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# ANNOUNCEMENT TO ASX

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**Date:** 18 June 2008

**To:** Australian Securities Exchange  
Companies Announcement Office  
Electronic Lodgment System

Dear Sir

## **Successful Drilling Program Completed** **Flax Oil Production Imminent**

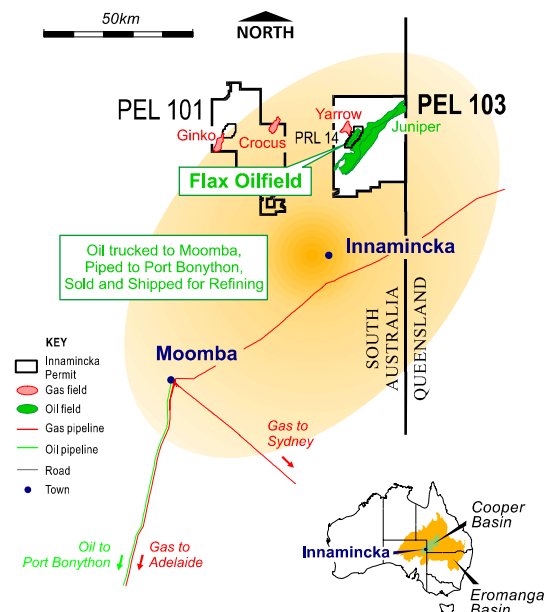
### **Summary**

The 2008 drilling program of five wells was completed in May. All five wells, including three wells in the northern part of the Flax oilfield, were successful and were cased and suspended for future production.

Innamincka Petroleum anticipates oil production to commence from the Flax field in July, initially from the Flax 1 well followed by Flax 3, Flax 4 and Flax 2. The field compressor, which has been assembled and tested in Brisbane, will be installed in the field in July and gas injection is planned to commence in the August/September period. Starting in July, Flax 5, 6 and 7 and Flax East 1 will be fracture stimulated. These wells will be progressively tied into the field facilities as production wells. Innamincka Petroleum continues to target 1000 bopd production from the well pattern once full pressure support is established.

### **Regulatory Approvals**

Regulatory approvals from PIRSA and other relevant authorities for the installation of the Flax processing and storage facilities and the infield pipeline system have been received. Operational approval from PIRSA is anticipated shortly.



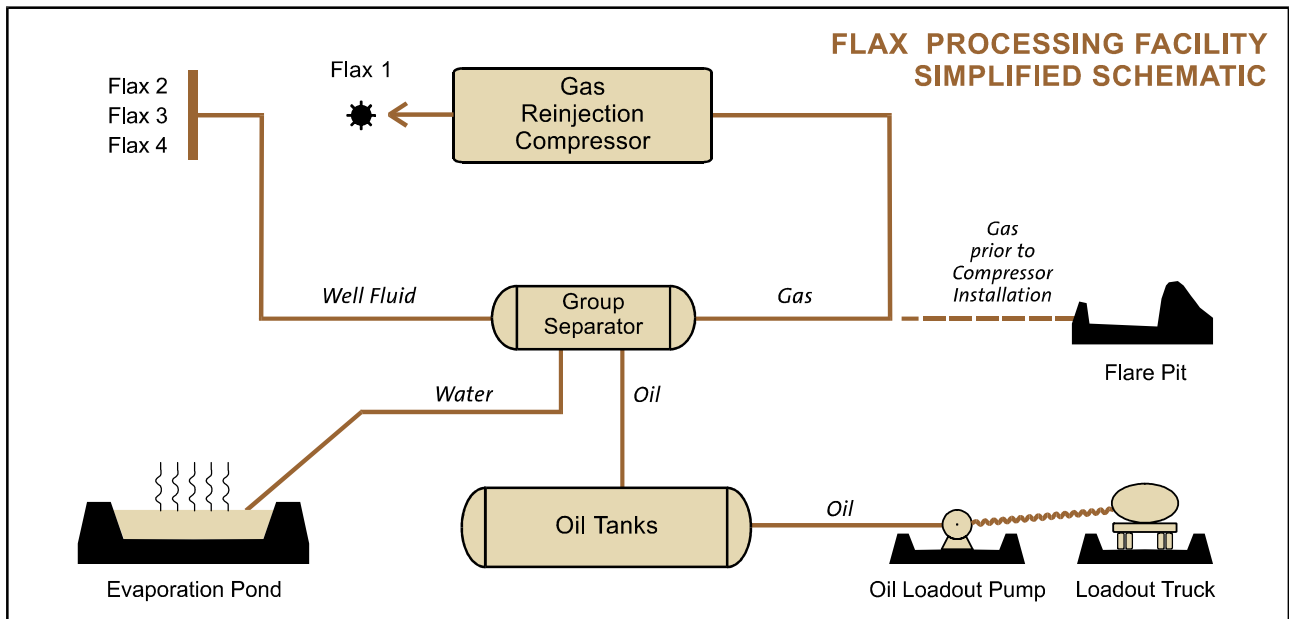
## Field Infrastructure

Roadworks and earthworks associated with the Flax processing facility are nearing completion.

Facilities design has been completed and most equipment has been received.

The oil and gas separator and the oil storage tanks have been installed and the load-out facilities for road tanker loading are currently being constructed.

The concrete base for the compressor has been laid and the compressor will be ready for transport to the field and installation in July.



The steel flowlines for the Flax 1-4 wells are being installed. Ordering of the flowline materials for Flax 5-7 and Flax East 1 is underway. Installation of the flow manifold and the pipework around the processing facility is being prioritised to allow earliest oil flow from the Flax1 well.



A permanent 10 man camp has been established adjacent to the equipment storage compound at Yanpurra. The camp will accommodate the operational personnel as well as allowing for the occasional contractors after this first construction phase is finalised. At present, this camp and an additional 20 man rental camp are being utilised.

Innamincka has recruited key personnel for the Flax Project and is developing its Health, Safety and Environment (HSE) and Operational Systems in preparation for first oil production.



## Weather

Rainfall has hampered progress. Recently, the Flax site received over 100 mm rainfall which extensively damaged the unsealed road system and delayed onsite work for more than a week.



## Well completion and Fracture stimulation

Well completion and fracture stimulation operations on the Flax 5 Flax 6 Flax 7 and Flax East 1 wells will commence in July. The well operations will complete the first wellfield pattern ready for the start of gas injection for reservoir pressure maintenance.

**Innamincka Petroleum is making significant progress with its initial development to become an oil producer in the third quarter of 2008.**

Participants in the Flax Project are:	Innamincka (operator)	75%
	SCGAU	25%

Yours sincerely  
**Innamincka Petroleum Limited**

A handwritten signature in black ink that reads "Leni Stanley".

**Leni Stanley**  
Company Secretary

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