

EMPYREAN ENERGY PLC

CHAIRMAN'S STATEMENT

FOR THE PERIOD ENDED 30 SEPTEMBER 2005

Empyrean Energy plc ("Empyrean" or the "Company") has completed its first half year of operations since incorporation in March 2005 and listing on AIM in July 2005, and has taken the initial steps towards its declared objective of developing energy resources in regions of low political risk.

Glantal Prospect - Germany

The first project to be developed by Empyrean is the Glantal-1 well to be drilled on the Neues Bergland permit near Frankfurt in Germany. It will be operated by one of Empyrean's partners, Pannonian International Ltd (a wholly owned subsidiary of USA listed Galaxy International), who have already completed key preparatory work at the site, putting the essential infrastructure in place. As a result I am happy to report that the first drilling campaign at the Glantal prospect is on schedule to produce results in Q4 2005. With strong gas prices in Germany and demand increasing due to government policies, the Company is well positioned if the prospective commercial discovery is realized.

Eagle Oil Pool Development Project - USA

To develop further its strategy of investing in geopolitically low risk regions, the Company has secured a farm-in agreement with Australian Stock Exchange quoted Victoria Petroleum NL to earn a 38.5% working interest in the Eagle Oil Pool Development Project in the San Joaquin Basin, California. The San Joaquin Basin is a proven oil and gas field that has already produced in excess of 12 billion barrels of oil and 11 trillion cubic feet of gas. An independent expert has estimated that the Eagle Oil Pool Development Project could contain a reserve, with 50% probability, of 7.1 million barrels of recoverable oil and 12.3 billion cubic feet of associated gas. The initial phase, scheduled for November 2005, will take approximately 14 days to complete.

Results

During the period to 30 September 2005, the Company made a loss before and after tax of £232,938. Exploration costs of £661,794 for the period have been capitalised, which relate to both the acquisition and initial expenditure on the current drill programme at Glantal.

Outlook

Empyrean has sufficient cash reserves subsequent to its listing on AIM to undertake both the Glantal and Eagle Oil Pool Development Project exploration programs to a point of discovery/confirmation of economically viable reserves. Success on either project will necessitate further development funding.

The Board is continuing to seek additional opportunities which match its chosen strategy, and I am looking forward to an exciting second half of our first year.

Patrick Cross

Chairman

25 October 2005

EMPYREAN ENERGY PLC
UNAUDITED INCOME STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2005

	Notes	From Incorporation 10 March 2005 to 30 September 2005 £
Administrative expenses		(251,452)
Operating loss		(251,452)
Interest receivable		18,514
Loss on ordinary activities before taxation		(232,938)
Taxation		-
Loss on ordinary activities after taxation		(232,938)
Basic earnings per share (pence)	2	(0.98) p
Diluted earnings per share (pence)	2	(0.95) p

EMPYREAN ENERGY PLC
UNAUDITED BALANCE SHEET
FOR THE PERIOD ENDED 30 SEPTEMBER 2005

	Notes	From Incorporation 10 March 2005 to 30 September 2005 £
FIXED ASSETS		
Intangible assets		661,794
Tangible assets		8,972
		<hr/> 670,766
CURRENT ASSETS		
Stocks		-
Debtors		58,153
Cash at bank and in hand		2,963,841
		<hr/> 3,021,994
CREDITORS		
Amounts falling due within one year		(32,569)
		<hr/> 3,660,191
NET CURRENT ASSETS		
		<hr/> 3,660,191
NET ASSETS		
		<hr/> 3,660,191 <hr/>
CAPITAL AND RESERVES		
Called up share capital		61,289
Share premium account		3,828,551
Equity reserve		3,289
Profit and loss account		(232,938)
		<hr/> 3,660,191 <hr/>
EQUITY SHAREHOLDERS' FUNDS		
		<hr/> 3,660,191 <hr/>

EMPYREAN ENERGY PLC
UNAUDITED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2005

	Notes	From Incorporation 10 March 2005 to 30 September 2005 £
Net cash outflow from operating activities		(241,237)
Interest received		18,514
Net cash inflow from returns on investments		18,514
Payments to acquire intangible assets		(696,093)
Payments to acquire tangible assets		(10,471)
Net cash outflow from capital expenditure		(706,564)
Net cash inflow before financing		(929,287)
Issue of ordinary share capital		4,230,498
Share issue costs		(337,370)
Net cash inflow from financing		3,893,128
Increase in cash		2,963,841

EMPYREAN ENERGY PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2005

1. Basis of preparation

The financial information contained in this document has been prepared in accordance the historical cost convention and in accordance with Generally Accepted Accounting Principles in the United Kingdom and with AIM Rules and does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985.

The interim report for the Period ended 30 September 2005 is unaudited and was approved by directors on the 14 October 2005. In the opinion of the directors the financial information for this period fairly presents the financial position, results of the operations and cash flows for the period and conforms with generally accepted accounting principles.

A copy of this interim report is available from Empyrean's registered office at 28 Eccleston Square, London SW1V 1NZ.

2. Earnings per share

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

	£
Net loss after taxation	(232,938)
Weighted average number of ordinary shares used in calculating basic earnings per share	23,812,306
Weighted average number of ordinary shares used in calculating diluted earnings per share	24,268,394

3. Deferred Tax Assets

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which carried forward tax losses can be offset.