

Quarterly Activities & Cashflow Report For the period ended 30 June 2008

Highlights for the Quarter

- Completion of interpretation of the reprocessed PEL 104 & 111 seismic data
 - Determined Jurassic targets in PEL 104 for the 2008 drilling program
 - Practical completion of Growler Central Facilities
 - Start up of Growler Extended Test (EPT)
 - Initial Growler EPT results indicate confidence
 - First shipment of Growler oil, and achievement of first 23,000 barrels of oil production
-

What a difference a year can make, this time last year we were held up by wet weather and flooding, as illustrated by the photos in our 28 June 2007 update to shareholders. The adverse weather and the additional work associated with the rework of the earlier reprocessed seismic had a major impact on our business plan for PEL 104 and PEL 111 Cooper Basin activities, putting the Company at least three years behind the schedule then envisaged when we purchased the assets in 2003.

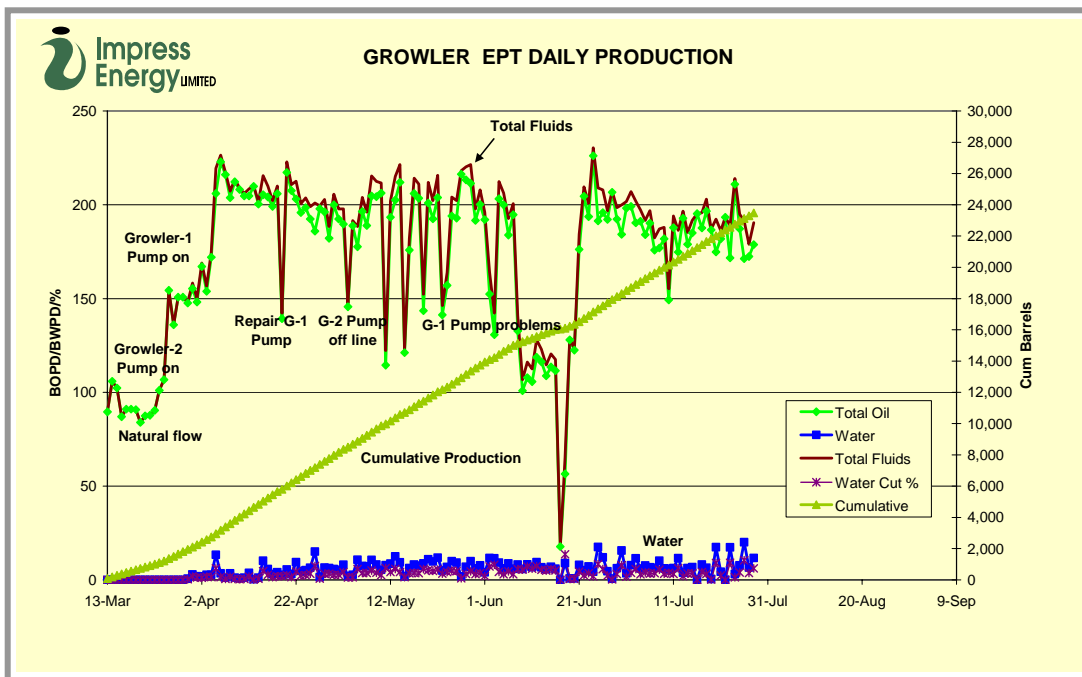
One of the major highlights for this quarter must be the completion of the interpretation of the seismic reprocessing project in June 2008. This work represents 18 months of dedicated effort towards resolving seismic imaging problems in this area of the Western Oil Fairway. Out of the results of this rework, the Company has not only gained confidence on the way forward in PEL 104 and PEL 111, but we have overcome the problem of finding satisfactory targets for our three commitment wells in PEL 104, by detailing a number of exciting Jurassic plays including, Tigershark, Tigercat, Stormbird and Warhawk in PEL 111.



GROWLER EXTENDED PRODUCTION TEST (EPT)

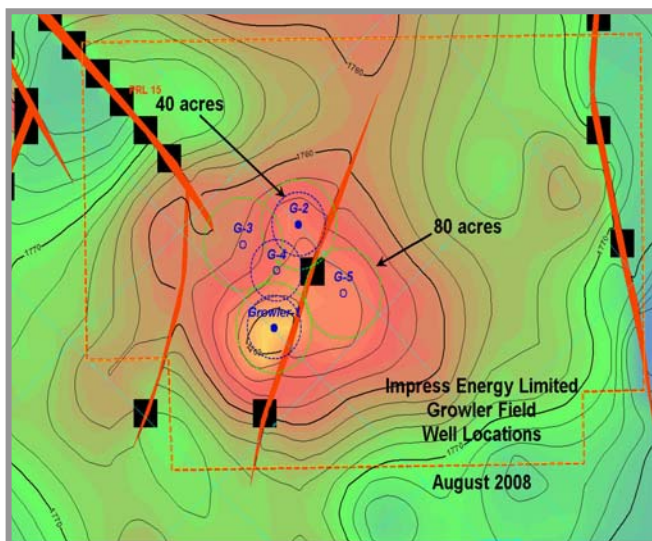
The company's real highlight for this quarter is the more than pleasing results from the Growler EPT. As can be noted from the chart, the production levels have been constant with the only variance in production occurring when the pump rates were changed. Even though it is too early at this stage in the production life of each well to predict reserves, the well test data recorded to date indicates minimal reservoir decline and the steady production rates are encouraging so that the P50 reserve levels will be exceeded.

The Growler oil field is currently producing an average of 200 barrels of oil per day. As can be noted on the chart (not taking away the encouraging results received so far) there has been some teething problems with the pumps. The Operator has advised these problems are being monitored to minimise production loss. The Operator has also advised that the pumps at Growler, if production results justify, can pump at a cumulative rate of 365 barrels per day. In keeping with the Growler EPT reservoir management studies, the production has been limited to an average of 200 barrels of oil per day. As shown on the chart, the field has produced almost 25,000 barrels of oil to date since production commenced late March 2008.



The Joint Venture has been sufficiently encouraged by the results of the Growler EPT since March 2008 to accelerate the first phase of the Growler Oilfield development by drilling at least two development wells, Growler-4 and then Growler-3. These wells will be the first two wells of our six well drilling program commencing in August 2008.

Growler-4 will be drilled on 40 acre spacing between Growler-1 and Growler-2. Growler-3 contains an element of field appraisal risk and will be drilled on the western flank of the structure on 80 acres spacing to the existing wells. There is also scope in the tail end of the proposed drilling program for Growler-5, to be located on the eastern side of the field as shown on the map.



Growler Access Road June 2007 & June 2008



The photos show the benefit the PEL 104 JV has gained from the construction of the new Growler Access Road. This became more evident after recent unseasonal rain as oil tanker movement from Growler to Moomba resumed within days on the new road, an event not possible on the old road.



**PPL 213 (Mirage) & PPL 214 (Ventura)
(Impress 40%)**

Oil production at the Mirage and Ventura fields was down to between 40 BOPD and 100 BOPD. However, even though the project is a costly operation, because of the fixed costs to the low production, the project remains cash flow positive because of the current oil prices. A work over to repair the pump on the major producer, Mirage-1 is being undertaken at quarter's end. This work over should restore production to the higher level of 100 BOPD.

EXPLORATION

PEL 104 (Impress 40%) & PEL 111 (Impress 40%)

The PEL 104 JV has contracted Century Rig 3 rig to drill two Growler development/appraisal wells (Growler-4 and Growler-3 in that order) then a permit commitment well, Warhawk in PEL 111 and then a further three exploration wells in accordance with the PEL 104 permit commitments as shown on the schedule below. Drilling is planned to commence in August 2008. If successful, the Growler-4 and Growler-3 wells will be immediately tied into the Growler Central Facilities and put into production.

The Growler Oilfield Central Facilities will also serve as a central production facility for any future production from the Wirraway Oilfield and, in the event of exploration success, any oil discovered in the exploration prospects to be drilled in PEL 104 and PEL 111 permit well, Warhawk Prospect, to the north.

WESTERN MARGIN (Jurassic)	AUG 2008	SEP 2008	OCT 2008	NOV 2008	DEC 2008	FIRST HALF 2009	
PEL 104	GROWLER 4	GROWLER 3		TIGERCAT 1	TIGER SHARK 1	STORM BIRD 1	3D SEISMIC
PEL 111			WAR HAWK 1				

For Technical Inquiries, please contact:
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For further information on Impress' current activities
visit our website at www.iel.com.au

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 Energy Limited

ABN

15 009 212 319

Quarter ended ("current quarter")

30 June 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (.....12.. months) \$A'000
1.1 Receipts from product sales and related debtors	839	3,010
1.2 Payments for		
(a) exploration and evaluation	(20)	(3,345)
(b) development	(166)	(1,251)
(c) production	(617)	(1,228)
(d) administration	(121)	(783)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	58	181
1.5 Interest and other costs of finance paid	(51)	(111)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Other – Technical fees (Nett)	(63)	(67)
Other - GST	2	(7)
Net Operating Cash Flows	(139)	(3,601)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects		
(b)equity investments		
(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 (provide details if material)		
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(139)	(3,601)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(139)	(3,601)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		2,651
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		2,651
	Net increase (decrease) in cash held	(139)	(950)
1.20	Cash at beginning of quarter/year to date	3,150	3,936
1.21	Exchange rate adjustments to item 1.20	(31)	(6)
1.22	Cash at end of quarter	2,980	2,980

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	39
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Nil

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

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	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	33
4.2 Development	1,755
Total	1,788

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	1,339	1,491
5.2 Deposits at call	1,274	1,250
5.3 Bank overdraft		
5.4 Cash advanced to joint ventures	367	409
Total: cash at end of quarter (item 1.22)	2,980	3,150

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			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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.

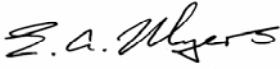
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	551,284,494	551,284,494		
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>	4 10	- -	Note term to 13 September 2010 – (\$50,000 per note. Note term to 9 September 2010 – (\$50,000 per note. <i>(Three year extension on all convertible notes was approved by shareholders at AGM 26 November 2007)</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>	5,000,000	-	<i>Exercise price</i> \$0.055	<i>Expiry date</i> 1 March 2009

+ See chapter 19 for defined terms.

7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

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

Sign here:  Date: 30 July 2008
(~~Director~~/Company secretary)

Print name: Ernest Anthony Myers.....

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.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly 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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