term potential growth opportunities

### T/18P Summary

- INP acquired a 5% interest for \$5 million – ASX Release 13th July 2009
- Origin Energy is Operator
- Gas discoveries at White Ibis 1 and Trefoil 1 at time of purchase
- Independent assessment of mean original gas in place (OGIP) in excess of 1.2 Trillion cubic feet (Tcf)<sup>(1)</sup> in Rockhopper and Trefoil at time of purchase
- Liquids rich gas - (Trefoil - 19-84 bbls/mmscf)<sup>(1)</sup>
- Currently undergoing substantial drilling program

### Bass Basin permits



### Partners

Company	Interest
AWE	47.5%
Origin Energy (Operator)	39.0%
Innamincka	5.0%
CalEnergy Gas (Australia)	5.0%
Toyota	3.5%

Note: (1) Refer INP ASX announcement 13 July 2009

# T/18P – Recent Activity

## Encouraging Drilling Program on Trefoil and Rockhopper

### Rockhopper 1 Exploration Well <sup>(1)</sup>

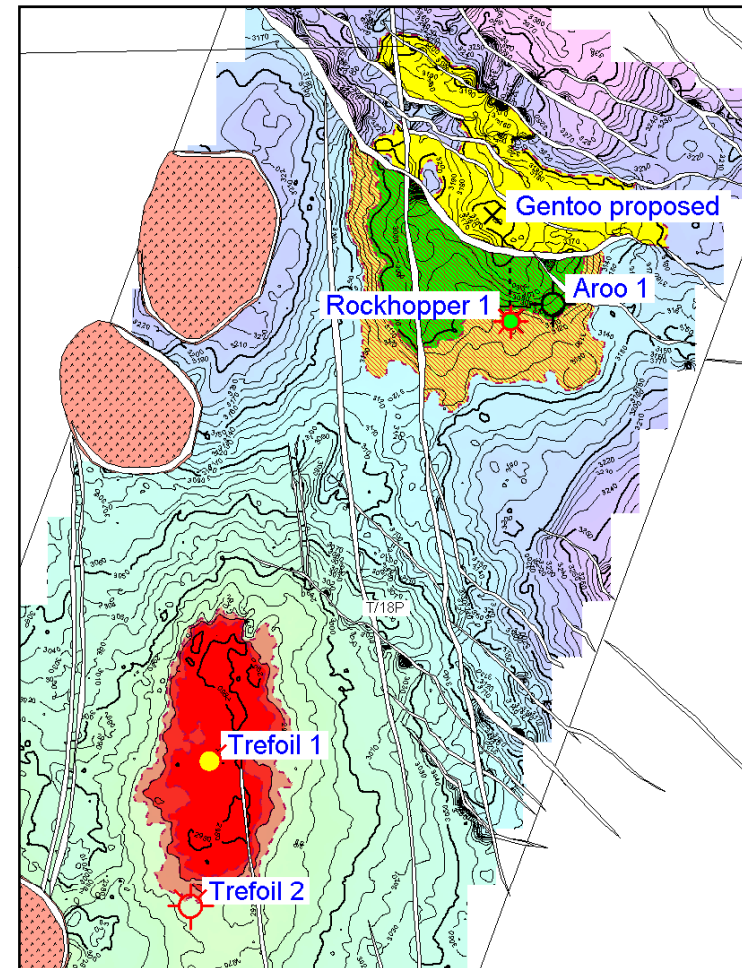
- Origin Energy ASX Release 4th January – “Rockhopper 1 confirmed as new field oil and gas discovery in Bass Basin, Tasmania”
- Encountered multiple stacked reservoirs each containing either oil or highly liquids-rich gas
- No water contacts were intersected

### Rockhopper 1 Sidetrack <sup>(2)</sup>

- JV has drilled a sidetrack to confirm hydrocarbon mix and resource size
- Oil samples have been recovered; numerous tighter intervals encountered
- Operator to undertake further analysis to determine field volumetrics

### Trefoil 2 Appraisal Well <sup>(3)</sup>

- Trefoil-2 appraisal well complete – proves the southern extension of the field
- Liquids rich gas encountered
- Volumetrics currently being analysed by the Operator
- Development opportunities are opening up as additional discoveries are made

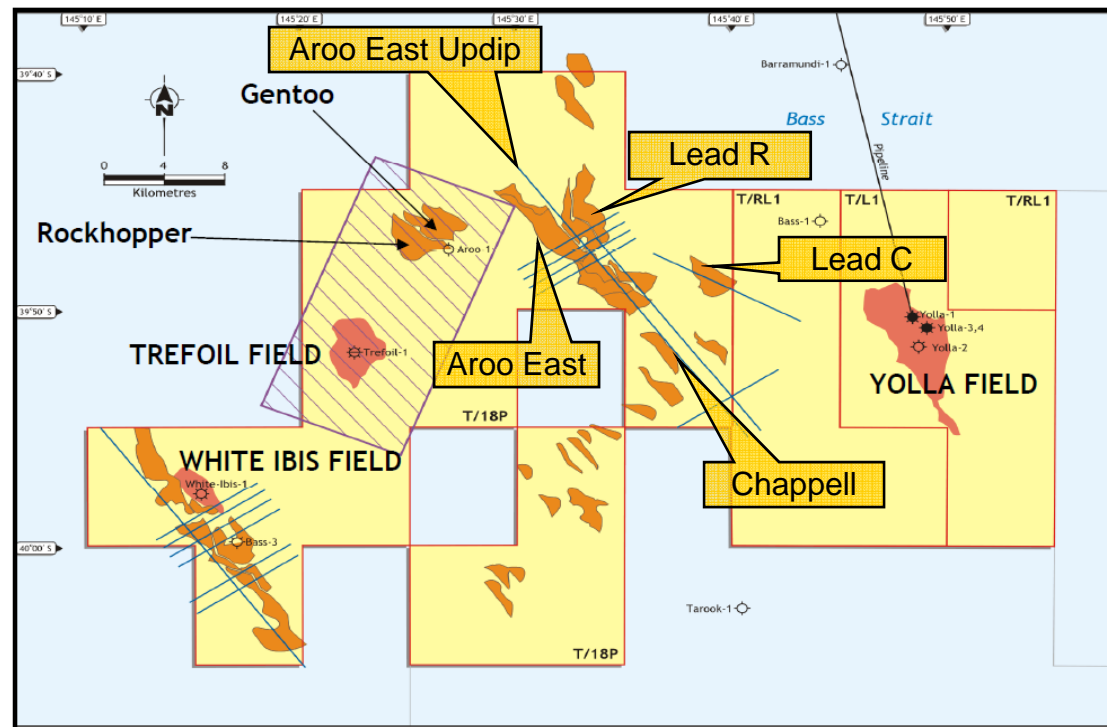


Note: (1) Refer INP ASX Announcements dated 29/12/09 and 04/01/10; (2) Refer INP ASX Announcement dated 11/2/10 (3) Refer INP and AWE ASX Announcements dated 26/11/09



# T/18P – Exploration Potential

## Key Prospects and Leads



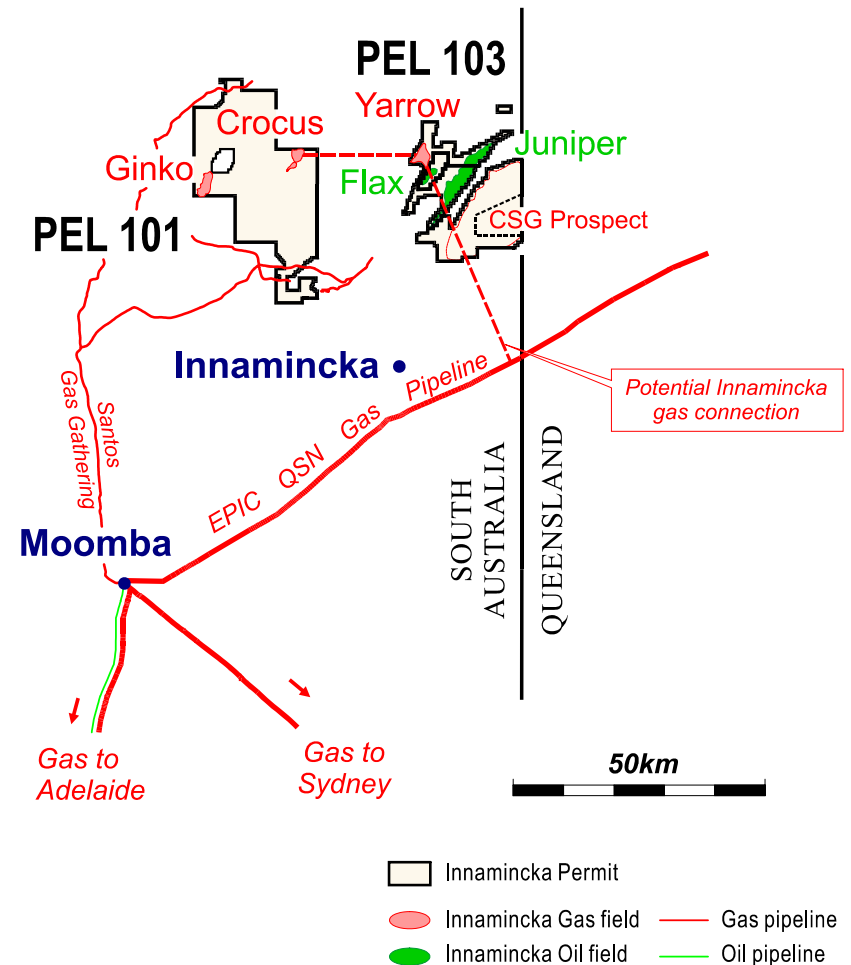
## Future Exploration

- Rockhopper success demonstrates that fault seal works
- This upgrades Gentoo trap - now needs to be drilled
- 3D over Gentoo / Rockhopper already complete
- Presence of oil in addition to liquids rich gas upgrades oil potential of the Bass Basin and other prospects & leads
- Close proximity to Yolla infrastructure improves economics

# Cooper / Eromanga Basin Assets

## PEL103 / PEL 101

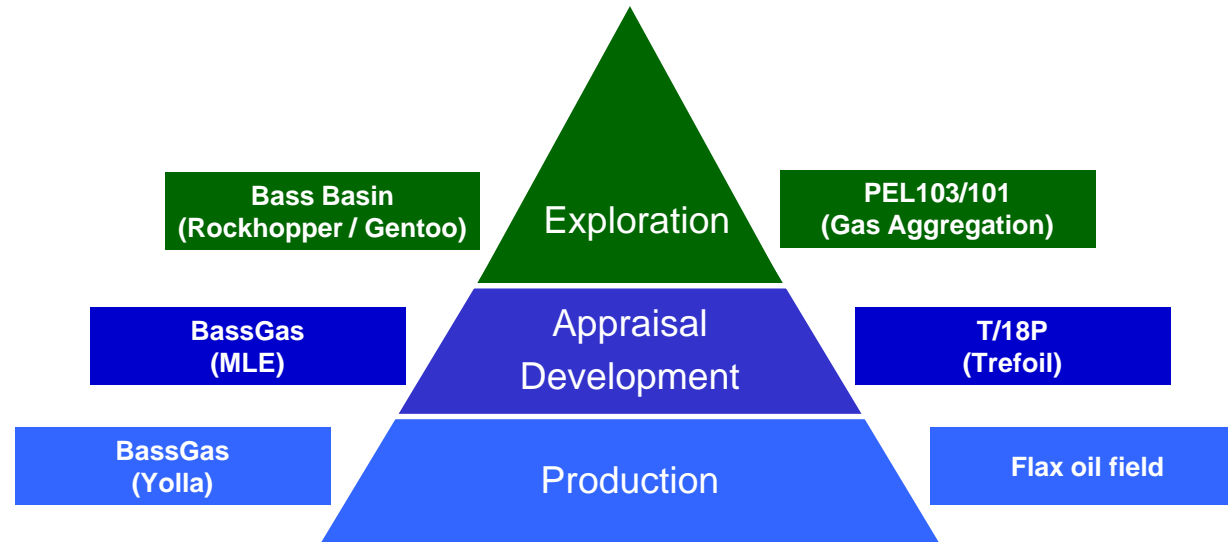
- AGL farmed-in late January 2009
- PRL14 (INP 37.5%) – Production is back up and running – up to 300 bopd <sup>(1)</sup>
- JVs pursuing gas aggregation strategy targeting both conventional and coal seam gas
- Target 100Bcf for commercial development
- PEL 101 (INP 25%)
  - Several large gas fields identified (Crocus and Ginko 57 Bcf 2C OGIP)<sup>(2)</sup>
- PEL 103/103A (INP 37.5%)
  - Yarrow, Flax targets (Yarrow contains 27 Bcf 2C OGIP reserves)<sup>(2)</sup>



**Note:** (1) Sourced from INP Production database (2) Sourced from a report prepared by RISC in April 2009

# Key Investment Highlights

*Transformation to an O&G producer with significant upside potential*



- ✓ 2009 acquisition activity positions company as an O&G producer with significant potential
- ✓ Diversified portfolio of assets at various stages of development
- ✓ Long-term earnings and cashflow stream
- ✓ The Bass Basin permits have embedded growth potential
- ✓ Significant exploration and development upside
- ✓ Cashflow underpins company's strategic development
- ✓ Successful history of completing challenging deals
- ✓ Strong partners

# Key Investment Risks

## Commercial / Operational Performance

- The Mid-Life Extension at Yolla
  - construction costs may exceed forecasts – the Company’s estimated share over 2-3 years is \$26m
  - scheduled time to completion may be delayed
- Financial Performance of the BassGas Project
  - Forecast production levels
  - Operating Cost estimates
- Increased exposure to market volatility
  - oil price fluctuations
  - exchange rate movements
- Other Risks
  - results from recent exploration and appraisal programs still pending – may impact future development

## Transactional

- Conditions Precedent to transfer of the BassGas interest
  - consents required from the joint venture partners, Government authorities, parties to the sales contracts and various BassGas contracts – the Company has no reason to believe that consents will not be forthcoming
- Completion of the senior debt facility
  - negotiations incomplete in relation to senior debt funding package for any cashflow deficit from Yolla during the construction of the MLE project

# Investment Summary

## *Transformation to an O&G producer with significant upside potential*

Asset		Highlight
<b>BassGas Project</b>	<b>BassGas Acquisition</b>	<ul style="list-style-type: none"> <li>• Strategic acquisition providing long term sustainable earnings and cashflow</li> <li>• Facilitates commercialisation of T/18P successes</li> <li>• Acquisition price is attractive in current market</li> </ul>
	<b>Yolla Field production</b>	<ul style="list-style-type: none"> <li>• Provides INP with 255,000 BOE production per annum</li> <li>• MLE project maximises long term asset value</li> <li>• Options to further extend field life through exploration success or T/18P contribution</li> </ul>
	<b>Exploration Upside</b>	<ul style="list-style-type: none"> <li>• Field extension possible through Yolla South and Yolla NW prospects</li> <li>• Favourable economics to drill and develop satellite leads</li> </ul>
<b>T/18P</b>	<b>Trefoil</b>	<ul style="list-style-type: none"> <li>• Recent drilling program confirms southern extension of Trefoil field</li> <li>• Analysis in progress to determine volumes and potential development path</li> </ul>
	<b>Rockhopper</b>	<ul style="list-style-type: none"> <li>• Recent drilling program encountered hydrocarbons in numerous sands</li> <li>• JV has drilled Sidetrack to confirm hydrocarbon mix and resource size</li> </ul>
	<b>Exploration Upside</b>	<ul style="list-style-type: none"> <li>• Rockhopper1 outcome improves likelihood that the adjacent Gentoo prospect will succeed</li> </ul>
<b>Cooper Basin</b>	<b>Flax Oil Field</b>	<ul style="list-style-type: none"> <li>• Production ongoing – currently up to 300 bopd</li> </ul>
	<b>Gas Aggregation</b>	<ul style="list-style-type: none"> <li>• Targetting 100Bcf of gas to achieve threshold for a combined development</li> </ul>
	<b>Exploration Upside</b>	<ul style="list-style-type: none"> <li>• Significant OOIP in Juniper field still to be fully appraised</li> <li>• 2010 seismic program to identify drilling targets in ATP543P (Sth)</li> </ul>
<b>Corporate</b>	<b>Financial</b>	<ul style="list-style-type: none"> <li>• Production and revenue unlocks value through use of \$41m carried forward tax losses</li> </ul>
	<b>Partnerships</b>	<ul style="list-style-type: none"> <li>• High quality Australian Oil and Gas companies including AGL, Origin and AWE</li> </ul>

# Board of Directors & Management

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## Board

### **Adam Johnson, Chairman**

Adam Johnson graduated from the Australian National University with Degrees in Arts and Law. He has also completed a Masters Degree in Business Administration from the University of Virginia. In 1980 he established his legal practice. He is a past member of the Council of the Environment and Planning Law Association (NSW) Inc and is a former President of the Society of the Art Gallery of NSW.

### **David McEvoy, Non-Executive Director**

David McEvoy graduated from the University of New South Wales and has over 35 years experience in the oil and gas industry since joining Esso Australia Limited in 1969. Key positions held within Exxon affiliates included Esso Australia Limited's Exploration General Manager, Exploration and Development Vice President for Esso Resources Canada and Regional Vice President of Exxon Exploration Company responsible for Exxon's exploration activities in the Far East, USA, Canada and South America. He was recently the Business Development Vice President and member of the Management Committee of Exxon (subsequently ExxonMobil) Exploration Company, responsible for new exploration and development opportunities worldwide. He is currently a non-executive director of Po Valley Energy Limited, Woodside Petroleum Limited and AWE Limited.

### **Stephen Koroknay, Non-Executive Director**

Steven is a graduate of the University of Sydney and has over 30 years experience in the international oil and gas industry. His career began with Esso and over a 15 year period he became the Technical Manager of Esso's upstream activities in Australia and performed various US assignments. He later joined Bridge Oil Limited as Production Manager rising to Executive Director – Resources over a period of 10 years. With Bridge he had extensive involvement in the Cooper Basin development as well as the Surat Basin oil and gas developments. Most recently he founded Anzon Energy and Anzon Australia, companies involved in onshore Indonesian operations and the innovative offshore Basker Manta oil development respectively. Mr Koroknay was formerly a Councillor of APPEA and the Chairman of the Advisory Board for the School of Petroleum Engineering at The University of New South Wales. He is also a non-executive director of Cue Energy Resources, Eastern Corporation, Galilee Energy and Metgasco Limited.

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## Board of Directors & Management (cont)

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### Management

#### **David Kinsman, Chief Executive Officer / Chief Financial Officer**

David Kinsman graduated from the University of Queensland with qualifications in Commerce and Economics. A Chartered Accountant for over 20 years, David brings to Innamincka Petroleum a wealth of management and commercial expertise gathered from several international companies across a range of industries. Immediately prior to joining Innamincka as Chief Financial Officer, David held various senior financial and commercial roles with Boeing Australia in the Defence industry. He has both exploration and development experience in the oil and gas industry within Australia and New Guinea, having previously held positions working for Chevron, Santos and MIM Petroleum Exploration.

#### **Other Key INP Management Personnel**

**Martin Spiby, Chief Engineer**

**Mike Bucknill, Chief Geoscientist**

**Leni Stanley, Company Secretary**

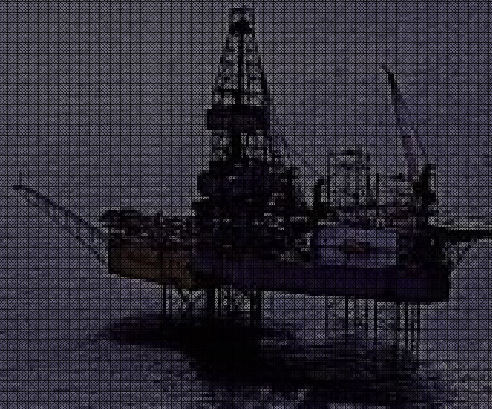
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**INNAMINCKA**  
PETROLEUM

## *Enquiries to*

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The resource estimates for the Bass Basin licenses and permits, T/L1, T/RL1 and T/18P attributed to Resource Investment Strategy Consultants (RISC) are taken from a report prepared by RISC in November 2009 which was commissioned by INP to provide an independent valuation of these assets. The effective date of the valuation report is 1st July 2009. RISC is an independent petroleum consultancy and has no pecuniary interest, other than to the extent of the professional fees receivable for the preparations of its report, or other interest in the assets evaluated, that could reasonably be regarded as affecting their ability to give an unbiased view of these assets. The evaluation work was carried out by a team of professionals with an average 20 years experience in the assessment of petroleum resources. The work was carried out under the supervision of, John Boardman, 39 years experience and Peter Stephenson, 26 years experience, both Partners of RISC and qualified to prepare hydrocarbon reserve and resource estimates in accordance with ASX rules.

The reserve and resource estimates for PEL 101,103 and ATP 543 South at an effective date of 31 December 2008, have been extracted from a report dated April 2009, prepared by RISC for INP and authorised by Mr Peter Stephenson, Partner of RISC.

The reporting of resources and reserves has been carried out using the definitions and guidelines of the SPE/WPC/AAPG/SPEE Petroleum Resources Management System.

RISC has provided its consent to the attribution of values and statements in this presentation to the above referenced reports in the form and context in which they appear.

**Yolla Platform, BassGas**