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

## **Report for Quarter Ended 31 March 2007**

During the reporting period, Innamincka Petroleum Limited ("Innamincka"), as operator of the PEL 101, the PEL 103 and the ATP 543P South Joint Ventures in the Cooper Basin, was engaged in completing the PEL 103 farmin by Seoul City Gas (SCG) and undertaking a capital raising for the forward 2007 program in the three permits.

In late March, SCG completed its purchase of a 25% working interest in PEL 103. In March-April, Innamincka finalised its \$15 million capital raising and the debt facility with Macquarie Bank was fully repaid. Innamincka has now a 75% working interest in PEL 103 which is a major forward step for the company in controlling and maximising the potential of its assets.

Santos purchased the 50% working interest held by VFI in ATP 543P South. Accordingly, the interests going forward on this permit block will be Innamincka 50% and Santos 50%.

VFI has advised Innamincka that it is prepared to sell its 37.5% working interest in PEL 101. This proposal is under consideration by the permit Joint Venture.

Innamincka is now in the good position of having no ongoing debt and has the necessary funding for the 2007 program.

### **PEL 101 (37.5% Innamincka)**

There was no field activity in this permit during the reporting period. Reorganisation of the permit Joint Venture is likely with VFI offering recently to sell its 37.5% working interest in the permit. The other joint venturers, Midcontinent and Innamincka, are evaluating the VFI proposal. At present, it is planned to drill one exploration well in the 2H2007 or 1Q 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 2007 program is largely focused on drilling and production activities on the Flax oilfield. An independent assessment of the Flax field reported P50 recoverable reserves in excess of 4 mmstb oil (Innamincka share 3 mmstb). Planning and engineering for the Flax field program continued including discussions with the principal drilling, well completion and fracture stimulation contractors to ensure availability of their respective services in line with a project start date in May.

The drilling of Flax 3 and Flax 4 production wells and the subsequent fracture stimulation of the reservoir units in these wells and the previously-drilled Flax 2 production well is scheduled for the May-July period. Thereafter, oil production from these 3 wells is anticipated to proceed concurrent with recycled gas injection into the oil reservoir units via the Flax 1 well.

Additionally, the program includes the exploration well testing the possible connection of the Flax and Juniper oilfields. This well, East Flax 1 is scheduled for drilling in July following the Flax field development wells.

Other projects in the immediate vicinity being examined include the drilling of the North Yarrow exploration well testing for an oil accumulation associated with the 1970 Yanpurra oil discovery and the fracture stimulation/production testing of the basal Patchawarra-Tirrawarra section in Juniper 1 to establish commercial productivity within the broad Juniper oilfield.

## **Farmout Blocks within PEL 103**

### **Aspen Block (75% Innamincka)**

Avery Resources has earned a 25% working interest in the block through contribution to the funding of the Aspen 1 exploration well. Technical review of the well results in this area is being undertaken to develop the forward program for the block. The poor correlation between actual formational depths and those prognosed from the 2D seismic data is the main aspect to be addressed.

### **Turban Block (75% Innamincka)**

Avery Resources has the right to acquire a 35% working interest through the full funding of a 3D seismic grid over the block. Innamincka would thereafter be reduced to a 48.75% working interest. The acquisition of the seismic survey is subject to contractor availability and currently, acquisition is planned for the late 2007-early 2008 period. The survey is designed to define potential traps within the prospective Permo-Triassic section updip of the extensive Juniper oilfield.

### **Candra South Block (75% Innamincka)**

Avery Resources has the right to earn a 25% working interest in the block by contributing to the funding of two exploration wells. One well has been drilled to date.

The Sprigg Extension 3D Seismic Survey was acquired in conjunction with Stuart Petroleum and included the western part of the Candra South block. The survey was designed to delineate structural culminations with oil potential in the Jurassic and Triassic (Eromanga Basin) section. Processing difficulties have delayed the interpretation of these data. It is anticipated drilling of the second exploration well based on this seismic data will be undertaken in late 2007 or early 2008.

### **ATP 543P South (50% Innamincka)**

During the reporting period, discussions were held with Santos on the forward program for the block. Planning for a seismic survey leading to drilling most likely in early 2008 was initiated. The program will be in conjunction with the Cooper oil program being pursued by Santos along the eastern edge of the Cooper Basin.

### **Other Activities**

Whilst the current Cooper Basin permits are the immediate focus of company attention, other exploration, development or corporate opportunities in Australia are under continual review by the company. Innamincka attended the petroleum industry APPEA conference in Adelaide and will be attending and presenting at the Excellence in Upstream Energy conference in Sydney in May.

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

Ross Wecker  
Managing Director