



Registered Office: 7 Savoy Court  
Strand, London WC2R 0ER  
United Kingdom

30 April 2007

## 2007 ANNUAL GENERAL MEETING

To the Shareholders and, for information only, to the Warrant Holders,

The 2007 Annual General Meeting of Empyrean Energy plc ("the Company") will take place at Grosvenor House, 86 Park Lane, London W1K 7TN on 23 May 2007 at 9.30am ("2007 AGM"). This letter provides you with some background and explanation of the resolutions to be put to the 2007 AGM.

### **Ordinary Business at 2007 AGM ("the Ordinary Resolutions")**

#### Resolution 1 – Annual Report and Accounts

This is an ordinary resolution to receive and adopt the audited Statement of Accounts and the Reports of the Directors and the Auditors of the Company for the period 1 April 2006 to 31 March 2007.

#### Resolution 2 – Re-appointment of Director

The Board recommends the re-election of Frank Brophy, a Director who, being eligible, offers himself for re-election. A short biography of Mr Brophy is set out below:

Frank Brophy                      (Technical Director)

Mr Brophy has over 40 years experience as a petroleum geologist in the exploration, development and production of many world class projects. Mr Brophy's roles have seen him involved with operations in many locations around the world including Australia, Asia, Europe, USA and the Middle East. Recent experience includes four years as General Manager of the Hanoi operation in North Vietnam, for French based company Maurel et Prom. Mr Brophy's previous positions also include his former role as International Business Development Manager for Ampoex Limited, Chief Geologist of Elf Aquitaine Australia and Exploration Manager for five years with Peko Oil Limited.

### Resolutions 3 and 4 – Auditors' reappointment and remuneration

The resolutions relating to the auditors' re-appointment and remuneration are usual business for the Annual General Meeting.

### **Special Business at 2007 AGM ("the Special Resolutions")**

#### Resolution 5 – Retrospective approval and ratification of the allotment of additional shares

At the Annual General Meeting of the Company held on 7 July 2006 ("**the 2006 AGM**") the Company passed (amongst other resolutions):

- (a) an ordinary resolution authorising the Directors for the purposes of Section 80 of the Companies Act 1985 ("**the Act**") to allot shares up to an aggregate nominal amount of £1,929,923 (then equal to 96 per cent. of the authorised but unissued share capital of the Company) ("**Resolution 9**"); and
- (b) a special resolution empowering the Directors pursuant to Section 95 of the Act to allot shares wholly for cash as if Section 89(1) of the Act did not apply to such allotments, provided that the power shall be limited to allotments of shares "up to an aggregate amount of £14,000 (representing approximately 20 per cent. of the Company's issued share capital)" ("**Resolution 10**").

Pursuant to Resolution 9 and Resolution 10 the Directors had authority from the shareholders to allot up to 7,000,000 ordinary shares in the capital of the Company as if Section 89(1) of the Act did not apply to such allotments ("**the Authority**"). Section 89(1) of the Act provides that a company proposing to allot shares on any terms must first make an offer to each person who holds shares in the company to allot to him or her on the same or more favourable terms such proportion of those shares as is approximately equal to the proportion of the company's shares held by him or her. Section 90 of the Act contains provisions setting out the manner in which a pre-emption offer under Section 89(1) of the Act must be made.

On 1 February 2007 the Directors allotted and issued 14,285,715 new ordinary shares in the Company ("**the Placing Shares**"), under a placing agreement with HB Corporate who acted as adviser and broker to the placement. No pre-emption offer was made by the Company under Section 89(1) the Act in respect of any of the Placing Shares. Therefore 7,285,715 of the Placing Shares were allotted in excess of the Authority, over and above the amount allowed under Sections 89(1) and 90 of the Act.

Resolution 5 is a Special Resolution to retrospectively approve and ratify the allotment of the Placing Shares. Having taken legal advice on the point, the Company and the Directors have been advised that the allotment and issue of the Placing Shares are legally valid and binding notwithstanding the allotment in excess of the Authority, over and above the amount allowed under Sections 89(1) and 90 of the Act. This Resolution 5 is a mechanism by which shareholders can confirm that they have been advised of the contravention and retrospectively approve and ratify the allotment of the Placing Shares.

#### Resolution 6 - Section 80 authority

This is an Ordinary Resolution authorising the directors to allot relevant securities up to an aggregate nominal amount of £1,824,774, equal to 96 per cent. of the authorised but unissued share capital of the Company. The authority will expire at the commencement of the next Annual General Meeting following this meeting.

#### Resolution 7 – Section 95 authority and dis-application of Section 89

This is a Special Resolution authorising the directors to issue equity securities wholly for cash on a non pre-emptive basis pursuant to the authority conferred by resolution number 6 above. This will allow the Board to allot shares without recourse to the shareholders so that it can raise further capital from time to time as it deems appropriate. This authority will expire at the commencement of the next Annual General Meeting following this meeting.

#### **Form of Proxy**

A Form of Proxy for use at the 2007 AGM is enclosed. Please complete and sign the Form of Proxy and return it to the Registrars so as to arrive no later than 48 hours before the time fixed for the 2007 AGM. The return of the Form of Proxy will not, however, prevent you from attending the 2007 AGM and voting in person should you wish to do so.

#### **Board Recommendation**

The Board considers that each of the Ordinary Resolutions and the Special Resolutions are in the best interests of the Company and they unanimously recommend to the shareholders that they should vote in favour of each of them.

Yours faithfully



**Patrick Cross**  
**Chairman**



## **EMPYREAN ENERGY PLC**

### **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Annual General Meeting of Empyrean Energy PLC (“**the Company**”) will be held at 9.30 am on 23 May 2007 at Grosvenor House, 86 Park Lane, London W1K 7TN to consider and, if thought fit, pass the following resolutions of which 1 to 4 and 6 will be proposed as ‘Ordinary Resolutions’ and resolution 5 and 7 will be proposed as a ‘Special Resolutions’.

#### **Intpretation:**

In this Resolution the expression ‘equity securities’ and references to the allotment of equity securities shall bear the same respective meanings as in Section 94 of the Act.

#### **Ordinary Business**

##### **As Ordinary Resolutions:**

1. to receive and adopt the audited Statement of Accounts and the Reports of the Directors and the Auditors of the Company for the period 1 April 2006 to 31 March 2007;
2. to re-appoint Frank Brophy, a Director, who retires by rotation in accordance with Article 106 of the Articles of Association;
3. to re-appoint Chapman Davis LLP as auditors; and
4. to authorise the Directors to fix the remuneration of the auditors.

#### **Special Business**

##### **As a Special Resolution:**

5. THAT the allotment of 14,285,715 ordinary shares in the capital of the Company on 1 February 2007 in contravention of Sections 89 and 90 of the Companies Act 1985 (‘the Act’) be and is hereby generally and unconditionally approved and ratified by the shareholders.

##### **As an Ordinary Resolution:**

6. THAT the Directors be and they are hereby generally and unconditionally authorised for the purposes of Section 80 of the Act to exercise all the powers of the Company to allot relevant securities (within the meaning of that section of the Act) up to an aggregate nominal amount of £1,824,774 (equal to 96 per cent. of the authorised but unissued share capital of the Company) provided that such authority shall expire at the commencement of the Annual General Meeting next held after the passing of this resolution save that the

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EMPYREAN ENERGY PLC

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Company may pursuant to the authority make offers or agreements before the expiry of the authority which would or might require relevant securities to be allotted after such expiry, and the Directors may allot relevant securities in pursuance of such offers or agreements as if the power conferred thereby had not expired.

As a Special Resolution:

7. THAT (subject to the passing of resolution number 6 set out in the notice of meeting) the Directors be and they are hereby empowered pursuant to Section 95 of the Act to allot equity securities (within the meaning of Section 94 (2) of the Act) wholly for cash pursuant to the general authority conferred by resolution number 6 set out in the notice of meeting as if Section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to allotments of equity securities:
- (i) in connection with or pursuant to an offer by way of rights, open offer or other pre-emptive offer to the holders of shares in the Company and other persons entitled to participate therein in proportion (as nearly as practicable) to their respective holdings, subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the regulations or requirements of any regulatory authority or any stock exchange in any territory;
  - (ii) up to an aggregate nominal amount of £7,440 (representing 7.5 per cent. of the issued share capital) in connection with an unapproved share option scheme of the Company; and
  - (iii) otherwise than pursuant to sub-paragraphs (i) and (ii) above, up to an aggregate nominal amount of £19,839 (representing approximately 20% per cent. of the Company's issued share capital).

and such power shall expire at the commencement of the Annual General Meeting next held after the passing of this resolution but so that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after such expiry, and the Directors may allot equity securities or sell treasury shares in pursuance of any such offer or agreement as if that the power conferred by this resolution had not expired.

**BY ORDER OF THE BOARD**



**Jade Styants**  
**Company Secretary**  
**30 April 2007**

## **NOTES**

- (1) A member entitled to attend, speak and vote is entitled to appoint a proxy to attend, speak and vote on his behalf. A proxy need not be a member of the Company.
- (2) Unless otherwise directed, and in respect of any other resolution properly moved at the Meeting, the proxy will vote, or may abstain from voting, as he thinks fit.
- (3) Forms of Proxy, together with any Power of Attorney or other authority under which it is executed or a notarially certified copy thereof, must be completed and, to be valid, must reach the Registrars of the Company, Capita Registrars (Proxy Department), P.O. Box 25, Beckenham, Kent BR3 4BR not less than forty-eight hours before the time appointed for the holding of the meeting.
- (4) The appointment of a proxy does not preclude a member from attending and voting at the meeting.
- (5) If the appointor is a corporation, this Form of Proxy must be under its common seal or under the hand of an officer or attorney duly authorised.
- (6) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote of the other registered holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members.
- (7) If you wish to appoint as proxy someone other than the Chairman of the Meeting, please delete the words "the Chairman of the Meeting" or insert the name and address of the person you wish to appoint in the space provided.
- (8) Only those shareholders on the Register of Shareholders at 9.30 am on 21 May 2007 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their names at that time. If the meeting is adjourned by more than 48 hours, then to be so entitled, shareholders must be entered on the Company's Register of Shareholders at the time which is 48 hours before the time appointed for holding the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice.