



Office 1 – Ground Floor
924 Gympie Road
CHERMSIDE QLD 4032
PO BOX 2378
CHERMSIDE QLD 4032
Telephone: (07) 3359 8988
Facsimile: (07) 3359 8985
www.innapet.com.au

23 February 2007

CHAIRMAN'S LETTER –SHARE PURCHASE PLAN

Dear Shareholder,

Innamincka Petroleum Limited (“Innamincka”) is pleased to offer you the opportunity to participate in a Shareholder Share Purchase Plan which is seeking to raise up to \$5 million of the \$15 million Capital Raising Program announced on 20 February 2007.

Over the last 12 months Innamincka has resolved and strategically strengthened the various ownership interests associated with its projects. The company is now in an ideal position to focus on achieving its immediate objective of successfully bringing the Flax Oil Field into production. Your Company has a 75% working interest in this field. Other activities scheduled in its Phase 1 work program include drilling the exploration well to test whether the Flax and Juniper oil fields are part of one larger accumulation, and conducting a seismic survey with joint venturer Santos in ATP 543P South. The planning of these activities for 2007/08 is complete and the Capital Raising Program is designed to provide the funding for this work.

Given the advanced nature of the Company's oil and gas projects, their proximity to existing infrastructure, its experienced Management Team and historically strong oil prices, Innamincka believes the next six to twelve months has the potential to be a very exciting period, with the potential evolution of Innamincka into an oil and gas production company.

With respect to the Capital Raising Program, Innamincka has decided upon a two part approach. This Shareholder Share Purchase Plan is aimed to recognise the interests of existing loyal shareholders. Through a Transaction Specific Prospectus, the Company will seek to raise the balance of the \$15 million program from new wholesale and retail investors. The Prospectus is targeted to be lodged in the third week of March 2007.

In relation to the Shareholder Share Purchase Plan specifically, please find enclosed copies of the offer documents. These documents set out the terms and conditions, including indicative timetable, together with a copy of your pre-printed entitlement form. Should you wish to purchase shares under the Plan, please complete the entitlement form and mail it in the reply paid envelope as soon as possible.

Finally, Innamincka would like to thank our shareholders for your support, and looks forward to providing you ongoing reports on our progress through the 2007 work program.

If you have any questions in relation to this letter or the offer detailed in the enclosed documentation please call the Company Secretary, Leni Stanley on (07) 3221 6022.

Kind Regards,

Adam Johnson
Chairman



Office 1 – Ground Floor
924 Gympie Road
CHERMSIDE QLD 4032
PO BOX 2378
CHERMSIDE QLD 4032
Telephone: (07) 3359 8988
Facsimile: (07) 3359 8985
www.innapet.com.au

INNAMINCKA PETROLEUM LIMITED
ACN 101 313 777
SHAREHOLDER SHARE PURCHASE PLAN

Dear Shareholder

Invitation to Participate in Shareholder Share Purchase Plan

The Board of Directors of Innamincka Petroleum Limited (“Innamincka” or “the Company”) announced on 20 February 2007 that as part of the \$15 million Capital Raising Program (“the Program”) being undertaken by Innamincka, the Company has resolved to carry out a Shareholder Share Purchase Plan (“Plan”).

The Plan entitles each shareholder of Innamincka Petroleum, regardless of current investment size, to purchase up to A\$5,000 worth of fully paid ordinary shares in Innamincka Petroleum (“Shares”).

The Plan is only open to each shareholder registered as the holder of a share at 7:00pm (AEST) on 2 March 2007 (the “**Record Date**”).

If you wish to participate in the Plan, you must complete and lodge the attached Application Form before 5.00 pm (AEST) on **20 March 2007** (“**Closing Date**”).

Pricing

The Plan will seek to raise up to a maximum of \$5 million and will invite those existing shareholders at the Record Date to subscribe for up to a maximum of \$5,000 worth of Innamincka shares at an **Offer Price** being:

- not less than 80% of the volume weighted average market price of the Company’s ordinary shares, calculated over the last 5 days on which sales occurred immediately prior to the issue of the securities. The price so determined will not be greater than \$0.25 per ordinary share.

The number of Shares to be issued to each applicant will be calculated by dividing the amount subscribed and accepted by Innamincka Petroleum, by the Offer price. Fractions will be rounded up to the nearest whole Share.

The market price of Shares may rise or fall between the date of the Offer and the date on which Shares are allocated to you. This means that the issue price you pay for the Shares under this Offer may exceed the market price of the Shares at the date of allotment.

Should the total value of applications for Shares exceed A\$5 million, Innamincka Petroleum will scale back applications on a pro rata basis.

The Board is pleased to offer all Eligible Shareholders an opportunity to participate in the Plan. This document sets out the terms and conditions of the offer by Innamincka Petroleum to you to participate in

the Plan (“Offer”). By agreeing to purchase Shares under the Plan, you agree to be bound by the terms and conditions of the Plan.

Current Activities

Details of the Company’s recent achievements and current planned work program and projects are set out in the enclosed letter to be dispatched with this Offer.

Use of Funds

Innamincka Petroleum intends to use funds raised under the Capital Raising Program (of which the Plan represents Tranche 1 of the Program) for exploration and development activities as follows:

Proposed Application of Funds	Amount (\$) assuming Maximum Subscription Raised from Program
Phase 1 development of the Flax Oil Field	\$5.75m
Drilling the saddle between the Flax and Juniper Oil Fields to test the possibility that Flax and Juniper are connected.	\$1.50m
ATP 543P South Exploration	\$0.75m
Working Capital	\$1.90m
Repayment of Debt	\$4.00m
Costs of the Capital Raising Program	\$1.10m
TOTAL	\$15.00m

Participation

Participation in the Plan is open to each person registered as holder on the Record Date who has an address (as recorded in Innamincka Petroleum’s register of members) in Australia or New Zealand (“Eligible Members”).

An Eligible Member who is a trustee or nominee expressly noted on the Innamincka Petroleum register may receive an Offer for each occasion they are separately recorded as a trustee or nominee for a different beneficiary named on the register. To the extent an Eligible Member holds shares on behalf of another person resident outside Australia or New Zealand, it is the responsibility of the registered holder to ensure that any acceptance complies with all applicable foreign laws.

This document will not constitute an offer in any jurisdiction in which it would not be lawful to make such an offer or to any person to whom it would not be lawful to make such an offer.

Participation in the Plan is entirely at the discretion of Eligible Members. An Eligible Member may apply for up to a maximum of A\$5,000 worth of Shares and not less than a minimum of A\$500 worth of Shares.

Offers are non-renounceable, which means that Eligible Members cannot transfer their entitlement to purchase Shares under the Offer to another person.

If you wish to participate in the Plan, you must complete and lodge the attached Application Form before 5.00 pm (AEST) on 20 March 2007 (“**Closing Date**”). Applications received after that time will not be accepted. Details of the address at which the Applications should be lodged appear on the Application Form. Applications and payments under the Plan may not be withdrawn once they have been received by Innamincka Petroleum. Application money will not bear interest under any circumstances. Please refer to the lodgement instructions on the Application Form.

If you wish to participate in the Company’s Capital Raising Program to an extent greater than the maximum allocation of \$5,000 under the Plan, then please mark where indicated on the attached application form that you wish to receive a copy of the Company’s Capital Raising Program Prospectus which is targeted to be lodged in the third week of March 2007.

The Offer is not a recommendation. If you are in any doubt about the Offer, whether you should participate in the Plan or how such participation will affect you (including taxation implications), you should contact a professional advisor. Innamincka Petroleum also recommends that you monitor the market price for Shares, which can be found on the website of the Australian Stock Exchange at www.asx.com.au or in the financial pages of major metropolitan newspapers.

Indicative Timetable

Activity	Indicative Date
Announcement of Plan	20 Feb 2007
Record Date SPP (7:00 pm AEST)	2 March 2007
Opening Date of Offer	2 March 2007
Closing Date of Offer	20 March 2007
Issue of Shares and dispatch of holding statements under the Plan	28 March 2007
Quotation of Shares on ASX	2 April 2007

Limit on Participation

An Eligible Member may not acquire more than A\$5,000 worth of Shares under the Plan, taking into account all applications, including joint and other beneficial interests. This maximum subscription limitation will apply even if an Eligible Member has received more than one Offer (whether in respect of a joint holding or because the Eligible Member has more than one holding under separate share accounts).

The board of Directors of Innamincka Petroleum (“**Board**”) reserves the right to refuse an application if it considers that the applicant is not an Eligible Member or has not otherwise complied with the terms and conditions of the Plan or for any other reason in its sole discretion. If an application is refused then any application money received will be refunded without interest.

Excess Subscriptions

The Board has set a maximum amount of A\$5 million to be raised under the Offer. It is not possible to predict the take up of this Offer.

If and to the extent to which the total value of applications for Shares under the Plan exceeds A\$5 million, Innamincka Petroleum will scale back applications. If this occurs, you may be allocated Shares to a value which is less than you applied for. If a scale back occurs, Innamincka Petroleum will refund any excess application money (without interest). Any scale back of applications will be conducted by the Board on a

pro rata basis with the minimum allocation set at \$500 worth of shares. Any determination by the Board in respect of any scaling back will be final.

Allotment of Shares

The Shares are scheduled to be allotted by 28 March 2007.

Shares allotted under the Plan will rank equally in all respects with all other fully paid ordinary Shares in Innamincka Petroleum on the date of their issue, and therefore will carry the same voting rights, dividend rights and other entitlements as existing fully paid ordinary Shares in Innamincka Petroleum.

Innamincka Petroleum will, promptly after allotment of Shares under the Plan, apply for the Shares to be quoted on the official list of the Australian Stock Exchange (“**ASX**”).

Innamincka Petroleum will not make any allotment of Shares that would cause it to breach the ASX Listing Rules or the Corporations Act.

Innamincka Petroleum will issue a holding statement or confirmation advice in respect of the Shares allotted to you under the Plan. You should confirm your holding before trading in any Shares you believe have been allotted to you under the Plan.

COSTS OF PARTICIPATION

No brokerage, commissions, stamp duty or other transaction costs will be payable by Eligible Members in respect of their application for, and allotment of, Shares under the Plan.

ADDITIONAL INFORMATION

The Plan will be administered by the Board and the Board will have an absolute discretion to:

- determine appropriate procedures for administration of the Plan; and
- resolve conclusively any difficulties, anomalies or disputes that may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any participating Eligible Member, or application for Shares, and any such resolution will be binding on all participants and other persons to whom the resolution relates.

The Plan and these terms and conditions of the Plan may be suspended, terminated or amended at any time by the Board.

Innamincka Petroleum’s rights may be exercised by the Board or any delegate of the Board.

ANY QUESTIONS?

If you have any questions concerning technical aspects of the Offer, please contact the Company Secretary, Leni Stanley, on (07) 3221 6022. If your questions concern investment related issues then you should contact a professional advisor.

Leni Stanley
Company Secretary

23 February 2007

Innamincka Petroleum Limited

Shareholder Share Purchase Plan – Terms and Conditions

Purpose

The purpose of the Share Purchase Plan (**the Plan**) is to offer shareholders of Innamincka Petroleum Limited (**Innamincka**) the opportunity to acquire additional fully paid ordinary shares in the Company (**Innamincka Shares**) up to a maximum of A\$5,000 in any 12 month period at a discount to the market price of Innamincka Shares on the financial market operated by Australian Stock Exchange Limited (**ASX**) without the need to pay brokerage costs and without the need for Innamincka to issue a prospectus, upon terms and conditions as the board of Directors of Innamincka, in its absolute discretion sees fit.

Shareholder eligible to participate

Eligible shareholders of Innamincka Shares that are registered with an Australian address at the relevant record date may participate in the Plan. Due to foreign securities laws, it is not practical for shareholders resident in other countries to be offered the opportunity to participate in the Plan.

Participation in the Plan is optional and is subject to these terms and conditions. Offers made under the Plan are non-renounceable (i.e. eligible shareholders may not transfer their rights to any Innamincka Shares offered under the Plan.)

An offer may, at the discretion of the Directors of Innamincka, be made under the Plan once a year. The maximum amount, which any shareholder may subscribe for in any consecutive 12 month period, is A\$5,000. The Directors of Innamincka may also determine in their discretion the minimum amount for participation, the multiple of the Innamincka Shares to be offered under the Plan and the period the offer is available to eligible shareholders.

Price of Innamincka Shares

The price of Innamincka Shares to be issued under the Plan will be determined as being:

- not less than 80% of the volume weighted average market price of the Company's ordinary shares, calculated over the last 5 days on which sales occurred immediately prior to the issue of the securities. The price so determined will not be greater than \$0.25 per ordinary share.

Applications and Notices

At the discretion of the Directors of Innamincka, Innamincka will send eligible shareholders a letter of offer and acceptance procedures, inviting them to subscribe for Innamincka Shares under the Plan, and accompanied by the terms and conditions of the Plan and an entitlement & acceptance form. Applications will not be accepted after the closing date of an offer and will be treated on a pro-rata basis. No oversubscriptions will be accepted and any over subscriptions may be refunded without interest.

Notices and statements made by Innamincka to participants may be given in any manner prescribed by its Constitution.

Issue of Innamincka Shares

Innamincka Shares to be issued under the Plan will be issued as soon as reasonably practicable after the closing date specified by the Directors of Innamincka in the relevant offer.

Innamincka Shares issued under the Plan will rank equally in all respects with all other fully paid ordinary shares in Innamincka from the date of issue.

Shareholding statements or CHESS notification will be issued in respect of all Innamincka Shares issued under the Plan. Innamincka will, promptly after the issue of Innamincka Shares under the Plan, make application for those Innamincka Shares to be listed for quotation on the official list of ASX.

Modification and Termination

Innamincka may modify or terminate the Plan at any time.

Innamincka will notify ASX of any modification to, or termination of, the Plan. The omission to give notice of any modification to, or termination of, the Plan or the failure of ASX to receive such notice will not invalidate the modification or termination.

Without limiting the above, Innamincka may issue to any person fewer Innamincka Shares than the person applied for under the Plan if the issue of the Innamincka Shares applied for would contravene any applicable law or Listing Rules of ASX.

Dispute Resolution

Innamincka may, in any manner it thinks fit, settle any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any participant, application or Innamincka Shares. The decision of Innamincka in this respect will be conclusive and binding on all shareholders and other persons to whom that determination relates.

Innamincka reserves the right to waive strict compliance with any provision of those terms and conditions. The powers of Innamincka under these conditions may be exercised by the Directors of Innamincka or any delegate of the Directors of Innamincka.

Questions and Contact Details

If you have any questions regarding the Share Purchase Plan or how to deal with this Offer, please contact your stockbroker or professional adviser or Company Secretary, Leni Stanley on (07) 3221 6022.