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25 June 2014

Empyrean Energy PLC ('Empyrean' or 'the Company') Production and Operational Update

Empyrean Energy, the profitable US onshore oil, gas and condensate exploration, development and production company with assets in Texas and California, is pleased to provide the following production and operations update for the three month period to the end of March 2014 ('Q1 2014' or the 'Quarter'), updated with current data since the end of the Quarter, where available.

Empyrean has a 3% working interest in its flagship Sugarloaf AMI ('Sugarloaf' or the 'Project') in the prolific Eagle Ford Shale, Texas. The Project is operated by Marathon Oil Company, a subsidiary of US major Marathon Oil Corporation (NYSE: MRO) ('Marathon' or the 'Operator').

Q1 2014 Highlights from Sugarloaf:

- 121 gross producing wells at Sugarloaf as at end of the Quarter, an increase of 2 wells since the end of December 2013
- Average production for the Quarter of approximately 960 boe/day net to Empyrean
- Total production for the Quarter remained strong with a 3.9% increase in aggregate net production (86,367 boe) over the previous quarter (83,127 boe) and a 78% increase compared to the comparable quarter in 2013 (48,402 boe)

Current Operational Highlights from Sugarloaf:

- 128 gross producing wells on Sugarloaf AMI as at the end of May 2014
- 10 wells drilling and 21 wells undergoing completion operations currently
- Marathon still targeting to drill approximately 100 gross wells on the Sugarloaf AMI during 2014
- A total of 35 wells spud so far during 2014 with 15 spud during May alone and a further 33 planned for June, July and August 2014
- Austin Chalk ('AC') formation capable of delivering excellent short term upside for the Project
- New down-spacing initiatives across both formations demonstrate potential to significantly expand reserves
- New EFS wells continue to outperform type curves
- Updated reserves as announced 20 May 2014, and with an effective date of 31 December 2013, are summarised in the table below

	Oil & Condensate MMBBLs	Natural Gas Liquids MMBBLs	Sales Gas MMcf	Barrels of Oil Equivalent MMboe	NPV(10)US\$ million

1P Reserves	1,542	835	6,999	3,544	52.9
2P Reserves	2,649	1,636	13,420	6,521	97.0
3P Reserves	3,486	2,302	18,768	8,915	139.5
2C	1,094	1,189	9,509	3,868	-

Empyrean CEO, Tom Kelly said:

"As forecast, Empyrean continues to efficiently and effectively unlock the value at Sugarloaf. Production and new wells drilled and planned continue to increase, which will naturally have a positive effect on our revenues. However, more importantly, since the December 2013 Reserves Report released 20 May 2014, all wells successfully drilled into the Austin Chalk will notionally shift those drilled well locations, and an additional area surrounding the successfully drilled location, out of the Contingent Resource category and into Reserves. This can have a significant and positive impact on reserves and value in the short to medium term."

Operations

As at the end of Q1 2014, Empyrean had 121 gross wells producing at Sugarloaf, an increase of two wells since the end of December 2013. Activity since the end of March has picked up significantly with 128 wells in production as at end of May 2014, representing an increase of nine wells since the end of December 2013, and 15 wells were spud during the month of May 2014 alone. Currently, there are 10 wells drilling and a further 21 wells undergoing or awaiting completion operations. A further 33 wells are planned during June, July and August. Marathon continues to improve efficiencies and averaged 14 days from spud to total depth for Q1 2014 and it continues to strive for a 2014 target of 11 days from spud to total depth.

The Company's operator, Marathon, has reaffirmed its commitment to exploiting the EFS and the AC formations across its portfolio, most recently in a statement made on 6 May 2014, and has identified ramping up U.S. resource play drilling activity as being one of three key priorities of its 2014 agenda which were already advanced.

The AC is capable of delivering excellent short term upside for the Project as is currently reflected in the 2C Contingent Resource of 3.87 MMboe, which the Company believes can convert directly to Proven and Probable Reserves as wells are drilled and scheduled. Encouragingly, Marathon has announced initial production rates of 1,600 boe/day for the AC well, Children Weston 4H, on 6 May 2014 demonstrating the potential of the formation. Three AC wells are currently in production, one new AC well is drilling ahead and four new AC wells have already been drilled and are undergoing completion. Several further AC wells are already planned to be spud in the next 90 days.

Down-spacing initiatives at the Sugarloaf AMI, in both the AC and EFS, demonstrate the potential to significantly expand reserves. Most of the 2014 AC wells are being spaced at approximately 40 acres despite the reserves report to December 2013 assuming 60 acre spacing, and if down-spacing from 60 acres is successful, which it has been for the EFS, significant potential reserves upside exists. Additionally, EFS wells are being trialled at 30 acre spacing for areas previously drilled at 60 acre spacing, where the reserves report to December 2013 assumes 40 acre spacing.

Sugarloaf Block A

As announced on 12 February 2014, two wells are currently being prepared for fracking and testing in the Eagle Ford Shale on Block A. The Company understands that fracking operations are imminent and will update shareholders as information comes to hand. This participation is a part of Empyrean's interest in 'Sugarloaf Block A' operated by Burlington Resources Oil & Gas Company LP, a subsidiary of ConocoPhillips Company.

Eagle Oil Pool Development Project

There were no new exploration operations carried out during the Quarter. The project area consists of 5,160 gross acres and the Company has a 57.2% working interest.

In this area, one well was drilled and abandoned by Exxon in 1985. Royal Resources took over the well in 1986 and deepened it, encountering good oil shows in the Eocene Age Gatchell sands at an approximate depth of

13,200 feet. Test rates of up to 192 BBL/d and 427 mcf/d were reported. Approximately 10,000 BBL/d of light oil was recovered but the well was considered to be non-commercial likely due to formation damage by heavy drilling mud and cement squeezing. Subsequent activity on the prospect was met with mechanical issues despite continuing indications of oil shows in the primary target. The Gatchell sands have produced over 1 billion barrels of oil in the Coalinga area approximately 20 miles west and north-west of the Eagle acreage.

The Company believes that the Eagle Oil Pool Development Project offers exposure to significant upside and will progress its development in consultation with its project partners.

Riverbend Project

Modest production of approximately 3700mcf of gas and 120bbbls of oil per month continues from the Cartwright 1H well that was re-entered for completion into a secondary target zone, the Wilcox formation. The latest report from the operator showed that there were approximately 2,053 acres held by production or lease with a greater area of mutual interest of approximately 40,000 acres.

Corporate

The Company has a current cash at bank position of US\$2.42 million and current outstanding debt of US\$10.67 million. The Company is expecting to receive a further revenue remittance in the next few days of approximately US\$1.45 million and is due to make a \$1.50 million re-payment of debt at the end of this month.

****ENDS****

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The information contained in this announcement was completed and reviewed by the Technical Director of Empyrean Energy Plc, Mr Frank Brophy BSc (Hons) who has over 40 years experience as a petroleum geologist.

GLOSSARY OF ABBREVIATIONS

"bbls"	barrels of oil, each barrel representing 34.972 Imperial gallons or 42 U.S. gallons
"boe"	barrels of crude oil equivalent derived by converting natural gas to crude oil in the ratio of six thousand cubic feet of natural gas to one barrel of crude oil
"boe/day"	barrels of crude equivalent per day
"mcf"	one thousand cubic feet of natural gas
"JIB"	joint interest billing
"AUD"	Australian dollar

Notes to Editors:

Empyrean Energy Plc is an AIM listed (Ticker: EME) profitable US on-shore oil and gas development and production company focussed primarily on the advancement of its assets in Texas and California. The Company's portfolio represents a mix of assets at various stages of development. Its flagship project is the Sugarloaf AMI in the prolific Eagle Ford Shale, Texas, where it has a 3% working interest in approximately 24,000 gross acres centrally positioned in the liquids rich sweet-spot within the field. Empyrean has an interest in 128 gross producing wells with full development expected to reach over 500 wells and further upside

potential from the Austin Chalk development that may be in the order of a further 300 wells. The Company has term debt facility of up to US\$50 million with Macquarie Bank in place in order to develop this acreage which is operated by US major Marathon Oil Company.





Other assets include a 57.2% interest in the Eagle Oil Pool Development Project located in the San Joaquin Basin, southern California, a proven oil and gas province. Empyrean's large working interest in this project provides the Company with flexibility and leverage with potential high impact from success. Additionally, Empyrean has a 7.5% interest in the Sugarloaf Block A operated by ConocoPhillips in the Eagle Ford Shale, and a 10% working interest in the Riverbend Project in Texas currently producing from the Wilcox formation.

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