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ANNOUNCEMENT TO ASX

Date: 10 July 2007

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

Dear Sir

Operation Update – Flax Oilfield

Innamincka Petroleum advises the Flax 3 development well spudded at 20:00 hrs July 9. The well is located approximately 600 metres north of Flax 1 and is anticipated to take 18 days to drill. It will be followed by the drilling of the Flax 4 development well and Flax East 1 exploration well.

ASX reporting will be on a weekly basis until drilling approaches the main target interval. Thereafter, daily reports will be released. Drilling progress may be monitored on the company website on a daily basis.

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° 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