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2 November 2007

CHAIRMAN'S LETTER

Dear Shareholder,

Innamincka Petroleum Limited (“**Innamincka**”) is pleased to offer you the opportunity to participate in a shareholder Share Purchase Plan. Innamincka recently announced a capital raising programme totalling \$30 million, of which \$5 million was set aside to be made available to existing shareholders under the Share Purchase Plan. The remaining \$25 million has been placed with institutions and sophisticated investors.

Over the last 6 months Innamincka has undertaken a very successful Phase 1 of its appraisal programme for bringing the Flax Oil Field into production. With the success of the Flax East 1 well drilled in September 2007, which confirmed that the Flax and Juniper oil discoveries made by the PEL 103 Joint Venture are connected and underlines a substantial increase in the assessed in-place oil resource, Innamincka is now well advanced to undertake Phase 2. The Share Purchase Plan is offered to shareholders to enable them to participate in the capital raising to fund Phase 2, as set out in the accompanying documentation.

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 have the potential to be a very exciting period with the evolution of the company from an exploration into an oil and gas production company.

With respect to the capital raising programme, Innamincka has decided upon a two part approach, comprising a shareholder Share Purchase Plan (to reward existing loyal shareholders) and a placement so that the company can introduce its projects to new institutions and sophisticated investors.

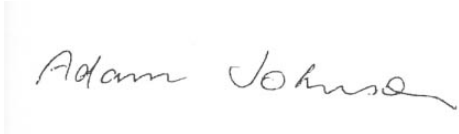
In relation to the shareholder Share Purchase Plan specifically, enclosed are copies of the offer documents, setting out the terms and conditions including an indicative timetable together with a copy of your pre-printed entitlement form. Should you wish to purchase shares under the Share Purchase Plan, this documentation requires completion and mail return in the reply paid envelope as soon as possible.

The company conducted a Share Purchase Plan earlier this year. As this is the second Share Purchase Plan being offered to shareholders by Innamincka within a 12 month period, shareholders who participated in the March 2007 SPP may only participate in this SPP to the extent that their participation in the previous plan was less than \$5,000. This is a restriction imposed by the Australian Securities and Investments Commission.

Finally, Innamincka would like to thank our shareholders for ongoing support and looks forward to the forthcoming work programme.

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,

A handwritten signature in black ink that reads "Adam Johnson". The signature is written in a cursive style and is positioned to the right of a vertical grey line.

Adam Johnson
Chairman