
ANNOUNCEMENT TO ASX

Date: 27 November 2006

To: Australian Stock Exchange Limited
Companies Announcement Office
Electronic Lodgment System

Dear Sir

ANNUAL GENERAL MEETING – CHAIRMAN’S ADDRESS

I would now like to speak to you about your Company, the assets we have created to date and the central issue for all of us – namely, how do we move forward? How do we turn our oil and gas discoveries into dollars and cents?

It is worth remembering that we have been successful in discovering oil and gas resources assessed by independent experts to be more than 4 mmstb oil recoverable in Flax and 22 bcf gas recoverable in Yarrow. Both fields are ready for commercial development. Additionally, we have significant additional resources in our Juniper discovery and our permits contain significant exploration potential.

By way of background, as you are aware, plans for the development of our discoveries were significantly delayed by the decision of our US partner, Vernon E Faulconer Australia, Inc (VFI) to concentrate on its US business and potentially divest its interests. The result has been extended inactivity and its consequences to our share price.

So how do we move forward? Essentially there are two ways.

Firstly, we can do all we can to establish clear and open pathways for potential farminees to replace VFI. I will expand on that in a moment.

Secondly, as a fall back position we have continued to work with VFI to define a joint program independent of any new joint venture arrangement.

Let me now expand on the process of establishing clear and open pathways so that a fresh joint venture partner can replace VFI. As we have announced in the past, negotiations to establish acceptable arrangements with potential farminees are ongoing. Those negotiations have been both through Innamincka and in some cases directly between potential farminees and VFI itself. In some cases those negotiations have become quite well developed but in no case has a formal farmin agreement been signed. However, I remain optimistic about the outcome for the following reasons.

Firstly we have made actual finds of oil and gas. Work to date suggests that these discoveries have a significant value.

Secondly there is a shortage of oil and gas projects around the world and that shortage seems greatest in politically stable countries such as Australia.

Thirdly, the price of oil remains relatively buoyant.

This environment causes me to remain optimistic about achieving a resolution through this method.

On the other hand, common sense requires a fall back position. For that reason we have continued to work with VFI to define a joint program for development of our discoveries independent of any new joint venture arrangements. Our relationship with VFI is cordial and the fall back position has been subject of planning proposals between us.


In either event, there will be a need for further funds. I anticipate that a restructured joint venture would need funds for the continuing appraisal and development of the Flax field and that funds would be required to explore ATP 543P and PEL 101. On the other hand, if the decision is that VFI remains a participant then the funding needs may be lower.

Innamincka's forward program depends on the outcome of either of the above scenarios. In either event, Innamincka anticipates undertaking fundraising activities in the first half of 2007. It is anticipated that a vigorous development and exploration program will be undertaken if a new joint venture is secured and this will require substantial funds.

Your directors will ensure that shareholders will be given the opportunity to participate directly in the fundraising to enable them to retain maximum interest in your Company's discoveries.

Yours sincerely

Innamincka Petroleum Limited



Adam Johnson
Chairman