

Regulatory Story

[Go to market news section](#)



Empyrean Energy PLC - EME Investor Update
Released 12:00 17-May-2016



RNS Number : 4875Y
Empyrean Energy PLC
17 May 2016

Empyrean Energy Plc / Index: AIM / Epic: EME / Sector: Oil & Gas
17 May 2016

Empyrean Energy PLC ('Empyrean' or 'the Company') Investor Update

Empyrean Energy PLC is pleased to provide an update to its shareholders following the sale of its 3% interest in the Sugarloaf AMI in Texas to Carrier Energy Partners II, LLC for up to US\$71.5 million in February 2016 ('the Sale').

Sugarloaf AMI Sale and Taxation

Empyrean's US taxation agents have advised that the Company's US Withholding Tax Certificate Application has now had an IRS contact person assigned and the Company's US taxation agents are working closely with the IRS contact to ensure all relevant additional information required pertaining to the application is provided. The Company will provide a further update as further confirmations are received from the IRS. It is still the Company's intention to proceed with a return to shareholders as soon as the US taxation situation can be confirmed by the IRS. Currently, 15% of the Sugarloaf AMI purchase price totalling US\$10,725,000 is retained in escrow for US withholding tax and the purpose of the Withholding Tax Certificate Application is to have any surplus withholding tax released back to Empyrean. The anticipated surplus has arisen because Empyrean has US net operating losses that can be used to offset its US tax payable.

Hedge Book Closeout

As previously announced, Empyrean took advantage of low WTI oil prices during a period of high volatility and made a decision to close out its entire hedge book with Macquarie Bank on 26 January 2016. The proceeds of the hedge book were used to

retire debt with Macquarie Bank in the amount of US\$1,582,000. Pursuant to this and the Sale, the Company has closed out its entire debt facility with Macquarie Bank.

Conversion of US\$ to £GBP

Following the receipt of initial Sale proceeds, the repayment of primary debt to Macquarie Bank and the payment for other costs associated with the Sale, Empyrean has converted US\$17,000,000 into approximately £12,000,000. The bulk of received US\$ proceeds has been converted as Empyrean has priority plans to complete a return to shareholders in £GBP. The Board will consider the most efficient manner in which to return these funds. Empyrean also has a natural currency hedge with further payments in US\$ from the Sale along with surplus withholding tax expected to be due to the Company in coming months.

Assignment of Sugarloaf Block A

Empyrean is also pleased to advise that it has completed the assignment of all of its interest in the Sugarloaf Block A project to ConocoPhillips with an effective date of 1 March 2016. The assignment was completed with a consideration equal to all outstanding joint expenditures owed to ConocoPhillips as at the effective date. No funds were required to be exchanged to effect the assignment. The assignment of Block A reduces Empyrean's cost exposure and has a positive net effect for its US taxation return. This tax effect has already been factored into the previous announcements regarding the Sale of the Sugarloaf AMI and its anticipated taxation consequences.

Corporate Costs

With the Sale of the Sugarloaf AMI now completed and the follow up actions as described above well advanced, the Company is looking to reduce unnecessary costs as it transitions from a producer/ explorer back to an explorer in the short term.

****ENDS****

For further information please visit www.emyreanenergy.com or contact the following:

Empyrean Energy plc

Tom Kelly

Tel: +618 9481 0389

Cenkos Securities plc (NOMAD)

Neil McDonald nmcDonald@cenkos.com

Tel: +44 (0) 131 220 9771

Nick Tulloch ntulloch@cenkos.com

Tel: +44 (0) 131 220 9772

St Brides Partners Ltd (Public Relations Adviser)

Hugo de Salis hugo@stbridespartners.co.uk

Tel: +44 (0) 20 7236 1177

Elisabeth Cowell elisabeth@stbridespartners.co.uk

Tel: +44 (0) 20 7236 1177

Lottie Brocklehurst lottie@stbridespartners.co.uk

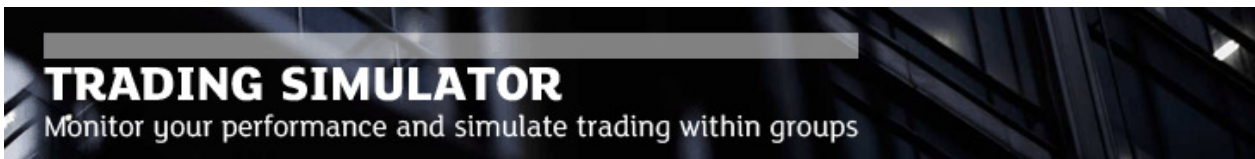
Tel: +44 (0) 20 7236 1177

This information is provided by RNS
The company news service from the London Stock Exchange

END

MSCLLFSEILIDLIR

CLOSE



Sponsored Financial Content



- **Investing in profitable and undervalued international microcaps**
[Micro Equities](#)
- **'Investing in Volatile Markets' - A letter from John Abernethy**
[Clime Asset Management](#)
- **New report: 5 ASX stocks with a sustainable competitive advantage**
[Rivkin](#)
- **Start building your portfolio today by contacting an mFund broker**
[ASX](#)

London Stock Exchange plc is not responsible for and does not check content on this Website. Website users are responsible for checking content. Any news item (including any prospectus) which is addressed solely to the persons and countries specified therein should not be relied upon other than by such persons and/or outside the specified countries. [Terms and conditions](#), including restrictions on use and distribution apply.

©2014 London Stock Exchange plc. All rights reserved

Investor Update - RNS