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ANNOUNCEMENT TO ASX

Date: 9 September 2004
To: Australian Stock Exchange Limited
Companies Announcement Office
Electronic Lodgment System

Dear Sir

Willowie 1 Drilling and Flax Production Testing

Innamincka Petroleum Limited ("INP") is pleased to advise as follows:

Willowie 1

Willowie 1 in PEL 103 spudded on Tuesday 7 September and is forecast to take 23 days to complete. The well is located 4 km southwest of the Flax 1 oil and gas discovery well and is prognosed to reach a total depth of 2800 metres.

The Willowie Prospect is a lowside fault play along the eastern side of the Packsaddle Anticline. Mapped closure at the Permian target level is approximately 11 km². The primary targets and their associated hydrocarbon potentials are the Patchawarra Formation with 46 bcf gas in place and the Tirrawarra Sandstone with 23 mmbbls oil in place.

Flax Production Testing Update

The well has been flowing on a 20/64 inch choke size since 24 August. Flow rates have varied from 190 to 250 barrels oil per day accompanied by 300,000 to 350,000 cubic feet of gas per day. Flowing well head pressure ranged between 420 and 455 psi. Over 3,000 barrels of oil have been produced during this period of which about 2,200 barrels have been trucked for sale.

Over the next week, it is planned to shut the well in for a pressure buildup phase and then to reopen the well on a larger choke size and higher flow rate for a further flow period. The objective of the testing program is to better understand the reservoir capability and hence optimise future development plans.

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