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ASX Announcement – Net Proved Reserves Increase by 23%

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Imperial Corporation Limited is pleased to provide the following update on reserves and operations:

Net Proved Reserves Increase by 23%

Over the 12 months to December 31, 2010 net proved reserves increased by 23% to 14.4 million Boe. Total 2P reserves increased by a similar percentage to 16.8 million Boe.

Average cost of total 2P reserves is now \$5.97/Boe.

For 2010, through acquisition (following the finalisation of Preferential Rights), 4.6 million Boe of 2P reserves were added at a cost of \$11.82/Boe.

The percentage of proved reserves to proved undeveloped reserves is 66%.

Total production for the year was approximately 490,000 Boe.

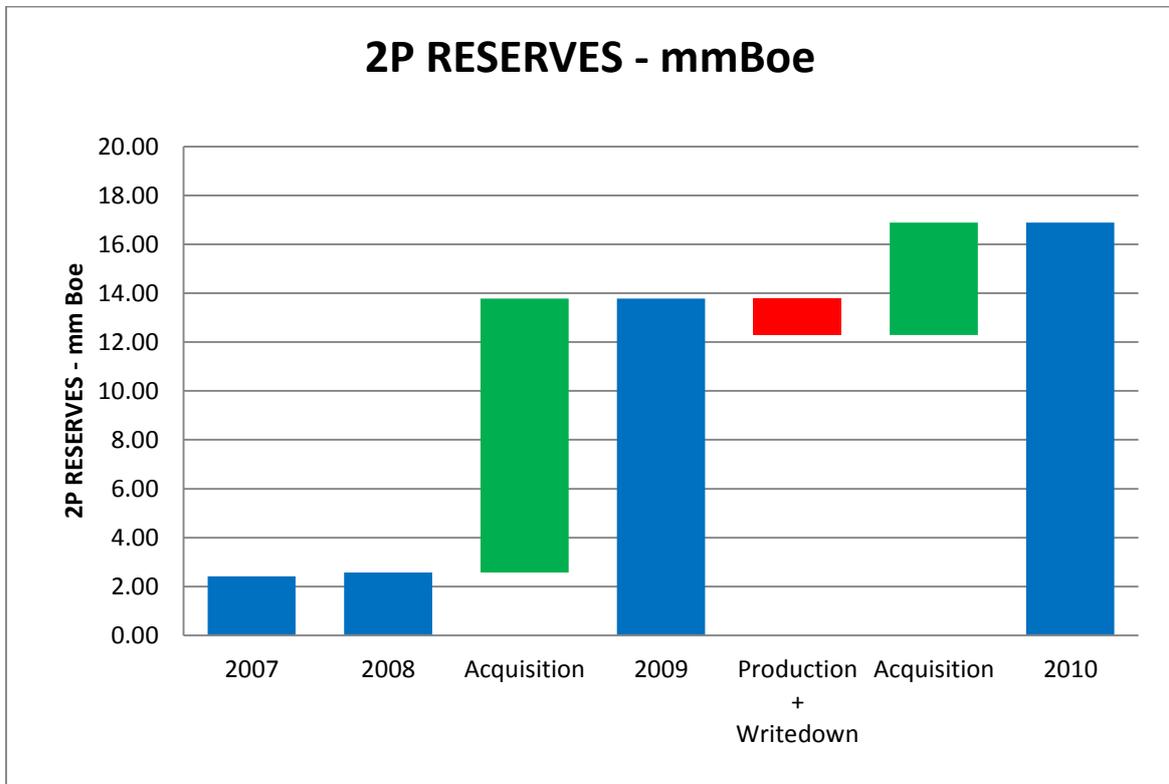
Over the year approximately 8.9 Bcf of 2P gas reserves were removed, which included production of 2.7 Bcf. Given the increased focus on developing oil assets 6.2 Bcf, were removed through a reduction in undeveloped reserves of historical Appalachian tight gas sandstone locations. Unless there is a significant increase in gas prices, it is not considered that these locations will be developed in the next five years.

A Prospective Resource of up to 70 million Bbls oil has been identified in the Marcellus Shale acreage (PA&NY). It is planned that an exploratory drilling program will be undertaken in the acreage over 2011. A large portion of this acreage is currently held by existing production.

In addition a Prospective Resource of up to +5 Tcf GIP (gas in place) has been defined in a portion of the Company's Utica Shale acreage. With successful Utica shale wells now being drilled in PA, the Company will review results as they are made public prior to any exploratory drilling.

Reserves were prepared by Ralph E Davis Associates, Inc., Houston, Texas, Certified Petroleum Engineers.

The following chart summarises 2P Reserve growth since inception of the Company's oil and gas operations since 2007.



Kansas Operations – Acquisition Finalization and Oil Production

1. Production

Operatorship of the Kansas assets was taken over on March 1, 2011. Since that date three shut-in wells have been bought back on line producing up to 20 Bbl/day. Current production is around 560 Bbl/day.

2. Field Operations and Drilling Program

Field supervisors are currently completing an immediate work plan focusing on shut-in, low producing and behind pipe opportunities while the 2011 drilling program is being finalized. A review of these opportunities has shown that at least 100 Bbl/day can be developed for a modest amount of capital expenditure. An announcement on the drilling program is expected to be made in the short term.

3. Operating Personnel

Over the past 2 months a skilled and regionally experienced team including a Geologist/Geophysicist, Geologist, Petroleum Engineer and a Land team has been bought together to:

- a. Undertake the 2011 drilling program, of which 10 to 15 priority targets have been identified;
- b. Review existing well redevelopment opportunities for polymerization programs, re-workings and drilling into untapped formations.
- c. Seek new leasing opportunities within the region in which the Company is operating, the Central Kansas Uplift area as well as other areas within operating distances from the new regional office at Wichita, Kansas.
- d. Take advantage of the forecast in oil prices over the next 12 months, with the Company seeking to increase controlled 2P drilling locations from around the current 75 to at least 250 to 300 2P locations.

4. Corporate Opportunities

The Company is continuing to work through alternatives for a public listing in North America as well as reviewing opportunities to increase its production base through acquisitions or mergers.

About Imperial Corporation

Imperial Corporation's focus is on the development of Empire Energy.

In early 2007, Imperial Corporation established Empire Energy in the USA and currently holds around 92% of its issued capital. Empire Energy is an oil and natural gas producer and also operates a small oil and gas field service operation. Total combined reserves for the enlarged group will be published at the end of this financial year, which has been changed to December 31.

Empire Energy implemented a US\$100 million credit facility with Macquarie Bank Limited in early 2008 for the sole purpose of acquiring and developing oil and gas assets in the USA. This facility has been increased to US\$150 million.

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