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ANNOUNCEMENT TO ASX

Date: 8 June 2007

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

Dear Sir

Operation Update – Flax Oilfield

The drilling contractor, Ensign, has advised that recent adverse weather in South Australia has delayed the finalisation of works on Rig 30 and accordingly the commencement of the Flax drilling operations by about two weeks.

Earthworks at the first drillsite, Flax 3, have been completed. The other two drillsites will be finished by early July.

The planning of post-drilling operations (fracture stimulation, well completion etc) to establish oil production has been completed.

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