



ASX RELEASE

October 13, 2006

Quarterly Report for the period ending 30 September 2006

HIGHLIGHTS FOR THE QUARTER

- Mirage and Ventura Fields continue production at a combined average of 280-300 BOPD.
- Growler-1, the first well drilled by the PEL 104 Joint Venture (Impress 40%) has resulted in an oil discovery in the Jurassic Birkhead Formation. Approximately 36 barrels of 49 degree API oil with no water was recovered during a two and a half hour Drill Stem Test of the interval 1725m MD to 1737m MD. The well has been completed for production and the Operator, Victoria Petroleum, is planning to have the well producing under the terms of an Extended Production Test ("EPT").
- Growler-1 is located 16 kilometres west of the Santos operated Callabonna Oil Field which also contains oil reservoired in the Birkhead Formation and the discovery represents a significant extension of the oil productive Jurassic fairway on the western flank of the Cooper Basin. The well is 45 kilometres north of the Beach Petroleum operated Christies and Sellicks oil fields which also produce oil from Jurassic reservoirs.
- There are a number of follow up structures located in the Growler Field area in both PEL 104 and the adjacent PEL 111 (Impress 40%). Reprocessing of the existing seismic over these features is nearing completion and following interpretation of these data, it is intended to drill at least two more wells commencing in December. The likely candidates are Wirraway and Ascender. The Wirraway prospect is located 4 kilometres north of Growler-1. Subject to the results of the EPT an appraisal well at Growler Field is also planned.
- Agreement was reached during the quarter by the PEL 115 Joint Venture (Impress 40%) to farm in part of PPL 93 operated by SANTOS Limited. The Joint Venture will fund the cost of Tomcat-1 which will be drilled in December 2006. Tomcat-1 will test a prospect which straddles the border between PEL 115 and PPL 93 and will be drilled updip from the 1995 well Wilpinnie-3 from which oil was recovered from the mid Namur Sandstone on Drill Stem Test. The well will be operated by SANTOS. Under the terms of the farm in agreement the PPL 93 Joint Venture have the right to earn an interest in the PEL 115 portion of the prospect by making a cash payment to the Joint Venture of ten times the cost of Tomcat-1 and funding an appraisal well.
- During the quarter Mirage-3 and Mirage-4 were fracture stimulated using BJ Services equipment mobilised from New Zealand.
- Following these treatments the wells have placed on pump and are in the process of being connected by flow lines to the Mirage-1 production facility. Initial pumping results indicate that the wells will be moderate producers.
- Mirage-3 is currently producing 30-35 BOPD with a 70% water cut and Mirage-4 is producing 35-40 BOPD with a 60% water cut. Indications are that formation water is being produced. The full results of the fracture stimulation program will not be known until production levels have stabilized. Modifying pump rates may positively impact on oil production.
- The Joint Venture is reviewing the data obtained from this fracture stimulation program to determine the cause of the high water cut and assess the implication of future programs.

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EXPLORATION ACTIVITY

Cooper Basin, Onshore South Australia

Australia's Cooper basin is the country's leading onshore producer of oil and gas with discovered reserves of over 11 TCF of gas and 320 million bbls of liquids.

Impress has interests in six permits covering over 16,000 square kilometers of prospective Cooper Basin and Eromanga Basin sediments.

The permits cover the whole spectrum of exploration targets ranging from very low risk/moderate reward to lightly explored/high reward.

An active appraisal and exploration program to assess the reserve and producing potential of the Mirage discovery and to further explore prospects in the portfolio is continuing and three more exploration wells are planned in the fourth quarter of the year to follow up on the success at Growler-1.

PEL 104, Cooper Basin, South Australia, 40% Working Interest

PEL 104 covers 1,069 square kms and is located immediately adjacent to the Tirrawarra Oil field, Australia's largest onshore oil field with estimated reserves of 70 million bbls and 340 billion cubic feet of gas. Also adjacent is the Fly Lake Oil and Gas field and the permit surrounds the Callabona oil discovery. In August 2002 the Sellicks 1 well located 30 kms south of PEL 104 flowed 2,160 barrels of oil per day and in early July 2003 the Christies 1 well was declared commercial with an 18 metre oil column.

Impress considers the permit is highly prospective for both gas and oil in both the Permian and Jurassic sequences that are highly productive elsewhere in the Cooper/Eromanga Basin.

This view was confirmed by the discovery of oil at Growler-1, the first well drilled in the permit by the PEL 104 Joint Venture. Follow up drilling is planned for the fourth quarter of the year.

PEL 111, Cooper Basin, South Australia, 40% Working Interest

PEL 111 covers 1,185 square kilometers and is located to the north of, and adjacent to, PEL 104. The permit surrounds Charo oil discovery.

During the initial evaluation stage of PEL 104 it became obvious that the PEL 111 contained a number of shared prospects as well as some interesting stratigraphic leads of significant size.

To date prospects and leads are recognised at Catalina, Ascender, Gannet, Liberator, and Eagle. Additional processing of the seismic over these features is being carried out with a view to drilling at least one well during the last quarter of 2006.

PEL 115, Cooper Basin, South Australia, 40% Working Interest

PEL 115 is located on the south eastern edge of Cooper Basin and covers 1,106 square kilometers. The permit is 'broken up' into six separate areas and surrounds the oil and gas producing fields at Dullingari, Toolachee, Strezelecki, Della and Kidman.

The block represents one of the lowest risk areas for exploration in the Cooper Basin. Impress continues to develop prospects and leads for further drilling activity in late 2006 and 2007. This drilling program will include Tomcat-1 in the northern part of the permit. This well will be drilled close to Wilpinnie-3 drilled by Santos in 1995 which flowed oil to surface from a mid Namur sandstone. The Tomcat prospect straddles the boundary between PEL 115 and the Santos

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operated production licence PPL 93 and the Joint venture has finalised a farm-in arrangement with the PPL 93 Joint Venture whereby the PEL 115 Joint Venture will earn an interest in that part of the prospect that lies in PPL 93.

Reprocessing of seismic data to the east of Mirage Field over the Coobowie High is nearing completion and interpretation of these data is expected to yield further oil targets for drilling in addition to those such as Lancer which have been identified in the Mirage 3D seismic area.

2006 DRILLING PROGRAM

Mirage 2

The Mirage 2 well commenced drilling on 31 January, 2006 and reached a total depth of 1655 metres. The rig was released from location on 23 February, 2006.

The well was completed as a potential Murta oil well subject to further evaluation.

Mirage 3

The Mirage 3 well commenced drilling on 27 February, 2006 and reached a total depth of 1661 metres. The rig was released from location on 15 March, 2006.

A drill Stem Test of the Murta Formation from 1,317 m – 1,330 m resulted in the recovery of 27 bbls of clean oil with no water over a two hour flow period. This well was completed as a Murta oil well with production timing subject to equipment availability.

Mirage 4

The Mirage 4 well commenced drilling on 19 March, 2006 and reached a total depth of 1447 metres. The rig was released from location on 4 April, 2006.

A drill Stem Test of the Murta Formation from 1,319 m – 1,337 m resulted in the recovery of 3 bbls of oil cut mud. This well was completed as a Murta oil well with production timing subject to equipment availability.

Lightning 1

The Lightning 1 well commenced drilling on 7 April, 2006 and reached a total depth of 2,017 metres. The rig was released from location on 28 April, 2006.

A drill Stem Test of the Murta Formation from 1,312 m – 1,325 m resulted in the recovery of 2 bbls of oil cut mud. The well was suspended as a potential Murta oil well subject to further evaluation.

Jindivik 1

The Jindivik 1 well commenced drilling on 3 May, 2006 and reached a total depth of 1,700 metres. The rig was released from location on 18 May, 2006.

A drill Stem Test of the Murta Formation from 1,314 m – 1,335 m resulted in the recovery of a small volume of water currently interpreted to be associated with the oil water contact at the Jindivik location. The well was plugged and abandoned.

Growler 1



Growler-1 reached total depth of 1993 m in the basal Jurassic Poolawanna Formation on the 16th September 2006. The well encountered oil shows over a twenty nine metre interval in the Jurassic Birkhead Formation and an off bottom test of the interval 1725m to 1737m recovered approximately 36 barrels of 49 deg API oil with no water over a two and a half hour main flow period. The well has been completed for production.

Reserve assessment

Following the drilling program a comprehensive study of the Murta reservoir using the Mirage 3D together with the new drilling data including core and test result is being undertaken. This work will be completed during the second half of the year and will also incorporate the results of the fracture stimulation work leading to a reassessment of the reserves in the Mirage and Ventura Fields. At this stage there has been no reason to change the previously assessed reserve figures.

Production Licences PPL 213 and PPL 214

The JV has granted production licences PPL 213 over the existing Mirage wells and PPL 214 over the Ventura Field.

Production data from the producing wells will be integrated into data from the Greater Mirage area and a development plan implemented to optimise recovery from the area.

PEL's 86, 87, 89, Cooper Basin, South Australia (40% Working Interest)

The Joint Venture performed a Telluric Electro Magnetic (TEM) survey during early 2006 which is being evaluated the results of which may lead to recording of seismic in 2007.

Heron Resources/INCO Kalgoorlie Nickel Project (KNP)

Impress Energy Ltd was previously called Merritt Mining NL and was involved in mineral exploration in Western Australia during the 1990's.

The company had an interest in a number of nickel tenements known as Siberia Tank that were eventually sold to Centaur in exchange for a 10% free carried interest to production. The tenements are Prospecting Licences 24/3179 to 24/3184 inclusive.

The leases were subsequently acquired by Heron Resources Ltd.

Heron Resources has indicated that it will provide further information to ITC in late 2006/2007 and upon receipt of that information the company will seek independent advice as to the potential value of the interest.

For further information, please contact Eddy Buckovic, Chief Executive Officer on (08) 9214 2500 and on corporate matters Eddie Smith, Chairman on 0418 927 091.