

31 January 2005

Quarterly Report for the period ending 31 December 2004

HIGHLIGHTS FOR THE QUARTER

- Impress now an oil producer
- Two oil discoveries at Ventura and Mirage
- Gross production of 500 BOPD expected
- Up to 2.8 million bbls recoverable oil
- Excellent flows on production test
- Further oil prospects identified
- 3D survey and up to six wells planned for 2005

EXPLORATION ACTIVITY

Cooper basin drilling program PEL 115, 104 and 111 (15% working interest)

Impress Ventures 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 1,320metres 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, 87 and 89, COOPER BASIN, SOUTH AUSTRALIA, 15% WORKING INTEREST

There was no activity in the permits during the quarter.

PEP 38716, ONSHORE NEW ZEALAND, 5.48571% 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.



For further information, please contact **Douglas Jendry, Chief Executive** on **(08) 9214 2500**.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Impress Ventures Limited

ABN

15 009 212 319

Quarter ended ("current quarter")

31 December 2004

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(1,151)	(1,484)
(b) development	-	-
(c) production	-	-
(d) administration	(231)	(464)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	37	83
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – Management and Office Income	44	101
Net Operating Cash Flows	(1,301)	(1,764)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	(18)	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
Net investing cash flows	(18)	(18)
1.13 Total operating and investing cash flows (carried forward)	(1,319)	(1,782)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,319)	(1,782)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares (net of raising costs), options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(1,319)	(1,782)
1.20	Cash at beginning of quarter/year to date	3,325	3,788
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,006	2,006

Note 1.: Impress share of the cash balance from the various joint ventures has not been included.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	76
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

All transactions involving Directors and Associates were on normal commercial terms.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil.

Financing facilities available

Add notes as necessary for an understanding of the position.

+ See chapter 19 for defined terms.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil.	Nil.
3.2 Credit standby arrangements	Nil.	Nil.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	250
4.2 Development	Nil.
Total	250

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	30	45
5.2 Deposits at call	1,976	3,280
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,006	3,325

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased	PEP 38716	5.49%	6.48%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.1	Preference +securities <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy- backs, redemptions				
7.3	+Ordinary securities	187,366,923	187,366,923		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy- backs				
7.5	+Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	-	-	<i>Exercise price</i>	<i>Expiry date</i>
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

+ See chapter 19 for defined terms.

2 This statement does ~~not~~^{not*} *(delete one)* give a true and fair view of the matters disclosed.

Sign here: Date: 31/01/2005
(~~Director~~/Company secretary)

Print name: A L Meloncelli

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities:** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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