



IMPRESS ENERGY LIMITED CORPORATE GOVERNANCE STATEMENT

In March 2003 the ASX Corporate Governance Council released its “Principles of Good Corporate Governance and Best Practice Recommendations”. Ten principles of corporate governance were developed, supported by best practice and implementation recommendations. The Council has recognised that these principles and recommendations do not contain a “one size fits all” solution and that it will be necessary for companies to adopt a “fit for purpose” solution in the adoption of these practices.

The ASX Listing Rules require listed entities to disclose the extent to which they have followed the best practice recommendations set by the ASX Corporate Governance Council during the reporting period. This Corporate Governance Statement summarises the corporate governance practices that have been formally reviewed and adopted by the Impress Energy Limited Board with a view to ensuring continued investor confidence in the operations of the Company and to ensuring that the endorsed corporate governance principles are relevant to a Company of Impress Energy Limited’s nature and size. A table has been included at the end of this Statement detailing the Company’s compliance with the best practice recommendations.

In August 2007 the ASX Corporate Governance Council released the second edition of the Corporate Governance Principles and Recommendations (“Revised Principles”) and listed entities are required to report against these Revised Principles in their first financial year on or after 1 January 2008. The Company is therefore initially required to report against the revised Principles in relation to the 30 June 2009 financial year.

The Company’s website contains a corporate governance section that includes copies of the Company’s corporate governance policies.

BOARD OF DIRECTORS

Role of the Board (1.1)

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

- setting the strategic direction for the Company and monitoring its progress against those strategies;
- establishing policies appropriate for the Company;
- monitoring the performance of the Company, the Board and management;
- approving the business plan and work programs and budgets;
- authorising and monitoring investment and strategic commitments;
- reviewing and ratifying systems for health, safety and environmental management; risk and internal control; codes of conduct and regulatory compliance;
- reporting to shareholders, including but not limited to, the Financial Statements of the Company; and
- taking responsibility for corporate governance.

Composition of the Board

To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and scale of operations.

The number of Directors is specified in the Constitution of the Company as a minimum of three up to a maximum of ten.

The Directors in office at the date of this statement are:

Name	Position	Appointed
Eddie Smith	Non-Executive Chairman	19 March 2003
Les Longden	Executive Director Corporate	7 April 2008
John Gillon	Non-Executive Director	5 September 2000
Greg Smith	Alternate Director	19 June 2009
Bernard Crawford	Non-Executive Director	1 September 2009

The preferred skills and experiences for a director of Impress Energy Limited include:

- exploration and development of oil and gas assets ;
- understanding of production operations;
- finance and business development; and
- public company administration.

Information regarding Directors' experience and responsibilities are included in the Directors' Report section of the 2009 Annual Report.

Chairman of the Board

The Chairman of the Board should be a Non-Executive Director and the Chairman will be elected by the Directors. The Board considers that the Chairman, Mr Eddie Smith is not independent because of his substantial shareholding (2.2/2.3).

Independent Directors (2.1)

The Board considers that a Director is independent if that Director complies with the following criteria:

- Apart from Director's fees and shareholding, independent Directors should not have any business dealings which could materially affect their independent judgment;
- Must not have been in an executive capacity in the Company in the last 3 years;
- Must not have been in an advisory capacity to the Company in the last 3 years;
- Must not be a significant customer or supplier for the Company;
- Must not be appointed through a special relationship with a board member;
- Must not owe allegiance to a particular group of shareholders which gives rise to a potential conflict of interest;
- Must not hold conflicting cross Directorships; and
- Must not be a substantial shareholder or a nominee of a substantial shareholder (as defined under section 9 of the Corporations Act).

Using the ASX Best Practice Recommendations on the assessment of the independence of Directors during the year the Board considers that of a total of four Directors at 30 June 2009 there are two Directors that are considered to be independent.

Mr Eddie Smith was Executive Chairman of the Company up to 19 June 2009. He is not considered to be independent because of his substantial shareholding.

Mr Greg Smith was appointed as an alternate Director for Mr Eddie Smith and Chief Executive Officer on 19 June 2009.

Mr John Gillon and Mr Les Longden are Non-Executive Directors of the Company and, even though another company in which Mr Longden has an interest has provided minor service work to the Company, both are considered to be independent.

As from 1 September 2009, Mr Longden took up an executive role with the company as Director Corporate.

To ensure the number of non-executive board members is sufficient, Mr Bernard Crawford was also appointed to the board effective the 1 September 2009.

Retirement and Rotation of Directors

Retirement and rotation of Directors is governed by the Corporations Act 2001 and the Constitution of the Company. Each year one third of the Directors must retire and offer themselves for re-election. Any casual vacancy filled will be subject to shareholder vote at the next Annual General Meeting of the Company.

Independent Professional Advice

Each Director has the right to seek independent professional advice at the Company's expense after consultation with the Chairman. Once received the advice is to be made immediately available to all board members.

Access to Employees

Directors have the right of access to any employee. Any employee shall report any breach of corporate governance principles or Company policies to the Chief Executive Officer and/or Company Secretary who shall remedy the breach. If the breach is not rectified to the satisfaction of the employee, they shall have the right to report any breach to an independent Director without further reference to senior managers of the Company.

Directors and Officers Liability Insurance

Directors and officers insurance for directors is arranged by the Company at Company expense.

Share Ownership

Directors are encouraged to own Company shares.

Board Meetings

The following points outline the frequency of Board Meetings and the extent of reporting from management at the meetings:

- A minimum of four meetings are to be held per year;
- Other meetings will be held as required, meetings can be held by telephone link; and
- Information provided to the Board includes all material information on: operations, budgets, cash flows, funding requirements, shareholder movements, broker activity in the Company's securities, assets and liabilities, disposals, financial accounts, external audits, internal controls, risk assessment, new venture proposals, and health, safety and environmental reports.

The number of directors' meetings and the number of meetings attended by each of the directors of the Company during the financial year are set out in the Directors' Report section of the 2009 Annual Report.

Board Performance Review (2.5)

It is the policy of the Board to conduct an evaluation of its performance. The evaluation process was introduced via the Board Charter and was last undertaken by the Chairman during the year ended 30 June 2009. The objective of this evaluation is to provide best practice governance of the Company.

No performance evaluation is undertaken for individual directors, while the performance evaluation of staff is undertaken on a regular basis.

Other Areas for Board Review

- Reporting to shareholders and the market to ensure trade in the Company's securities takes place in an efficient, competitive and informed market; and
- Insurance, both corporate and joint venture related insurances.

Board Committees

Audit Committee (4.1)

The Company does not have an audit committee. The Board is of the opinion that due to the nature and size of the Company, the functions performed by an audit committee can be adequately handled by the full Board.

The Chief Executive Officer, Company Secretary, and the Company Accountant declare in writing to the Board that the Company's financial statements for the year ended 30 June 2009 present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards. This multi representation of the Chief Executive Officer, Company Accountant, and Company Secretary is made prior to the Director's approval of the release of the annual and six monthly accounts. This representation is made after enquiry of, and representation by, appropriate levels of management level documentation (7.3).

Nomination Committee (2.4)

The Board of Directors of the Company does not have a nomination committee. The Board is of the opinion that due to the nature and size of the Company, the functions performed by a nomination committee can be adequately handled by the full Board.

Remuneration Committee (8.1) (8.2) (8.3)

The Company does not have a remuneration committee. The Board is of the opinion that due to the nature and size of the Company, the functions performed by a remuneration committee can be adequately handled by the full Board.

Remuneration levels for Directors, Secretaries, Senior Executives of the Company, and relevant group Executives of the consolidated entity ("the Directors and Senior Executives") are competitively set to attract and retain appropriately qualified and experienced directors and senior executives.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the consolidated entity is summarised as follows:

- Executive remuneration and other terms of employment are reviewed regularly by the Board having regard to performance against goals set during the course of the year, relevant public comparative information and, if required, independent expert advice.
- Remuneration packages initially include base salary, superannuation, fringe benefits, retirement and termination entitlements, but remuneration packages may also include performance-related benefits such as bonuses or options.
- The Board undertakes a regular review of its performance against goals set during the year. The Board may exercise discretion in relation to approving incentives, bonuses, and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Remuneration and other terms of employment for any executive, chief executive officer, or any other senior executive are formalised in service agreements.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed.

The remuneration structures determined by the Board are designed to attract suitably qualified candidates, reward the achievement of strategic objectives and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- the capability and experience of the Directors or senior executives
- the Directors and senior executives ability to control the relevant segment/s' performance

- the consolidated entity's performance including:
 - a) the consolidated entity's earnings
 - b) the growth in share price and returns on shareholder wealth
- the amount of incentives within each Director's and Senior Executive's remuneration.

For details of remuneration paid to Directors and officers for the financial year please refer to the Directors' Report section of the 2009 Annual Report.

Risk Management (7.1)

The risks to the Company from its involvement in oil and gas exploration, development and production plus any other identified Company specific risks continue to be regularly monitored by the full Board. All proposals reviewed by the Board include a consideration of the issues and risks of the proposal.

The potential exposures with running the Company have been managed by the Board, the Chairman in the absence of a Chief Executive Officer for the majority of the financial year, the Company Secretary and Company Accountant all of whom have significant broad-ranging industry experience, and work together as a team and regularly share information on current activities.

Additionally, it is the responsibility of the Board to assess the adequacy of the Company's internal control systems and that its financial affairs comply with applicable laws and regulations and professional practices. The Chief Executive Officer, the Company Secretary and Company Accountant declare in writing to the Board that the financial reporting risk management and associated compliance controls have been assessed and found to be operating efficiently and effectively. This multi representation is made prior to the Directors' approval of the release of the annual and six monthly accounts. This representation is made after enquiry of, and representation by, appropriate levels of management documentation (7.3).

The Board is currently in the process of drafting a risk management policy. The first step in the process has been to establish a risk register.

PROMOTION OF ETHICAL AND RESPONSIBLE DECISION-MAKING

Code of Conduct (3.1)

The goal of establishing the Company as a significant petroleum exploration and production Company is underpinned by its core values of honesty, integrity, common sense and respect for people. The Company desires to remain a good corporate citizen and appropriately balance, protect and preserve all stakeholders' interests.

The Board has adopted a Code of Conduct for Directors and employees of the Company. The Company's goal of achieving above average wealth creation for our shareholders should be enhanced by complying with this Code of Conduct which provides principles to which Directors and employees should be familiar and to which they are expected to adhere and advocate.

It is the responsibility of the Board to ensure the Company's performance under this Code and for its regular review.

Trading in Company Securities by Directors, officers and employees

Trading of shares is covered by, amongst other things, the Corporations Act and the ASX Listing Rules. The Board has established a Securities Trading Policy that establishes strict guidelines as to when a Director, officer, employee, or an employee's connected person (spouses, dependent children, and family companies) can deal in Company shares. The policy does not have formalised blackout periods but prohibits trading in the Company's securities whilst the Director, officer or employee is in the possession of price sensitive information.

SHAREHOLDER COMMUNICATION

The Board aims to ensure that shareholders and investors have equal access to the Company's information.

The Company has policies and procedures that are designed to ensure compliance with ASX Listing

Rule disclosure requirements and to ensure accountability at a senior management level for that compliance. This disclosure policy includes processes for the identification of matters that may have material effect on the price of the Company's securities, notifying them to the ASX and posting them on the Company's website (5.1).

The Company also has a policy to promote effective communication with shareholders (6.1) and encourage effective participation at general meetings through a policy of open disclosure to shareholders, regulatory authorities and the broader community of all material information with respect to the Company's affairs including, but not limited to:

- conflicts of interest and related party transactions;
- executive remuneration;
- the grant of options and details of Share Option Plans;
- the process for performance evaluation of the Board, its committees, individual Directors and key managers;
- the link between remuneration paid to Directors and Executives and corporate performance; and
- shorter, more comprehensible notices of meetings.

The following information is communicated to shareholders:

- the Annual Report and all notices of meetings of shareholders;
- quarterly reports reviewing the operations, activities and financial position of the Company;
- all documents that are released to the ASX are made available on the Company's website; and
- all other information on the Company's website is updated on an ongoing basis.

ASX BEST PRACTICE RECOMMENDATIONS

The ASX Corporate Governance Council released the second edition of the Corporate Governance Principles and Recommendations ("Revised Principles") in August 2007. The table below identifies the ASX Best Practice Recommendations and whether or not the Company has complied with the recommendations during the reporting period:

	ASX Recommendations	Complied	Note
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	✓	
1.2	Companies should disclose the process for evaluating the performance of senior executives.	✓	
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	✓	
2.1	A majority of the Board should be independent directors.	✓	1
2.2	The Chairperson should be an independent director.		2
2.3	The roles of Chairperson and chief executive officer should not be exercised by the same individual.		2
2.4	The Board should establish a Nomination Committee.		3
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	✓	
2.6	Companies should provide the information indicated in the Guide to Reporting on Principle 2.	✓	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> • the practices necessary to maintain confidence in the company's integrity. • the practices necessary to take into account their legal 	✓	

	ASX Recommendations	Complied	Note
	<p>obligations and the reasonable expectations of their stakeholders.</p> <ul style="list-style-type: none"> the responsibility of and accountability of individuals for reporting and investigating reports of unethical practices. 		
3.2	Establish a policy concerning trading in Company securities by directors, senior executives and employees and disclose the policy or a summary of that policy.	✓	
3.3	Provide the information indicated in the Guide to reporting on Principle 3.	✓	
4.1	The Board should establish an Audit Committee.		4
4.2	Structure the Audit Committee so that it consists of: <ul style="list-style-type: none"> Only Non-Executive Directors; A majority of independent Directors; An independent Chairperson, who is not Chairperson of the Board; and At least three members. 		4
4.3	The Audit Committee should have a formal charter.		4
4.4	Provide the information indicated in Guide to reporting on Principle 4.	✓	
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for the compliance.	✓	
5.2	Provide the information indicated in Guide to reporting on Principle 5.	✓	
6.1	Design and disclose a communication strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	✓	
6.2	Provide the information indicated in Guide to reporting Principle 6.	✓	
7.1	The Board or appropriate Board Committee should establish policies on risk oversight and management.		5
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it whether those risks are being effectively managed. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.		5
7.3	The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	✓	
7.4	Provide the information indicated in Guide to reporting on Principle 7.	✓	
8.1	The Board should establish a Remuneration Committee.		6
8.2	Clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executives.	✓	
8.3	Ensure that payment of equity-based Executive remuneration is made in accordance with thresholds set in plans approved by shareholders.	✓	

Note 1:

During the year ended 30 June 2009 two of the four directors (Mr Gillon and Mr Longden) were considered to be independent. Mr Eddie Smith, fails to meet the levels set for being an independent director because of his substantial shareholding in the Company. On 1 September 2009, Mr Longden took an executive role as Director Corporate. On the same date Mr Bernard Crawford was appointed as a Non-Executive Director,

Note 2:

Mr. Eddie Smith is not considered to be independent, because of his shareholding in the Company. From August 2007 to 19 June 2009 Mr Eddie Smith has served as Executive Chairman of the Company. This was necessary due to the Company not having a Chief Executive Officer. Given his skills, experience and knowledge of the Company, the Board considered that it was appropriate for him to act in the role of a locum executive at the same time he was the Chairman of the Company.

On 19 June 2009, Mr Greg Smith was appointed as Acting Chief Executive Officer and Mr Eddie Smith became a Non-Executive Director.

Note 3:

The Board of Directors of the Company does not have a Nomination Committee. The Board is of the opinion that due to the nature and size of the Company, the functions performed by a Nomination Committee can be adequately handled by the full Board.

Note 4:

The Company does not have an Audit Committee. The Board is of the opinion that due to the nature and size of the Company, the functions performed by an Audit Committee can be adequately handled by the full Board.

Note 5:

Impress has commenced the process of formulating appropriate risk management policies. The first step in the process has been the establishment by management of a risk register. This has identified the effectiveness of current controls over:

1. Liquidity risk
2. Credit risk
3. Financial strategy (market risk)
4. Corporate Governance
5. Health and safety

Note 6:

The Company does not have a Remuneration Committee. The Board is of the opinion that due to the nature and size of the Company, the functions performed by a Remuneration Committee can be adequately handled by the full Board.