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The Manager  
Companies Announcements Office  
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## **Report for Quarter Ended 30 June 2010**

### **Key Activities and Highlights**

- Acquisition of a 37.6% interest in prospective Cooper Basin Western Margin permit PEL 182
- T/18P, Bass Basin - joint venture partner publishes initial reserves estimates post the successful Trefoil drilling program.
- Production at Flax Oil Field continues at 130 bopd with production of 10,538 bbls during the quarter (INP share 3,952 bbls)
- ATP543P joint venture commences scoping work for the 2D seismic program in second half of 2010
- Strong financial position maintained with \$11.0 cash, no debt, and a remaining carry commitment by AGL Energy Limited of \$4.4m.

## **Operational Activity**

### **Bass Basin**

#### **T/18P (5% Innamincka)**

The planned two well drilling program which commenced in October 2009 was completed during the January – March quarter.

The major interest holder in the T/18P permit, AWE Limited (AWE) in April released its estimates of the Trefoil Field volumetrics after interpretation of the Trefoil 2 results. The initial estimate of 2P recoverable volumes is 195Bcf gas with 12 million barrels of associated liquids.

These volumes relate to Trefoil Field only and provide Innamincka with a significant addition to its existing resource base. This has potential to be further increased as a result of the successful identification of hydrocarbons during the Rockhopper drilling program. In addition, the Gentoo structure remains a potential future drilling prospect. The operator of the T/18P permit, Origin Energy Limited continues detailed analysis of the drilling results with the aim of confirming field volumetrics and identifying potential development strategies.

The joint venture has now moved forward to undertake further technical studies to determine the optimum approach to evaluating the remaining prospects and leads in the permit. This includes a QI inversion study of the 3D Shearwater seismic data which is currently in progress.

### **Cooper Basin**

Within the Cooper Basin, the major objectives during the quarter have been to:

- Complete the acquisition of a 37.6% interest PEL 182
- Optimise the oil production from the Flax field.
- Formulate strategies to extract value from the remaining assets

A summary of the key activities are as follows:

### **PEL 182 (37.6% Innamincka)**

In June 2010, INP announced that it had entered into an arrangement to purchase a 37.6% interest in the PEL 182 permit from Strategic Energy Resources Ltd. This transaction has now been completed since the end of the reporting period, and has been funded from existing cash reserves.

PEL 182 is located on the prospective and productive western margin of the Cooper Basin. The permit encompasses 1,750 km<sup>2</sup>, is adjacent to INP's PEL101, and represents a very strategic fit within the company's Cooper Basin portfolio.

Considered both oil and gas prone, the block offers INP considerable exploration potential, which will begin with recording a 3D seismic program to identify drilling targets. The permit also contains the Vanessa gas discovery.

Also in June 2010, noted Cooper Basin explorer Victoria Petroleum N.L. announced that it had entered into a sale agreement to purchase a 49.9% interest in PEL 182 from AuDAX Energy Ltd.

Innamincka looks forward to working with the new joint venture in the coming quarter to commence active pursuit of the significant opportunities in the permit.

### **PRL 14 (37.5% Innamincka)**

PRL 14 encompasses the Flax field.

Production continued during the quarter, with total production for the quarter of 10,538 bbls. Local rains in the Cooper Basin during April caused the field to be shut-in for a brief period.

Well flow rates have been encouraging and indicative that Flax field production will be sustainable at this level for the foreseeable future. Flax 2 was brought on line during the period flowing from both the Patchawarra and Tirrawarra zones.

Forward operations are to continue to optimise production from the established facilities.

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

Joint venture discussions were held with Santos during the quarter to approve locations of the 2D seismic program scheduled for late 2010. Organisational processes to establish the program are underway.

No field activity was conducted during the reporting period.

## **Gas Aggregation**

### **PEL 103 (37.5% Innamincka)**

### **PEL 101 (25% Innamincka)**

Focus on a broader gas aggregation strategy will continue with the aim of prioritising development potential for the already identified conventional resources and prospects in PEL 103 and PEL 101.

Planning is currently underway for a seismic inversion study around the Tallow and Cypress gas prospects in PEL 103 to identify potential drilling targets.

Under the terms of the farm-in agreement with AGL, INP has been fully carried for the recent CSG activity and will be carried for subsequent activities up to a limit of \$5m. At this time \$4.4m of this carry still remains to be applied against future exploration and appraisal activities.

## **Other Exploration and Development**

### **PEL 103 (37.5% Innamincka)**

### **PRL's 17 & 18 (37.5% Innamincka)**

A detailed technical review was undertaken during the period to identify and prioritise the technical options for further exploitation of Flax, Juniper and the remainder of the related exploration acreage.

Resulting from this review, technical studies are now underway with the aim of identifying the potential for additional 3D seismic to be employed across the Flax/Juniper areas to determine the existence of any channelling in the Patchawarra formation.

In addition, the shallower oil plays in the Jurassic/Triassic sands such as the Poolawanna are being assessed for their inclusion in seismic programs. This focus on the shallower sands aligns with the renewed focus on the Banyan prospect in the north of PEL103, and the shallow oil plays in PEL 182 and ATP543P South.

## **Coal Seam Gas**

### **PEL 103 (37.5% Innamincka)**

### **PEL 103A Aspen Block (37.5% Innamincka)**

Centered on the Innamincka Dome area in both PEL 103 and PEL 103A, a three core hole drilling program, operated by AGL Energy Limited ("AGL"), was concluded in late 2009.

Subsequent analysis of the program has determined a CSG development is not commercially viable. During the quarter, AGL as program operator submitted required well reports to PIRSA and well site rehabilitation was undertaken.

## **Corporate**

### **Financial Position**

INP retains a healthy cash balance of \$11.0m at the end of the quarter.

In addition, AGL still retains an obligation to fund a further \$4.4m of INP's expenditure on appraisal or exploration activity in the Cooper Basin permits. (This equates to a total program of between \$11.7m and \$17.6m depending on which permits the money is spent).

These amounts, when combined with a balance sheet with no debt, continue to place INP on a strong financial footing.

### **Forward Program**

Planned activities for the next quarter are:

- to work with new PEL 182 JV partners and formulate forward program to identify exploration targets on the Cooper Basin Western Margin;
- to further refine the gas aggregation strategy in the Cooper Basin and undertake studies to identify potential drilling targets in PEL 103;
- to finalise the seismic program for ATP543P South;
- to further progress studies to identify value-adding activity on existing core assets of Flax/Juniper;
- to identify non-critical assets for divestment; and
- to continue to actively seek acquisition opportunities that provide production and operating cashflow along with exploration upside



David Kinsman  
Chief Executive Officer