



13 July, 2009

Chairman's Letter

Dear Shareholder,

Innamincka Petroleum Limited (**Innamincka**) is implementing a number of growth initiatives related to its core Cooper Basin assets and its recently acquired interest in permit T/18P, located in the Bass Basin.

Details of these growth initiatives have recently been announced to the Australian Securities Exchange (**ASX**) and include:

- The imminent commencement of exploration drilling of Innamincka's coal seam gas opportunity in PEL 103 in the Cooper Basin by our joint venture partner AGL Energy Limited. This drilling is targeting, in the success case, Prospective Gas Resources assessed to be 811 Billion cubic feet (Bcf) or 133 million barrels of oil equivalent (mmboe), of which Innamincka has a 37.5% interest;
- The acquisition of a 5% participating interest in T/18P where a drilling program is set to commence in late July to appraise the existing Trefoil gas condensate field and to test the Rockhopper (Aroo) structure. In the success case this has the potential to deliver gross mean recoverable gas of up to 1.02 Trillion cubic feet (Tcf) or 167 mmboe; and
- The ongoing technical analysis of the Flax Field in PEL 103, in conjunction with Resource Investment Strategy Consultants, to define an optimum Field Development Plan.

Your Directors are excited by these opportunities and the potential to enhance value for all Innamincka shareholders. These new opportunities have the potential to add 355 Bcf (59.2mmboe) to Innamincka's 3C Contingent Gas Resources, providing a very significant increase to Innamincka's existing resource base.

To ensure Innamincka remains appropriately funded to pursue these growth opportunities, your Directors are pleased to announce an offer to existing shareholders to participate in a Share Purchase Plan (**SPP Offer**) to raise a maximum of \$10 million.

Under the SPP Offer, shareholders will be able to subscribe for up to \$15,000 of new shares without incurring brokerage or other transaction costs. New shares issued under the SPP Offer will be offered at a price representing a discount of

15.0% to the average closing price of Innamincka shares traded on the ASX during the five business days on which sales were recorded prior to the date shares are allotted under the SPP Offer, with a price cap of \$0.20. This means shareholders will not pay more than \$0.20 should the price of Innamincka shares increase over the period the SPP Offer is open. The maximum amount to be raised by the SPP Offer will be \$10 million and applications may, at the discretion of Innamincka, be scaled back if necessary.

In support of the Share Purchase Plan, all the Directors will be participating in accordance with their eligibility.

Full details of the SPP are set out in the accompanying SPP Offer document.

Your Directors would like to thank you for your ongoing support and look forward to your continued involvement with the Company while it pursues the growth opportunities outlined in this letter.

If you have any questions in relation to this letter or the offer detailed in the enclosed documentation, please call the Company Secretary's office, on (07) 3221 6022.

Kind Regards,

A handwritten signature in cursive script that reads "Adam Johnson".

Adam Johnson
Chairman