



**INNAMINCKA**  
PETROLEUM  
ACN 101 313 777

## **NON-RENOUNCEABLE RIGHTS ISSUE OFFER DOCUMENT**

**INNAMINCKA PETROLEUM LIMITED ACN 101 313 777  
("INNAMINCKA")**

**A fully-underwritten pro-rata non-renounceable rights issue by Innamincka to Eligible Shareholders of 1 New Share for every 3 Shares held on the Record Date at an issue price of \$0.115 per New Share to raise approximately \$10 million before costs of the Offer.**

**Offer Closes: 5.00pm (AEDST) on 23 February 2011**

**This is an important document and requires your immediate attention. It should be read in its entirety. If you are in any doubt about what to do, you should contact your stockbroker, accountant, financial or other professional adviser about its contents without delay.**

**This document is not a prospectus. It does not necessarily contain all of the information that a prospective investor would find in a prospectus or which may be required in order to make an investment decision regarding, or about the rights attaching to, the New Shares offered by this document.**

### **Important Information**

This Offer Document has been prepared by Innamincka and is dated 9 February 2011. This Offer Document is not a prospectus or a product disclosure statement under the Corporations Act and has not been lodged with ASIC. The Offer to which this Offer Document relates complies with the requirements of Section 708AA of the Corporations Act, as modified by ASIC Class Order 08/35.

Neither ASIC nor ASX, nor any of their officers or employees takes responsibility for this Offer or the merits of the investment to which this Offer relates.

The Offer is made only to Eligible Shareholders. No action has been taken to permit the offer of New Shares under this Offer Document in any jurisdiction other than Australia and New Zealand. In particular, the New Shares have not been and will not be, registered under the US Securities Act and may not be offered, sold or delivered within the US or to or for the account or benefit of any US Person, except pursuant to applicable exceptions from registration. In addition, hedging transactions with respect to the New Shares may not be conducted unless in accordance with the US Securities Act. The distribution of this Offer Document in any jurisdiction other than Australia or New Zealand may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. This Offer Document does not constitute an offer of New Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Offer Document or make such an offer.

### **New Zealand investors**

The New Shares are not being offered or sold to the public within New Zealand other than to existing Shareholders of Innamincka with registered addresses in New Zealand to whom the Offer is being made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002* (New Zealand). This Offer Document and the Entitlement and Acceptance Form have not been registered, filed or approved by any New Zealand regulatory authority under the *Securities Act 1978* (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

### **Ineligible Shareholders**

The Company will appoint a nominee for the purposes of Section 615 of the Corporations Act. Accordingly, the Company will issue to the nominee the New Shares that would otherwise be issued to Ineligible Shareholders. The nominee must then sell such New Shares at a price and otherwise in a manner determined by the nominee in its sole discretion. Neither Innamincka nor the nominee will be held liable for the sale of any New Shares at any particular price or the timing of such sale. The nominee must then distribute the proceeds of sale (less the Issue Price and other costs) to the Ineligible Shareholder.

### **Future performance and forward looking statements**

Applicants should note that the past share price performance of Innamincka provides no guidance as to its future share price performance. Any financial information provided in this Offer Document is for illustrative purposes only and is not represented as being indicative of Innamincka's future financial performance. Any forward looking statements in this Offer Document are based on Innamincka's current expectations about future events. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of Innamincka and its Board, which could cause actual results, performance and achievements to differ materially from future results, performance or achievements expressed or implied by any forward looking statements in this Offer Document.

### **Investment decisions**

The information provided in this Offer Document is not intended to be relied on as advice to investors and has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs. If, after reading this Offer Document, you have any questions about the Offer, you should contact your stockbroker, accountant or other professional adviser.

There are a number of risk factors that could potentially impact Innamincka. For information about these risks, please refer to Section 4. The potential tax effects of the Offer will vary between investors. All investors should satisfy themselves of any possible tax consequences by consulting their own professional tax advisers. Applications for New Shares by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form, sent to Eligible Shareholders with this Offer Document. Applications for Shortfall Shares by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form, sent to Eligible Shareholders with this Offer Document.

### **Disclaimer**

No person is authorised to give any information, or to make any representation in connection with the Offer that is not contained in this Offer Document. Any information or representation that is not in this Offer Document may not be relied on as having been authorised by Innamincka in connection with the Offer.

### **Governing Law**

This Offer Document, the Offer and the contracts formed on acceptance of applications are governed by the laws of New South Wales, Australia. Each applicant for New Shares submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

### **Time and date**

Unless otherwise specified, all references to time in this Offer Document and the Entitlement and Acceptance Form are references to Australian Eastern Daylight Savings Time, and all references to dates are to dates calculated in accordance with Australian Eastern Daylight Savings Time.

### **Currency**

All references to '\$' or 'dollar' are to Australian currency.

### **Definitions and references**

Capitalised terms used in this Offer Document and the Entitlement and Acceptance Form are defined in Section 7.

References to Sections are to Sections of this Offer Document, unless stated otherwise.

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## Letter from the Chairman

Dear Shareholder

### Non-renounceable rights issue

On behalf of the Directors of Innamincka Petroleum Limited (**Innamincka** or **the Company**), I am pleased to offer you the opportunity to participate in the fully-underwritten pro-rata non-renounceable rights issue which was announced by the Company on Monday 31 January 2011 (**Entitlement Offer**).

The Entitlement Offer forms one component of the Company's overall capital raising which seeks to raise approximately \$31 million before costs (**Capital Raising**). In addition to the Entitlement Offer, the other component of the Capital Raising is the issue of 110,000,000 shares at an issue price of \$0.19 per share to Republic Investment Management Pte Ltd (**Republic**) to raise approximately \$21 million.

The Directors wish to provide the opportunity for each Shareholder entitled to participate in the Entitlement Offer (**Eligible Shareholders**) to invest under the Entitlement Offer. Each Eligible Shareholder will be entitled to subscribe for 1 new fully paid ordinary share (**New Share**) in the capital of the Company for every 3 existing ordinary shares registered in their name at 7.00 pm AEDST on 8 February 2011 (**Record Date**). The New Shares will be issued at a cost of \$0.115 per share, which represents an 18% discount to the closing price on 28 January 2011 (the last trading day before the Announcement Date).

The Offer will raise approximately \$10 million (before costs) through the issue of up to 87,182,963 New Shares (subject to the rounding up of Entitlements and the issue of any further Shares pursuant to the exercise of any options prior to the Record Date).

Eligible Shareholders wishing to take up more than their pro-rata allocation of shares may do so by applying for Shortfall Shares in accordance with the instructions set out in the Entitlement and Acceptance Form (**Shortfall Offer**). Allocation of any Shortfall Shares remains at the discretion of the Board.

It is the current intention of all Directors who own shares in Innamincka to take up their Entitlements, either in whole or in part. It is also the intention of Mr Koroknay, Mr McEvoy and Mr Davies to apply for Shortfall Shares.

### Purpose of the Offer

Funds raised from the issue will be applied:

- to refocus Innamincka's direction and strategy on the exploration, development and appraisal of its core Cooper Basin business. In particular the focus will be on the use of technology to maximise recovery from the Flax/Juniper field, including probable use of 3-D seismic to identify sweet spots and trials of new completion techniques.
- to execute exploration and new venture activity in existing and potentially additional areas.
- to meet any funding commitments arising as a result of the Company increasing its holdings in PEL103 and PRLs 14, 17 and 18, as announced to ASX on 7 January 2011.

The Company will be looking to extract maximum value from its existing assets, to regenerate its existing core portfolio and to add selective, new assets as appropriate.

### Board and Management appointments

To spearhead this new direction and strategy, Mr Nick Davies has joined the Board of Innamincka and will be Acting Managing Director until a suitable Chief Executive Officer with appropriate expertise and experience can be found, at which time Mr Davies will take on the role of Non-executive Chairman.

Further, upon Republic's subscription for its full Entitlement under the Offer, I also look forward to welcoming Mr Anwar Awan to the board as non-executive director. Both of these appointments will bring great vision and drive to Innamincka and will play a very important role as we move forward.

For more information on the recent developments of the Company, please refer to the Company's public announcements that are periodically released to the ASX (available on the Company's website on [www.innapet.com.au](http://www.innapet.com.au) or the ASX website at [www.asx.com.au](http://www.asx.com.au)).

I recommend you seek independent investment advice from your stockbroker, accountant or other professional advisor before making any investment decision.

The Board of Innamincka looks forward to your participation in the Offer.

Yours faithfully

A handwritten signature in black ink that reads "Adam Johnson". The signature is written in a cursive style with a long, sweeping tail on the letter "n".

**Adam Johnson**  
Chairman

## Offer Summary

Rights ratio for Offer	1 new Share for every 3 shares held on the Record Date
Issue Price for Offer	\$0.115 per New Share
Discount of the Issue Price to the closing price on 28 January 2011	18%
Size of Offer	87,182,963* New Shares
Size of Placement	110,000,000* New Shares
Gross proceeds from Offer	\$10,026,040.75*
Gross proceeds from Placement	\$20,900,000.00*
Total amount to be raised pursuant to the Capital Raising	\$30,926,040.75*

\* These amounts are approximate only and subject to rounding.

## Key Dates

Existing Innamincka Shares quoted on an "ex" basis	2 February 2011
Record Date to determine Offer entitlements	8 February 2011 at 7.00pm AEDST
Offer opens	9 February 2011
Offer Document dispatched to Eligible Shareholders	9 February 2011
Offer closes	23 February 2011 at 5.00pm AEDST
Deferred settlement trading begins	24 February 2011
Notice of under-subscriptions to ASX	28 February 2011
Allotment of New Shares under Offer	3 March 2011
Allotment of Shortfall Shares under Shortfall Offer	3 March 2011
Allotment of Shares to Azure	3 March 2011
Commencement of trading on a normal settlement basis	4 March 2011

All dates are subject to change and accordingly are indicative only. The Company reserves the right, subject to the Corporations Act and the ASX Listing Rules, to amend the indicative timetable and in particular, to extend the closing date or to withdraw the Offer without prior notice. Any extension of the closing date will have a consequential effect on the date of allotment and issue of New Shares.

The Directors reserve the right not to proceed with the whole or part of the Offer at any time prior to allotment and issue of the New Shares. In that event, the application money (without interest) will be returned in full to the Applicants.

Shareholders who take no action in respect of their Rights will receive no benefit and their Rights will lapse.

## Enquiries

If you are in any doubt as to whether you should participate in the Offer you should consult your stockbroker, accountant, solicitor or other professional adviser. If you have any questions on how to complete the Entitlement and Acceptance Form or take up your Rights, you should contact the registry, Link Market Services Limited on 1300 551 627 (within Australia) and +61 2 8280 7709 (outside Australia) at any time from 8.30am to 5.30pm (AEDST) Monday to Friday before the Offer closes.

## 1 Details of the Offer

### 1.1 The Entitlement Offer

Innamincka is making a fully-underwritten pro-rata non-renounceable rights issue offering Eligible Shareholders 1 New Share for every 3 Shares held on the Record Date. The issue price of \$0.115 per New Share is payable in full on making an Application.

The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form. Fractional Entitlements will be rounded up to the nearest whole Share. You may also wish to apply for additional Shortfall Shares under the Shortfall Offer. Details of the Shortfall Offer are contained in Section 1.7.

The total number of New Shares issued under the Offer will be approximately 87,182,963. The gross proceeds (before the costs of the Offer) will be approximately \$10 million.

The closing date and time for acceptances and payments is 5.00pm AEDST on 23 February 2011 (subject to any extension by Innamincka).

### 1.2 Capital Raising

The Offer forms one component of the Company's overall capital raising which seeks to raise approximately \$31 million before costs (**Capital Raising**). In addition to the Offer, the other component of the Capital Raising is the issue of 110,000,000 shares at an issue price of \$0.19 per share to Republic to raise approximately \$21 million (**Placement**). The Placement requires shareholder approval, which will be sought at a Shareholder meeting in late March 2011.

### 1.3 Who is entitled to participate in the Offer

The following Shareholders are entitled to participate in the Offer (**Eligible Shareholders**):

- Shareholders registered at 7.00pm (AEDST) on 8 February 2011 (Record Date) as holders of shares with a registered address in Australia or New Zealand; and
- certain Shareholders registered as holders of shares at the Record Date who are resident in other jurisdictions who contact or are contacted by the Company and can demonstrate to the reasonable satisfaction of the Company that their participation in the Offer is not prohibited, not unduly onerous and not unduly impracticable in that jurisdiction.

### 1.4 Ineligible Shareholders

All Shareholders who are not Eligible Shareholders are ineligible shareholders (**Ineligible Shareholders**). Ineligible Shareholders will not be entitled to participate in the Offer.

The Company has determined that it would be unreasonable on this occasion to extend the Offer to Ineligible Shareholders having regard to the number of securities held by Ineligible Shareholders and the costs of complying with the legal and regulatory requirements which would apply to an offer of securities to Ineligible Shareholders in various jurisdictions. We trust you understand the Company's position on this matter.

However, the Company will, subject to ASIC's approval, appoint a nominee for the purposes of Section 615 of the Corporations Act. Accordingly, the Company will issue to the nominee the New Shares that would otherwise be issued to Ineligible Shareholders. The nominee must then sell such New Shares at a price and otherwise in a manner determined by the nominee in its sole discretion. Neither Innamincka nor the nominee will be held liable for the sale of any New Shares at any particular price or the timing of such sale. The nominee must then distribute the proceeds of sale (less the Issue Price and other costs) proportionally to the Ineligible Shareholders.

Any amounts to be distributed to Ineligible Shareholders are expected to be despatched as soon as practicable after the sale of the New Shares issued to the Nominee.

#### 1.5 **Rights trading**

This Offer is made on a non-renounceable basis such that Eligible Shareholders may not sell or transfer all or part of their Entitlement.

#### 1.6 **Underwriting**

The Offer is fully underwritten by Azure Capital Limited (**Azure**). Azure will be paid an underwriting fee of 0.1% and a management fee of 2%. A summary of the underwriting agreement is set out in Section 6.

#### 1.7 **Shortfall Offer**

Subject to the Corporations Act and the requirements of the ASX Listing Rules, Eligible Shareholders may subscribe under the Shortfall Offer for Shortfall Shares in addition to their Entitlement. The issue price of New Shares issued pursuant to an application for Shortfall Shares will be \$0.115 per New Share, being the same price for New Shares under the Offer.

Shortfall Shares will be allotted at the same time as the New Shares under the Offer are allotted. Eligible Shareholders may apply for Shortfall Shares by completing an application for Shortfall Shares on the Entitlement and Acceptance Form that accompanies this Offer Document (refer to Section 2.3 for further information).

The Directors do not represent that any Application to participate in the Shortfall Offer will be successful. In relation to the Shortfall Offer, the Directors reserve the right to issue Shortfall Shares to Applicants under the Shortfall Offer at their absolute discretion. The Directors may allocate to an Applicant under the Shortfall Offer a lesser number of Shortfall Shares than the number for which the Applicant applies, or reject an Application under the Shortfall Offer, or not proceed with the issue of New Shares under the Shortfall Offer pursuant to this Offer Document. If the number of Shortfall Shares is less than the number applied for, surplus Application Monies will be refunded in full. Interest will not be paid on monies refunded.

#### 1.8 **Shareholder Approval**

The issue of shares to Republic under the Placement requires Shareholder approval Item 7 of Section 611 of the Corporations Act, ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act (**Placement Resolution**). The issue of three tranches of options to Mr Nick Davies under the terms of his employment contract also requires Shareholder approval under ASX Listing Rule 10.11 and Section 208 of the Corporations Act (**Option Resolution**). Further information about Mr Davies and the terms of his employment are in Section 5.3(1) of this Offer Document

A Shareholders' meeting to seek approval to the Placement Resolution and the Option Resolution and will be convened in late March 2011 (**Shareholders' Meeting**).

#### 1.9 **Waiver of Listing Rule 7.9**

In Innamincka's announcement on 31 January 2011, Innamincka referred to Shareholder approval being required for the issue of the Shortfall Shares and the issue of New Shares to Azure as underwriter as a result of an incomplete proposal which Innamincka had received from Drillsearch.

ASX Listing Rule 7.9 requires that an entity must not issue or agree to issue shares without Shareholder approval for three months after it has been told in writing that a person is making, or proposes to make, a takeover for securities in it.

On 8 February 2011, Drillsearch made an announcement confirming that it does **not** intend to make a takeover offer or other proposal for Innamincka based on the existing circumstances.

As a result, Innamincka applied to the ASX for a waiver of Listing Rule 7.9, which was granted on 9 February 2011.

As a consequence of the waiver being granted, the issue of the Shortfall Shares and the issue of New Shares to Azure as underwriter no longer require Shareholder approval under Listing Rule 7.9.

#### 1.10 **Minimum Subscription**

There is no minimum subscription for the Offer.

#### 1.11 **ASX quotation**

On the Announcement Date, Innamincka made an application to ASX for admission of the New Shares offered under this Offer Document

If the New Shares are not admitted to Official Quotation on the ASX within three months after the date of this Offer Document, or such longer period as is permitted by the Corporations Act, none of the New Shares will be granted. In that circumstance, all Applications will be dealt with in accordance with Section 724 of the Corporations Act.

#### 1.12 **Issue of New Shares**

New Shares will be issued as soon as practicable after the Closing Date and holding statements are anticipated to be despatched on 7 March 2011.

Issues of New Shares under the Offer will only be made after permission for their quotation on ASX has been granted.

Subscription money will be held in a subscription account until the New Shares are issued. This account will be established and kept by Innamincka on behalf of each participating Eligible Shareholder and Applicant.

Interest earned on the subscription money will be for the benefit of Innamincka, and will be retained by Innamincka irrespective of whether New Shares are issued.

#### 1.13 **Rights Attaching to New Shares**

The New Shares issued will rank equally with the existing ordinary shares on issue. The rights and liabilities attaching to the New Shares are set out in the Constitution of the Company and in the Corporations Act.

#### 1.14 **Privacy Statement**

If you complete an application for New Shares, you will be providing personal information to the Company (directly or by the Share Registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that is held about you. If you wish to do so please contact the Share Registry at the relevant contact numbers set out in this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the *Corporations Act* and certain rules such as the ASTC Settlement Rules. You should note that if the information

required on the application for New Shares is not provided, the Company may not be able to accept or process your application.

1.15 **Risk factors**

An investment in Innamincka involves general risks associated with an investment in the share market. The price of New Shares may rise or fall.

There are also a number of risk factors, both specific to Innamincka and of a general nature, which may affect the future operating and financial performance of Innamincka and the value of an investment in Innamincka. The specific and general risk factors are described in Section 4. Before deciding to invest in Innamincka, prospective investors should consider those factors carefully.

## **2 What You Need to Do**

### **2.1 What Eligible Shareholders may do**

The number of New Shares to which Eligible Shareholders are entitled (**Entitlement**) is shown on the accompanying Entitlement and Acceptance Form.

If you take up your full Entitlement under the Entitlement Offer, you will not have your shareholding in Innamincka diluted.

As an Eligible Shareholder, you may:

- take up all of your Entitlement (refer Section 2.2);
- in addition to applying for all of your Entitlement, apply for Shortfall Shares under the Shortfall Offer (refer Section 2.3);
- take up part of your Entitlement and allow the balance to lapse (refer Section 2.4); or
- allow all of your Entitlement to lapse (refer Section 2.5).

### **2.2 Taking up all of your Entitlement**

If you wish to take up all of your Entitlement, complete the accompanying Entitlement and Acceptance Form for the New Shares, in accordance with the instructions set out in that form.

You should then forward your completed Entitlement and Acceptance Form together with your Application Monies in accordance with Section 2.6 to reach the Company's share registry no later than the Closing Date. You may also pay your Application Monies by BPAY®.

### **2.3 Applying for Shortfall Shares**

If you wish to subscribe for Shortfall Shares pursuant to the Shortfall Offer, complete an application for Shortfall Shares on the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on the form. When completing the Entitlement and Acceptance Form, indicate the number of Shortfall Shares you wish to apply for under the Shortfall Offer, and follow steps set out in Section 2.2.

Shortfall Shares will be allotted at the same time as the New Shares under the Entitlement Offer are allotted. All allocations under the Shortfall Offer are at the sole and absolute discretion of the Directors. There is no guarantee that any Applications for Shortfall Shares under the Shortfall Offer will be successful. If the number of Shortfall Shares is less than the number applied for, surplus Application Monies will be refunded in full. Interest will not be paid on monies refunded.

### **2.4 Taking up part of your Entitlement and allowing the balance to lapse**

If you wish to take up part of your Entitlement and allow the balance to lapse, complete the accompanying Entitlement and Acceptance Form for the number of New Shares you wish to take up, and follow the steps required in accordance with Section 2.2. If you take no further action, the balance of your Entitlement will lapse.

If you do not take up your full Entitlement, your shareholding in Innamincka will be diluted with respect to your right to future earnings and net assets of Innamincka.

### **2.5 Allow all of your Entitlement to lapse**

If you do nothing, all of your Entitlement will lapse and your shareholding in Innamincka will be diluted with respect to your right to future earnings and net assets of Innamincka.

## 2.6 How do I accept all, or part, of my Entitlement

You may accept your Entitlement following the despatch of this Offer Document. Innamincka will accept Applications until the Closing Date. You should read this Offer Document in its entirety before deciding to complete and lodge your Entitlement and Acceptance Form.

You may make payment of your Application Monies by BPAY® or by cheque, bank draft or money order.

### (1) Payment by BPAY®

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form (which includes the Biller Code and your unique Reference Number). You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

Please note that should you choose to pay by BPAY®:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

Please make sure to use the specific Biller Code and unique Reference Number on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form, please only use the Reference Number specific to the Entitlement on that form.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5.00pm AEDST on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

### (2) Payment by cheque, bank draft or money order

You should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque, bank draft or money order in Australian currency for the amount of the Application Monies drawn on an Australian branch of an Australian bank for the Issue Price of the New Shares for which application is made. All cheques must be made payable to 'Innamincka Petroleum Limited' and crossed 'Not Negotiable'. Do not forward cash or money orders. Receipts for Application Monies will not be issued.

Completed Entitlement and Acceptance Forms and accompanying cheques, bank drafts or money orders must be returned to the following address and received no later than 5.00pm AEDST on the Closing Date.

#### **By mail:**

Innamincka Petroleum Limited  
c/o Link Market Services  
Locked Bag 3415  
Brisbane QLD 4001

A reply paid envelope is enclosed for your convenience. If mailed in Australia, no postage stamp is required.

**By delivery:**

Innamincka Petroleum Limited  
c/o Link Market Services  
Level 15, 324 Queen Street  
Brisbane QLD 4000

**2.7 Entitlement and Acceptance Form is binding**

A completed and lodged Entitlement and Acceptance Form, or a payment made through BPAY® constitutes a binding offer to acquire New Shares and Shortfall Shares (if applied for) on the terms and conditions set out in this Offer Document and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. The Directors' (or their delegates') decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

**2.8 Enquiries concerning Entitlement and Acceptance Form**

If you have any questions on how to complete the Entitlement and Acceptance Form or take up your Rights, you should contact the Share Registry on 1300 551 627 (within Australia) and +61 2 8280 7709 (outside Australia) at any time from 8.30am to 5.30pm (AEDST) Monday to Friday before the Offer closes.

### **3 Purpose of the Offer and use of proceeds**

Funds raised from the issue will be applied:

- to refocus Innamincka's direction and strategy on the exploration, development and appraisal of its core Cooper Basin business. In particular the focus will be on the use of technology to maximise recovery from the Flax/Juniper field, including probable use of 3-D seismic to identify sweet spots and trials of new completion techniques.
- to execute exploration and new venture activity in existing and potentially additional areas.
- to meet any funding commitments arising as a result of the Company increasing its holdings in PEL103 and PRLs 14, 17 and 18, as announced to ASX on 7 January 2011.

The Company will be looking to extract maximum value from its existing assets, to regenerate its existing core portfolio and to add selective, new assets as appropriate.

### **4 Risk Factors**

#### **4.1 Overview**

There are a number of factors, both specific to Innamincka and of a general nature, which may affect the future operating and financial performance of Innamincka and the outcome of an investment in Innamincka. There can be no guarantees that Innamincka will achieve its stated objectives, that forecasts will be met or that forward looking statements will be realised.

This Section describes certain, but not all, risks associated with an investment in Innamincka. Prior to making an investment decision, prospective investors should carefully consider the following risk factors, as well as the other information contained in this Offer Document or of which they are otherwise aware.

#### **4.2 Risk factors**

##### **Oil and Gas Price Fluctuations**

The price for oil and gas will depend on available markets at acceptable prices and transmission and distribution costs. Any substantial decline in the prices of oil and gas or an increase in transmission or distribution costs could have a material adverse effect on Innamincka.

##### **Exploration and production**

Oil and gas exploration and production involves significant risk. The future profitability of Innamincka and the value of Innamincka's shares are directly related to the results of exploration and production activities. There are inherent risks in these activities. No assurances can be given that funds spent on exploration will result in discoveries that are commercially viable. Future exploration activities, including drilling and seismic acquisition, may result in changes in current prospectivity perceptions of individual prospects, leads and permits. It may even lead to a relinquishment of the permit, or a portion of the permit.

##### **Drilling**

Oil and gas drilling activities are subject to numerous risks, many of which are beyond Innamincka's control. Drilling activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties availability of the necessary technical equipment and appropriately skilled and experienced technicians. Drilling may result in wells that, whilst encountering oil and gas, may not achieve commercially viable results.

## **Operational**

Industry operating risks include fire, explosions, blow outs, pipe failures, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures, or discharge of toxic gasses. The occurrence of any of these risks could result in substantial losses to Innamincka due to injury or loss of life; damage to or destruction of property, natural resources, or equipment; pollution or other environmental damage; cleanup responsibilities; regulatory investigation and penalties or suspension of operations. Damages occurring to third parties as a result of such risks may give rise to claims against Innamincka.

## **Reliance on key personnel and advisers**

The ability of Innamincka to achieve its objectives depends on the engagement of key employees, directors and external contractors that provide management and technical expertise. If Innamincka cannot secure external technical expertise (for example to carry out drilling) or if the services of the present management or technical team cease to be available to Innamincka, this may affect Innamincka's ability to achieve its objectives either fully or within the timeframes and budget Innamincka has decided upon. Additionally, industrial disruptions, work stoppages and accidents in the course of operations may adversely affect Innamincka's performance.

## **Ability to exploit successful discoveries**

It may not always be possible for Innamincka to participate in the exploitation of successful discoveries made in any areas in which Innamincka has an interest. Such exploitation will involve the need to obtain the necessary licences or clearances from the relevant authorities; which may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploitation may require the participation of other companies whose interests and objectives may not be the same as Innamincka. Such further work may require Innamincka to meet or commit to financing obligations for which it may not have planned.

Even if Innamincka recovers commercial quantities of oil or gas, there is no guarantee that Innamincka will be able to successfully transport the oil or gas to commercially viable markets or sell the oil or gas to customers to achieve a commercial return.

## **Reserve and contingent resource estimates**

Reserve and contingent resource estimates are expressions of judgement based on knowledge, experience and industry practice. In addition, reserve and contingent resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove inaccurate. The actual reserve and contingent resources may differ from those estimated, which may result in Innamincka altering its plans, which could have either a positive or negative effect on Innamincka's operations.

## **Environmental**

Oil and gas exploration, development and production can potentially cause environmental damage and environmental hazards, which may give rise to substantial costs for environmental rehabilitation, damage control and other losses. Innamincka's operations will be subject to the environmental controls relating to hazardous operations and for those projects offshore, the discharge of waste into the sea. Innamincka's policy will be to ensure operations are carried out in accordance with all applicable environmental laws and regulations.

## **Government**

Innamincka will be subject to various national and local laws, policies and regulations governing production and exploration licensing, environmental regulation, royalties, foreign ownership, taxation, employee relations and other matters affecting Innamincka's operations

or economic conditions generally. Any change to such laws and policies, including through a change of government, may adversely affect Innamincka.

### **Government actions**

Innamincka requires government regulatory approvals for its operations. The impact of actions, including delays and inactions, by governments may affect Innamincka's activities including such matters as access to lands and infrastructure, compliance with environmental regulations, production and exploration activities. This may from time to time affect timing and scope of work to be undertaken. No guarantee can be given that all necessary permits, authorisations, agreements or licences will be provided to Innamincka by government bodies, or if they are, that they will be renewed, or that Innamincka will be in a position to comply with all conditions that are imposed.

### **Carbon taxes and the application of an emissions trading scheme**

As part of its business, Innamincka provides oil and gaseous products. This business generates greenhouse gas emissions. Consumption of oil and gaseous products generates greenhouse gas emissions. Such emissions are recognised as contributing to global warming and potential climate change. The Australian Government and other governments may introduce new regulation (such as an emissions trading scheme) to address global warming and potential climate change. New regulation could materially affect Innamincka's business, possibly in an adverse way.

### **Compulsory work obligations**

Permits in which Innamincka has an interest are subject to compulsory work or expenditure obligations for each permit year which must be met in order to keep the permit in good standing. It is possible for these commitments to be varied by deferment and combination with later year requirements on application of the holders but any such variation is at the discretion of the relevant government minister administering the relevant legislation. If no variation is approved by the relevant government minister then a failure to meet compulsory obligation could lead to a forfeiture of the permit.

### **Financing**

If the Resolutions are not passed, in order to meet future ongoing work programs, Innamincka will be required to raise additional capital. There can be no assurance that sufficient equity or debt funding will be available to Innamincka on favourable terms or at all.

Any additional equity financing may dilute existing shareholdings and debt financing, if available, may involve restrictions on financing and operating activities. In the event such additional funding is not forthcoming Innamincka may need to farm out its interests or reduce its commitments.

### **Cash Calls**

Participants in the joint ventures to which Innamincka is or becomes a party are liable for cash calls for the costs of exploration and development programs.

If a participant fails to pay its cash calls, penalty provisions will apply under the joint venture or joint operating agreements. Such penalties could have a material adverse impact on Innamincka through actions such as loss of rights to production, dilution or loss of interest in the projects.

### **Insurance**

Insurance of all risks associated with oil and gas exploration and production is not always available and, where available, the cost can be high. Innamincka has in place insurance considered appropriate for Innamincka's needs, however there is no guarantee that such insurance will be sufficient in all circumstances.

## **Joint Ventures**

Innamincka has, and may become a party to, joint venture or joint operating agreements for the blocks in which it holds interests. Under these agreements, Innamincka may be voted into programs and budgets which it does not necessarily agree with or have the cash resources to fund. It may also be required to contribute to any increases in capital expenditure requirements and/or operating costs. Furthermore, the situation could arise where any or all of the joint venture parties are unable to fund their pro rata contributions to expenditure, in which case Innamincka may have to make increased contributions to ensure that the program continues.

Other companies may from time to time be operators under joint venture operating agreements and, to the extent that Innamincka is a minority joint venture partner, Innamincka will be dependent to a degree on the efficient and effective management of those operating companies as managers. The objectives and strategy of these operating companies may not always be consistent with the objectives and strategy of Innamincka, however, the operators must act in accordance with the directions of the relevant majority of the joint venturers.

Innamincka will be required under joint operating agreements to pay its percentage interest share of all costs and liabilities incurred by the joint venture in connection with joint venture activities. In common with other joint venture parties, if Innamincka fails to pay its share of any costs and liabilities it may be obliged to transfer its interests in the relevant exploration permits and the joint operating agreements to other joint venture participants.

## **Native Title, aboriginal heritage and sacred sites**

Permit applications and existing permits may be affected by native title claims or procedures. This could preclude or delay granting of exploration and drilling permits and considerable expenses could be incurred negotiating and resolving issues.

## **Production licence**

In order for production to commence in relation to any successful oil or gas well it is necessary for a production licence to be granted. Subject to remedying any default or non-compliance then existing, Innamincka should generally be entitled to the grant of a production licence in respect of an area over which it holds an exploration or prospecting permit but there is no guarantee.

## **Unitisation**

In the event of a cross-border discovery or a cross-permit discovery involving another permit holder, Innamincka will be required to share production in accordance with the requirements of the relevant regulatory authorities of any relevant unitisation agreement agreed between the parties (as the case may be).

## **Competition**

Some of Innamincka's competitors including major oil companies, will have greater financial and other resources than Innamincka, and, as a result, may be in a better position to compete for future business opportunities.

Many of the competitors not only explore for and produce oil and gas but also carry out refining operations and market petroleum and other products on a worldwide basis. There can be no assurance that Innamincka can compete effectively with these companies.

## **Litigation**

Innamincka may be exposed to potential legal and other claims or disputes in the future which could negatively impact Innamincka's financial performance through damages payments and harm to reputation.

### **Occupational health and safety risk**

Exploration and production of oil and gas may expose Innamincka's staff to potentially dangerous working environments. Occupational health and safety legislation and regulations differ in each jurisdiction. If any of Innamincka's employees suffered injury or death, compensation payments or fines may be payable and such circumstances could result in the loss of a licence or permit required to carry on the business.

### **Economic factors**

Factors such as economic outlook, inflation, currency fluctuation, interest rates, demand, global geo-political events and hostilities and industrial disruption have an impact on operating costs, oil and gas prices and share market conditions. Innamincka's future possible profitability can be affected by these factors which are beyond the control of its directors.

### **Economic and financial risks**

The costs of Innamincka will be impacted by the factors which affect oil and gas prices. Innamincka's future revenues and share price may also be affected by these factors. However, Innamincka will have greater exposure to the production of oil. Accordingly, Innamincka's revenue will be more exposed to the fluctuations in oil prices.

### **Funding**

The funds raised from this Offer are part of an overall recapitalisation of the Company that includes the Placement. The Board believes that this Offer and the Placement combined will yield a funding base that will allow the Company to refocus its business, to extract maximum value from its current core assets and to allow a growth strategy through new business development that will broaden and deepen the portfolio of assets. Failure to obtain either part of this fund raising will jeopardize this programme.

## 5 Additional Information

### 5.1 Reliance on Offer Document

This Offer Document has been prepared pursuant to Section 708AA of the Corporations Act, as modified by ASIC Class Order 08/35, for the offer of New Shares without disclosure to investors under Part 6D.2 of the Corporations Act. This Offer Document was lodged with the ASX on 9 February 2011.

Section 708AA of the Corporations Act requires companies to lodge a Cleansing Notice with the ASX. The Company lodged a Cleansing Notice with the ASX on 31 January 2011.

In deciding whether or not to apply for New Shares and/or Shortfall Shares under the Offer, you should rely on your own knowledge of the Company, refer to the documents lodged and the disclosures made by the Company on ASX (which are available on the ASX website at [www.asx.com.au](http://www.asx.com.au)) and seek advice from your financial or professional adviser.

### 5.2 Interests of the Directors

The interests of the Directors and their related parties in the securities of the Company at the date of this Offer Document are as follows:

Director	Ordinary Shares	Options
Adam Johnson	8,455,009	Nil
David McEvoy	957,693	Nil
Steven Koroknay	171,134	Nil
Nicholas Davies	6,800,000	Nil

It is the current intention of all of the directors to take up part or all of their Entitlement under the Entitlement Offer. Steven Koroknay, David McEvoy and Nicholas Davies also intend to apply for Shortfall Shares under the Shortfall Offer.

### 5.3 Board and Management Changes

#### (1) Mr Nicholas (Nick) Davies

Nick Davies has joined the Board of Innamincka and will be Acting Managing Director as from 30 January 2011. Mr Davies was CEO and MD of Arrow Energy from 2004 to 2010 and led the company from early stages until agreement to sell the company was reached in early 2010 for approximately \$3.5 billion. Mr Davies has 32 years experience in the Oil and Gas business and prior to Arrow was President of BP's Asia Gas and Power business based in Tokyo. He is also currently Chairman of Dart Energy Limited, an international CSG company.

Under the terms of Mr Davies employment contract Mr Davies will be granted 6,000,000 options in three tranches with varying vesting dates and exercise prices.

#### (2) Mr Anwar Awan

Upon Republic's subscription for its full Entitlement under the Entitlement Offer, Anwar Awan of Republic will join the Innamincka Board as a Non-Executive Director. Mr Awan brings 18 years of investment management experience focusing primarily on the Asia Pacific region. As a portfolio manager, he has been investing in the resources sector since the early 1990s. After working for almost 10 years in large investment management firms, Mr Awan co-founded Republic in October 2003.

#### 5.4 **Obtaining copies of Documents**

Innamincka will provide free of charge to any Shareholder who asks before the Offer closes, a copy of:

- the annual financial report of Innamincka for the year ended 30 June 2010 being the most recently lodged annual financial report of Innamincka before the date of this Offer Document; and
- any continuous disclosure notices given by Innamincka to ASX after the lodgement of the annual financial report of Innamincka for the year ended 30 June 2010 with ASIC and before lodgement of a copy of this Offer Document with the ASX.

These documents are also available on [www.asx.com.au](http://www.asx.com.au) and the Company's website at [www.innapet.com.au](http://www.innapet.com.au).

#### 5.5 **CHESS**

The New Shares will participate from the date of commencement of quotation in the Clearing House Electronic Subregister System (**CHESS**), operated by ASX Settlement and Transfer Corporation Pty Limited. They may be held in uncertificated form (i.e. no share certificate will be issued) on the CHESS subregister under sponsorship of a broker or on the issuer-sponsored subregister. New Shares subscribed for under the Offer must be allotted to the registered holder in accordance with the applicable Entitlement and Acceptance Form.

If you wish to hold your Shares on the CHESS subregister under sponsorship of a broker, you should provide your HIN (Holder Identification Number) in the space provided in the Entitlement and Acceptance Form accompanying this Offer Document. If you do not provide an HIN, your Shares will be held on the issuer-sponsored subregister.

Arrangements can be made at any subsequent time to convert your holding from the issuer-sponsored subregister to the CHESS subregister under sponsorship of a broker or vice versa by contacting Innamincka or your broker.

#### 5.6 **Taxation**

Shareholders should be aware that there may be taxation implications of participating in the Offer. Shareholders should consult their own professional taxation advisers to obtain advice in relation to the taxation laws and regulations applicable to their personal circumstances.

#### 5.7 **Withdrawal of Offer**

The Directors reserve the right to withdraw all or part of the Offer at any time prior to the issue of New Shares, in which case the Company will refund Application Monies in accordance with the Corporations Act without payment of interest.

#### 5.8 **Overseas jurisdictions**

This Offer Document does not, and is not intended to, constitute an offer, invitation or issue in any place in which, or to any person to whom, it would be unlawful to make such an offer, invitation or issue. By applying for New Shares, including by submitting the Entitlement and Acceptance Form or making a payment by Bpay® you represent and warrant that there has been no breach of such laws.

The distribution of this Offer Document outside of Australia may be restricted by law and persons who come into possession of it should seek advice and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. The Company disclaims all liabilities to such persons. Eligible Shareholders who are not resident in Australia or New Zealand are responsible for ensuring that taking up New Shares under the Offer does not breach the selling restrictions set out in this Offer Document or otherwise violate the securities laws in the relevant overseas jurisdictions.

No action has been taken to register or qualify this Offer Document, the New Shares or the Offer, or otherwise to permit a public offering of the New Shares, in any jurisdiction outside Australia and New Zealand.

## 6 Summary of Underwriting Agreement

Innamincka has entered into an underwriting agreement with Azure (**Underwriting Agreement**). The Underwriting Agreement results in the Offer being fully underwritten. Azure may appoint sub-underwriters to sub-underwrite.

### 6.1 Conditions

Amongst other matters, the obligations of the Underwriter to underwrite the Offer are conditional on the Underwriter obtaining the following prior to 18 February 2011:

- (1) binding sub-underwriting commitments in respect of the entire Offer, which have not been withdrawn or terminated as at the Shortfall Application Date;
- (2) written confirmation from Republic that it will take up its full Entitlement under the Offer; and
- (3) Sub-underwriters depositing into an Azure client escrow account funds equivalent to the full amount to be raised under the Offer, less Republic's full Entitlement under the Offer.

### 6.2 Fees

Innamincka has agreed to pay Azure a cash underwriting fee of 0.1% of the Underwritten Amount (the **Underwriting Fee**) and an offer management fee of 2.0% (the **Management Fee**).

### 6.3 Termination of Underwriting Agreement

The Underwriting Agreement provides that Azure may terminate their obligations to underwrite the Underwritten Amount upon the happening of the following:

- (1) **Offer Materials:** A statement contained in the Cleansing Notice / Information Document, ASX Materials, correspondence to Shareholders relating to the Offer or any other publication is or becomes misleading or deceptive or likely to mislead or deceive, or the Offer Materials omit any information they are required to contain or any forecast, expression of opinion, intention or expectation expressed in the Offer Materials is not, in all material respects, fair and honest and based on reasonable assumptions, when taken as a whole, or any person other than Azure who consented to being named in the Offer Materials withdraws that consent;
- (2) **Correcting notice:** In the reasonable opinion of Azure Innamincka becomes required to give, or Innamincka gives, a correcting notice under Section 708AA(10) or Section 708(A)(9).
- (3) **Proceedings:** If any time after the date of the Underwriting Agreement, any regulatory body issues or gives formal notice of an intention to issue proceedings (including an application by ASIC for an order under Part 9.5) in relation to the Offer, the Offer Materials, Innamincka or an officer in his or her capacity as an officer of Innamincka or commences or gives formal notice of an intention to commence any enquiry or investigation (including under Part 3 of the *Australian Securities and Investments Commission Act 2001*) into the Offer, the Offer Materials, Innamincka or an officer in his or her capacity as an officer of Innamincka.
- (4) **ASX unconditional approval:** Unconditional approval (or conditional approval, provided such condition would not, in the reasonable opinion of Azure, have a material adverse effect on the success or settlement of the Offer) by the ASX for official quotation of the Offer Shares is refused, or is not granted by the Quotation Approval Date (or such later date agreed in writing by Azure in its absolute discretion) or is subsequently withdrawn, qualified or withheld or ASX makes an official statement to any

person or indicates to Innamincka or Azure that official quotation of the Offer Shares will not be granted.

- (5) **Closing Certificate:** A Closing Certificate which is required to be furnished by Innamincka under the Underwriting Agreement is not furnished when required or a statement in that Certificate is untrue, incorrect or misleading or deceptive.
- (6) **Timetable:** Any event in the Timetable is delayed for more than 5 Business Days without the prior written approval of Azure.
- (7) **Listing:** Innamincka ceases to be admitted to the official list of ASX or the Shares are suspended, from trading on, or cease to be quoted on ASX (which, for the avoidance of doubt, does not include the trading halt requested by Innamincka for the purposes of conducting the Offer on the Trading Halt Announcement Date).
- (8) **\*New circumstance:** In the reasonable opinion of Azure, at any time on or after the Opening Date a new circumstance arises which would have been required by the Corporations Act to be included in the ASX Materials (or otherwise to have been included in material previously disclosed to ASX) had the new circumstance arisen before the ASX Materials were given to ASX.
- (9) **Material adverse change:** matters, events or circumstances which, having occurred, being announced or becoming known to Azure, have or could reasonably be expected to have a material adverse effect on the business, financial or trading position, assets or liabilities, profitability or prospects of Innamincka that, individually or when aggregated together, reasonably be expected to result in a diminution of the net assets of Innamincka by more than \$1,500,000.
- (10) **Insolvency:** A member of the Group is Insolvent or there is an act or omission which is likely to result in a member of the Group becoming Insolvent.
- (11) **\*Director:** A director of Innamincka:
  - (a) is charged with an indictable offence relating to any financial or corporate matter or any regulatory body commences any public action against the director in his or her capacity as a director of Innamincka or announces that it intends to take any such action; or
  - (b) is disqualified from managing a corporation under Sections 206B, 206C, 206D, 206E, 206F or 206G of the Corporations Act.
- (12) **Misleading or deceptive conduct:** Civil or criminal proceedings are brought against Innamincka or any officer of Innamincka in relation to any fraudulent, misleading or deceptive conduct whether or not in connection with the Offer.
- (13) **Withdrawal:** Innamincka withdraws the Offer.
- (14) **\*ASX Waivers:** ASX withdraws, revokes or amends the ASX Waivers.
- (15) **Debt facilities:**
  - (a) Innamincka breaches, or defaults under, any provision, undertaking covenant or ratio of a material debt or financing arrangement or any related documentation to which that entity is a party which has a material adverse effect on Innamincka;
  - (b) An event of default, potential event of default, review event which gives a lender or financier the right to accelerate or require repayment of the debt or financing or other similar event occurs under or in respect to any such debt or financing arrangement or related documentation; or
  - (c) Innamincka suspends payment of its debts generally.

- (16) **Failure to comply:** A member of the Group fails to comply with any of the following:
- (a) a provision of its Constitution;
  - (b) any statute;
  - (c) a requirement, order or request, made by or on behalf of ASIC or any Governmental Agency; or
  - (d) any material agreement entered into by it
  - (e) which is likely to prohibit or materially restrict the business of Innamincka or the Offer.
- (17) **\*Investigation:** Any person is appointed under any legislation in respect of companies to investigate the affairs of a member of the Group.
- (18) **Judgment against a related corporation:** A judgment in an amount exceeding A\$300,000 is obtained, except as disclosed in writing to Azure at least 2 Business Days prior to the date of the Underwriting Agreement, against a member of the Group and is not set aside or satisfied within 7 days.
- (19) **Alteration of constitution:** A member of the Group alters its constitution without the prior written consent of Azure.
- (20) **Prescribed Occurrence:** A Prescribed Occurrence as set out in Section 652C of the Corporations Act occurs.
- (21) **Force majeure:** A Force Majeure occurs, which affects Innamincka's business or any material obligation under the Underwriting Agreement lasting in excess of 7 days.
- (22) **ASX All Ordinaries market fall:** The ASX All Ordinaries Index closes, for a period of not less than 5 consecutive Business Days, at 4,467 or below.
- (23) **\*Disruption in financial markets:** Any of the following occurs:
- (a) a general moratorium on commercial banking activities in Australia, the United States of America, the United Kingdom, Hong Kong or Singapore is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
  - (b) trading in all securities quoted or listed on ASX, the London Stock Exchange, the New York Stock Exchange or NASDAQ is suspended or limited in a material respect; or
  - (c) the occurrence of any other adverse change or disruption to financial, political or economic conditions, currency exchange rates or controls or financial markets in Australia, a member of the European Union, the United States of America, Hong Kong or Singapore or any change or development involving a prospective adverse change in any of those conditions or markets.
- (24) **\*Action by government agency:** Any government agency commences any public action against Innamincka or any of its directors in their capacity as a director of Innamincka, or announces that it intends to take such action.
- (25) **\*Misrepresentation:** A representation or warranty made under the Underwriting Agreement, to have been made or given by Innamincka under the Underwriting Agreement proves to be, or has been, or becomes, untrue or incorrect
- (26) **Compliance with regulatory requirements:** The Offer or the Offer materials do not comply with any applicable law or regulatory requirement or there is a contravention by

Innamincka or any of its subsidiaries of the Corporations Act, its constitution or any of the Listing Rules.

- (27) **Unauthorised public statements:** Innamincka issues a public statement concerning the Offer which has not been approved by Azure, unless such consent has been unreasonably withheld or delayed.
- (28) **\*Change in law:** There is introduced into the Parliament of the Commonwealth of Australia or any State or Territory of Australia a law or any new regulation is made under any law, or a Government Agency adopts a policy, or there is any official announcement on behalf of the Government of the Commonwealth of Australia or any State or Territory of Australia or a Government Agency that such a law or regulation will be introduced or policy adopted (as the case may be).
- (29) **Material breach:** Innamincka fails to perform or observe any of its obligations under the Underwriting Agreement.
- (30) **\*Hostilities:** Hostilities not existing at the date of the Underwriting Agreement commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, Canada, any member state of the European Union, Indonesia, Japan, Russia or the Peoples Republic of China, or a national emergency is declared by any of those countries, or a significant terrorist act is perpetrated anywhere in the world.
- (31) **Change in management:** A change in the senior management or board of directors of Innamincka is announced or occurs, other than as disclosed in writing to Azure at least 2 Business Days prior to the date of the Underwriting Agreement.

The occurrence of the events marked with an asterisk above will not entitle Azure to terminate the Underwriting Agreement unless, in the bona fide opinion of Azure, the event has or is likely to have a material adverse effect on the willingness of persons to take up the Offer or the price at which Shares are sold on the ASX or could give rise to liability for Azure under the Corporations Act or any other applicable law.

#### 6.4 **Indemnity**

As a term of the Underwriting Agreement, Innamincka agrees to fully indemnify Azure, its Affiliates and Related Bodies Corporate and the directors, officers, employees, agents and advisers of Azure and its Affiliates and Related Bodies Corporate (**Indemnified Parties**) against all Losses directly or indirectly suffered by, or Claims made against, an Indemnified Party in any way relating to the Offer or arising out of any breach by the Company of its obligations under the underwriting agreement.

#### 6.5 **General**

The Underwriting Agreement contains covenants, warranties and representations and other terms in favour of Azure typical for agreements of this nature.

## 7 Defined Terms

**ABN** means Australian Business Number;

**Acceptance Slip** means the detachable Slip on the Entitlement and Acceptance form to be returned with Application Monies.

**AEDST** means Australian Eastern Daylight Savings Time;

**Announcement Date** means 31 January 2011;

**Applicant** means an Eligible Shareholder who submits an Entitlement and Acceptance Form or where the context requires a person who applies for Shortfall Shares;

**Application** means an application by way of a completed Entitlement and Acceptance Form to subscribe for New Shares under this Offer Document or where the context requires an application to subscribe for Shortfall Shares;

**Application Monies** means the monies received from Applicants in respect to their Application;

**ASIC** means the Australian Securities and Investments Commission;

**ASX** means ASX Limited ABN 98 008 624 691 and where the context permits, the Australian Securities Exchange operated by ASX Limited;

**ASTC** means ASX Settlement and Transfer Corporation Pty Ltd ABN 49 008 504 532;

**Azure** means Azure Capital Limited ACN 107 416 106;

**Board** means the board of directors of Innamincka;

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, and any other day that ASX declares is not a business day;

**Cleansing Notice** means a notice given in accordance with section 708AA(2) and section 708AA(7) of the Corporations Act;

**Closing Date** means the last date for accepting an offer for New Shares, being 5.00pm AEDST on 23 February 2011;

**Company** means Innamincka Petroleum Limited ACN 101 313 777;

**Constitution** means the constitution of the Company;

**Corporations Act** means the *Corporations Act 2001* (Cth);

**Director** means a director of Innamincka;

**Drillsearch** means Drillsearch Energy Limited ACN 006 474 844.

**Eligible Shareholders** means a person described in Section 1.3 of this Offer Document;

**Entitlement** means the non-renounceable right of an Eligible Shareholder to subscribe for New Shares pursuant to this Offer Document as set out in Section 2.1;

**Entitlement and Acceptance Form** means the personalised form attached to or accompanying this Offer Document;

**Entitlement Offer** means the pro rata offer of Entitlements to New Shares pursuant to this Offer Document;

**Ineligible Shareholder** means a Shareholder described in Section 1.4;

**Innamincka** means Innamincka Petroleum Limited ACN 101 313 777;

**Issue Price** means \$0.115 per New Share;

**Listing Rules** means the official listing rules of ASX;

**New Shares** means, where the context requires, Shares to be issued pursuant to the Offer or a Shortfall Share;

**Offer** means the Entitlement Offer and the Shortfall Offer;

**Offer Document** means this document, including the Entitlement and Acceptance Form;

**Official Quotation** means official quotation by ASX in accordance with the Listing Rules;

**Option Resolution** means the Resolution to approve the issue of three tranches of options to Mr Nicholas Davies under ASX Listing Rule 10.11 and Section 208 of the Corporations Act.

**Placement Resolution** means the Resolution to approve the Placement of Shares to Republic under Chapter 2E and Item 7 Section 611 of the Corporations Act and ASX Listing Rule 10.11 (if required).

**Record Date** means 7.00pm AEDST on 8 February 2011;

**Republic** means Republic Investment Management Pte Ltd;

**Right** means the right to subscribe for 1 New Share for every 3 Shares held on the Record Date and 'Rights' has a corresponding meaning;

**Rights Issue** means the issue of New Shares upon receipt of valid acceptances under this Offer;

**Share** means an ordinary share in the capital of Innamincka and 'Shares' has a corresponding meaning;

**Shareholders' Meeting** means the General Meeting to be held 24 March 2011 to approve the Placement Resolution.

**Shareholder** means the registered holders of Shares in the Company;

**Share Registry** means Link Market Services Pty Ltd ABN 54 083 214 537;

**Shortfall** means the number of New Shares for which Applications in response to Entitlements under the Offer Document have not been received by the Closing Date;

**Shortfall Offer** means the offer of Shortfall Shares pursuant to this Offer Document as set out in Section 2.5;

**Shortfall Shares** means, subject to any Shortfall, the number of Shares for which persons may apply for under the Shortfall Offer.

## **8 Corporate Directory**

### **DIRECTORS**

Adam Johnson, BA, LLB, MBA, Chairman  
Nicholas Davies, BSc (Hons) Mathematics with Engineering, Acting Managing Director  
David McEvoy, BSc Grad Dip (Geophysics), Non Executive Director  
Steven Koroknay, BE (Hons) Civil Eng (Sydney), FAICD, FIEA, Non Executive Director

### **COMPANY SECRETARY**

Leni Stanley, CA B Com.

### **REGISTERED OFFICE**

Innamincka Petroleum Limited  
c/- Stanley Yeates & Associates  
Level 1  
101 Edward Street, Brisbane QLD 4000  
Ph 07 3221 6022 Fax 07 3221 6625

### **BUSINESS OFFICE**

924 Gympie Road, Chermshire QLD 4032  
Ph 07 3359 8988 Fax 07 3359 8985  
Email: [mail@innapet.com.au](mailto:mail@innapet.com.au) Internet [www.innapet.com.au](http://www.innapet.com.au)

### **POSTAL ADDRESS**

PO Box 2378, Chermshire QLD 4032

### **EXECUTIVE STAFF**

Nicholas Davies, Acting Managing Director

### **AUDITORS**

PricewaterhouseCoopers  
Level 15, 123 Eagle Street, Brisbane QLD 4000

### **SOLICITORS**

Norton Rose Australia  
Grosvenor Place, 225 George Street, Sydney NSW 2000

### **SHARE REGISTRY**

Link Market Services Limited  
Level 15, 324 Queen Street, Brisbane QLD 4000  
Ph 02 8280 7454

### **WEBSITE ADDRESS**

[www.innapet.com.au](http://www.innapet.com.au)



**INNAMINCKA**  
**PETROLEUM**  
 ABN 11 101 313 777

All Registry communications to:  
 Link Market Services Limited  
 Locked Bag A14  
 Sydney South NSW 1235 Australia  
 Telephone: 1300 554 474  
 From outside Australia: +61 2 8280 7454  
 ASX Code: INP  
 Website: www.linkmarketservices.com.au

**SRN/HIN:**

**Entitlement Number:**

**Number of Eligible Shares held as  
 at the Record Date, 7:00pm (AEDST)  
 on 8 February 2011:**

**Entitlement to New Shares  
 (on a 1 New Share for every  
 3 Shares held basis):**

**Amount payable on full acceptance  
 at A\$0.115 per Share:**

<b>Offer Closes 5.00pm (AEDST):</b>	<b>23 February 2011</b>
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### ENTITLEMENT AND ACCEPTANCE FORM

As an Eligible Shareholder you are entitled to acquire 1 New Share for every 3 Existing Shares that you hold on the Record Date, at an Offer Price of A\$0.115 per New Share. You may also apply for New Shares in excess of your Entitlement, at the Offer Price (Shortfall Shares). This is an important document and requires your immediate attention. If you do not understand it or you are in doubt as how to deal with it, you should contact your accountant, stockbroker, solicitor or other professional adviser.

**IMPORTANT:** The Offer is being made under the Offer Document dated 9 February 2011. The Offer Document contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Offer Document. This Entitlement and Acceptance Form should be read in conjunction with the Offer Document.

If you do not have a paper copy of the Offer Document, you can obtain a paper copy at no charge, by calling the Innamincka Petroleum Limited Offer Information Line on 1300 551 627 (within Australia) or +61 2 8280 7709 (from outside Australia).

#### PAYMENT OPTIONS

If you wish to take up all or part of your Entitlement (as shown above), or take up all of your Entitlement and apply for Shortfall Shares, you have two payment options detailed below.

##### OPTION 1: PAYING BY BPAY®

If paying by BPAY®, refer to the instructions overleaf. **You do NOT need to return the Acceptance Slip below if you elect to make payment by BPAY®.** Payment must be received via BPAY® before 5.00pm (AEDST) on 23 February 2011. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Share Registry in time. By paying by BPAY® you will have deemed to have completed an Acceptance Slip for the number of Shares subject of your application payment.

##### OPTION 2: PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

If paying by cheque, bank draft or money order, complete and return the Acceptance Slip below with your Application Monies. No signature is required on the Acceptance Slip. The Acceptance Slip with your Application Monies must be received by the Share Registry before 5.00pm (AEDST) on 23 February 2011.



Billers Code: 130153  
 Ref:

##### Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: www.bpay.com.au  
 © Registered to BPAY Pty Ltd ABN 69 079 137 518

See overleaf for details and further instructions on how to complete and lodge this Entitlement and Acceptance Form.

**THIS IS A PERSONALISED FORM FOR THE SOLE USE OF THE SHAREHOLDER AND HOLDING RECORDED ABOVE.**



**INNAMINCKA**  
**PETROLEUM**  
 ABN 11 101 313 777

*Please detach and enclose with payment*



**SRN/HIN:**

**Entitlement Number:**

<b>A</b> Number of New Shares accepted (being not more than your Entitlement shown above)	<b>B</b> Number of Shortfall Shares	<b>C</b> Total number of New Shares accepted (add Boxes A and B)
<input type="text"/>	<input type="text"/>	<input type="text"/>
	+	=
<input type="text"/>		<input type="text"/>

**D PLEASE INSERT CHEQUE, BANK DRAFT OR MONEY ORDER DETAILS** – Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to “Innamincka Petroleum Limited” and crossed “Not Negotiable”.

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/> <b>A\$</b>

**E CONTACT DETAILS** – Telephone Number      Telephone Number – After Hours      Contact Name

<input type="text"/>	<input type="text"/>	<input type="text"/>
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# INNAMINCKA PETROLEUM LIMITED

The Offer to which this Entitlement and Acceptance Form relates is not being made to investors located or resident outside of Australia and New Zealand. In particular the Offer is not being made to any person in the U.S. or to a U.S. person. The Offer Document and Entitlement and Acceptance Form do not constitute an offer or invitation to acquire New Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

## ACCEPTANCE OF OFFER

By either returning the Entitlement and Acceptance Form with payment to the Registry, or making payment received by BPAY®:

- you represent and warrant that you have read and understood the Offer Document and that you acknowledge the matters, and make the warranties and representations;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of Innamincka Petroleum Limited.

## HOW TO APPLY FOR NEW SHARES

### 1. IF PAYING BY BPAY® (AVAILABLE TO SHAREHOLDERS WITH AN AUSTRALIAN BANK ACCOUNT ONLY)

If you elect to make payment using BPAY® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by BPAY®: [www.bpay.com.au](http://www.bpay.com.au)

Work out the total amount payable by you. To calculate the total amount, multiply the number of New Shares you wish to apply for by A\$0.115.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

### 2. IF PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

Complete all relevant sections of the Entitlement and Acceptance Slip USING BLOCK LETTERS. These instructions are cross referenced to each section of the Entitlement and Acceptance Form.

#### A. Acceptance of New Shares

Enter into section A the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

#### B. Application for Shortfall Shares

You can apply for more New Shares than your Entitlement. Please enter the number of **Shortfall** Shares above your Entitlement for which you wish to apply into Box B. Your Application for Shortfall Shares may not be successful (wholly or partially). The decision of Innamincka Petroleum Limited on the number of Shortfall Shares to be allocated to you will be final. No interest will be paid on any Application Monies received or returned.

#### C. Total Number of New Shares Subscribed for

To calculate total number of New Shares subscribed for, add Box A and Box B and enter this in Box C.

#### D. Cheque, bank draft or money order details

Enter your cheque, bank draft or money order details in section D. Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Innamincka Petroleum Limited" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. If you provide a cheque or money order for the incorrect amount, Innamincka Petroleum Limited may treat you as applying for as many New Shares and Additional New Shares as your cheque, bank draft or money order will pay for.

#### E. Contact details

Enter your contact telephone number where we may contact you regarding your acceptance of New Shares, if necessary.

## 3. HOW TO LODGE YOUR ACCEPTANCE SLIP

A reply paid envelope is enclosed for your use. No postage stamp is required if it is posted in Australia. Alternatively, if you have lost the reply paid envelope, or you have obtained the Offer Document electronically, your completed Acceptance Slip with the payment for New Shares may be mailed to the postal address, or delivered by hand to the delivery address, set out below. **If paying by BPAY® you do not need to complete or return the Acceptance Slip.** You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Share Registry by the close of the offer.

### Mailing Address

Innamincka Petroleum Limited  
C/- Link Market Services Limited  
Locked Bag 3415  
Brisbane QLD 4001

### Hand Delivery

Innamincka Petroleum Limited  
C/- Link Market Services Limited  
Level 15, 324 Queen Street  
Brisbane QLD 4000 **(Please do not use this address for mailing purposes)**

Make sure you send your Acceptance Slip and application payment allowing enough time for mail delivery, so Link Market Services Limited receives them no later than 5.00pm (AEDST) on 23 February 2011. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. Innamincka Petroleum Limited reserves the right not to process any Acceptance Slips and cheques received after the Closing Date.

**If you require further information on how to complete this Acceptance Slip, please contact the Innamincka Petroleum Limited Offer Information Line on 1300 551 627 (within Australia) or +61 2 8280 7709 (from outside Australia) between 8:30am and 5:30pm (AEDST) Monday to Friday.**