



INNAMINCKA
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ANNOUNCEMENT TO ASX

Date: 22 December 2010

To: Australian Securities Exchange
Companies Announcement Office
Electronic Lodgment System

Dear Sir

Termination of Merger with Drillsearch

Further to the announcement by Innamincka Petroleum Limited (**the Company**) on 14 December 2010 that the proposed merger with Drillsearch Energy Limited (Drillsearch) by way of Scheme of Arrangement was not approved by the requisite majorities of the Company's shareholders at the Scheme meeting, the Directors of the Company advise that Merger Implementation Agreement between Drillsearch and the Company has been terminated today in accordance with the terms of that agreement.

The Company will continue to entertain all opportunities that will provide avenues for the Company's shareholders to extract maximum value from the Company's significant portfolio of assets.

The immediate focus of the Company will be to accelerate exploitation of the Company's core Cooper Basin assets. The Company has continued to produce oil from the Flax field, and now proposes undertaking a 3D seismic program over the Flax/Juniper structures. A strong focus will be on harnessing the latest technologies to realise the value of the significant oil in place in these assets.

Work has continued to firm up drilling locations in PEL103 for potentially two new wells to be drilled in 2011 to target both oil and gas.

The Company will also continue to work with its joint venture partners on a gas aggregation strategy in the Cooper Basin, where the Company holds a strategic acreage position.

The Company is buoyed by continued interest in the Western Margin Oil Fairway, illustrated by the recent market activity over Impress Energy Limited, and looks forward to the commencement of exploration activity on the key PEL182 permit, in which the Company acquired a 37.6% interest in 2010.

In parallel to this program of activity in 2011 focussing on extracting value from the existing asset portfolio, the Company will continue to review its asset portfolio to identify any non-core assets for divestment.

Yours sincerely
Innamincka Petroleum Limited

Leni Stanley
Company Secretary