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("Empyrean" or the "Company"; Ticker (EME))

Sugarloaf Project, ("Sugarloaf"), Block B, Texas USA

Empyrean is pleased to provide the following update on operations at the Sugarloaf Project within the Sugarkane Gas & Condensate Field, Texas.

Luna-1H (3% WI)

The Luna-1H well has been fracture stimulated and has been unloaded to sales, with the temporary well test equipment having now been released.

This well is the second well to be drilled, stimulated and produced on a post farmout basis within the Sugarloaf Project and Empyrean participates in sales on a post farm out WI basis of three percent (3%).

The well was stimulated with 14 stages across approximately 5,000 ft of horizontal section. The well commenced flow back on the 16th November 2010 and was gradually unloaded to sales.

As reported last in the previous Sugarloaf announcement, our wells continue to be flowed with highly restricted chokes. This methodology, which has been applied to the Luna-1H well, has been designed to limit draw down on the reservoir in order to improve decline curves and Estimated Ultimate Recoveries ("EUR"). In addition, due to the number of additional wells now on production and the forward plan into next year, the operator Hilcorp Energy ('Hilcorp') is installing a new dedicated wet gas pipeline and centralized processing facilities with sufficient capacity to meet the anticipated increases in produced volumes for the next phase of development. This new infrastructure is expected to be commissioned around the end of the year and there may be some production limitations until this time. The restricted choke settings makes comparisons to Initial Production ("IP") results from earlier wells difficult to reconcile.

The following data is a recently recorded daily production rate from the Luna-1H well:

	Gas Production Rate (mscf/d)	Condensate Production Rate (bbls/d)	Average Daily Equivalent Gas Rate (mscfe/d)*	Average Daily Equivalent Oil Rate (boe/d)*
Luna #1H	1,859	690	10,604	884

*The equivalent rates have been calculated to reflect value using a 12:1 conversion ratio for condensate and a 25% uplift on gas equivalent volumes due to the high calorific value of the produced gas.

The following comments should be considered when assessing these initial production rates.

- Recent wells within the Sugarkane field have successfully utilized a restricted choke setting to improve the production profile decline curve. The choke setting and observed pressures are similar to the recent May-1H well.
- This is an early production rate that has been observed over a 24 hour period during clean up and as such is not yet indicative of a short or long term production profile and should not be compared with announced IP rates for earlier wells.
- The well still has considerable fluid to recover from the fracture stimulation.
- The well is currently producing through the production casing. A production tubing string will be installed in due course.

Commenting today, Empyrean director - Tom Kelly said "As anticipated this is another well being brought into production with solid Initial Production figures and encouraging pressure data. Empyrean is trading at a discount to our partners' when valuing on a comparative basis relative to our interest in the Sugarloaf Project alone. We have further intrinsic value to unlock as each well is drilled and brought into production."

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.

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