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ASX ANNOUNCEMENT

AGL joins Innamincka as a joint venturer in PEL 101, PEL 103 and PEL 103A to evaluate Coal Seam and conventional Gas potential

Innamincka Petroleum Limited (“INP”) has entered into a Farmin Agreement with AGL Energy Limited (“AGL”) under which AGL will acquire from INP a 37.5% interest in PEL 103 and PEL 103 Aspen (“PEL 103A”) and a 35% interest in PEL 101. PEL 103 and PEL 103A contain conventional gas and oil assets and have also been identified as having potential coal seam gas areas of significant interest to the JV participants. Under the arrangements AGL will pay INP \$15 million as an upfront payment and fund a \$10 million work program to evaluate the recently identified Coal Seam Gas (“CSG”) prospect known as the Innamincka Dome.

The introduction of AGL as a farminee has the potential to enable these assets to be commercialised in a more rapid time frame than INP would otherwise have been able to achieve. AGL Energy is Australia’s leading energy retailer with an extensive operational and distribution base and provides natural gas and electricity to more than six million Australians. INP believes that the presence of AGL will contribute significantly to project development and brings operational, marketing and distribution expertise which will assist in the development of the gas and coal seam gas potential of the permits.

In accordance with AGL’s recognised expertise in the gas arena, INP has also entered into a Gas Marketing Agreement with AGL for each of the permits and subject to JV approval, will enter into Operator Delegation Agreements for AGL to undertake and operate the proposed program to ascertain the potential of the coal seam gas prospects.

INP has no borrowings and the transaction will place INP in a strong financial position.

Completion of the Farmin Agreement is subject to a number of conditions precedent, which include the issuing of sale notices to each of the existing JV participants in accordance with the pre-emption clauses of the Joint Operating Agreements for each of the permits and obtaining their consents to the transaction.

Key Transaction Terms

The key transaction terms of the Farmin Agreement are:

- AGL to pay INP an upfront payment of \$15 million upon completion of the agreement. (Anticipated completion date is early February 2009);
- AGL will acquire 37.5% interest in PEL 103 and PEL 103A and 35% interest in PEL101;
- AGL fund a \$10m work program to evaluate CSG prospect;
- INP to enter into a Gas Marketing Agreement with AGL for a period of 10 years in respect of all gas products produced from the permits which AGL is farming into. The agreement contains provisions which enable INP to obtain market based prices for its share of the gas;
- AGL will be the operator of the coal seam gas project.

Infrastructure

With the close proximity to the recently commissioned Ballera-Moomba pipeline (built by Epic), the blocks are well placed with respect to pipeline infrastructure. Connection to the pipeline would allow gas to be transmitted via third party lines to Adelaide, Sydney and points in between.

ATP 543 South

INP's third project, ATP 543 South which is located in the Queensland part of the Cooper Basin does not form part of this transaction. The joint venture partners in ATP 543 South remain INP (50%) and Santos (50%).

Should you have any queries in regards to this announcement please feel free to contact the Company on the numbers set out in this announcement.

Yours faithfully

Innamincka Petroleum Limited



Leni Stanley
Company Secretary