



ABN 15 009 212 319

QUARTERLY ACTIVITIES & CASHFLOW REPORT

For the period ended 31 December 2008

HIGHLIGHTS FOR THE QUARTER

- **Growler Oil Field continues to produce at 900 BOPD**
 - **Growler-5 Development well confirms oil zone**
 - **Production from the Growler Oil Field rose 270 BOPD average from the September 2008 Quarter to 770 BOPD average in the December 2008 Quarter reflecting an increase of 280%**
 - **Authorisation for the Growler Central Facility upgrade to handle 2000 BPD**
-

With the success from Growler-5, even with the disappointing results from Tigershark-1 and Stormbird-1, the December 2008 Quarter now takes the prize for being one of the best quarterly results for Impress Energy.

Commenting on the quarterly results, Impress Chairman Eddie Smith said:

“With the success of Growler-5, this places the Joint Venture in a confident position to book the Growler Oilfield 2P reserves at 1.8 million barrels. This plus, including the Joint Venture decision to move forward with the upgrade of the Growler Facility to handle at least 2000 barrels of fluid per day is a great result for Impress shareholders.

The only disappointing factor was the oil price at an average US\$47 per barrel for the quarter, but this is one of things we and others in the industry are going to have to live with.

We are at a very important point in the Company’s history. Providing we remain prudent and focused, we have established the foundations to make the company grow. This has been achieved even with the financial limitations in the market place at the moment.

I confidently believe once our proposed 3D seismic program over PEL 104, PEL 111 and PRL 15 is completed in the first half of 2009, we will have further tools available to accelerate our growth. Repeating comments made in our September 2008 Quarterly Activities Report, our discovery and production results at Growler will make many other companies envious of our future.”

PRODUCTION AND DEVELOPMENT

Growler Oilfield (PRL 15) (Impress Energy 40%, Operator Victoria Petroleum)

With Growler-1 and Growler-2 on pump, and Growler-3 and Growler-4 free flowing from October 2008 to the end of December 2008, oil production from Growler increased by a standing amount of 280% to a rate of 900 BOPD. Cumulate production from the field is now over 140,000 barrels of oil. Significantly there has been little associated water produced to date.

Production for the moment is limited by a series of bottle necks at the Growler Central Facility, in particular production storage tanks which, excluding the separation tanks, can only hold approximately 900 barrels of oil (presently one day's production).

It must be remembered, the present tank storage and the camp and office facilities were installed solely for the Growler-1 and Growler-2 Extended Production Test (EPT) which was designed for 200 BOPD.

With the successes of Growler-3, Growler-4 and Growler-5, the JV has authorised the installation of an additional one separation tank and two further storage tanks, giving the facility a theoretical storage capacity of 2500 barrels and for practical operating purposes a storage of 2000 barrels. This will give the Growler Central Facility the future capabilities of 2000 barrels of fluid per day.

The upgrade, including the service facilities are planned to be completed in the first quarter of 2009.

Mirage and Ventura (PPL 213 & 214) (Impress Energy 40%, Operator Victoria Petroleum)

The Mirage and Ventura oil fields produced during the quarter an estimated gross of 6,500 barrels of oil at an average combined rate of 71 BOPD, with net production for the quarter to Impress of 2600 barrels of oil.

APPRAISAL AND DEVELOPMENT DRILLING

Growler-5 was spudded using Century Rig 3 on 29 November 2008 and drilling was completed on 15 December 2008. Good oil shows were encountered in the primary Birkhead Formation objective, and the wire line logs confirmed a gross 17 metre oil column.

On the basis of the wire logs, the well came in much better than prognosis and this was confirmed when the well was successfully completed on 18 January 2009, and later on 20 January 2009. The well after being swabbed in, produced clean oil to the test tank at a rate of 960 BOPD on a 16/64 inch choke.

This excellent result is not quite as good as Growler-3, but better than Growler-4. All partners in the JV were very pleased with the result.

Growler-5 will now be tied into the Growler Oil Field Central Production Facility to contribute to the production of the Growler Oil Field.

The excellent result from Growler-5 places the JV in a position to book 2P reserves for the Growler Oil Field of 1.8 million barrels.

EXPLORATION

A major 3D seismic program of 268 square kilometres is scheduled to commence in March 2009 on the significant Jurassic Oil Fairway in the western portion of PEL 104 and PEL 111, to define exploration, appraisal and development drilling targets. This fairway termed the 'Western Margin Oil Project', covers up to 1,200 square kilometres, with the potential for further exploration success to contain a resource of up to 100 million barrels of oil in place (Impress' interest 40%).

The major aim of the Western Margin Oil Project 3D seismic survey is to determine the distribution of the productive Birkhead channel sands and associated structure that have tested at least 2040 BOPD in the Growler Oilfield and further define appraisal drilling locations for the Wirraway, Warhawk and Tigercat oil discoveries.

CORPORATE

Funding

In August 2008, the Company established a \$2 million draw down facility from the Smith Group of companies to fund the increased number of wells in the 2008 drilling program which included Stormbird-1 an additional commitment well and Growler-5, an additional appraisal well.

At the end of December 2008 the Company had drawn down \$1.5 million from the Smith Group.

In October 2008, the company made a placement of \$1 million at 3.8 cents per share, and a Share purchase Plan ('SPP') with the first \$600,000 underwritten by the Directors at 3.8 cents per share.

The SPP was support by only 54 shareholders, raising \$178,000 with the balance of \$422,000 supported from the Directors' \$600,000 underwriting commitment.

Subsequently to the end of December 2008 Quarter, as announced on 27 January 2009, the Company established an extension to the existing \$2 million funding facility from the Smith Group of a further \$1.5 million to ensure sufficient funding to allow the Company to participate in the large 268 square kilometre 3D seismic program the Operator recommended for PEL 104 and PEL 111, and over the Growler Oilfield Production Licence, PRL 15.

The extension funding agreement also included a delay to any call for payments to the Principal until after December 2009. After that date the Company will be required to make repayments of no less than \$300,000 on a monthly basis until such time as the full Principal and interest has been repaid

For Technical Inquiries, please contact:
For Corporate Inquiries, please contact:

Greg Smith: Exploration Manager
Eddie Smith: Chairman
Phone: 08 9214 2500
Email: info@iel.com.au

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")

31 December 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	1,898	3,407
1.2 Payments for		
(a) exploration and evaluation	(2,720)	(2,995)
(b) development	(1,670)	(2,627)
(c) production	(1,015)	(1,589)
(d) administration	(326)	(543)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	32	80
1.5 Interest and other costs of finance paid	(46)	(94)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Other – Management and Office Income	2	2
Other – Technical fees (Nett)	(33)	(57)
Other - GST	40	93
Net Operating Cash Flows	(3,838)	(4,323)
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)	(3,838)	(4,323)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(3,838)	(4,323)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,600	1,600
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	1,500	1,500
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	3,100	3,100
	Net increase (decrease) in cash held	(738)	(1,223)
1.20	Cash at beginning of quarter/year to date	2,547	2,980
1.21	Exchange rate adjustments to item 1.20	36	88
1.22	Cash at end of quarter	1,845	1,845

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	67
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
3.1a Loan facilities (Smith Loan) Aug 2008	2,000	1,500
3.1b Extension facilities (Smith Loan) Jan 2009	1,500	
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1a Exploration and evaluation	315
4.1b 3D Seismic Programme	1,642
4.2 Development	809
Total	2,766

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	639	996
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Cash advanced to joint ventures	1,206	1,551
Total: cash at end of quarter (item 1.22)	1,845	2,547

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	590,889,769	590,889,769		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	42,105,275			
7.5 +Convertible debt securities <i>(description)</i>	4 10	- -	Note term to 9 September 2010 – (\$50,000 per note. Note term to 11 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 December 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 <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).
- 2 This statement does ~~/does not*~~ *(delete one)* give a true and fair view of the matters disclosed.

Sign here: 
(~~Director~~/Company secretary)

Date: 28 January 2009

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.

== == == == ==