



INNAMINCKA
PETROLEUM
ACN 101 313 777

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

ANNOUNCEMENT TO ASX

Date: 18 May 2007

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

Dear Sir

Operation Update – Flax Oilfield

Access and well site construction activity due to commence this week has been hampered by the current rainfalls. The drilling contractor, Ensign, has advised that refurbishments on Rig 30 are essentially complete and rigging up operations for the move to the Flax oilfield site are on track for early June.

The 2007 oil transportation and sales agreement with the Cooper Basin Producers has been finalised.

As previously advised, **the Flax Oilfield** has been independently assessed to contain mean recoverable reserves of more than 4 mmstb. To date, testing of the discovery Flax 1 well has produced over 45,000 barrels of 52^o API oil and provided engineering data for the design of the first well pattern of the EOR (Enhanced Oil Recovery) project. The initial project target is 1000 bopd by mid 2008.

Participants in the project are:

| | |
|-----------------------|-----|
| Innamincka (operator) | 75% |
| SCGAU | 25% |

Yours sincerely

Innamincka Petroleum Limited

Leni Stanley
Company Secretary