

25th October 2006

The Manager
Companies Announcements Office
Australian Stock Exchange Limited
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Sydney NSW 2000

Report for Quarter Ended 30 September 2006

During the reporting period, Innamincka Petroleum Limited (“INP”), as the operator for the PEL 101, the PEL 103 and the ATP 543P South Joint Ventures in the Cooper Basin, was focussed on formulating a forward work program for discussion with joint venturer Vernon Faulconer Australia Incorporated (“VFI”) and discussions regarding potential farmout arrangements for the VFI interest in the three tenements.

Interpretation of seismic data in the South Candra block of PEL 103 was undertaken.

An independent assessment of INP tenements was completed in November 2005 and the findings released to the ASX in January this year. Following the Flax 1 production testing operations in January-April 2006, updating of this assessment supported increased recovery of the in-place oil accumulation and led to the conclusion that recoverable oil reserves for the Flax field were in excess of 4 million barrels.

PEL 101 (37.5% Innamincka)

There was no field activity in this permit during the reporting period. In the light of the current unfavourable gas prices, the joint venture applied for a six month suspension of the permit. Accordingly, the exploration commitment well for the third permit year would be deferred. The suspension was granted by PIRSA with the present permit year now concluding on 28 April 2007. Kapok 1, sited crestally upon the Kapok anticline and with the potential to contain 20-25 bcf gas in place, remains the preferred drilling candidate.

PEL 103 (35% Innamincka)

- **The production testing of Flax 1** was completed during early April. Analysis of this additional production data supported the independent reservoir engineer in assessing P50 recoverable reserves in excess of 4 mmstb oil for the Flax field.

- **Planning** for the forward work program includes :-
 - continued appraisal of Flax field reservoirs by fracture stimulation and production testing of one Patchawarra pay zone in Flax 1 as well as the Tirrawarra zone and two Patchawarra pay zones in Flax 2
 - fracture stimulation and production testing of the basal Patchawarra and Tirrawarra sandstones in Juniper 1

Successful results from these activities would increase proven and probable recoverable reserves for both the Flax and Juniper fields and would be the first step towards establishing the pilot well production pattern for the Flax field with a targeted field rate of 1000 bopd in 2007.

- Interpretation of the **Sprigg Extension 3D Seismic Survey** data was completed during the quarter. The survey was searching for structural culminations in the northern part of PEL 103 where Avery Resources is earning a 25% interest by contributing to the drilling of two wells in the South Candra block. The Banyan structure, located to the south of Sprigg South 1, was delineated as the largest prospect with an estimated inplace oil potential of upto 1.5 mmstb.

ATP 543P South (50% Innamincka)

There was no activity in this tenement during the reporting period.

Corporate

Innamincka continued farmout discussions with a number of companies on behalf of its joint venture partner, Vernon E Faulconer Australia Incorporated. To date, no farmin arrangements have been concluded, with discussions continuing. Concurrently, Innamincka and VFI are considering the future work program options to recommence field activities.



Ross Wecker
Managing Director