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ANNOUNCEMENT TO ASX

Date: 22 March 2007

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

Dear Sir

**Completion of Equity Purchase by Seoul City Gas
into PEL 103, Cooper Basin SA**

Innamincka Petroleum Limited ("INP") is pleased to advise that the Farmin Agreement with SCGAU Pty Limited (a subsidiary of Seoul City Gas Co., Ltd) has been completed with the payment by SCGAU Pty Ltd of \$7 million to acquire a 25% interest in PEL 103 (excluding the Aspen Block.)

The payment, when cleared, will be used by Innamincka Petroleum to retire debt under the bridging finance facility supplied by Macquarie Bank Limited, which will reduce Innamincka's debt from \$11.1m to \$4.1m. It is intended that the remainder of the facility will be repaid from the INP capital raising currently underway.

Phase 1 of the field program in PEL 103 is scheduled to commence in early May with the drilling of Flax 3 and 4 followed by the fracture stimulation of Flax 2, 3 and 4 and the conversion of Flax 1 into a gas injection well. It is intended that funds generated by the current capital raising be devoted towards these activities.

INP is pleased to welcome SCGAU into the permit joint venture. The respective participating interests will be as below:

Participants in the PEL 103 Joint Venture excluding the Aspen Block:

- | | |
|---|------|
| • Innamincka Petroleum Limited (Operator) | 75 % |
| • SCGAU Pty Ltd | 25 % |

Yours sincerely
Innamincka Petroleum Limited

Leni Stanley
Company Secretary
