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The Manager
Companies Announcements Office
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Report for Quarter Ended 31 December 2004

During the quarter, Innamincka Petroleum Limited ("INP") as the operator for the PEL 101, the PEL 103 and the ATP 543P South Joint Ventures, completed the 2004 field program with the drilling of the Juniper 1 exploration well and the initial production testing of Flax 1 and Yarrow 1 discovery wells. These activities are summarised below:

- **Exploration Drilling**

One exploration well, Juniper 1 was drilled in PEL 103. The well spudded on 4 October and reached a total depth of 2728 metres on 23 October. The Juniper Prospect was a lowside fault play along the western side of the Innamincka High with mapped closure at the Permian target level in excess of 16 km². The primary targets and their nominal hydrocarbon potentials were the Patchawarra Formation with 63 bcf gas in place and the Tirrawarra Sandstone with 33 mmbbls oil in place. Oil-saturated sandstones were intersected in the basal Toolachee Formation and in the basal Patchawarra/Tirrawarra Sandstone with oil recoveries from drill stem tests of both intervals. Gas-saturated sandstones were penetrated in the Patchawarra Formation but were not tested.

Following analysis of the wireline log data and the pressure data from the drill stem tests, the in-place resource for the basal Patchawarra/Tirrawarra interval was estimated to be approximately 100 MMSTB oil within a trap area of 40 km² (10,000 acres). No estimate of the in-place oil resource present in the basal Toolachee Formation was made due to insufficient knowledge of the areal distribution of the oil-bearing sandstone unit. The gas in-place resource, based upon the log-interpreted gas pay in Juniper 1, was estimated to be approximately 52 BCF.

The well did confirm that the Juniper Prospect is an effective trap and is hydrocarbon-charged. The prospect will be further investigated in 2005.

- **Seismic Survey**

The Juniper seismic survey over the northern and central parts of PEL 103 commenced in mid-August. The acquisition of 420 km of 2D vibroseis data was completed in early October. Data processing is nearing completion and is expected to be finalised in early 2005. The data will provide the company with additional coverage of the current fields and an increased portfolio of drillable prospects for future consideration.

- **Production Testing**

Completion of the Flax 1 well over the oil-bearing Tirrawarra Sandstone was undertaken in the previous quarter. Production testing of the zone on a 20/64 inch choke ensued with a total of 7095 barrels of oil produced. During the current quarter, a further 3000 barrels of oil were produced before a pressure buildup survey was scheduled. However, the downhole equipment malfunctioned and the well was suspended. A considerable delay was incurred in securing another downhole shutin tool. In December, the well was again flowed for several days before being shutin and the downhole pressure buildup recorded. Analysis of all data from the production testing began at the end of the quarter.

At the time of this report, the main findings were substantial formation damage due to drilling fluid invasion, favourable reservoir quality for oil production and the need for pressure management to limit gas evolution from the volatile oil. Fracture stimulation of the sandstone reservoir is recommended.

In December, completion of the Yarrow 1 well over the Tirrawarra Sandstone-Merrimelia Formation interval was undertaken. In the two week period prior to Christmas, several flows on choke sizes ranging from 16/64 inch upto 28/64 inch were conducted with intervening shutin periods. For the main flow period, the well produced at 1.6 mmcfd on a 24/64 inch choke with associated condensate at 15-40 barrels per day and drilling mud filtrate at 5-10 barrels per day indicating well cleanup was continuing. Initial data interpretation indicates significant drilling fluid invasion and supports fracture stimulation of the well to increase gas and condensate production.

Other activities during the quarter included:

- **Permit Administration**

An application to combine Year 2 and Year 3 work programmes for PEL 103 was submitted to PIRSA. This will result in three exploration wells being drilled in the permit year ending February 2006.

An application for renewal of ATP 543P for a four year term commencing in February 2005 was submitted to the Qld Department of Natural Resources and Mines.

Subsequent to the 31 December, INP and its Joint Venturer (VE Falconer Australia Incorporated) decided to farmout some budgeted activities in the three permits. The farmouts will allow INP to accelerate evaluation of the Flax-Willowie-Juniper area. In this regard, design and costing of fracture stimulation in Flax 1 has commenced. The timing of this field activity will be subject to availability of the fracking crew and equipment.

A handwritten signature in black ink, appearing to read 'Ross Wecker', written in a cursive style.

Ross Wecker
Managing Director