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The Manager  
Companies Announcements Office  
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## **Report for Quarter Ended 30 June 2008**

During the current reporting period (fourth quarter) for April-June 2008, the activities undertaken by Innamincka Petroleum Limited ("Innamincka"), as operator of the PEL 101, the PEL 103 (PRL 14) and the ATP 543P South Joint Ventures in the Cooper Basin, included the following:

- drilled Flax 7 on the Flax oilfield within PEL 103 (PRL 14). The well encountered approximately 10 metres of oil pay in the target interval and was cased in preparation for completion, fracing and tie-in operations
- planning for well completion and fracing operations on Flax 5, 6 and 7 wells as well as Flax East 1
- secured regulatory approvals for the construction of the infield gathering system and central processing facility
- made substantial progress with the construction of the central processing facility and secured the materials necessary for the gathering system
- continued the PEL 103 permit renewal process in discussions with PIRSA
- drilled Crocus South 1 well in PEL 101. The well encountered a gas saturated Permian section in which approximately 10 metres of gas pay was delineated before casing as a future gas producer

An update on progress on the Flax Project was released to the ASX on 18 June and distributed in letter format to all shareholders. A further update was released to the ASX on 18 July. Whilst experiencing constraints related to equipment and services availability and to weather events, Innamincka reported considerable progress in its construction

activities and, as of the date of this report, is within days from reaching the milestone of oil production from the Flax field.

### **PEL 103 including PRL 14 (75% Innamincka)**

The 2008 Phase 6 drilling programme, using Ensign Rig 30, commenced on 14<sup>th</sup> January and was concluded on 23 May 2008. A total of five (5) wells were drilled in the campaign with three (3) wells being development wells on the Flax oilfield and 1 well being an exploration well north of the Yarrow gasfield. The fifth well was a gas exploration well on PEL 101. The results of drilling in the current quarter are summarised below:

#### **Development Drilling**

**Flax 7:** Flax 7 located approximately 900 m northeast of Flax 3, spudded 31 March 2008, and drilled to a total depth of 2810 m. It was subsequently cased as a future oil/gas production well. Flax 7 intersected approximately 10 m of oil pay in the targeted basal Patchawarra Formation and Tirrawarra Sandstone section.

This was the third and final development well in the current Flax programme.

#### **Initial Well Cleanup and Testing**

Planning for the well completion and fracture stimulation of the Flax 5, 6, 7 and Flax East 1 wells was completed during the quarter. Following competitive tendering, contract service providers were selected. Ensign using Rig 5 will undertake the well completion activities whilst Halliburton will perform the fracture stimulation operations. These activities commenced in July.

#### **Production Preparations**

During the current quarter, approval to construct the central processing facility ("CPF") at the Flax 1 lease was received from PIRSA and substantial progress was made towards completing the work. In addition, approval to construct the infield gathering system for the initial Flax 1-4 wells was also received from PIRSA with flowline construction scheduled to commence in the next quarter. The well manifold and pipework associated with the Flax CPF were installed by early July.

On the Flax CPF, civil works and pipework between the separator, the oil storage tanks and the gas flare pit was completed. Work on the oil tanker loadout facility was nearing completion.

The gas compressor unit is scheduled for installation in the third quarter and this will allow the injection of produced gas into the oil reservoir units via most likely the Flax 1 well to partially maintain pressure to assist reservoir drive.

## **Farmout Blocks within PEL 103**

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

No field activity was conducted during the reporting period. A geotechnical review of the regional exploration potential, and specifically the Aspen area, was initiated during the quarter.

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

Avery Resources has advised that, following a change in company ownership, they do not wish to proceed with the Turban block farmin. Under the farmin agreement, Avery was to fully fund a 50 km<sup>2</sup> seismic survey to earn a 35% interest in the block. The PEL 103 Joint Venture decided not to acquire the 3D seismic survey examining the 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 (Pine 1) has been drilled to date.

In the second quarter, an exploration meeting reviewed the interpretation and mapping of the 3D seismic data over the block. The Banyan prospect was selected as the favoured drilling target. The prospect, located immediately south of the Sprigg South 1 well, is interpreted to be 10-20 metres structurally higher at the Hutton Sandstone level and has the upside potential to contain an estimated 1 million barrels recoverable oil.

### **PEL 101 (60.0% Innamincka)**

The Crocus South 1 well was drilled during the quarter and constitutes one of the two exploration wells needed to fulfil the permit commitment by 22 January 2009.

### **Exploration Drilling**

**Crocus South 1:** Crocus South 1 located approximately 2 km south of Crocus 1, spudded 30 April 2008 and was drilled to a total depth of 3408 m. The Permian section was found to be gas saturated and contained some 50 metres of gross sandstone. Approximately 10 metres of the total sandstone within the Toolachee and Patchawarra Formations was classified as gas pay. The well was cased and suspended as a future gas producer.

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

During the second quarter, agreement on a 131 km 2D seismic survey over the Omicron prospect area was reached with joint venturer Santos (50%). Formal joint venture

approval was secured during the third quarter. The survey will be pursuing an oil accumulation on the Omicron anticlinal structure along the eastern edge of the Cooper Basin. The survey is scheduled for acquisition in late August-September 2008.

## **Forward Program**

Since 30 June 2008, facility construction is nearing completion and first oil from Flax 1 is expected around the end of July. Thereafter the focus of construction activity will be the installation of the well flowlines from Flax 2-4 back to the Flax CPF.

At the time of this report, the Ensign workover rig had commenced perforating activities on the Flax 5, Flax East 1 and Flax 6 wells. Halliburton had performed the first fracture stimulation operation on the Tirrawarra Sandstone in Flax 5 and was preparing for the fracing operation on the basal Patchawarra sandstones in Flax 5 before moving to the Flax East 1 well.

The main activities for the next quarter are

- to progressively complete, fracture stimulate and cleanup flow the recent Flax wells
- to extend the field gathering system to all Flax wells
- to install the compressor unit and commence gas injection
- to acquire the Omicron seismic survey in ATP 543P South



Ross Wecker  
Managing Director