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ANNOUNCEMENT TO ASX

Date: 12 August 2004
To: Australian Stock Exchange Limited
Companies Announcement Office
Electronic Lodgment System

Dear Sir

FLAX 1 PRODUCTION TESTING COMMENCES

Innamincka Petroleum Limited ("INP") is pleased to advise that the production testing program on the Flax 1 oil discovery well has commenced. The Flax 1 exploration well, drilled in January this year, flowed gas from the Patchawarra Formation and oil with gas from the Tirrawarra Sandstone.

Production tubing has been run and the Tirrawarra Sandstone perforated over the interval 2702.0 to 2718.5 metres. Cleanup flows at various rates have been conducted. Having gathered initial oil and gas samples for analysis, the well has been shut-in for approximately 7 days to enable surface testing, crude storage and trucking facilities to be installed and connected. The extended production testing will then commence. The objective of the testing program is to define the optimal oil recovery parameters and to establish field development options.

Periodic announcements will be made as results are received during the extended production test.

As a company milestone, these activities have resulted in the first oil shipment of approximately 440 barrels by the Joint Venture.

Participants in the PEL 103 Joint Venture are:	
Innamincka Petroleum Limited (Operator)	35%
Vernon E Faulconer Australia Inc	65%

Yours sincerely
Innamincka Petroleum Limited

Leni Stanley
Company Secretary