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ANNOUNCEMENT TO ASX

Date: 26 September 2008

To: Australian Securities Exchange
Companies Announcement Office
Electronic Lodgment System

Dear Sir

Update on Flax Project

Since the last update, steady progress has been made by the workover rig and on construction activity. Recompletion of Flax 2 has finished and the workover rig is on Flax 5. The Flax 1 and 3 wells are online whilst the 2 and 4 wells will be connected this coming week. Recently, production has had to be curtailed following an incident at the Moomba unloading facility. During August, 6696 barrels from Flax 1 were delivered to the Moomba facility.

On a well activity basis:

Flax 1

The well was producing about 200 bopd on a 16/64 inch choke prior to the shutin. Whilst this Moomba limitation will obviously impact on September production, it has presented the opportunity to acquire additional well performance data.

Flax 2

The workover operation on Flax 2 has been successfully completed providing access to the Tirrawarra sandstone reservoir. Previously, frac-sand and perforating debris prevented this access. The basal Patchawarra reservoir is expected to produce initially at over 200 barrels per day whilst further remedial work is expected to result in the Tirrawarra sandstone progressively cleaning up.

Installation of the flowline connection from Flax 2 back to the Flax facility is nearing completion.

Flax 3

The well was brought online at the end of August. Prior to shutin, the well was producing at about 150 bopd on a 12/64 inch choke.

Flax 4

Installation of the flowline connection from Flax 4 back to the Flax facility is nearing completion. Production will commence upon resumption of crude transport.

Flax 5

The workover rig has commenced the recompletion operation. The existing completion equipment has been difficult to retrieve but progress is being made and the rig is anticipated to finish the operation next week. Thereafter, it is planned to selectively complete the well to determine the individual production streams from the basal Patchawarra sandstone and Tirrawarra Sandstone.

Flax 6

A pressure buildup survey is underway.

Flax East 1

The workover rig will move to this well after Flax 5. It is intended to test the fluid content of both the Tirrawarra Sandstone and the upper basal Patchawarra sandstone as part of the evaluation of the well.

Transport Restrictions

In mid September, an incident occurred during the unloading of Flax crude at Moomba. The facility operator (Santos Ltd), the transport contractor and Innamincka are investigating the incident in which no personnel were injured and no property was damaged. Further deliveries of Flax crude to the Moomba facility have been suspended until issues associated with the incident have been resolved. Innamincka and the facility operator are working to conclude this matter expeditiously and a successful resolution is expected.

Further updates will be issued periodically as development and other operations progress and results become available.

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

Yours sincerely

Innamincka Petroleum Limited



Leni Stanley

Company Secretary
