
ANNOUNCEMENT TO ASX

Date: 25 November 2009

Chairman's Address to the AGM

The last 12 months have been a combination of achievement, some disappointment and finally, a substantial transformation for your company.

We have worked hard on the Company's founding assets in the Cooper Basin. We gained "producer status" in August 2008, and have produced over 100,000 barrels from the Flax field however Flax production has been poorer than expected. As a result, we engaged independent petroleum consultants to prepare a dynamic reservoir model of the Flax field. The objective was to produce a Field Development Plan, including the possibility of gas injection and clarify the optimum economic way forward.

In September of this year we reported to you that the study had determined that the most commercially appropriate strategy was to recommence production from the field without gas injection. The study determined that we should keep producing from the field until it is no longer commercially viable. I am pleased to say that production has now recommenced and will continue until field economics no longer justify ongoing production.

In response to the disappointing performance from Flax, and the implications for other Permian Cooper Basin prospects, we identified and successfully pursued two new additional growth opportunities.

The first of these is coal seam gas, where earlier this calendar year AGL Energy Limited farmed into areas in PEL 103 and PEL 103A which had been identified as having potential for coal seam gas. Under the arrangement, AGL paid Innamincka \$15 million as an up front payment and also agreed to fund a \$10 million work program to evaluate the coal seam gas prospect known as the "Innamincka Dome". This transaction placed Innamincka in a strong financial position whilst ensuring that the areas of interest would be properly evaluated at a minimum of cost to Innamincka. AGL is an ideal partner given its extensive operational and customer base, and its ability to contribute significantly to project development and to bring operational and marketing expertise.

Mobilization and commencement of the three hole drilling program started in October. The first well encountered wall stability problems and so was abandoned. However, the next two holes, Merninie 1 and 2, have been successfully drilled, coal seams were encountered, cores taken and desorption samples captured. The most recent of these wells finished last Friday (20th November) and the core samples have been forwarded to the laboratory for analysis. The results of the analysis will probably not be available until January.

Our second new initiative that Innamincka has successfully pursued is the acquiring of assets in the Bass Basin.

Two opportunities have been secured which have the capacity to significantly transform your company by providing long term earnings and cashflow streams. The first of these opportunities in the Bass Basin occurred in July 2009 when your company farmed into Permit T/18P. T/18P is located in a proven "liquids-rich" gas and oil hydrocarbon basin and contains the existing White Ibis and Trefoil gas condensate discoveries.

The second of these opportunities was announced earlier this month. We announced an option to acquire a 7.5% interest in the neighbouring T/L 1 permit which contains the producing Yolla gas field together with the offshore and onshore production facilities and pipelines which are collectively known as the "BassGas Project".

The objective of these transactions is to establish a long term earnings base for Innamincka.

The BassGas Project has an expected life of at least 20-30 years and also has the potential to take advantage of the discoveries in T/18P such as Trefoil, White Ibis and the soon to be drilled Rockhopper well. Successful wells can be tied into the Yolla infrastructure. The BassGas Project has upside with expansion plans being undertaken by the joint venture to increase production and improve efficiency from 2011. Price re-openers exist in current gas contracts and there is the potential for sale of uncontracted gas reserves at prices higher than those in existing contracts.

The area of interests within T/18P and T/L1 contain an exciting exploration portfolio which includes gas, gas liquids and oil opportunities, most of which are in relatively shallow waters. As mentioned the Yolla infrastructure may be utilized for the commercialization of nearby discoveries.

In financial year ending 30th June 2009 the BassGas Project delivered approximately 18PJ of gross sales gas, 726,000bbl of associated condensate and 50,000 tonnes of LPG. Returns from the project are enhanced due to the high liquids component of the gas with approximately 62% of sales revenue in financial year 2009 derived from liquids. The BassGas transaction will add approximately 5.2 million barrels of oil equivalent to Innamincka's reserves. There has been widespread support for the favourable price at which we purchased the 5.2 million barrels, being less than \$8AUD per barrel of oil equivalent.

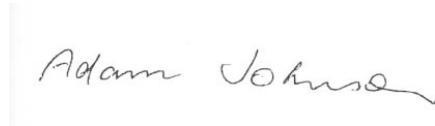
Innamincka is currently evaluating a range of options to fund the acquisition. The company has approximately \$12 million of uncommitted cash reserves and is currently engaged in discussions with financiers regarding the potential to source debt funding. Other equity based alternatives are being evaluated to complete the funding package. The purpose is to ensure that value is maximized for shareholders.

Looking forward over the next twelve months, we have a number of goals which we want to achieve. They include:-

- Continuing to extract maximum value from Flax, with a focus on ensuring maximum commercial production rates in a safe, efficient and low cost operation.
- Thorough evaluation of PEL 103 Coal Seam Gas potential.
- Completing T18/P evaluation and defining optimum commercialization options. It is already clear that Trefoil 2 has confirmed the finds of liquids-rich gas discovered in Trefoil 1.
- Concluding the BassGas acquisition with a financing arrangement that maximizes shareholder value. The BassGas transaction is an important step forward as it brings strong cash flows and ownership of the infrastructure adjacent to T18/P. We have contracted to purchase this asset on favourable terms and we should now complete the transaction with a financing package that brings the best financial outcome available.
- We will continue to identify and evaluate high quality, complementary opportunities.

Yours sincerely

Innamincka Petroleum Limited

A handwritten signature in cursive script that reads "Adam Johnson". The signature is written in black ink on a white background.

Adam Johnson

Chairman
