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The Manager
Companies Announcements Office
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Report for Quarter Ended 30 September 2007

During the previous 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, finalised its \$15 million capital raising and repaid its debt facility with Macquarie Bank.

During the current reporting period, the Phase 1 program (as detailed in the March 2007 prospectus) was undertaken in PEL 103. The program consisted of drilling three wells and the fracture stimulation / well completion of three Flax field wells. In May 2007, the South Australian government granted Petroleum Retention Licence 14 (PRL 14) covering the Flax area. This licence was secured for permit administration purposes and to facilitate appraisal and development of the Flax field.

In PEL 101, Innamincka and joint venturer, Mid Continent Equipment Australia (MCEA) completed the acquisition of Vernon Faulconer's 37.5% working interest in the permit. The respective working interests in the permit are now 60% INP and 40% MCEA.

Following the Flax East 1 well result confirming the extensive Flax-Juniper field, planning for an aggressive program to advance evaluation and development of the petroleum deposits began in early October. These activities included formulation of a drilling and completions program and associated fund raising.

PEL 103 including PRL 14 (75% Innamincka)

The 2007 Phase 5 drilling programme commenced on 9th July following the refurbishment of Ensign Rig 30. A total of three (3) wells were drilled in this programme with two (2) wells being development wells on the Flax oilfield and 1 well being an exploration well between the Flax and Juniper oilfields. A brief summary of the drilling results from this programme follows:

Appraisal Drilling

Flax 3: The Flax 3 appraisal well, located approximately 650 m north of Flax 1, was drilled to a total depth of 2798 m and was cased as a future oil/gas producing well. Flax 3 intersected a total net pay column of in excess of 20 m with 11 m being attributed to the primary target Tirrawarra Sandstone. In addition, the result of Flax 3 deepened the lowest known oil level by 11 m and increased the confirmed field length to approximately 3 km (up from 2 km).

Flax 4: The Flax 4 appraisal well was located approximately 600 m to the west of Flax 1 and 600 m north of Flax 2 on the western edge of the Flax oilfield. Flax 4 also intersected an oil bearing Patchawarra Formation and Tirrawarra Sandstone section with between 6 and 10 m of pay being assigned to sandstones within this interval. Similar to Flax 3, Flax 4 intersected the primary target high to prognosis and thereby further increased the proven field area. Flax 4 was cased, and the well suspended as a future oil/gas producer.

Exploration Drilling

Flax East 1: Flax East 1 was the last well to be drilled in the programme and drilling commenced 27 August at a location approximately 950 m to the east of Flax 1. Importantly, Flax East 1 was drilled outside of the existing Flax oilfield boundary to test connection at the primary reservoir levels through the structural saddle between the Flax and Juniper oilfields.

Flax East 1 resulted in intersecting oil saturated Patchawarra Formation and Tirrawarra Sandstone reservoirs with a total of 14.8 m of net pay being assigned within these reservoirs. Furthermore, the well extended the lowest known oil level down by 24 m to -2653 m subsea. Based upon this, the combined field area for the Flax and Juniper oilfields is measured as approximately 120 km².

Flax East 1 was also cased and the well suspended pending completion as a future oil/gas producing well.

Drilling operations were completed on 29 September with the rig being released.

Initial Well Testing

The drilling of Flax 3 and Flax 4 appraisal wells and the subsequent fracture stimulation of the primary reservoir units in these wells and the previously-drilled Flax 2 appraisal well was conducted during the period. Initial testing from these three wells following fracture stimulation of the basal Patchawarra and Tirrawarra reservoirs produced at rates of 240 bopd, 160 bopd and 150 bopd respectively. The wells are still cleaning up and will be production tested in November when the temporary flowlines between the wells are approved by the regulatory authorities. The compressor unit is planned to be commissioned in December. Thereafter, recycled gas injection into the oil reservoir units to provide reservoir drive via the Flax 1 well will commence.

Farmout Blocks within PEL 103

Aspen Block (75% Innamincka)

No activity was conducted during the quarter. Avery Resources has earned a 25% working interest in the block.

Turban Block (75% Innamincka)

Avery Resources has the right to acquire a 35% working interest through the funding of a 3D seismic grid over the block. The acquisition of the 3D seismic survey is currently planned for mid-2008. 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 over the western part of the Candra South block to delineate structural culminations with oil potential in the Jurassic and Triassic (Eromanga Basin) section. Subject to joint venture approval, drilling of the second exploration well based on the seismic data will be undertaken in 2008.

PEL 101 (37.5% Innamincka)

There was no field activity in this permit during the reporting period.

The Joint Venture is considering a sidetrack of the Crocus 1 well and subsequent fracture stimulation to fully evaluate the gas potential of the Permian section as the next field operation in the permit. This would form part of the gas plan to delineate sufficient reserves to justify establishment of a gas processing facility and sales agreements.

ATP 543P South (50% Innamincka)

During the reporting period, planning for a seismic survey over the most prospective parts of the block continued. The survey forms part of the Cooper oil program being pursued by Santos along the eastern edge of the Cooper Basin. It is anticipated the survey will be undertaken in mid 2008.



Ross Wecker
Managing Director