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ANNOUNCEMENT TO ASX

Date: 7 March 2008

To: Australian Securities Exchange
Companies Announcement Office
Electronic Lodgment System

Dear Sir

PEL 103 Activities Update

Innamincka Petroleum is pleased to advise the Yarrow North 1 well commenced yesterday. The well is exploring for an oil accumulation in a fault trap located to the north of the Yarrow gas field and west of the Yanpurra 1 well (drilled 1970) from which oil was recovered in a test of the target Tirrawarra Sandstone. Apart from the local trap, Yarrow North 1 may have greater significance as a step in the testing for a large combined accumulation encompassing the Yanpurra and Flax-Juniper accumulations.

Flax Project

Since the update in late February, project development has been progressing well. Particular aspects include:

- Regulatory approval received for civil works associated with the processing facility
- Design of facility pipeworks near completion and equipment orders being placed progressively
- Negotiations for the workover rig to complete the Flax 5 and Flax 6 wells underway
- Development of the completion and fracking programs underway

It is planned to commence production from the Flax 1 well in May and progressively bring on the other Flax wells as available. This startup date is governed by the floodwaters coming down Cooper Creek and over the Innamincka causeway through which the oil tankers have to pass on transit to Moomba. The start of gas injection is scheduled for late June/July.

These activities underline Innamincka's progression to an emerging oil producer in 2008.

Daily updates of drilling progress are reported to the ASX and are posted also on the company website www.innapet.com.au

Participants in the project are:

Innamincka (operator)	75%
SCGAU	25%

Yours sincerely

Innamincka Petroleum Limited

Leni Stanley
Company Secretary
