



ACHIEVING CRITICAL MASS IN THE OIL & GAS INDUSTRY
November 2010

IMPERIAL CORPORATION LIMITED - SYDNEY

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Executive Summary



- ❑ Imperial Corporation is an ASX listed company, focussed on oil and gas development in the USA through its 92% owned subsidiary, Empire Energy USA, LLC

Strategy

- ❑ Balanced program of acquisitions
- ❑ Low risk development of acquired land base
- ❑ Selective exploitation drilling funded from cash flow
- ❑ Identify medium to long term, early entry exploration opportunities

Board & Management

- ❑ Bruce McLeod – Executive Chairman & President Empire Energy
- ❑ David Sutton, Non-executive director
- ❑ Kevin Torpey, Non-executive director
- ❑ Dr David Kahn – Advisor to Board
- ❑ Dr John Warburton – Advisor to Board

Recent Acquisitions / Divestitures

- ❑ Dec 2009 – US\$38mm acquisition: +1,800 gas wells PA & NY
- ❑ Attractive acquisition price, ~US\$0.47/Mcfe (1P Reserves)
- ❑ Land ~303,000 acres
- ❑ Jun 2010 – Sold small PA Marcellus acreage to raise US\$24.6 mm

Current Portfolio and potential upside

- ❑ ~77 bcfe 1P Reserves
- ❑ Current gross Production +7.5 mmcfpd
- ❑ Est Field EBITDDA 2010 = ~US\$8.5mm pa
- ❑ Exposure to US shale including NY Marcellus and Utica

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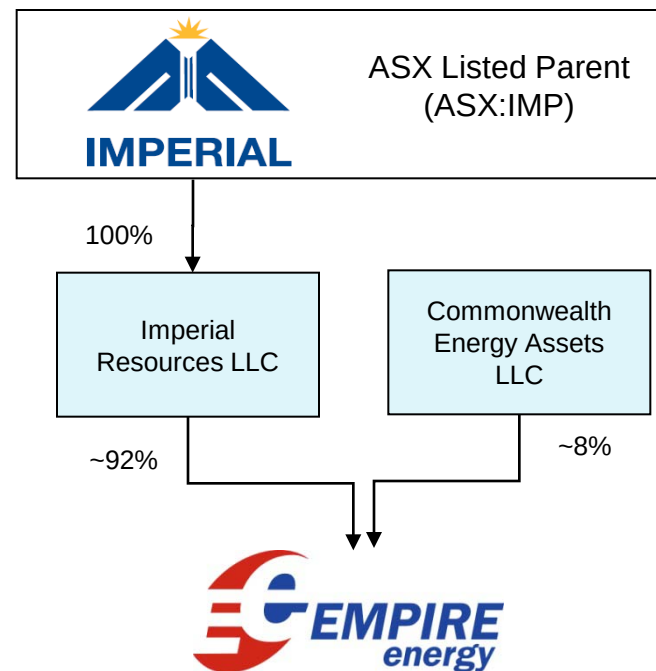
Snapshot



Capital Structure

Proforma Consolidated as at 1 Nov 2010	
Shares on issue (SOI)	162.3 mm
Share Price	A\$0.09
Market Capitalisation	A\$14.6mm
Cash & liquids (pre 2010 tax)	~A\$17.2 mm
Debt	A\$31.3 mm
Enterprise Value	A\$28.7mm
Total Assets	A\$103 mm
6 month VWAP	A\$0.08
Options Outstanding (av. strike price = \$0.15)	33.7mm
Liquidity (Volume/SOI)	44%
Acquisition & Development Credit Facility	US\$150 mm

Corporate Structure



Business Strategy

Imperial Corporation

Balanced Business Model



BUILD A LOW RISK E&P BUSINESS

- ❑ Empire Energy – operating vehicle for oil & gas developments
- ❑ Balance oil and gas production portfolio of assets
 - ❑ Immediate focus – build oil production to balance production portfolio (see next slide)
 - ❑ Initial Target 1,500 Bbls/day
- ❑ Aggregation Strategy to Create Multiple Layers of Value
 - ❑ Acquire small operators &/or assets being sold off by larger independents
 - ❑ Wells often not maintained so easy & cheap rehabilitation in first years of operation
- ❑ Current Benefits / Attractions of aggregation strategy
 - ❑ Attractive acquisition multiples over period of restricted credit for small E&P companies
 - ❑ Ability to build upside potential through expanding reserves and resources at low cost
 - ❑ Generate non-core assets for re-sale and capital accumulation

GENERATE VALUE FOR SHAREHOLDERS BY:

- ❑ Selective utilisation of US\$150mm Credit Facility with Macquarie Bank
- ❑ Expand **IMPERIAL / EMPIRE ENERGY** into a ~US\$300mm E&P business
- ❑ Develop dividend generating structure
- ❑ Capital returns to shareholders via Empire Energy IPO or strategic sale

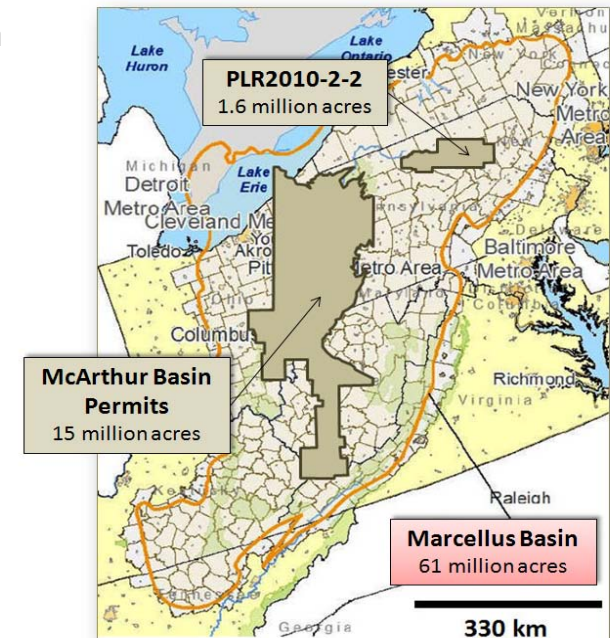
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Project Focus



OPERATIONS AND CURRENT NEGOTIATIONS

- ❑ Empire Energy – Natural Gas production operations in North East USA
 - ❑ Consolidation/expansion of gas production in current region of operation
- ❑ Empire Energy / Imperial – Negotiating oil focused transactions:
 - ❑ Acquisition – Texas – oil/condensate and gas production and development (Wilcox)
 - ❑ Mid Continental – Kansas Uplift (Arbuckle), oil production farm-in and acquisition
- ❑ Australian strategy – large scale shale oil & gas exploration
 - ❑ Identified two basins in Northern Territory and Queensland with relatively easy access. Native Title requirements to be meet
 - ❑ 14.6mm acres secured in Northern Territory (McArthur Basin) and 1.6mm acres under application in NW Queensland
 - ❑ Exploration Play – 1,640mm year old Palaeo-Proterozoic organic rich black shales.
 - ❑ Proven to be gas-prone in NT Basin (one mineral core hole ignited and sustained a 6m high gas flare for several months). In addition oil bleeds have been reported.
 - ❑ Both high risk/high return frontier plays at very low historic exploration maturity



Empire Energy

Empire Energy

Highlights



Imperial Corporation holds a ~92% interest in Empire Energy (neg to increase to 100%)

MULTIPLE GAS PLAYS

- ❑ ~313,000 gross acres with average working interest of ~95%
- ❑ 4 or 5 potentially stacked plays across the Appalachia Basin
 - ❑ Shallow Marcellus, NY (+100,000 acres); Utica, NY (~50,000 acres); Theresa, NY (~30,000 acres); Medina, NY (~190,000 acres) and Trenton Black River, NY (~81,000 acres)
 - ❑ 4P ~1.2 Tcfe (unrisked)
- ❑ Operating ~2,000 long life, slow decline gas wells (3–4% average decline rates)
- ❑ 40 employees in NY & PA
- ❑ +400 shallow Proved locations (<4,500ft)
- ❑ 180 miles 2D seismic in NY for re-interpretation
- ❑ Forecast Field EBITDA (2010) ~US\$8.5mm net to Empire Energy, with no additional development

HEDGING

- ❑ Active policies: interest rates and gas production
- ❑ ~70% production @ \$6.32 / Mcf for 5 years

CAPITAL STRUCTURE

- ❑ US\$8mm equity committed
- ❑ US\$15mm cash (pre 2010 tax)
- ❑ US\$150mm Credit Facility with Macquarie Bank drawn to ~US\$30mm

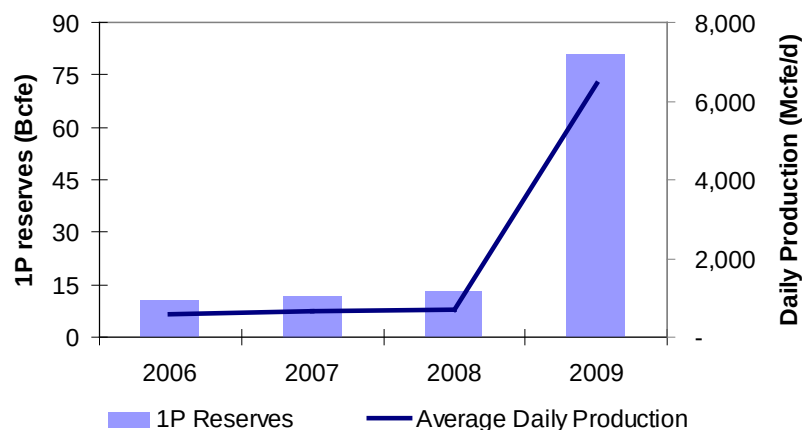
Empire Energy

History

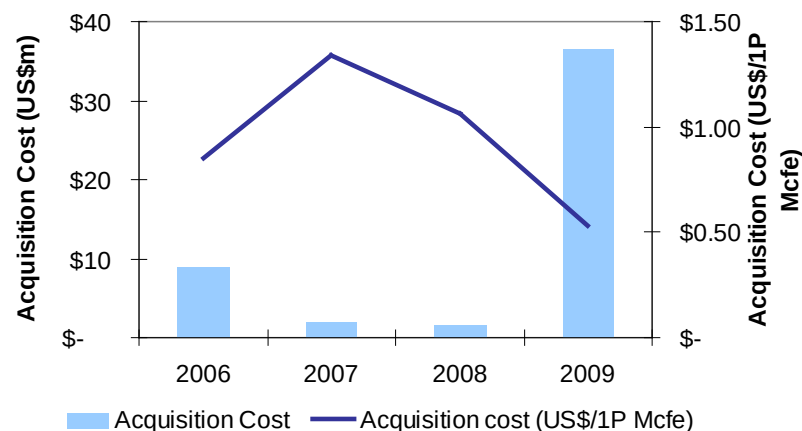


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|------|--|
| 2006 | <ul style="list-style-type: none"> Imperial entry into oil & gas industry via low risk Appalachia JV – 20 wells Formed Empire Energy |
| 2007 | <ul style="list-style-type: none"> Empire Energy initial US energy acquisition US\$9.4mm |
| 2008 | <ul style="list-style-type: none"> Completed US\$100mm E&P credit facility for Empire Energy |
| 2009 | <ul style="list-style-type: none"> Empire Energy second acquisition US\$38mm Additional development loan facility of US\$50mm |
| 2010 | <ul style="list-style-type: none"> Independent assessment for ~385,000 ac shale reserves commenced Sold small Marcellus acreage for US\$24.6 mm Identified 2 potential US oil & gas acquisitions Developing additional shale oil/gas opportunities outside USA |

1P Reserve Growth



Recent Acquisitions



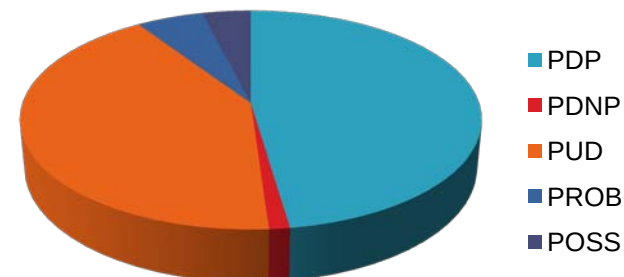
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Reserves (as at 1 July 2010*)

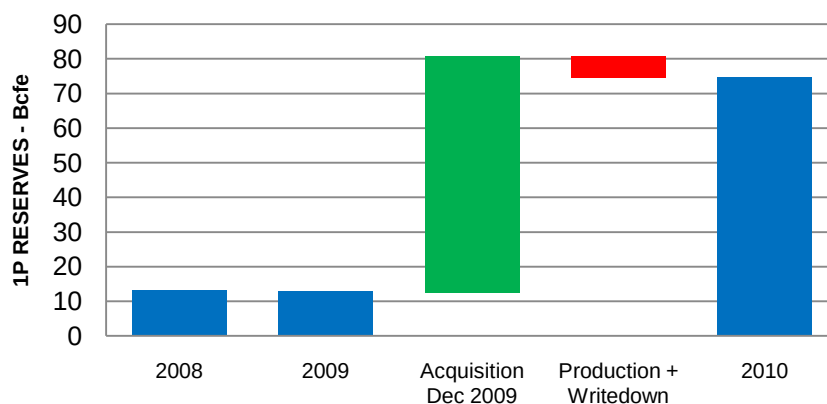


- Estimated Production (2010) = ~2.3 Bcfepa (net to Empire)
- Production 7,500 Mcfe/day
- Lifting Costs \$1.68 /Mcfe
- Field EBITDDA 2010 - US\$8.5 mm
- Ownership (PDP only)
 - Mayville WI = 93%, NRI = ~79%
 - Hawthorne WI = 84%, NRI = ~73%
- Empire Energy operator of ~99% of all assets
- Total Land Acres = ~313,000 (gross)
- Undeveloped acreage: WI = ~95%
- +400 PUD locations

3P - 85.7 Bcfe



1P RESERVES - Y/E JUNE



Reserve Category	Wells	NRI %	Net Oil Mbbls	Net Gas MMcf	PV10 \$M
PDP	1,637	83%	18.3	40,786.0	\$45,798
PDNP	31	83%		1,075.4	\$ 1,811
PUD	372	81%		35,790.0	\$13,679
TOTAL 1P	2,040	82%	18.3	77,651.4	\$61,288
PROB	59	87%		4,669.0	\$ 410
POSS	25	77%		3,366.0	\$ 1,507
TOTAL 3P	2,124	82%	18.3	85,686.4	\$63,205

*reserves have been certified by Allen Barron of Ralph E Davis Associates, Inc, who is a petroleum engineer and has at least 5 years of experience

Asset Overview

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Oil and Gas Targets



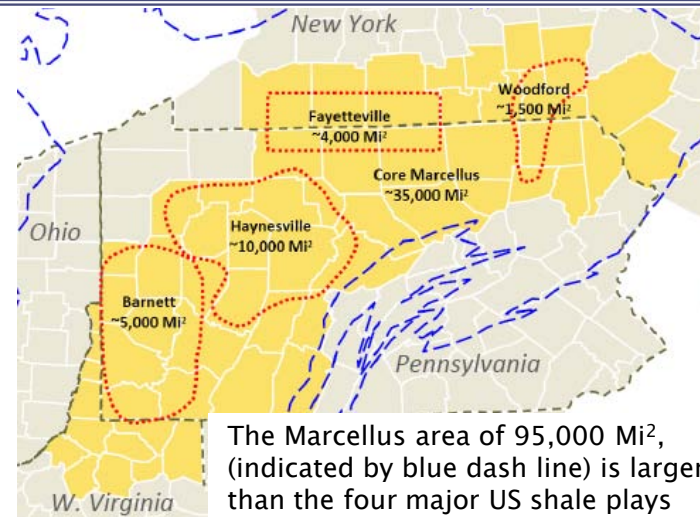
- Both Marcellus & Utica shales terminated by shallow shelf carbonates
- Both shales thicken towards the East
- Both shales dip towards the East
- Potential targets for Empire Energy

Period	Group	Unit	Lithology
Devonian	Upper	Genesee	Genesee Shale Tully Limestone
		Hamilton	Marcellus Shale Oriskany Lst
	Middle	TriStates	Oriskany Sst
	Lower	Heldeberg	Manlius Lst Rondout Dol Akron Dol
		Salina	Bertie Shale Syracuse Salt Vernon Dol
Silurian	Upper	Lockport	Lockport Dol
		Clinton	Rochester Sh Irondequoit Lst
		Clinton	Sodus Shale
	Lower	Medina	Grimsby Sst
		Clinton	Queenston Sst Lorraine Sst Utica Shale
Ordovician	Upper	Trenton/Black River	Trenton Lst Black River Lst
		Beeman-town	Tribes Hill Lst
	Lower	Beeman-town	Theresa Sst Little Falls Dol
Cambrian	Upper		Potsdam Sst
Precambrian Basement			

Marcellus Shale



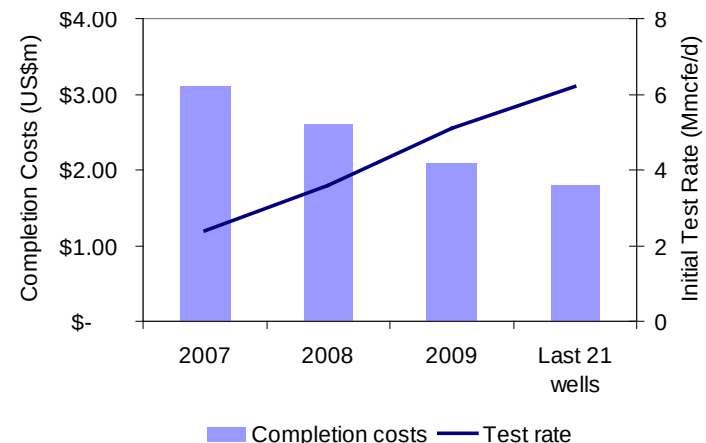
- ❑ Empire holds significant acreage in the Marcellus shale play
 - ❑ Shallow Marcellus, NY (~100,000 gross acres)
- ❑ Marcellus shale is:
 - ❑ One of the largest, most economic shale plays in USA
 - ❑ Covers a total area of 95,000 Mi² over 6 states
 - ❑ 262 Tcf technically recoverable resources*
- ❑ Located at the gateway to attractive northeastern markets and premium pricing (~\$0.15/mmbtu premium to Henry Hub Pricing)
- ❑ Competitive development and production costs
 - ❑ Learning curve of higher EUR, IP and lower drilling costs



The Marcellus area of 95,000 Mi², (indicated by blue dash line) is larger than the four major US shale plays

Source: Enerplus March 2010

Shale 'Learning Curve'



Source: Range Resources March 2010

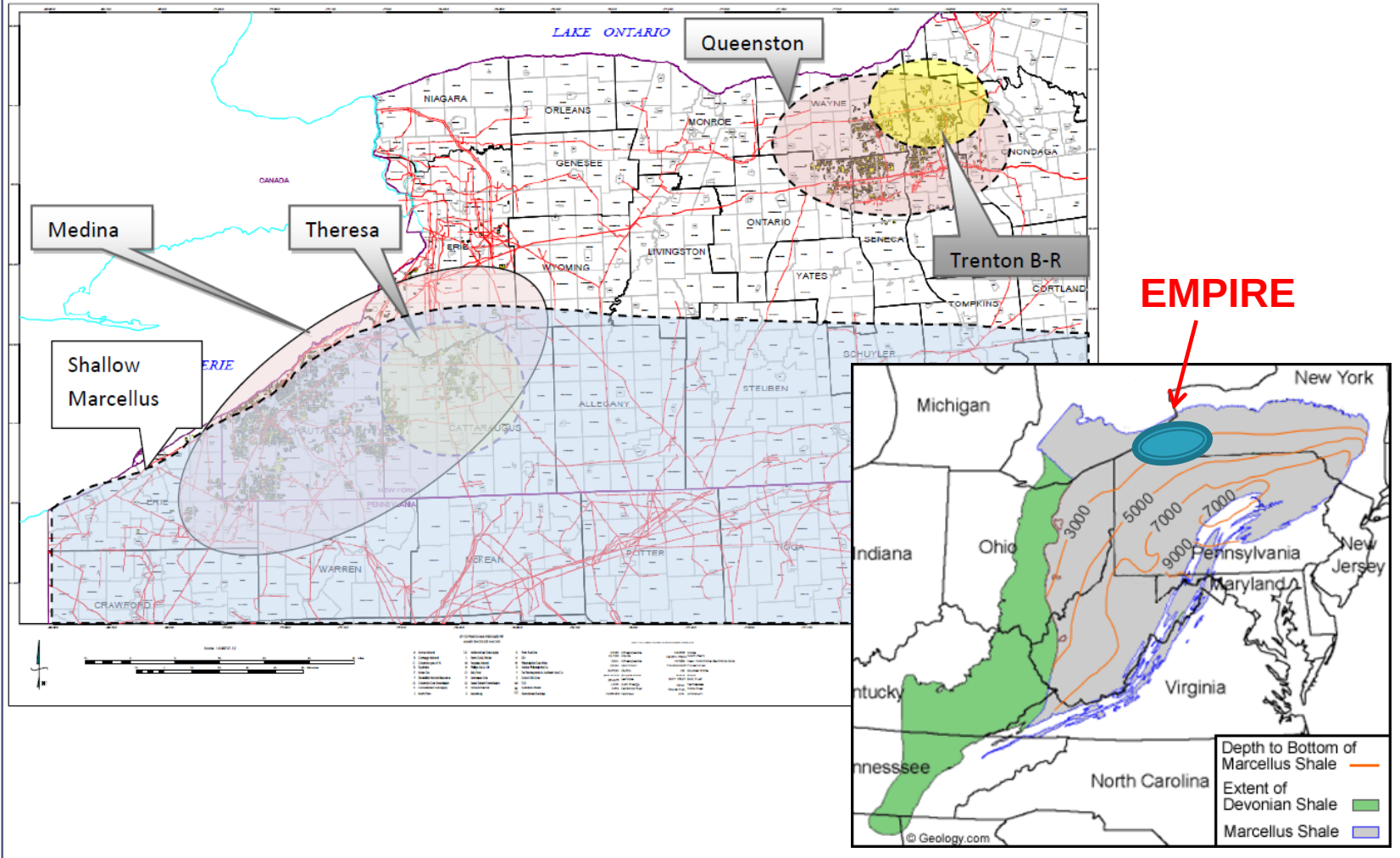
* US Dept of Energy Report April 2009

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Marcellus Shale



Empire Energy holds ~100,000 gross acres in Mayville, NY

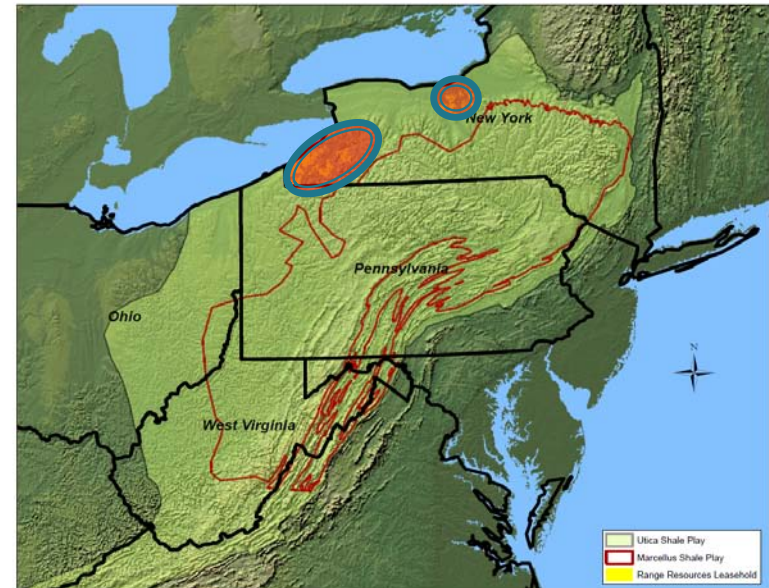


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Utica Shale Fairway



- ❑ Utica shale is prospective throughout Empire acreage
- ❑ ~50,000 Utica Shale gross acres
- ❑ Black Utica Shale is 200' to 400' in thickness
 - ❑ Depth 2,000ft to 5,000ft
- ❑ Utica success in Quebec, Canada
- ❑ Gas has low H₂S or CO₂; pipeline ready reduces processing costs
- ❑ 3 vertical Utica wells being drilled in Otsego County, NY by Gastem & Utica Energy



● Empire Energy ~180,000 gross acres

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Operating Opportunities

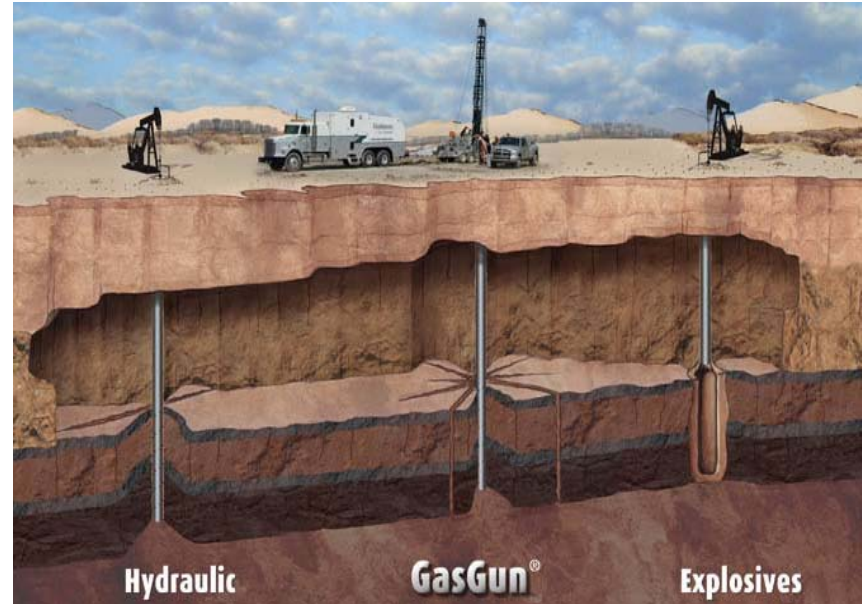


Development Program

- ❑ Empire has ~1,500 wells that penetrate the NY Marcellus shale
- ❑ Where close spacing, Empire seeking to utilise 'GasGun' to fracture tight gas/shale formations
- ❑ If successful, costs reduced compared to hydraulic fracs
- ❑ Medina and other lower, tight sandstones and co-mingle gas opportunities
- ❑ Estimated 80,000 acres to utilise technology

Field Services

- ❑ Empire has ~825 miles of gathering & pipeline networks with many being reworked after years of neglect
- ❑ Seeking to acquire ~200 miles of pipeline from regional utility to enable control of more gas production
- ❑ NY production +6% over av 2009 production due to pipeline control and management of wells
- ❑ Operate own water trucks, drilling rigs, earth moving and pipe laying equipment



Bruce McLeod – Executive Chairman, Imperial Corp

Background in Corporate and Resource Capital markets since mid 1980's. Managed and/or raised over \$1.5 bn in project, property development and portfolio funds. Recently, as a director of Imperial established brown fields mineral sands JV in the Murray Basin, Australia (Imperial 25%). In early 2000's merged mineral sands JV interest into Bemax Resources Limited which ultimately secured 100% of the mineral sands JV and developed as world's 5th largest mineral sands producer. Bemax acquired in 2008 at an TEV ~\$480 million. Formed Empire Energy in late 2006.

Bill Waller – Chairman & Co-CEO , Empire Energy

Involved with oil and gas exploration, development drilling, lease acquisition, land management and marketing for +35 years, including Sun Oil Company. Initial Appalachian Basin experience as Senior Executive with Consolidated Natural Gas Company, responsible for doubling CNG's leasehold position to 4,000,000 acres. Helped build Somerset Oil & Gas Inc into an Appalachian natural gas operator with over 2,200 wells, 200,000 acres for development drilling, transportation networks and drilling operations. Sold to EOG Resources in 2002.

Al Boyer – SVP & COO , Empire Energy

Involved in the natural gas business for +40 years. Operates over 40 privately owned wells. In early 2000's involved in a well drilling program (200 wells in 20 months) and the consolidation of field operations for Somerset Oil & Gas Inc until its takeover by EOG Resources. Has drilled 1,000's of wells in western PA, NY, OH and WV.

Dr David Kahn, BE, ME ,PhD (Chem. & Petroleum) – Advisor

15 years of diverse experience in the petroleum industry. During the past seven years he has been a principal in companies focused on developing strategies for exploiting unconventional oil and gas assets. He has developed expertise in property evaluations, and development, strategic planning, reservoir engineering with particular emphasis on enhanced oil recovery. Worked for Baker Hughes, Halliburton, Texaco E&P, Gastem and others.

Dr John Warburton , B.Sc. (Geo Sciences), PhD (Structural Geo), FGS, MAICD – Advisor

27 years of technical experience in the International Petroleum Industry in Europe, Middle East, Kazakhstan, Azerbaijan, Pakistan, PNG, North & West Africa, Australia, New Zealand, SE Asia & China. Includes 11 years for BP, 4 years for LASMO/Eni in Pakistan and 3 years Regional Manager–West Africa with Roc Oil Co.

- ▶ *The information in this announcement which relates to reserves is based on information compiled by Ralph E Davis Associates Inc, Houston, Texas, certified professional engineer's with over 40 years experience.*

Neither Ralph E Davis Associates Inc, nor any of its employees have any interest in Empire Energy E&P, LLC or the properties reported herein. Ralph E Davis Associates Inc consents to the inclusion in this statement of the matters based on his information in the form and context which it appears.