

31 January 2007

The Manager
Companies Announcements Office
Australian Stock Exchange Limited
10th Floor, 20 Bond Street
Sydney NSW 2000

Report for Quarter Ended 31 December 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 engaged in farmin discussions regarding potential purchasers for the VFI interest in the three tenements. Concurrently, Innamincka and VFI were considering future work program options to recommence field activities.

In late November, VFI informed Innamincka that they had received acceptable offers from Santos Ltd for their interests in PEL 103 and ATP 543P, including ATP 543P South.

In early December, Innamincka advised VFI that, under the provisions of the PEL 103 Joint Operating Agreement, it pre-empted the Santos offer for VFI’s 65% interest in the permit. Subsequently, Innamincka farmed out 25% interest to Seoul City Gas with Innamincka retaining a 75% interest in the permit. This was a major step forward for Innamincka in gaining control of evaluation and commercial development of its assets.

Innamincka did not pre-empt the offer for ATP 543P South. Accordingly, the interests going forward on this permit block will be Innamincka 50% and Santos 50%.

PEL 101 (37.5% Innamincka)

There was no field activity in this permit during the reporting period. Following a review of the annual work commitments, the permit has been taken out of suspension with the initial five year permit term revised to conclude on 22 January 2009. One exploration well has to be drilled by 22 January 2008. 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 (75% Innamincka)

The production testing of Flax 1 in mid 2006 supported the independent assessment of P50 recoverable reserves in excess of 4 mmstb oil (Innamincka share 3 mmstb) for the Flax field.

Planning and engineering for the Flax field program continued including discussions with the principal drilling, well completion and fracture stimulation contractors. All contractors indicated availability of their respective services for the immediate future.

Discussions regarding compression requirements and delivery were progressed.

Sprigg Extension 3D Seismic Survey data was reprocessed to account for surveying displacements in the initial processing. The survey was acquired to delineate 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. Interpretation of the revised data will be undertaken in the next period.

ATP 543P South (50% Innamincka)

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



Ross Wecker
Managing Director