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ANNOUNCEMENT TO ASX

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Innamincka Asset Review Update – PEL 103* and PEL 101

Resource Investment Strategy Consultants Limited (**RISC**), on behalf of Innamincka Petroleum Limited (**INP**), has recently completed a strategic review of INP's assets. The key areas are addressed below.

Coal Seam Gas (CSG)

The PEL 103 Innamincka Dome CSG resource has been a positive highlight of the past 6 months. Internal evaluation of the resource coupled with independent assessment by third parties, led to the announcement in February of AGL Energy Limited's (AGL), farmin into PEL 101 and 103 for a cash payment of \$15 million plus a carry of INP for \$5 million of INP's share of costs of future exploration and appraisal activity.

Most recently INP has obtained a further independent assessment of the CSG Resource, completed by RISC, indicating Prospective Resources of CSG in Billion standard cubic feet, (Bscf), (100% Gross) of:

Low	37	Bscf
Best Estimate	141	Bscf
High	811	Bscf

In order for the Innamincka Dome CSG resource to be matured into gas reserves, the following activities must be successfully completed:

- Drilling of core holes to determine commercial gas content and permeability
- Carrying out a pilot test to demonstrate the ability to commercially produce the coal seam gas
- Maturation of further development plans, gas sales agreements and economics to support commercial development

The first stage of this will be the initial core hole drilling program to be undertaken over the coming months. This activity will be operated by AGL, who as a joint venture partner in PELs 101 and 103 brings CSG exploration and appraisal experience to the asset along with access to necessary markets and supply infrastructure. INP has signed a gas marketing agreement with AGL giving INP the opportunity to achieve market prices for its share of any gas produced.

Success with the CSG appraisal activity will be a cornerstone of the concept of aggregating gas for commercialisation from conventional sources within PEL 103 as well as from PEL 101.

Flax

Production was commissioned through the new field facilities in August 2008. Eight months later the field has now produced over 100,000 barrels (including early production testing). Flax is producing from wells 1, 2, 3, 4, 5, and 6 at a current rate of approximately 150 barrels oil per day (bopd), with associated gas of 1 million standard cubic feet per day (MMscfd) and 100 barrels water per day (bwpd). Field performance has been poorer than expected, and wells 5, 6 and Flax East 1 show a tendency to produce with high water content.

Given the significant amount of production and performance data gathered over these months, the Joint Venture is now preparing a static geological model and dynamic reservoir model of the Flax Field to define a more detailed field development plan (FDP) (including the possibility of gas injection) and clarify the optimum economic way forward. This exercise will also provide a revised estimate of the corresponding range of Proved (1P), Proved Plus Probable (2P) and Proved Plus Probable plus Possible (3P) Reserves and should be completed within 3 to 4 months.

Given current oil prices, it has been decided to shut-in the field while this work is undertaken.

Based on the existing knowledge, and prior to the results of the modeling and resulting optimisation of the field development plan, RISC estimates the gross oil in place to be in the range of 7.1 million barrels (MMbbl) (1P) to 25.5 MMbbl (3P), with 2P of 14.9 MMbbl (or 5.6MMbbl net to INP).

Similarly, current reserves remaining in the Flax Field are estimated to be 0.8MMbbl (Gross) at the 2P level (0.3MMbbl net to INP). 1P and 3P gross reserves are estimated at 0.1MMbbl and 3.2MMbbl respectively.

Juniper

The Juniper Field was discovered in 2004 via Juniper 1. RISC currently estimates the gross oil in place in both the Patchawarra and Tirrawarra to be in the range of 8.3 MMbbl (1P) to 44.9 MMbbl (3P), with 2P of 26.6 MMbbl (or 10.0 MMbbl net to INP).

RISC has also assessed the case for a combined Flax/Juniper accumulation. Oil in place of 171.2 MMbbl has been estimated, however it must be noted that it is classed as a prospective resource since no wells have been drilled between these two fields.

Other PEL 103 and 101 Assets

In addition to the above, PELs 101 and 103 also contain conventional gas Contingent and Prospective Resources. Gas in place (Gross) is estimated by RISC to be in the range of 152 Bscf (1C/Low) to 247 Bscf (3C/High Estimate) with 2C/Best Estimate of 190 Bscf. This equates to a 2C/Best Estimate recoverable gas resource of 98 Bscf with 27 Bscf net to INP. The Prospective and Contingent Resources are unrisks and have not been adjusted for the probability of discovery and/or commercialisation.

INP's participating interests in the referenced Joint Ventures are:

PEL-101	25% (Operator)
PEL-103*	37.5% (Operator)

* Reference to PEL 103 incorporates PEL 103A.

Yours sincerely

Innamincka Petroleum Limited



Leni Stanley
Company Secretary

The reserve and resource estimates have been authorised by Mr Peter Stephenson, Partner of RISC using the definitions and guidelines of the SPE/WPC/AAPG/SPEE Petroleum Resources Management System at an effective date of 31 December 2008. Mr Stephenson has 25 years international experience in the petroleum industry, and hold the degrees of M.Eng Petroleum Engineering and B.Sc Chemical Engineering (Hons), is a Chartered Engineer (MIChemE)) and is qualified to prepare hydrocarbon reserve and resource estimates in accordance with ASX rules. RISC is independent with respect to INP and has no pecuniary interest, other than to the extent of the professional fees receivable for the preparation of its report, or other interest in the assets evaluated, that could reasonably be regarded as affecting their ability to give an unbiased view of these assets. Mr Stephenson has consented to the inclusion in this report of matters based on their information in the form and context in which it appears.