



ABN 15 009 212 319

QUARTERLY ACTIVITIES & CASHFLOW REPORT For the period ended 31 December 2009

HIGHLIGHTS FOR THE QUARTER

REVIEW OF OPERATIONS

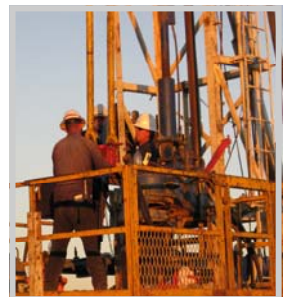
With the success of Snatcher-3, and completion of Tigercat-1, Impress' position in the "Western Oil Fairway" of the Cooper Basin in South Australia continues to grow.

Commenting on the December 2009 Quarter results, Impress' Acting Chief Executive Greg Smith said:

"The last quarter continued the emergence of Impress as an oil producer in the Western Oil Fairway of the Cooper Basin with the success at Snatcher-3 confirming the Snatcher Field as a significant new oil pool and with the first production from the field via the Snatcher EPT commencing in December.

The continued excellent performance of the Growler Field is pointing towards a larger accumulation than has so far been recognised.

Although the processing of the Mollichuta 3D Seismic has taken much longer than expected, preliminary results have given the Joint Venture sufficient confidence to agree to an initial drilling program consisting of two Growler wells (Growler-6 and Growler-7) and an exploration well, Liberator-1, near the Snatcher Field that will commence in February 2010. In all, up to 12 wells could be drilled in 2010 which is shaping up to be a very exciting, and defining, year for Impress."



PRODUCTION AND DEVELOPMENT

**PRL 15 Growler Oilfield
(Impress 40%)**



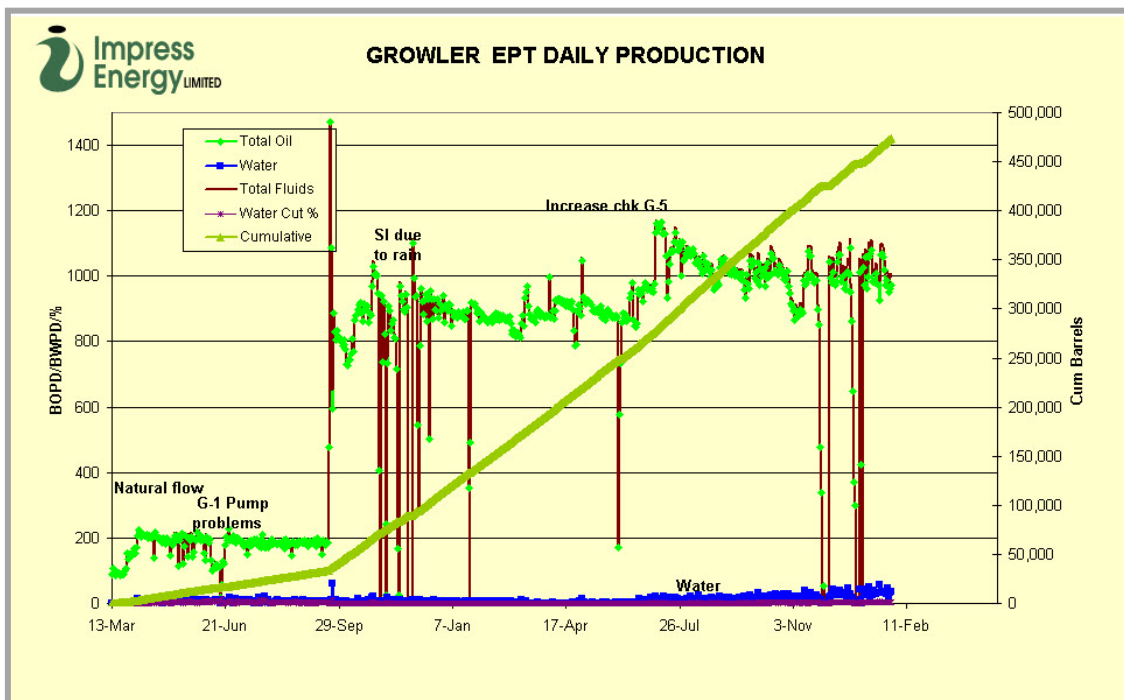
Production for the quarter averaged 860 BOPD, with production mainly from three wells, Growler 3, 4 and 5, all on free flow with restricted chokes. This production rate represents an 18% decrease from the previous quarter as some production days were lost due to weather. The Growler Oilfield produced 79,089 barrels of oil (net to

Impress 31,636 barrels of oil) during the quarter with overall production being affected by rain.

Total Growler Oilfield production from March 2008 is now in excess of 460,000 barrels. Production continues with minimal water cut as shown on the graph below.

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

Mirage and Ventura oilfields produced during the quarter gross 6,643 barrels of oil (net to Impress 2,657 barrels of oil). During the past six months production from the fields has continued to decline slowly and average production was at 72 BOPD. Several days production was lost in December due to road closures following local rainfall.



EXPLORATION

Mollichuta 3D Seismic Program PEL 104, PEL 111, PRL 15 (Impress 40%)

With the completion of the acquired PEL 104, PEL 111 and PRL 15 Mollichuta 3D seismic program, the Joint Venture is now processing the data gained from the field work. Following review of the preliminary data in September, the Joint Venture agreed to undertake further processing work which will be completed by the end of January 2010. The decision to undertake this additional processing has meant that the drilling program, including further appraisal wells at Growler Field has been delayed until the first quarter of 2010.

The 268 square kilometre survey represents a very significant investment towards the realisation of the value of the Western Oil Fairway and, once processing is completed, is expected to provide clear appraisal and exploration drilling targets for the fields already discovered and the numerous prospects which have been recognised on the existing 2D seismic data.

PEL 111, Snatcher-3, Snatcher Field EPT (Impress 40%)

Snatcher-3 was drilled using Century Rig 3. The well spudded on the 26th October 2009 and reached total depth of 1,855 metres on the 5th November. The well encountered the primary Birkhead reservoir objective with good oil shows over a 20 metre interval from 1,766.5 metres to 1,786.5 metres. Wireline logging confirmed the oil column and the well was cased and suspended as a future oil producer. The rig was released on the 14th November. Snatcher-3 was drilled outside of structural closure and the well's success has confirmed a significant stratigraphic trap component to the Snatcher oil pool. It is expected that the well will be brought on production to the Snatcher temporary production facilities in February 2010. Snatcher-3 was credited against the work commitments for PEL 111.

In another milestone, the Snatcher Extended Production Test commenced to temporary production facilities on the 17th December. Both Snatcher-1 and Snatcher-2 were brought on line producing on pump. However, before stabilised production rates could be established, extensive local rain caused road closures and the field was temporarily shut in on the 25th December after 1,767 barrels of oil had been produced, mainly from Snatcher-1 as the Snatcher-2 pump required some remedial work. Production from Snatcher-1 recommenced on the 2nd January, but Snatcher-2 was not brought back on line until late in January 2010.

The Joint Venture also agreed to an EPT on the 2008 Tigercat-1 Birkhead oil discovery. This well will be placed on production by pump in February 2010 with an expected initial rate of 200 BOPD.

In all, production from the three Snatcher wells and Tigercat-1 well is now expected to add about 1,000 BOPD (400 BOPD net to Impress) once they are fully on line. This is in addition to the existing production from the Growler Field.

2010 Drilling Program

Following review of a preliminary volume of the Mollichuta 3D seismic volume in early January 2010, the Joint Venture agreed to locations for two Growler Field appraisal wells and the Liberator-1 exploration well near Snatcher-3 in PEL 111. Century Rig 3 was contracted to drill these wells with drilling of Growler-7 commencing in February 2010. Depending on the analysis of the final version of the Mollichuta 3D volume an extensive program of appraisal and development wells aimed at getting gross production to over 3,000 BOPD is planned for 2010. In all, up to 12 wells could be drilled.

For further information please contact:

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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 2009

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	2,569	5,771
1.2 Payments for		
(a) exploration and evaluation	(780)	(2,626)
(b) development	(781)	(1,549)
(c) production	(915)	(2,022)
(d) administration	(295)	(516)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	54	118
1.5 Interest and other costs of finance paid	(86)	(173)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Other – Management and Office Income	3	6
Other – Technical fees (Nett)	(21)	(74)
Other - GST	124	105
Net Operating Cash Flows	(128)	(960)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	(4)	(4)
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		4
(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	(4)	0

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(132)	(960)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	220	220
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	220	220
	Net increase (decrease) in cash held	88	(740)
1.20	Cash at beginning of quarter/year to date	6,329	7,172
1.21	Exchange rate adjustments to item 1.20	(20)	(35)
1.22	Cash at end of quarter	6,397	6,397

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	138
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	2,000
3.1b Extension facilities (Smith Loan) Jan 2009	1,500	600
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1a Exploration and evaluation	2,820
4.2 Development	1,080
Total	3,900

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	5,787	5,857
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Cash advanced to joint ventures	610	472
Total: cash at end of quarter (item 1.22)	6,397	6,329

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.

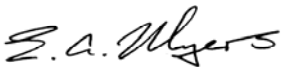
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	800,186,353	800,186,353		
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	-	Note term to 9 September 2010 – (\$50,000 per note).	
	5	-	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>				

+ See chapter 19 for defined terms.

7.8	Issued during quarter				
7.9	Exercised during quarter	4,000,000		<i>Exercise price</i> \$0.055	
7.10	Expired during quarter	1,000,000			
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 2010

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.
- 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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+ See chapter 19 for defined terms.