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Company [Empyrean Energy PLC](#)
TIDM EME
Headline Further re: US\$50m Debt Facility
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Empyrean Energy PLC
 ("Empyrean", "EME" or the "Company"; Ticker (EME))

Sugarloaf Project, onshore Texas, USA

EMPYREAN SATISFIES THE MAJOR CONDITIONS PRECEDENT AND IS ABLE TO DRAW DOWN ON THE FIRST TRANCHE OF US\$10 MILLION UNDER THE US\$50 MILLION TERM DEBT FACILITY WITH MACQUARIE BANK LIMITED TO FUND DEVELOPMENT OF EAGLE FORD SHALE CONDENSATE AND GAS PROJECT

Further to the announcement on 30 May 2012, Empyrean is pleased to announce that it has satisfied the major conditions precedent enabling it to draw down on the first US\$10 million of the facility with Macquarie Bank Limited ("Macquarie") to provide a 3 year term debt facility for up to US \$50 million ("the Facility") to support its participation in the development of the Sugarloaf Project, an Eagle Ford Shale Condensate and Gas development project in onshore Texas, USA. Empyrean has resolved to grant the first two tranches of options (30,000,000) outlined below, immediately prior to the first drawdown. It is anticipated that the first drawdown will occur as cash calls by the operator of the Sugarloaf Project are received and the funding is required.

As outlined in the previous announcement, a further US\$5 million would subsequently become available, if necessary, subject to increases in proven reserves that are expected to be gained via the drilling and successful completion of further development wells. The balance of funds would become available, if necessary, subject to further reserve hurdles being agreed upon and met. The Facility also requires that options be granted to Macquarie as draw downs occur. The options are in three tranches - the first tranche of 15,000,000 options will have a strike price of 8p the second tranche of 15,000,000 options will have a strike price of 10p and the third

tranche of 15,000,000 options will have a strike price of 12p. The first two tranches of options will vest just prior to first drawdown under the Facility. The third tranche of options will vest upon a further US\$5m being made available and the first US\$1m of that amount being drawn down.

The Facility ensures Empyrean is now fully funded for the anticipated drilling and development schedule through 2012.

Operational Update

Empyrean is pleased to report that as of the 8th June 2012 there were 35 wells in production and under the current drilling schedule the directors anticipate up to 70 wells to be producing by the end of 2012 with approximately a further 19 wells in various stages of drilling or completion at that time. Full development is anticipated to require at least 250 wells depending on spacing and whether any formations additional to the Eagle Ford Shale are developed.

The operator is planning a number of initiatives to optimise development, reduce overall costs, increase production and improve recoverable reserves. These include a pilot program to test closer well spacing at 40, 60 and 80 acres. The production potential of the Austin Chalk which overlies the Eagle Ford Shale is also expected to be tested. If successful, these initiatives could result in transformational upside if denser well spacing is successful and/or the Austin Chalk is developed.

Commenting today, Empyrean CEO Tom Kelly said "Empyrean set a priority goal this year to deliver a flexible and robust funding solution to participate in the development of our working interest in the Sugarloaf Project. We are pleased that we have been able to achieve that goal. We are entering a period of transformational growth in anticipated production and we urge shareholders to monitor further updates on the initiatives being tested by the operator to optimise development, reduce costs, increase production and improve recoverable reserves."

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