

## Regulatory Announcement

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**Company**            [Empyrean Energy PLC](#)  
**TIDM**                EME  
**Headline**            Interim Results  
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 Empyrean Energy PLC  
 11 December 2007

Empyrean Energy Plc  
 ("Empyrean" or the "Company"; Ticker: (EME))

Interim Results for the six months ended 30 September 2007  
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Empyrean today announces its interim results for the period ended 30 September 2007. Please find below the Chairman's statement and the interim accounts.

### HIGHLIGHTS

- \* Sugarloaf current drilling programme provides encouragement with five wells having possible gas pay that requires production testing
- \* Oil & gas production continues from three wells at Project Margarita

### CHAIRMAN'S STATEMENT

I am pleased to report that the Company has made significant progress on its projects during the period and in particular on the Sugarloaf Project in the United States.

### Overview

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The past couple of months have been particularly busy in terms of drilling and testing. We successfully concluded our shallow drilling programme at Project Margarita with three wells: Dona Carlota, Agavero and Milagro resulting in commercial gas discoveries. Given that the industry statistics are around one in twelve, the success rate of three commercial discoveries from six wells is a terrific result. The Company holds a 44% working interest in Project Margarita and is receiving its share of production revenues on a monthly basis.

During the period we have focussed primarily on the Sugarloaf prospect in the prolific Gulf Coast Region of Texas in an area very close to the discovery well of the Sugarkane gas-condensate field.

The Sugarloaf-1 well, a vertical well in which Empyrean has a 6% working interest, is currently undergoing longer term production testing on the deepest of three zones to be tested. Early swabbing has recovered hydrocarbons. Testing of the middle and shallowest zones are expected to take place following this longer term production testing.

The Kennedy-1 well, a horizontal well in which Empyrean has an 18% working interest, has reached target depth of 16,530 ft. The well is targeting the

shallowest of the three zones to be tested in the Sugarloaf-1 well, and 41/2" liner has been successfully run to total depth. Preparations are now being made for an extensive fracture stimulation and testing programme.

The TCEI JV Block A-1 well, a horizontal well in which Empyrean has a 7.5% working interest has also reached total depth. This well is also targeting the shallowest of the three zones to be tested in the Sugarloaf-1 well. This well had very exciting gas flares whilst drilling and is about to commence an extensive fracture stimulation and testing programme.

The TCEI JV Block A-2 well, a vertical well in which Empyrean has a 7.5% working interest, has also reached total depth. This well has encountered the three zones that show promise in the Sugarloaf -1 well. This well will be used to monitor the fracture stimulation programme in the TCEI JV Block A-1 well before preparation for its own testing programme is finalised.

The TCEI JV Block A-3 well, a horizontal well in which Empyrean has a 7.5% working interest, is targeting the shallowest of the three zones encountered in the Sugarloaf-1 well. Drilling in the target zone has already encountered hydrocarbons.

We look forward to the results of testing from each of these wells during what promises to be an exciting testing phase for the Company.

The Company has also been seeking other opportunities and in September we were very pleased to announce a participation agreement for a new deal with Texon E&P, Inc, the US operating subsidiary of ASX-listed Texon Petroleum Limited. In October, we signed a new agreement to increase our working interest to 20% by funding 26.6667% of the drilling costs, testing and completion of the Bondi prospect in Texas. We now also have an option to drill the Coogee prospect, a 28-62 Bcfe target close to the Bondi prospect, on the same increased terms. Following the drilling of the Bondi and Coogee prospects, the Company will earn the right to participate on the basis of a 15% working interest in any prospects to be drilled by Texon on an area of mutual interest covering approximately 25km<sup>2</sup>.

At the Bondi prospect, the operator has advised that Raun #1 reached a total depth of 12,500ft. The well found thin non-commercial gas sands in the target Wilcox section between 10,500 ft and the total depth of the well. As a result the well has been plugged back to a depth of 10,919ft in order evaluate two potential gas bearing sands which together amount to a thickness of 50ft between 7,050ft and 7,250 ft.

The drilling rig will now be released and a smaller more cost effective rig will be used to test these zones as soon as a suitable rig can be located.

Elsewhere at the Eagle Oil Pool Development Project located in the San Joaquin Basin in California we have been investigating the alternatives for this project, including the possibility of a new horizontal completion. The timing of further operations at Eagle remains unclear at this stage. Further updates will be provided following developments.

The Company has previously announced that the operator of the Glantal Gas Project in Germany, Pannonian International Limited, a wholly-owned subsidiary of Galaxy Energy Corp. (AMEX: GAX) confirmed that an application to extend the Neues Bergland Permit had been successful. The partners in this project, including Empyrean have been finalising preparations for further new seismic and also further work on the existing seismic data with a view to establishing new locations for drilling in 2008.

#### Financials

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During the six months to 30 September 2007, Project Margarita commenced

production, with initial revenue of £198,265 being generated. It is anticipated that Emyrean will continue to receive a steady source of cash flow from the three wells brought on line during the period.

The Company made a loss after tax of £192,826 for the period. Exploration expenditure of £1,066,731 for the six months has been capitalised, which predominately relates to exploration expenditure incurred in relation to the drilling programmes being carried out at both the Sugarloaf prospect and Project Margarita.

Board

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On 3 July 2007, Malcolm James stepped down as a non-executive Director of the Company. I would like to take this opportunity to thank Mal for his contribution to the Company and we wish him well.

Outlook

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The Company's operational focus has always been clear and defined: to finance the exploration and development of energy resource projects in geopolitically stable environments.

With this in mind we have focussed our efforts more recently on operations in the United States, where energy prices have been strong and the projects we have chosen have not only been close to excellent existing hydrocarbon infrastructure, but they have all been projects with mature drill prospects. This has meant that we have been drilling targets within a very short time after concluding negotiations to acquire an interest in those projects. Where we have made discoveries, we have been able to put those wells rapidly into production and commence cash flow in a relatively short period of time.

We will continue to seek out appropriate opportunities in countries with a stable geopolitical environment and concentrate our efforts on deals that have mature drill targets close to existing infrastructure and high energy demand markets.

During the period we have extended our portfolio of projects with the acquisition of the Bondi and Coogee prospects and at the same time have seen production commence at Margarita. Drilling at Sugarloaf shows real promise and we eagerly await results on the testing of all these wells.

We look forward to further developments and continued progress with our projects in the months ahead with much confidence.

Patrick Cross

Chairman

11 December 2007

Independent Review Report to Emyrean Energy Plc

Introduction

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We have been instructed by Emyrean Energy Plc (the company) to review the interim financial statements comprising the income statement, balance sheet, cash flow statement, statement of changes in equity and notes thereon and we have read the other information contained in the interim report and considered whether it contains any apparent mis-statements or material inconsistencies with the interim financial statements.

This report is made solely to the Company in accordance with guidance contained in Bulletin 1999/4 "Review of interim financial information" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

#### Directors' responsibilities

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The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the Directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange Plc for companies trading securities on the AIM Market which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

#### Review work performed

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We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom by auditors of fully listed companies. A review consists principally of making enquiries of the Directors and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

#### Review conclusion

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On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented in the interim financial statements for the period ended 30 September 2007.

CHAPMAN DAVIS LLP  
Chartered Accountants  
2 Chapel Court  
London SE1 1HH  
11th December 2007

EMPYREAN ENERGY PLC  
INCOME STATEMENT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2007

	6 months to 30 September 2007 (unaudited) £'000	6 months to 30 September 2006 (unaudited) £'000	Year ended 31 March 2007 (audited) £'000
Revenue	198	-	-
Cost of sales			
Production costs	(46)	-	-

Gross profit	152	-	-
Administrative expenses	(447)	(303)	(866)
Operating loss	(295)	(303)	(866)
Interest receivable	102	39	75
Loss on ordinary activities before taxation	(193)	(264)	(791)
Taxation credit on ordinary activities	-	-	-
Loss for the financial period	(193)	(264)	(791)
Basic loss per share expressed in pence (please refer to Note 3)	(0.39)p	(0.75)p	(2.1)p

EMPYREAN ENERGY PLC  
BALANCE SHEET  
FOR THE PERIOD ENDED 30 SEPTEMBER 2007

	6 months to 30 September 2007 (unaudited) £'000	6 months to 30 September 2006 (unaudited) £'000	Year ended 31 March 2007 (audited) £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	7,509	5,520	6,443
Tangible assets	2	7	4
	7,511	5,527	6,447
<b>Current assets</b>			
Other receivables	1,589	326	237
Cash	2,987	1,188	4,889
	4,576	1,514	5,126
<b>Total Assets</b>	<b>12,087</b>	<b>7,041</b>	<b>11,573</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Other payables	(128)	(20)	(27)
<b>Net current assets</b>	<b>4,448</b>	<b>1,496</b>	<b>5,099</b>
<b>Net assets</b>	<b>11,959</b>	<b>7,021</b>	<b>11,546</b>
<b>Shareholders' equity</b>			
Called up share capital	101	71	99
Share premium account	12,816	7,756	12,486

Other reserves	715	147	441
Retained loss	(1,673)	(953)	(1,480)
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Total equity	11,959	7,021	11,546

EMPYREAN ENERGY PLC  
CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2007

	6 months to 30 September 2007 (unaudited) £'000	6 months to 30 September 2006 (unaudited) £'000	Year ended 31 March 2007 (audited) £'000
Net cash outflow from operating activities	(1,282)	(394)	(644)
Interest received	101	39	75
	-----	-----	-----
Net cash inflow from returns on investments	101	39	75
Purchase of intangible assets	(1,066)	(1,738)	(2,583)
Purchase of tangible assets	-	(3)	(3)
Proceeds from sale of intangible assets	-	-	3
	-----	-----	-----
Net cash outflow from capital expenditure	(1,066)	(1,741)	(2,583)
	-----	-----	-----
Net cash outflow before financing	(2,247)	(2,096)	(3,152)
Issue of ordinary share capital	332	94	5,095
Share issue costs	-	(20)	(264)
	-----	-----	-----
Net cash inflow from financing	332	74	4,831
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Increase/(decrease) in cash	(1,915)	(2,022)	1,679
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EMPYREAN ENERGY PLC  
STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 2007

	Called up share capital £'000	Share premium £'000	Other Reserves £'000	Retained Loss £'000	Total Shareholders Equity £'000
6 months ended 30 September 2007					
As at 1 April					

2007	99	12,486	441	(1,480)	11,546
Shares issued during the period	2	330	-	-	332
Share issue expense	-	-	-	-	-
Equity-settled share-based payments	-	-	274	-	274
Loss for the period	-	-	-	(193)	(193)
	-----	-----	-----	-----	-----
Balance as at 30 September 2007	101	12,816	715	(1,673)	11,959
6 months ended 30 September 2006					
As at 1 April 2006	70	7,665	147	(689)	7,193
Shares issued during the period	1	93	-	-	94
Share issue expense	-	(2)	-	-	(2)
Loss for the period	-	-	-	(264)	(264)
	-----	-----	-----	-----	-----
Balance as at 30 September 2006	71	7,756	147	(953)	(7,021)
Year ending 31 March 2007					
As at 1 April 2006	70	7,665	147	(689)	7,193
Shares issued during the period	29	5,066	-	-	5,095
Share issue expense	-	(245)	-	-	(245)
Equity-settled share-based payments	-	-	294	-	294
Loss for the period	-	-	-	(791)	(791)
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Balance as at 31 March 2007	99	12,486	441	(1,480)	11,546

EMPYREAN ENERGY PLC  
NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2007

1. Basis of preparation

The interim financial statements do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The interim financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS) and comply with IAS 34. The accounting policies applied in preparing the interim financial statements are consistent with those that have been adopted in the Company's 2007 annual

financial statements.

The interim financial statements for the 6 months ended 30 September 2007 and the 6 months ended 30 September 2006 have not been audited.

#### Revenue Recognition

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Revenues from crude oil and natural gas sales are recognised when the oil and gas has been lifted and the risk of loss transferred to a third-party purchaser. The Company uses the entitlement method to account for its turnover from sales of oil and gas production.

#### 2. Segmental Analysis

During the period the Company received revenue from oil and gas sales in the United States, after three wells at the Margarita prospect were brought into production. The Company also incurred direct expenditure on generating the revenue which is shown as direct cost of goods sold.

The Company's headquarters remains in the United Kingdom where all interest revenue is generated and corporate expenditure incurred.

Capitalised exploration, evaluation and development expenditure can be analysed by the following geographical segments:

	6 months to 30 September 2007 (unaudited) £'000	6 months to 30 September 2006 (unaudited) £'000	Year ended 31 March 2007 (audited) £'000
Continental			
Europe	2,691	2,559	2,644
North America	4,819	2,961	3,799
	-----	-----	-----
	7,509	5,520	6,443

#### 3. Loss per share

The calculation of loss per share is based on the loss after taxation divided by the weighted average number of shares in issue during the period:

	6 months to 30 September 2007 (unaudited) £'000	6 months to 30 September 2006 (unaudited) £'000	Year ended 31 March 2007 (audited) £'000
Net loss after taxation (£'000)	(193)	(264)	(791)
Weighted average number of ordinary shares used in calculating basic earnings per share	49,918,464	35,252,083	37,833,661
Basic loss per share (expressed in pence)	(0.39)p	(0.75)p	(2.1)p
Weighted average number of Ordinary			

shares of £0.002 in issue inclusive of outstanding options	52,436,272	36,594,799	39,006,994
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As the inclusion of the potential ordinary shares would result in a decrease in the loss per share they are considered to be antidilutive and, as such, a diluted loss per share is not included.

#### 4. Called Up Share Capital

The authorised share capital of the Company and the called up and fully paid amounts at 30 September 2007 were as follows:

	£
Authorised	
1,000,000,000 ordinary shares of 0.2p each	2,000,000
Issued and fully paid	
50,546,291 ordinary shares of 0.2p each	101,093

#### Share options

The following equity instruments have been issued by the Company and have not been exercised at 30 September 2007:

	Number of ordinary shares	Exercise Price	Expires
Incentive options	1,250,000	35 pence	31 December 2008
Incentive options	250,000	40 pence	31 December 2008
Incentive options	2,250,000	50 pence	20 October 2009
Incentive options	2,450,000	50 pence	28 June 2010

For further information:

Jonathan Charles / Ed Portman  
Conduit PR  
Tel: +44 (0) 207 429 6611 / +44 (0) 7791 892 509

Rod Venables / Cecil Jordaan  
HB Corporate  
Tel: +44(0) 207 510 8600

Empyrean Energy plc  
Tel : +44(0) 207 182 1746

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