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**Empyrean Energy PLC** - EME Q3 2014 Production from Sugarloaf AMI, Texas  
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### **Empyrean Energy PLC ('Empyrean' or 'the Company') Q3 2014 Production from Sugarloaf AMI, Texas**

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 update in respect of production from its flagship Sugarloaf AMI ('Sugarloaf' or the 'Project') in the prolific Eagle Ford Shale, Texas, for the three month period to the end of September 2014 ('Q3 2014' or the 'Quarter'). Empyrean has a 3% working interest in the Project, which is operated by Marathon Oil Company, a subsidiary of US major Marathon Oil Corporation (NYSE: MRO) ('Marathon' or the 'Operator').

#### **Highlights**

- **Total production to Empyrean's interest from Sugarloaf for Q3 2014 of 96,660 boe, representing a 25% increase on Q2 2014**
- **Average daily production from Sugarloaf for Q3 2014 of 1,051 boe/d**
- **Average daily production from Sugarloaf for September 2014 of 1,327 boe/d**
- **As at 10 December 2014, a further 9 wells have been added to production bringing the total to 184 gross producing wells at Sugarloaf including 14 Austin Chalk wells**
- **Increased activity planned by Marathon at Sugarloaf in three months to February 2015 including an indicated 46 additional wells and further development of the Austin Chalk formation**
- **Discussions on-going in respect of the Company's strategic review and formal sale process**

Empyrean CEO, Tom Kelly said, *"These highly encouraging production rates from Sugarloaf reflect Marathon's significant step-up in drilling and the impact of both well-spacing initiatives and the targeting of additional formations such as the overlying Austin Chalk. In light of this, the Company believes that there is further potential for reserves uplifts at the Project. Having commenced a 'stack and frac' pilot programme in November designed to further drive recovery, we continue to believe that there is significant additional upside available at Sugarloaf."*

#### **Further Information**

Further to the RNS dated 19 November 2014, Empyrean has now received revenue remittance advice from the Operator that includes revenue for production attributable to Q3 2014. The Company is pleased to report that total production for Q3 2014 was 96,660 boe net to Empyrean's interest before royalties, representing an increase of 25% on production for the three month period to 30 June 2014 ("**Q2 2014**") (77,159 boe). In addition, net average daily production net to Empyrean's interest before royalties for Q3 2014 was 1,051 boe/d and net average daily production for the month of September 2014 reached 1,327 boe/d, reflecting the impact of further drilling during the Quarter.

Based on a comparison with initial wellhead production data received in respect of the Quarter, the Company believes that there is further revenue from production attributable to Q3 2014 that will require to be accrued for in the Company's upcoming interim results for the six month period to 30 September 2014. Accordingly, the production reported in this update is based only on revenue remittance advice received from the Operator to date, and does not include an allowance for any additional accruals.

### **Strategic Review and FSP**

Further to the announcement by the Company on 10 July 2014 in connection with a strategic review and the commencement of a formal sale process (the "**Process**"), Empyrean provides an update on the current status of the Process.

As notified previously, the Company received a number of indicative proposals following the setting of a closing date for bids on 25 September 2014 and, since that time, has been engaged with its advisers and counterparties in clarifying and evaluating those proposals. That process continues and the Company remains in active discussions, notwithstanding the impact of the significant and rapid decline in underlying commodity prices in the intervening period.

The board of Empyrean (the "**Board**"), having particular regard to the current lower oil price environment, remains focussed on maximising value for its shareholders. Accordingly, the Board continues to actively evaluate all strategic options available to the Company alongside the on-going discussions in order to allow it to effect a strategy which it believes is in the best interest of shareholders as a whole and which appropriately reflects the underlying value of the Company's assets.

The Board believes that the Company remains well-positioned to benefit from Marathon's rapid and highly-efficient drilling programme at Sugarloaf, with an indicative drilling schedule for the three months to the end of February 2015 targeting approximately 46 additional wells in the Project, including the further development of the Austin Chalk formation. This activity, alongside other initiatives such as further down-spacing and the recently-commenced 'stac and frac' pilot targeting the Austin Chalk, Upper Eagle Ford and Lower Eagle Ford formations, gives the Board confidence that there is significant additional upside available at Sugarloaf. Furthermore, the Board believes that the economics of the Project remain robust for Empyrean even in the current oil price environment.

The Board is diligently progressing the Process together with its advisers and expects to make a further announcement with regard to the outcome of the strategic review once it has been completed. Shareholders should note that there can be no certainty that an offer will be made, nor as to the terms on which any offer will be made and, as notified previously, the Board reserves the right to alter any aspect of the process or to terminate it at any time.

This announcement is not an announcement of a firm intention to make an offer under Rule 2.7 of the City Code on Takeovers and Mergers.

The details of the formal sale process are set out in the announcement by the Company on 10 July 2014.

For further information please visit [www.empyreanenergy.com](http://www.empyreanenergy.com) or contact the following:

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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.

**Notes to Editors:**

Empyrean Energy Plc is an AIM listed (Ticker: EME) profitable US on-shore oil, gas and condensate exploration, development and production company with 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 184 gross producing wells with full development expected to reach over 770 wells. Further development of the Eagle Ford Shale anticipated to require in the order of a further 300 wells, with down spacing potential of a further 200 wells. Further development of the Austin Chalk anticipated to require in the order of a further 300 wells, with down spacing potential of a further 235 wells. The Company has term debt facility of up to US\$50 million with Macquarie Bank, subject to reserve hurdles and drawdown approvals, 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.

In accordance with Rule 30.4 of the Code, a copy of this announcement will be available on the Company's website at [www.empyreanenergy.com](http://www.empyreanenergy.com) as soon as possible and in any event no later than 12:00 noon (London time) on 12 December 2014 (being the business day following the date of this announcement). The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

Cenkos Securities plc is acting exclusively as financial adviser to Empyrean and no one else in connection with the matters described in this announcement. In connection with such matters, Cenkos Securities plc, its affiliates and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to any other person other than Empyrean for providing the protections afforded to clients of Cenkos Securities plc or for providing advice in connection with the matters described in this announcement or any matter referred to herein.

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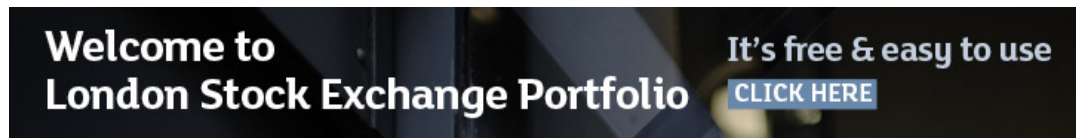
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