



Impress Ventures LIMITED

ABN · 15 009 212 319

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR
ENDED 31 DECEMBER 2004**

CORPORATE DIRECTORY

Directors and Officers

Eddie Smith
Non-Executive Chairman

Douglas Jendry
Managing Director

Chris Singleton
Non-Executive Director

John Gillon
Non-Executive Director

Andrew Meloncelli
Company Secretary

Principal and Registered Office

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West Perth
Western Australia 6005

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Email info@impressventures.com.au
Website www.impressventures.com.au

Auditors

RSM Bird Cameron Partners
8 St George's Terrace
Perth
Western Australia 6000

Telephone +61 8 9261 9100
Facsimile +61 8 9261 9101

Bankers

Bank of Western Australia Limited
108 St George's Terrace
Perth
Western Australia 6000

Share Registry

Computershare Investor Services Pty Ltd
Level 2, 45 St George's Terrace
Perth
Western Australia 6000

Telephone +61 8 1300 557 010
Facsimile +61 8 9323 2033
Website: www.computershare.com

ASX Code

Listed on the Australian Stock Exchange under the code ITC.



DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2004.

Directors

The names of directors who held office during or since the end of the half-year:

| Name | Directorship |
|--------------------|---------------------|
| Mr Douglas Jendry | Director since 2000 |
| Mr Eddie Smith | Director since 2003 |
| Mr Chris Singleton | Director since 1999 |
| Mr John Gillon | Director since 2000 |

The directors have been in office since the beginning of the interim period unless otherwise stated.

Review of Operations

Exploration Activity

Cooper Basin Drilling Program PEL 115, 104 and 111 (15% working interest)

Impress Ventures Ltd (by way of wholly owned subsidiary Springfield Oil and Gas Pty Ltd) has a 15% working interest in six blocks in the South Australian section of the Cooper/Eromanga Basin of South Australia. The drilling program commenced in PEL 115 in late August with the Hornet Prospect. Hornet was a gas discovery and was followed by the Ventura prospect, an oil discovery, Canberra was a dry hole and Mirage was an excellent Murta oil discovery.

The success rate of 50% for oil discoveries is excellent and the potential reserves and production from the two fields has moved Impress into the ranks of Australian oil producers.

Further discoveries are likely.

PEL 115, 104 and 111 Cooper Basin, South Australia, 15% working interest

Hornet 1

Drilling commenced on August 24 at the Hornet prospect and a total depth of 2,727 metres was reached on 18 September 2004. Evaluation of wireline logs and other data have indicated a number of potentially productive gas zones in the primary target Patchawarra Formation from 2,460 – 2,690 metres. The interval is interpreted to contain up to 30 metres of net pay. Impress considers that the lower sands from approximately 2,660 metres to total depth have the best porosity and production potential. The operator is negotiating with potential purchasers of any gas from Hornet and when these discussions are successfully concluded the well will be tested.

Ventura 1

The Ventura 1 well commenced drilling on October 5 and reached a total depth of 1,984 metres on 19 October.

Oil was recovered on drill stem test (DST) in the Murta Formation after testing the section from 1319 to 1345 metres. A total of 2 bbls of 59 degree API oil was recovered with no evidence of water.

Following further drilling oil shows were then encountered in the McKinlay-Namur sandstone and a subsequent DST of the interval from 1,364 to 1,377 metres recovered 42 bbls of clean 52.9 degree API oil with no signs of water.

Following electric logging, sidewall cores and analysis of mud log data an interpreted gross 10 metre oil column is considered to be present in the McKinlay/Namur section with up to 3.5 metres of net oil pay.

The interpreted recoverable oil reserves for the McKinlay/Namur Formation of the Ventura Oil Field, using the current available information, is a range from a mean of 220,000 bbls to a maximum of 460,000 bbls.

Production testing of the well commenced on 14 December with the well flowing clean oil (no water) at rates of 84 BOPD. A total of 124 bbls was produced and sold at market rates.



Preliminary analysis of the production data suggests the well has the potential to produce approximately 200 barrels per day on pump.

It is expected that production will commence in mid March, 2005 after acquiring the necessary approvals and equipment.

This is an exciting development for Impress as it represents the company becoming an oil producer less than two years after acquiring the acreage.

Canberra 1

The Canberra prospect was a stratigraphic play with significant upside potential for both oil and gas. The well was regarded as high risk/high reward.

The Canberra 1 well commenced drilling on 26 October and reached a total depth of 2,555 metres on 27 November. All indications from the electric logs and sidewall cores indicated there were no hydrocarbons present and the joint venture made the decision to plug and abandon the well.

Subsequent to this decision Mosaic Oil Ltd, a publicly listed company with producing interests in the Surat Basin, farmed into the Canberra well and prospect and, at their cost, agreed to test the well.

The testing was unsuccessful and the well was plugged and abandoned.

Despite the lack of success the Canberra area still has significant stratigraphic trapping potential and work will continue in the area. The success of other stratigraphic plays to the north (Innamincka Petroleum) does suggest that these traps work in the basin and the reward far outweighs any risk.

Mirage 1

The Mirage 1 well commenced drilling on 5 December, 2004 and reached a total depth of 1,975 metres on 20 December, 2004.

A drill Stem Test of the Murta Formation from 1,322m - 1,327 m resulted in the recovery of 11 bbls of 57 degree API oil with no water.

Subsequent analysis of all the available data suggests a gross oil column of 17 metres from 1,320 metres to 1,337 metres with a net pay of 6 metres.

Production testing of the well commenced on January 14, 2005 over the interval 1,320m – 1,326m and the well flowed at a rate of 372 bbls per day, with no water, on a ½ inch choke. Analysis of the data suggests that the flow rate could exceed 400 BOPD on a larger choke.

The interpreted recoverable reserves for the Mirage Oil Field, using currently available data, is a range from a mean of 1.3 million bbls to a maximum of 2.3 million bbls.

Following receipt of the necessary approvals, the relevant production equipment will be acquired and the well will be placed on long term production with the oil being sold at market rates. It is expected to commence production in mid March, 2005 at rates in excess of 300 BOPD.

Combined with Ventura well gross production from the two fields should exceed 500 BOPD.

Future Exploration Program PEL 115, Ventura – Mirage area

The results of both the Ventura and Mirage production tests, as well as reserve data, have only just been obtained and are being analysed and incorporated into the current data base. The future program in these areas will likely be influenced by the production characteristics of the two wells but Impress is confident that the two fields will be candidates for further development wells and be long term producers.

The joint venture is to consider drilling two development wells at Mirage during 2005 as well as recording a 3D seismic program over the Ventura/Mirage/Lightning trend to delineate further prospects for drilling. There is a two well commitment for PEL 115 for 2005.

We also await with interest the results of the Almonta well to be drilled by Beach Petroleum in February/March on the Almonta structure. This feature is shared by the PEL 115 permit and the adjacent Beach operated block. It lies approximately 6 kms to the north west of the Ventura oil field.

**Future Exploration Program PEL 104/111**

The PEL104/111 area covers over 2,200 square kilometers of highly prospective Jurassic and Permian oil and gas targets to the west and north of large currently producing oil and gas fields.

Recent discoveries to the south at Christies, Sellicks and Paranta have significantly upgraded the potential of the area. Only three wells have been drilled in PEL 104 and of these two have interpreted bypassed gas pay and the other had oil shows.

To date over 19 leads and prospects have been identified in these two adjacent permits. Following a review of the prospects the joint venture decided that further seismic was required to fully mature the features for drilling and in early 2004 a 150 line kilometer seismic survey was recorded over the blocks.

To further define and mature the prospects a seismic survey is planned for May, 2005.

Following interpretation the joint venture will select four prospects for drilling in the second half of 2005.

PEL 86 – 89, Cooper Basin, South Australia, 15% working interest

There was no activity in the permits during the quarter.

PEL 86 – 89, Onshore New Zealand, 6.84736% working interest

The permit was renewed for a further year with the requirement to drill a well by 2006. Impress increased its interest after two parties withdrew to 6.84736%. A decision on the drilling of a well and its location will be made later in the year.

Operating Results

The interim financial report to 31 December 2004 show an operating loss of \$615,178 compared with a loss of \$27,795 for the half-year ended 31 December 2003.

Auditor's Independence Declaration

In accordance with section 307C of the Corporations Act 2001, the Directors have obtained a declaration of independence from RSM Bird Cameron Partners, the consolidated entity's auditors.

Dated at West Perth 17 February 2005.

This report is signed in accordance with a resolution of the Board of Directors.

D Jendry
Managing Director

RSM Bird Cameron Partners

Chartered Accountants

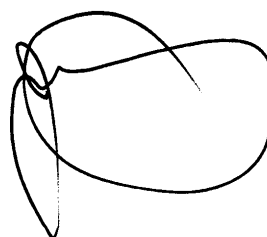
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www.rsmi.com.au

Auditor's Independence Declaration to the Directors of Impress Ventures Limited

In relation to our review of the interim financial report of Impress Ventures Limited for the half-year ended 31 December 2004, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

RSM Bird Cameron Partners

RSM Bird Cameron Partners
Chartered Accountants



J A KOMNINOS
Partner

Dated: 17 February 2005

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF IMPRESS VENTURES LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Impress Ventures Limited (the Consolidated Entity) for the half-year ended 31 December 2004. The Consolidated Entity comprises Impress Ventures Limited (the Company) and the entities it controlled during that half-year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes the responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not present fairly, in accordance with the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Consolidated Entity's financial position and of its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which were limited primarily to:

- Enquiries of company personnel; and
- Analytical procedures applied to the financial data.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

A review cannot guarantee that all material misstatements have been detected.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

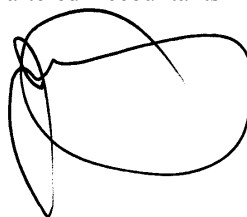
Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Company is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Consolidated entity's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants



J A KOMNINOS
Partner

Perth, WA
Dated: 17 February 2005



DIRECTORS DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 to 12:
 - (a) comply with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2004 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Dated at West Perth 17 February 2005.

This declaration is made in accordance with a resolution of the Board of Directors.

D Jendry
Managing Director



STATEMENTS OF FINANCIAL PERFORMANCE FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

| | Consolidated Entity | |
|--|----------------------------|-----------------|
| | 31.12.04 | 31.12.03 |
| | \$ | \$ |
| Other revenue from ordinary activities | 193,834 | 388,730 |
| Total revenue | 193,834 | 388,730 |
| Occupancy expenses | (49,644) | (49,138) |
| Administrative expenses | (331,151) | (329,745) |
| Depreciation expenses | (3,465) | (6,080) |
| Exploration expenditure written off | (423,198) | (6,543) |
| Other expenses | (1,554) | (25,019) |
| Loss from ordinary activities before related income tax benefit | (615,178) | (27,795) |
| Income tax benefit relating to ordinary activities | - | - |
| Loss from ordinary activities after income tax benefit attributable to members of the parent entity | (615,178) | (27,795) |
| Net loss attributable to outside equity interests | - | - |
| Total changes in equity other than those resulting from transactions with owners as owners | (615,178) | (27,795) |
| Basic loss per share (cents per share) | (0.328) | (0.023) |
| Diluted loss per share (cents per share) | (0.328) | (0.023) |

The accompanying notes form part of this interim financial report.



STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2004

| | Consolidated Entity | |
|---|---------------------|------------------|
| | 31.12.04 | 30.6.04 |
| | \$ | \$ |
| Current Assets | | |
| Cash assets | 2,487,833 | 3,897,627 |
| Receivables | 23,402 | 31,844 |
| Inventories | - | 4,661 |
| Total Current Assets | 2,511,235 | 3,934,132 |
| Non-Current Assets | | |
| Other financial assets | 58,500 | 30,000 |
| Plant and equipment | 17,545 | 9,715 |
| Exploration, evaluation and expenditure | 1,294,471 | 596,034 |
| Total Non-Current Assets | 1,370,516 | 635,749 |
| Total Assets | 3,881,751 | 4,569,881 |
| Current Liabilities | | |
| Payables | 20,779 | 102,511 |
| Provisions | 40,803 | 32,023 |
| Total Current Liabilities | 61,582 | 134,534 |
| Total Liabilities | 61,582 | 134,534 |
| Net Assets | 3,820,169 | 4,435,347 |
| Equity | | |
| Contributed equity | 16,463,614 | 16,463,614 |
| Accumulated losses | (12,643,445) | (12,028,267) |
| Total Equity | 3,820,169 | 4,435,347 |

The accompanying notes form part of this interim financial report.



STATEMENTS OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

| | Consolidated Entity | |
|--|----------------------------|------------------|
| | 31.12.04 | 31.12.03 |
| | \$ | \$ |
| Cash flows from operating activities | | |
| Receipts from customers | 101,450 | 127,308 |
| Payments to suppliers and employees | (452,934) | (421,175) |
| Interest received | 83,223 | 52,115 |
| Net cash used in operating activities | (268,261) | (241,752) |
| Cash flows from investing activities | | |
| Proceeds from sale of investments | - | 182,962 |
| Payments for investments | (20,000) | (18,750) |
| Payments for plant and equipment | (11,293) | (2,908) |
| Payments for exploration expenditure | (1,110,240) | (221,334) |
| Net cash used in investing activities | (1,141,533) | (60,030) |
| Cash flows from financing activities | | |
| Proceeds from issue of shares | - | 1,524,500 |
| Transaction costs from issue of shares | - | (35,489) |
| Net cash used in/(provided by) financing activities | - | 1,489,011 |
| Net increase/(decrease) in cash held | (1,409,794) | 1,187,229 |
| Cash at the beginning of the financial period | 3,897,627 | 1,964,778 |
| Cash at the end of the financial period | 2,487,833 | 3,152,007 |

The accompanying notes form part of this interim financial report.



NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

NOTE 1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Impress Ventures Limited as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of Impress Ventures Limited as at 30 June 2004. It is also recommended that the half-year financial report be considered together with any public announcements made by Impress Ventures Limited and controlled entities during the half-year ended 31 December 2004 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

The accounting policies have been consistently applied by the entities in the consolidated entity and are consistent with those of the previous financial year.

For the purpose of preparing the half-year consolidated report, the half-year has been treated as a discrete reporting period.

(b) Adoption of Australian Equivalents to International Financial Reporting Standards

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of the next financial year.

The consolidated entity's Directors and management, along with its auditors, are assessing the significance of these changes and preparing for their implementation. The Directors and Company Secretary will oversee and manage the Company's transition to IFRS. We will seek to keep stakeholders informed as to the impact of these new standards as they are finalised.

The Directors are of the opinion that the key differences in the consolidated entity's accounting policies which will arise from the adoption of IFRS relates to:

Exploration Expenditure - An IFRS on Exploration for and Evaluation of Mineral Resources has not yet been issued. Consequently, the consolidated entity is unable to determine the change in policies and related impacts, if any, that may arise on adoption of IFRS on its exploration-related operations and balances at balance date.

| | Consolidated Entity | |
|--|----------------------------|------------------------|
| | 31.12.04 | 30.6.04 |
| NOTE 2. CONTRIBUTED EQUITY | \$ | \$ |
| a) Paid up capital | | |
| 187,366,923 (30.6.04: 187,366,923) ordinary shares | 16,463,614 | 16,463,614 |
| b) Movements | No of Shares | Paid Up Capital |
| | | \$ |
| Balance 1 July 2004 | 187,366,923 | 16,463,614 |
| | <u>187,366,923</u> | <u>16,463,614</u> |



NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

NOTE 3. SEGMENT REPORTING

| | Mining and Exploration | Investment | Consolidated Entity |
|--|---------------------------|----------------|------------------------|
| 31 December 2004 | | | |
| Segment revenue | 1,554 | 83,223 | 84,777 |
| Unallocated revenue | | | 109,057 |
| Total revenue | | | 193,834 |
| Result | | | |
| Segment result | (421,644) | 83,223 | (338,421) |
| Other unallocated revenue and expenses | | | (276,757) |
| Loss from ordinary activities before income tax benefit | | | (615,178) |
| 31 December 2003 | | | |
| Segment revenue | 25,000 | 220,511 | 245,511 |
| Unallocated revenue | | | 143,219 |
| Total revenue | | | 388,730 |
| Result | | | |
| Segment result | 16,956 | 196,993 | 213,949 |
| Other unallocated revenue and expenses | | | (241,744) |
| Loss from ordinary activities before income tax benefit | | | (27,795) |

NOTE 4. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 5. EVENTS SUBSEQUENT TO REPORTING DATE

There has not been any material subsequent events to the end of the interim period and the date of this report that has not been recognised in the interim financial report.