



ABN 15 009 212 319

QUARTERLY ACTIVITIES & CASH FLOW REPORT

For the period ended 31 December 2010

SUMMARY FOR THE QUARTER

- **Impress Energy Limited (“Impress”) becomes majority controlled by Beach Energy Limited (“Beach”).** Through an on market offer of 8.5 cents for every fully paid share of Impress, Beach had acquired 65.58% of the Company by 12 January 2011. The offer has been extended to 21 February 2011. The offer was fully supported by the Impress Board, all of whom have sold their shares in Impress to Beach.
- **Preparations are being made to transfer control of Impress, including the Board, and its assets to Beach in Adelaide.** This activity should be completed by the time of the release of the audited half year results in February 2011.
- **Flooding in eastern and central Australia has continued to disrupt field operations, although there was minor production from the less flood affected Mirage and Ventura Fields for the quarter.**



REVIEW OF OPERATIONS

Update on Flooding

Although the 2010 floodwaters along the Coopers Creek have passed, access to the Western Oil Fairway is still restricted due to large bodies of standing water in the overflow channels of the drainage system. The weather systems that have brought flooding to eastern Australia have also dumped further rainfall in the Cooper Basin. This local rainfall (about 150 mm for the three months to the end of December 2010) has topped up the standing water and the increased cloud cover has hindered evaporation. More recently more than 50 mm of local rain has been recorded so far in January 2011 (up to 12 January) and new floodwaters flowing from Queensland are expected to arrive in the Coopers Creek system adjacent to the Snatcher and Growler Fields in March 2011.

PRODUCTION AND DEVELOPMENT

PRL 15 Growler Oil Field (Impress 40%)

The Growler Field was shut in on 2 February 2010. The production facilities have remained unmanned since floodwaters peaked in July 2010.

PEL 111 Snatcher Oil Field EPT (Impress 40%)

The Snatcher Field was shut in on 2 February 2010. The temporary facilities have remained unmanned since floodwaters peaked in July 2010.

Temporary Access Road to Growler Facility (Impress 40%)

As advised in 2010, the Joint Venture has been investigating the option of building a temporary access road to the Growler Field that would bypass the low-lying areas still covered by standing water that remains in place over the original road system. The Operator has announced that they have commenced work on this temporary access road, but Impress remains of the opinion that there remains significant risk to the success of this temporary road due to ongoing flood issues. Accordingly Impress is in continuing discussions with the Operator about the schedule for progressing work on the road and about optimising the risk / reward outcomes for the project.

PPL 213 Mirage & PPL 214 Ventura Oil Fields (Impress 40%)

The Mirage and Ventura Fields recommenced production on 22 May 2010, following repairs to the road system and Ventura tankage. The combined production from the fields averaged a modest 30 BOPD and total production to the end of the quarter was 3,904 barrels of oil (1,562 barrels net to Impress). Local rainfall temporarily disrupted production during the quarter due to road closures.

CORPORATE

The December Quarter was dominated by corporate activity. Given the long delays to production (and thus cash flow) and the likely need to raise significant new cash to fund the aggressive drilling campaign planned for 2011 which would significantly dilute existing shareholders equity, the Directors unanimously recommended to shareholders a merger by Scheme of Arrangement ("Scheme") with Beach Energy Limited at 8.25 cents per fully paid share on 22 November 2010.

Subsequent to the announcement, Victoria Petroleum NL, who held a 10.25% interest in Impress announced on 1 December 2010 that they had increased their stake in the Company to 19.99% by on market buying and would not support the Scheme.

Beach subsequently announced an on market offer of 8.5 cents per fully paid share of Impress that would close on the 24 January 2011 (extended in January 2011 to 21 February 2011). The revised offer by Beach was fully supported by your Board who sold their shareholding in the company to Beach.

Convertible notes held by the Chairman of Impress, Eddie Smith, were also transferred to Beach at the equivalent price to the offer. By the end of December 2010, Beach had acquired a 63.32% shareholding in Impress. By 12 January 2011 this interest had increased to 65.58%.

The \$2.6 million in loans to entities controlled by Impress Chairman Eddie Smith, were repaid by the Company on 24 December 2010. With the loan repayments, Impress cash position at the end of the quarter was \$6.99 M.

With Impress now being majority controlled by Beach, preparations are well advanced to appoint a new Board that reflects the change of shareholding and to transfer the office functions from Perth to Adelaide. These actions should be completed by the end of February 2011.

As this will be my last quarterly report, I would like to thank all of the shareholders for their support, particularly during the frustrating period of the last twelve months of disruption and delay, but I believe that the value of the western fairway assets will be better realised by a company such as Beach which has the capital base to bring to bear on this realisation over the medium term.

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, 01/06/10.

Name of entity

Impress Energy Limited

ABN

15 009 212 319

Quarter ended ("current quarter")

31 December 2010

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	133	216
1.2 Payments for (a) exploration & evaluation	(69)	(126)
(b) development	(279)	(445)
(c) production	(250)	(459)
(d) administration	(474)	(721)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	170	356
1.5 Interest and other costs of finance paid	(108)	(195)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Other - Income	3	6
Other - Technical fees	(16)	(45)
Other - GST	(7)	(30)
Net Operating Cash Flows	(897)	(1,443)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	-	(1)
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	1	1
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	0
1.13 Total operating and investing cash flows (carried forward)	(896)	(1,443)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(896)	(1,443)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	(2,600)	(2,600)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	(2,600)	(2,600)
	Net increase (decrease) in cash held	(3,496)	(4,043)
1.20	Cash at beginning of quarter/year to date	10,488	11,040
1.21	Exchange rate adjustments to item 1.20	(1)	(6)
1.22	Cash at end of quarter	6,991	6,991

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'ooo
1.23	Aggregate amount of payments to the parties included in item 1.2	143
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	694
4.2 Development	944
4.3 Production	397
4.4 Administration	238
Total	2,273

Note: Flooding in central Australia is ongoing and currently the area containing the Growler and Snatcher Fields is inaccessible. The above cash flow expenditure estimates are based on the best guess for access to the area being regained and work commencing. The timing of the expenditures could be impacted severely by further rain events over the period.

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	6,885	10,341
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Cash advanced to joint ventures	106	147
Total: cash at end of quarter (item 1.22)	6,991	10,488

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 (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	886,586,353	886,586,353		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities (description)	4	-	Note term to 9 September 2012 (\$50,000 per note).	
	5	-	Note term to 11 September 2012 (\$50,000 per note).	
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
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)				

+ See chapter 19 for defined terms.

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: 21 January 2011

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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