Empyrean Energy PLC - EME Final Results
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6 August 2018

Empyrean Energy PLC ('Empyrean' or 'the Company')
Final Results

Empyrean Energy is pleased to announce its final results for the year ended 31 March 2018. The full Report and Accounts will be made available on the Company's website in the coming days.

HIGHLIGHTS

Reporting Period

Block 29/11, Pearl River Mouth Basin, China (EME 100%)

- 580km^2 3D seismic survey successfully completed in August 2017;
- Interpretation of onboard processed seismic data confirmed structural validity of Jade and Topaz prospects within Block 29/11;
- Third significant target identified named "Pearl", located north of the Topaz prospect within Block 29/11; and
- Total Preliminary Prospective Resources (Best) Estimate of 591 MMbbl from Jade, Topaz and Pearl prospects.

Duyung PSC Project, Indonesia (EME 10%)

- Secured a 10% interest in the Duyung PSC, offshore Indonesia, in April 2017;
- Mako South-1 well was drilled to a total depth of 1,707 feet and the drilling and testing operations were completed in June 2017;
- Mako South-1 well results exceeded expectations encountering excellent reservoir quality, gas saturation, porosity, permeability and flow rates; and
- Mako South-1 well flowed at a stabilised rate of 10.9 cubic feet of gas per day with multi Darcy permeability.

Sacramento Basin, California USA (EME 25-30%)

- Negotiated a 25-30% working interest in the Northern Sacramento Basin package of gas projects;
- Northern Sacramento Basin projects includes the Dempsey and Alvarez prospects plus a Dempsey Trend AMI with multiple targets;
- Dempsey 1-15 well spudded in August 2017 and reached total depth of 9,747 feet; and
- Wireline logs confirmed numerous potential gas bearing zones. Comprehensive production testing commenced in November 2017.

Post reporting period

Block 29/11, Pearl River Mouth Basin, China (EME 100%)

- Based on comprehensive seismic interpretation of fully processed 3D data, 31% uplift in best case Prospective (Un-risked) Resources from 591 MMbbl to 774 MMbbl in Jade, Topaz and Pearl prospects announced in June 2018; and
- Detailed Oil Migration Study completed in June 2018. The study helped interpret effective oil migration pathways into the Jade, Topaz and Pearl prospects from proven hydrocarbon kitchen sags.

Duyung PSC Project, Indonesia (EME 10%)

- The operator, Conrad Petroleum, made significant progress with completion of detailed and comprehensive technical studies by incorporating all the sub-surface data collected in the discovery well;
- In addition, substantial commercial and facilities studies have been completed as a part of the Plan of Development ('POD');
- POD, including reserves certification, submitted to Indonesian regulator SKKMigas in August 2018; and
- Heads of Agreement signed with regional utility for sale of Mako gas.

Sacramento Basin, California USA (EME 25-30%)

- The JV discussed and agreed to conduct a comprehensive testing operation. A total of three zones (Zone 2, 3, and 4) were high-graded for testing in the well;
- Comprehensive data was collected to understand the key parameters (porosity and permeability) of the reservoir;
- Commercial Gas Flows from combined zones commenced at Dempsey at ~ 1,300 mcf per day;
- JV now undertaking further subsurface work to assess the prospectivity of other opportunities along the Dempsey trend in light of the results of Dempsey 1-15;
- Cash flow from production at Dempsey commenced in July 2018; and
- Applications submitted to commence operations at Alvarez well.

Empyrean CEO Tom Kelly said, "After the sale of our interest in the Sugarloaf AMI in Texas in 2016, Empyrean has successfully reconstructed the Company through a series of strategic acquisitions and the Company now holds an exciting portfolio of exploration projects in China, Indonesia and the USA.

"The Company has actively worked with the operators to make substantial progress in each project during the year. As a result, we have made a discovery in Indonesia; proven commercial gas in the Sacramento Basin (Dempsey 1-15) in California; and successfully completed the acquisition, processing and interpretation of a large 3D survey over the key prospects in China.

"We expect that work over the remainder of the calendar year will continue to add significant value for the Company and its shareholders through the focused advancement of these projects."

Chairman's Statement

After a significant restructuring of its activities in the prior year, which included the sale of our interest in the Sugarloaf asset in Texas, Empyrean has successfully developed into an active exploration company through a series of exciting project acquisitions in China, Indonesia and the United States.

In December 2016 Empyrean acquired a permit covering 100% of the exploration rights for Block 29/11, located in the Pearl River Mouth Basin, offshore China. Under the negotiated terms, the China National Offshore Oil Company Limited (CNOOC Limited) have a back in right to 51% of the Production Sharing Contract ('PSC') if a commercial discovery is made following Empyrean entering a PSC.

Empyrean commenced a 580km^2 seismic acquisition survey on Block 29/11 in June 2017 which was completed in August of the same year, with preliminary interpretation confirming the structural validity of two key prospects, Jade and Topaz, which had previously been identified in vintage 2D seismic surveys, and identifying a third significant target named Pearl, located to the north of Topaz. All three prospects have significant resource potential and the prospective resource estimates were upgraded in June 2018, as detailed in the Operational Review. Empyrean has also recently completed an Oil Migration Study which has established effective potential oil migration pathways into the Jade, Topaz and Pearl prospects.

In April 2017 Empyrean acquired a 10% interest in the offshore Duyung PSC in Indonesia and participated in the drilling of the Mako South-1 well in June 2017. As previously reported, this well exceeded expectations with a stabilised flow rate of 10.9 cubic feet of high quality methane gas per day with excellent permeability (in the multi

Darcy range). The results significantly de-risked the project, confirming a large accumulation of gas with extremely good reservoir quality. In August 2018 the Plan of Development, including a certification of reserves, was submitted by the operator, West Natuna Exploration Limited, to the Indonesian regulator SKKMigas. During preparation of the POD, a Heads of Agreement was signed with a regional utility for the sale of all Mako gas.

In May 2017 Empyrean entered into an agreement with ASX listed Sacgasco Limited, to test a group of projects in the Sacramento Basin California, including two mature gas prospects in Dempsey (EME 30%) and Alvarez (EME 25%) and also further identified follow up prospects along the Dempsey trend (EME 30%). Following completion of a 2,970 metre appraisal and exploration well, Dempsey 1-15, the operator has tested multiple gas zones which, subsequent to the reporting period end, resulted in the production of commercial gas flows. The plan at the time of this report was to connect to nearby wells to further increase production and cash flow.

Applications have also been submitted to the regulator to permit the re-entry of the Alvarez 1 wellbore. Analysis is currently being conducted with a view to assessing the integrity of the wellbore and the forward plan.

On the corporate front, the Company said farewell to Frank Brophy who retired in December 2017. Frank was with Empyrean for 12 years and made an invaluable contribution over that time and his technical knowledge, and friendship, is greatly missed. However, with Frank's departure the Company was fortunate to have the highly qualified Gajendra Bisht on the Board and he has assumed the technical oversight role across the Company's project portfolio. I'd also like to thank the Board and staff for their contribution during the year, in particular Tom Kelly who contributes so much time and effort and continues to drive Empyrean forward.

The Company is excited about the position it is in, with a stronger oil price and interests in three high impact exploration projects in energy hungry markets. Work will continue to accelerate all three projects to maximise their value. While the activities above continue, in parallel the Board continues to evaluate new projects to position the Company for renewed growth and to further increase shareholder value.

Patrick Cross
Non-Executive Chairman
6 August 2018

Operational Review

Following the sale of the Company's interest in the Sugarloaf AMI in 2016 and the subsequent return of capital to shareholders, Empyrean has been successfully transformed into an exploration focused company with an active work programme conducted during the financial year. The management and Board have been successful in establishing an exciting portfolio of value accretive projects in China, Indonesia and the United States with transformative potential.

All of these assets have one common thread - they are located in a proven and prolific geological play systems with strong commercialisation options in the vicinity of these assets. In addition, Empyrean has now become an operator with 100% working interest in Block 29/11, offshore China, acquired in December 2016.

In April 2017, Empyrean acquired a 10% shareholding in the Duyung PSC in offshore Indonesia from Conrad Petroleum. The portfolio was enhanced by the acquisition of a third project when Empyrean entered into an agreement with ASX listed Sacgasco Limited to farm in to a package of gas projects in the Sacramento Basin, onshore California in which Empyrean has a 25-30% working interest.

Empyrean has retained an interest in the Riverbend Project (10 % WI) located in the Tyler and Jasper counties, onshore Texas and a 58.084% WI in the Eagle Oil Pool Development Project, located in the prolific San Joaquin Basin onshore, Southern California. However, no technical work has been undertaken on these projects during the year.

China Block 29/11 Project (100% WI)

Block 29/11 is located in the prolific Pearl River Mouth Basin, offshore China approximately 200km Southeast of Hong Kong. This acquisition of this block heralded a new phase for Empyrean when it became an operator with

100% of the exploration rights of the permit during the exploration phase of the project. In the event of a commercial discovery, and subject to Empyrean first entering a PSC, China National Offshore Oil Corporation Limited ('CNOOC') will have a back in right to 51% of the permit.

The initial contractual term called Geophysical Service Agreement ('GSA') is for two years with a work programme commitment of acquisition, processing and interpretation of 500km^2 of 3D seismic data.

Completion of 3D Seismic Survey

In June 2017 Empyrean commenced a 3D seismic acquisition survey covering two key prospects, Jade and Topaz. These prospects were mapped in vintage 2D seismic data.

The 3D seismic survey acquisition was completed successfully in August 2017. Empyrean exceeded the work obligation of the permit for the current GSA phase by acquiring 580km^2 data for evaluating the permit's prospectivity comprehensively.

The survey was completed on schedule with no Health, Safety and Environmental ('HSE') issues.

In September 2017 Empyrean completed an internal interpretation and preliminary mapping of the Seismic Boat's raw 3D data. The main aim of this work was to confirm the structural validity of the Jade and Topaz prospects. This mapping exercise also helped identify a third significant prospect named Pearl, located immediately north of the Topaz prospect.

Preliminary mapping estimated the gross unrisked prospective resources for Jade, Topaz and Pearl and these results were published in August 2017 with a total Preliminary Prospective Resources (Best) Estimate of 591 million barrels of oil ('MMbbl') from the Jade, Topaz and Pearl prospects.

Completion of Processing of 3D seismic data

Following the successful acquisition of a large 3D survey with no HSE issues in August 2017, Empyrean focused on processing the seismic data optimally. Empyrean had regular interaction with the China Oilfield Services Limited ('COSL') processing team at all stages of the project. Time ('PSTM') and Depth ('PSDM') processing of the 3D seismic data was completed in January 2018. The final processed data was of high-quality that clearly imaged the potential reservoirs, faults and deeper basin.

Interpretation of the processed data commenced immediately following the completion of processing using both internal technical capability and an additional expert consultant Geophysicist that Empyrean contracted specifically for the task.

Arising from the 3D seismic interpretation, the Jade and Topaz prospects have developed into better defined and very substantial opportunities. The Pearl Prospect, which was a substantial lead based on the vintage regional 2D seismic, has evolved into a significant prospect following the 3D seismic interpretation. The results indicated that all three prospects are large and are in favourable geological settings.

Based on the results of comprehensive interpretation of the fully processed seismic data, the prospective (un-risked) resources of these three major high graded prospects was revised upwards by 31%, as per the table below. The revised estimates are higher than previously reported estimates because of detailed mapping and improved assessment of reservoir parameters.

Gross (100%) 'Best' case Prospective Resources combined are estimated at 774 MMbbl on an un-risked basis, as per below.

Block 29/11 China: Gross Prospective (un-risked) Resources MMbbl						
Timeline	**September 2017**			**June 2018**		
	(Seismic Boat Raw 3D data)			(Final Processed 3D data)		
Prospect	**Low Case**	**Best Case**	**High Case**	**Low Case**	**Best Case**	**High Case**
Jade	89	103	143	94	190	303
Topaz	280	365	498	292	435	728

Pearl	84	123	206	94	149	256

Given, one of the major challenges with resource estimation rests heavily with an estimation of Gross Rock Volume ('GRV'), a critical step to reducing the uncertainty of estimating GRV is to better understand and quantify velocity field and depth conversion. As a result, two approaches were taken for depth 'conversion of time' interpretation of the seismic marker for the potential reservoir top. The resulting two GRVs from two structure maps were then combined to generate an industry standard probabilistic result using Monte Carlo simulation with 1,000 trials (using Crystal Ball software). This probabilistic method has produced Gross Prospective (un-risked) Resources as shown below.

Block 29/11 China: Gross Prospective (un-risked) Resources MMbbl				
Probabilistic Estimates				
Prospect	**P90**	**P50**	**P10**	**Mean**
Jade	110	183	230	202
Topaz	298	431	631	453
Pearl	105	152	220	159

Oil Migration Study Completed

Substantial geological work was also undertaken during the year, focusing on migration pathways of oil in the basin which culminated in an Oil Migration Study ('the Study') which was completed in June 2018.

During the Study, geoscientists from the CNOOC Limited Shenzhen branch were very supportive and shared the comprehensive viewpoints of their previous study in this area.

The Study established the maturity profile of source rock, and unambiguously established that the source rock in the Baiyun Sag East ('BSE') area was at peak maturity when oil expulsion commenced. The main implications for Block 29/11 prospectivity are very positive with the entire source rock within BSE interpreted to have produced abundant hydrocarbons. In addition, any potential oil accumulation in Block 29/11 prospects are expected to be light and therefore similar to the oil discoveries around Block 29/11 that range from 33-38 API.

The Study validated the interpreted oil migration pathways from the known oil sources of the Enping Formation (Paleocene aged) within the BSE into the several oil discoveries made by CNOOC Limited to the immediate West and South of Block 29/11 since 2010, and thus provided strong evidence of a prolific petroleum system in the area. At the same time, the Study interprets effective migration pathways from BSE towards the northern flank of the Baiyun uplift where the Jade and Topaz prospects are located.

In addition, 28km^2 of 3D seismic data that was acquired outside Block 29/11 over the 2013 CNOOC Limited oil discovery LH 23-1d-1 which is located 8km west of the Jade prospect, helps confirm potential "fill-and-spill" pathways to the Jade structure from the oil discovery. Whilst early exploration techniques such as this are no guarantee of exploration success, the Company believes that this form of "seismic tie" to a nearby known discovery helps to reduce the risks associated with exploration and helps to provide an improved understanding of the geology in the basin and within Block 29/11.

Comprehensive interpretation of the 2017 3D seismic data has helped map a new sub-basin called Baiyun Sag North ('BSN'). BSN is located between the Jade and Topaz prospects and is entirely within Block 29/11. The Study confirms a potential effective migration pathway from BSN into Jade and Topaz.

The Study also indicates that the Pearl Prospect is potentially located in a migration shadow for oil migrating from BSE or BSN. As a result, further work has been done focusing on the possibility of migration from the Huizhou Sag located NW of Block 29/11. The Liuhua 11-1 field complex that contained an estimated 1.1 billion barrels of oil is located immediately North of Block 29/11 and has been interpreted to have received oil from Huizhou Sag. Additional work completed now indicates that the Pearl prospect is located favourably for receiving oil charge from Huizhou Sag.

Having successfully completed the committed work programme for the first phase (GSA), the Company intends to exercise its option to enter a PSC on the Block, on pre-negotiated terms, with CNOOC. The key term for entry into the PSC is commitment to and demonstration of the financial capacity to drill an exploration well on the Block within two and half years.

Duyung PSC, Indonesia (10% WI)

In April 2017, Empyrean acquired from Conrad Petroleum a 10% shareholding in West Natuna Exploration Ltd ('WNEL'), which holds a 100% Participating Interest in the Duyung Production Sharing Contract ('Duyung PSC') in offshore Indonesia and is the operator of the Duyung PSC.

The Duyung PSC covers an offshore permit of approximately 1,100km^2 in the prolific West Natuna Basin. The main asset in the permit is the Mako shallow gas discovery that has an independently verified 2C and 3C gas resource of between 430-650 Bcf recoverable gas. In addition, the operator has been successful in mapping exploration prospects and leads within the permit.

The appraisal well, Mako South-1, was spudded on 16 June 2017 using a jackup rig located in water depths of 308 ft. The well reached a Total Depth ('TD') of 1,707 ft on 22 June 2017.

The Mako South-1 well results exceeded the Company's expectations encountering excellent reservoir quality rock with high permeability sands in the multi Darcy range with 23 feet of gas bearing reservoir. This zone flowed gas at a stabilized rate of 10.9 million cubic feet per day through a 2-inch choke. The gas is of high-quality being close to 100% methane.

Initial interpretation of the test results demonstrated that the sandstone reservoir is expected to be laterally contiguous with exceptional permeabilities in the multi Darcy range.

Conrad Petroleum made significant progress with completion of detailed and comprehensive technical studies by incorporating all the sub-surface data collected in the discovery well. Substantial commercial and facilities studies have been completed as a part of the Plan of Development ('POD'). The POD was submitted to the Indonesian oil and gas regulator SKKMigas in August 2018. The Mako POD process paves the way for the Duyung PSC to convert into a Production Permit through to 2037 following approval of the POD by the Indonesian Ministry of Energy and Mines. As part of the POD submission, WNEL has negotiated and signed a Heads of Agreement for the sale of all Mako gas to a regional utility.

Furthermore, as part of the POD submission, Indonesian government owned and accredited consultant Lemigas completed a certification of reserves ('Lemigas Reserves') based primarily on the Mako South-1 well and an area of circumference spreading out from the well. In addition, Conrad has completed an internal calculation of its contingent resources (Contingent Resources) based on the full Mako Gas Field. The Conrad preliminary estimate of 2C Contingent Resources of 373Bcf is expected to be converted into reserves following a Final Investment Decision ('FID') by WNEL and the signing of a GSA and agreements to access ('Access Agreements') the West Natuna Transport System ('WNTS'), the pipeline that carries gas to mainland Singapore. Conrad also has plans for third party certification of its Contingent Resources using current Society of Petroleum Engineers ('SPE') standards in due course. The "Lemigas Reserves" are shown in the table below:

"Lemigas Reserve" Certification*	1P	2P	3P
Initial Gas In Place (Bcf)	38.03	190.38	620.70
Recoverable Gas Reserve (Bcf) as at April 01, 2018	30.42	152.30	496.56

Lemigas Mako POD "Reserves"
** It is important to note that "reserves" in this context does not equate with the current SPE definitions followed by Conrad but does signify approval for WNEL to extract the certified volume of gas.*

Work on the FID, GSA and Access Agreements is a priority for WNEL in the coming 12 months.

Recently completed re-processing of 2009 vintage 2D seismic data utilising the latest advanced techniques has substantially improved imaging of the geological features underneath the Mako Gas Field. Ongoing evaluation of this data has identified a significant exploration 'lead', named Mako Deep. Whilst Mako Deep is named due to its proximity below the Mako Gas Field, it is in fact relatively shallow by industry standards at 2000-6000ft below mean sea level. Mako Deep is likely to contain well developed thick sand packages as proven by the Tengirri-1 well (drilled by Conoco in 1975). Provisional initial estimates show that Mako Deep has the potential to contain very large quantities of recoverable hydrocarbons, both oil and natural gas. Seismic interpretation, and analysis of the cuttings of the old Tengirri well are underway to further delineate and de-risk this exciting 'lead' for potential future drilling that could be executed sometime during 2019.

Multi Project Farm-in in Sacramento Basin, California (25%-30% WI)

In May 2017, Empyrean entered into an agreement with ASX listed Sacgasco Limited ('Sacgasco') to farm-in to a package of gas projects in the Northern Sacramento Basin, onshore California. The package includes two technically mature multi-Tcf gas potential prospects, Dempsey and Alvarez, and an Area of Mutual Interest (AMI) along trend from Dempsey that includes at least three already identified Dempsey style follow up prospects.

Empyrean earned a 30% interest in the Dempsey Prospect by paying US$2,100,000 towards the cost of drilling the Dempsey 1-15 exploration well. These drilling costs had a promoted cap of US$3,200,000 and Empyrean paid its working interest of 30% towards any additional costs towards Dempsey 1-15, including completion costs.

Dempsey 1-15 well was spudded on 2 August 2017 and drilled to a TD of 2,970 metres (9,747 feet) in September 2017. Wireline logs confirmed numerous potentially gas-bearing zones. A comprehensive production testing programme was designed to assess the production capability of these zones through 2017 and 2018. A total of three zones (Zone 2, 3, and 4) in the well were tested.

As of July 2018, Dempsey 1-15 is producing into the sales gas pipeline at an approximate rate of 1,300 mcf per day from Field Level Kione Sandstone and the combined Zones 2 and 3 with subsequent cash flow from this production expected in Q3 2018.

Based on test data the Dempsey 1-15 well has produced clean dry natural gas from a vertical interval of over 2,000 feet, and this information will be integrated with geology and seismic to evaluate production options, including reservoir production enhancement through fracture stimulation, and alternative deviated well configurations. Production data and economic assessments will determine the development plans for Dempsey reservoirs and associated JV drilling activities in the Sacramento Basin. Sacgasco also advised of advanced plans to connect four idle wells into the sales gas system in the Dempsey area that are hoped to add to production and cash flow.

Sacgasco has commenced preparatory work on the Alvarez project and applications have recently been submitted for exploration work to commence at the Alvarez prospect. The initial plan at Alvarez is to assess the integrity of the well bore as the basis for a decision to either log through casing and perforate zones of interest for natural gas production or alternatively drill a side-track to enable gas-filled reservoir assessment in a newly drilled interval of reservoirs.

Empyrean will earn a 25% working interest in the Alvarez appraisal prospect by paying 33.33% of the costs of the next Alvarez appraisal well.

The Dempsey Trend AMI, in which Empyrean will earn a 30% interest, extends to approximately 250,000 acres (including the Dempsey structure) and includes at least three large Dempsey style identified follow up prospects. Empyrean will provide technical assistance to Sacgasco to further mature prospects within the Dempsey Trend AMI and will also have an option to participate in the already identified prospects on the following basis:

- Prospect #1: EME pays 60% of dry hole cost (i.e. to testing and setting production casing or abandonment) to earn 30% WI
- Prospect #2: EME pays 45% of dry hole cost (i.e. to testing and setting production casing or abandonment) to earn 30% WI
- Prospect #3: EME pays 45% of dry hole cost (i.e. to testing and setting production casing or abandonment) to earn 30% WI

Riverbend Project (10%)

Located in Jasper County, Texas, USA, the Cartwright No.1 re-entry well produces gas and condensate from the arenaceous Wilcox Formation.

The Cartwright No.1 well is currently virtually suspended producing only nominal amounts of gas condensate.

Little or no work has been completed on the project in the year and no budget has been prepared for 2018/19 whilst the Company focuses on other projects. The Company fully impaired the carrying value of the asset at 31 March 2017 and any subsequent expenditure, mainly for licence fees, has been expensed through the profit and loss statement.

Eagle Oil Pool Development Project (58.084% WI)

The Eagle Oil Pool Development Project is located in the prolific San Joaquin Basin onshore, southern California.

No appraisal operations were carried out during this period. It is anticipated that, should there be a continued and sustained improvement in the oil price, a vertical well test of the primary objective, the Eocene Gatchell Sand, followed by a horizontal appraisal well, would be the most likely scenario.

Little or no work has been completed on the project in the year and no budget has been prepared for 2018/19 whilst the Company focuses on other projects. The Company fully impaired the carrying value of the asset at 31 March 2017 and any subsequent expenditure, mainly for license fees, has been expensed through the profit and loss statement.

The information contained in this report was completed and reviewed by the Company's Executive Director (Technical), Mr Gajendra (Gaz) Bisht, who has over 29 years' experience as a petroleum geoscientist.

Definitions

2C: Contingent resources are quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable. The range of uncertainty is expressed as 1C (low), 2C (best) and 3C (high).

*CAUTIONARY Statement: The estimated quantities of oil that may potentially be recovered by the application of a future development project relates to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially movable hydrocarbons.

Gajendra Bisht M.Sc. (Tech) in Applied Geology
Executive Director (Technical)
6 August 2018

Statement of Comprehensive Income For the Year Ended 31 March 2018

	Notes	2018 US$'000	2017 US$'000
Revenue		**30**	1
Cost of sales			
Operating costs		**(1)**	(23)
Impairment of oil and gas properties	2, 8	**(48)**	(6,960)
Amortisation		**-**	(11)
Total cost of sales		**(49)**	(6,994)
Gross loss		**(19)**	(6,993)
Administrative expenditure			
Administrative expenses		**(397)**	(2,202)
Compliance fees		**(225)**	(284)
Directors' remuneration		**(415)**	(637)
Foreign exchange differences		**114**	-
Total administrative expenditure		**(923)**	(3,121)

Operating loss	2	**(942)**	(10,116)
Finance costs	3	**(2,558)**	(3,005)
Loss from continuing operations before taxation		**(3,500)**	(13,121)
Tax benefit in current year	5	**797**	2,839
Loss from continuing operations after taxation		**(2,703)**	(10,282)
Profit on discontinued operations net of tax	9	**73**	-
Loss after taxation		**(2,630)**	(10,282)
Total comprehensive loss for the year		**(2,630)**	(10,282)
Earnings per share from continuing operations (expressed in cents)			
- Basic	6	**(0.71)c**	(4.62)c
- Diluted		**(0.71)c**	(4.62)c
Earnings per share from discontinued operations (expressed in cents)			
- Basic	6	**0.02c**	-
- Diluted		**0.02c**	-

The accompanying accounting policies and notes form an integral part of these financial statements.

Statement of Financial Position As at 31 March 2018

Company Number: 05387837	Notes	2018 US$'000	2017 US$'000
Assets			
Non-current assets			
Oil and gas properties: exploration and evaluation	8	**7,820**	87
Oil and gas properties: development and production	9	**-**	57
Investments	10	**2,572**	-
Total non-current assets		**10,392**	144
Current assets			
Trade and other receivables	11	**183**	65
Corporation tax receivable	5	**1,320**	540
Contingent consideration receivable	7	**-**	554
Cash and cash equivalents		**388**	6,106
Total current assets		**1,891**	7,265
Liabilities			
Current liabilities			
Trade and other payables	12	**374**	2,178
Provisions		**54**	25
Derivative financial liabilities	13	**2,463**	459
Total current liabilities		**2,891**	2,662
Net current (liabilities)/assets		**(1,000)**	4,603
Net assets		**9,392**	4,747
Shareholders' equity			
Share capital	15	**1,205**	754
Share premium reserve		**25,280**	18,466
Share based payment reserve		**10**	2,421
Retained losses		**(17,103)**	(16,894)
Total equity		**9,392**	4,747

Statement of Cash Flows For the Year Ended 31 March 2018

	Notes	2018 US$'000	2017 US$'000
Payment for operating activities - continuing operations		**(1,002)**	(1,309)
Payment for operating activities - discontinued operations		**-**	(116)
Receipt of/(payment for) corporation tax		**17**	(2,007)
Net cash outflow from operating activities	14	**(985)**	(3,432)
Net proceeds from disposal of discontinued operations		**73**	-
Amounts held in escrow		**-**	16,875
Purchase of oil and gas properties: exploration and evaluation - continuing operations		**(7,725)**	(17)
Purchase of oil and gas properties: development and production - continuing operations		**-**	(80)
Acquisition of investments		**(2,572)**	-
Payment for exploration bonds and bank guarantees		**(150)**	-
Net cash (outflow)/inflow for investing activities		**(10,374)**	16,778
Issue of ordinary share capital		**5,635**	44
Return of value		**-**	(21,785)
Payment of equity issue costs		**(108)**	(63)
Finance expenses received		**-**	22
Net cash inflow/(outflow) from financing activities		**5,527**	(21,782)
Net decrease in cash and cash equivalents		**(5,832)**	(8,436)
Cash and cash equivalents at the start of the year		**6,106**	17,473
Forex gain/(loss) on cash held		**114**	(2,931)
Cash and cash equivalents at the end of the year		**388**	6,106

Statement of Changes in Equity For the Year Ended 31 March 2018

	Note	Share capital US$'000	Share premium reserve US$'000	Share based payment reserve US$'000	Retained loss US$'000	Total equity US$'000
Balance at 1 April 2016		**710**	**40,250**	**2,946**	**(7,201)**	**36,705**
Loss after tax for the year		-	-	-	(10,282)	(10,282)
Total comprehensive loss for the year		-	-	-	(10,282)	(10,282)
Contributions by and distributions to owners						
Shares issued following exercise of options		44	-	-	-	44
Creation of B shares	15	21,784	(21,784)	-	-	-
Return of value (cancellation of B shares)	15	(21,784)	-	-	-	(21,784)
Transfer of expired options		-	-	(589)	589	-
Share based payment expense		-	-	64	-	64
Contributions by and distributions to owners		**44**	**(21,784)**	**(525)**	**589**	**(21,676)**
Balance at 1 April 2017		**754**	**18,466**	**2,421**	**(16,894)**	**4,747**

Loss after tax for the year		-	-	-	(2,630)	(2,630)
Total comprehensive loss for the year		-	-	-	(2,630)	(2,630)
Contributions by and distributions to owners						
Shares issued in the period	15	451	6,922	-	-	7,373
Equity issue costs		-	(108)	-	-	(108)
Transfer of expired options		-	-	(2,421)	2,421	-
Share based payment expense		-	-	10	-	10
Contributions by and distributions to owners		**451**	**6,814**	**(2,411)**	**2,421**	**7,275**
Balance at 31 March 2018		**1,205**	**25,280**	**10**	**(17,103)**	**9,392**

Notes to the Financial Statements For the Year Ended 31 March 2018

Basis of preparation

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and Companies Act 2006. The principal accounting policies are summarised below. The financial report is presented in the functional currency, US dollars and all values are shown in thousands of US dollars (US$'000).

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Company management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed below.

Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items (refer to individual accounting policies for details):
- Derivative financial liability

Nature of business

The Company is a public limited company incorporated and domiciled in England and Wales. The address of the registered office is 200 Strand, London, WC2R 1DJ. The Company is in the business of financing the exploration, development and production of energy resource projects in regions with energy hungry markets close to existing infrastructure. The Company has typically focused on non-operating working interest positions in projects that have drill ready targets that substantially short cut the life-cycle of hydrocarbon projects by entering the project after exploration concept, initial exploration and drill target identification work has largely been completed.

Going concern

The Company's principal activity during the year has been the acquisition and development of its exploration projects. At year end the Company had a cash balance of US$0.39m (2017: US$6.12m) and made a loss after income tax of US$2.63m (2017: US$10.28m).

The Directors have prepared cash flow forecasts for the Company covering the period to 30 June 2019 and show that the Company will require further funding within the next 12 months. The Directors have an appropriate plan to raise additional funds as and when it is required, either through the sale of existing assets, through joint ventures of existing assets or through equity or debt funding.

The Directors have therefore concluded that it is appropriate to prepare the Company's financial statements on a going concern basis. However, in the absence of additional funding being in place these conditions indicate the existence of a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Basis of accounting and adoption of new and revised standards

(a) New and amended standards adopted by the Company: There were no new standards effective for the first time for periods beginning on or after 1 April 2017 that have had a significant effect on the Company's financial statements.

(b) Standards, amendments and interpretations that are not yet effective and have not been early adopted: Any standards and interpretations that have been issued but are not yet effective, and that are available for early application, have not been applied by the Company in these financial statements. International Financial Reporting Standards that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ended 31 March 2018:

IFRS 15 'Revenue from Contracts with Customers' was issued by the IASB in May 2014. It is effective for accounting periods beginning on or after 1 January 2018. The new standard will replace existing accounting standards and provides enhanced detail on the principle of recognising revenue to reflect the transfer of goods and services to customers at a value which the company expects to be entitled to receive. The standard also updates revenue disclosure requirements. Sales revenue in the 2019 financial year is expected as Dempsey 1-15 well will shortly produce into the sales gas pipeline resulting in the production of commercial gas flows and subsequent cash flows. Management will assess the principals of IFRS 15 to ensure future revenues from this well are recognised appropriately. The adoption of IFRS 15 will have no impact on the 31 March 2018 financial statements as material revenues were not earned in this period.

IFRS 9 was published in July 2014 and will be effective from 1 January 2018. It is applicable to financial assets and financial liabilities, and covers the classification, measurement, impairment and de-recognition of financial assets and financial liabilities together with a new hedge accounting model. The Company is still assessing the impact of this standard on the accounting for the investment in West Natuna Exploration Limited.

IFRS 16 'Leases' - IFRS 16 'Leases' was issued by the IASB in January 2016 and is effective for accounting periods beginning on or after 1 January 2019. The Directors are currently evaluating the financial and operational impact of this standard, however do not consider that it will have a material impact as the Company does not currently have any material lease arrangements.

Revenue recognition

Revenue is derived from sales of oil and gas to third party customers. Sales of oil and gas production are recognised at the time of delivery of the product to the purchaser which is when the risks and rewards of ownership pass and are included in the statement of comprehensive income as Revenue. Revenue is recognised net of local ad valorem taxes.

Tax

The major components of tax on profit or loss include current and deferred tax. Current tax is based on the profit or loss adjusted for items that are non-assessable or disallowed and is calculated using tax rates that have been enacted or substantively enacted by the reporting date. Tax is charged to the income statement, except when the tax relates to items credited or charged directly to equity, in which case the tax is also dealt with in equity.

(a) Deferred tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs to its tax base. Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available, against which the difference can be utilised. The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered). The Company has considered whether to recognise a deferred tax asset in relation to carried-forward losses and has determined that this is not appropriate in line with IAS 12 as the conditions for recognition are not satisfied.

Foreign currency translation

Transactions denominated in foreign currencies are translated into US dollars at contracted rates or, where no contract exists, at average monthly rates. Monetary assets and liabilities denominated in foreign currencies which are held at the year-end are translated into US dollars at year-end exchange rates. Exchange differences on monetary items are taken to the Statement of Comprehensive Income. Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency).

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Oil and gas assets: exploration and evaluation

The Company applies the full cost method of accounting for Exploration and Evaluation ('E&E') costs, having regard to the requirements of IFRS 6 'Exploration for and Evaluation of Mineral Resources'. Under the full cost method of accounting, costs of exploring for and evaluating oil and gas properties are accumulated and capitalised by reference to appropriate cash generating units ('CGUs'). Such CGUs are based on geographic areas such as a concession and are not larger than a segment. E&E costs are initially capitalised within oil and gas properties: exploration and evaluation. Such E&E costs may include costs of license acquisition, third party technical services and studies, seismic acquisition, exploration drilling and testing, but do not include costs incurred prior to having obtained the legal rights to explore an area, which are expensed directly to the income statement as they are incurred. Plant, Property and Equipment ('PPE') acquired for use in E&E activities are classified as property, plant and equipment. However, to the extent that such PPE is consumed in developing an intangible E&E asset, the amount reflecting that consumption is recorded as part of the cost of the intangible E&E asset. Intangible E&E assets related to exploration licenses are not depreciated and are carried forward until the existence (or otherwise) of commercial reserves has been determined. The Company's definition of commercial reserves for such purpose is proven and probable reserves on an entitlement basis.

If commercial reserves have been discovered, the related E&E assets are assessed for impairment on a CGU basis as set out below and any impairment loss is recognised in the income statement. The carrying value, after any impairment loss, of the relevant E&E assets is then reclassified as development and production assets within property, plant and equipment and are amortised on a unit of production basis over the life of the commercial reserves of the pool to which they relate. Intangible E&E assets that relate to E&E activities that are not yet determined to have resulted in the discovery of commercial reserves remain capitalised as intangible E&E assets at cost, subject to meeting impairment tests as set out below. E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. Such indicators include the point at which a determination is made as to whether or not commercial reserves exist. Where the E&E assets concerned fall within the scope of an established CGU, the E&E assets are tested for impairment together with all development and production assets associated with that CGU, as a single cash generating unit. The aggregate carrying value is compared against the expected recoverable amount of the pool. The recoverable amount is the higher of value in use and the fair value less costs to sell. Value in use is assessed generally by reference to the present value of the future net cash flows expected to be derived from production of commercial reserves. Where the E&E assets to be tested fall outside the scope of any established CGU, there will generally be no commercial reserves and the E&E assets concerned will generally be written off in full. Any impairment loss is recognised in the income statement.

Oil and gas assets: development and production

Development and production assets are accumulated on a field-by-field basis and represent the cost of developing the commercial reserves discovered and bringing them into production, together with the decommissioning asset and the E&E expenditures incurred in finding commercial reserves transferred from intangible E&E assets as outlined above. They are presented as oil and gas properties in Note 8. The net book values of producing assets are depreciated on units of production basis. An impairment test is performed whenever events and circumstances arising during the development or production phase indicate that the carrying value of a development or production asset may exceed its recoverable amount. The aggregate carrying value is compared against the expected recoverable amount of the cash generating unit. The recoverable amount is the higher of value in use and the fair value less costs to sell. Value in use is assessed generally by reference to the present value of the future net cash flows expected to be derived from production of commercial reserves. The cash generating unit applied for impairment test purposes is generally the field, except that a number of field interests may be grouped as a single cash generating unit where the cash flows of each field are interdependent.

Investments

Financial assets are defined in IAS 39 as investments in equity instruments that do not have a quoted price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such equity instruments, which shall be measured at cost. The Company acquired a 10% working interest in the Duyung PSC, Indonesia during the period. Due to the 10% shareholding and lack of significant influence over operations, under IAS 39 the project has been classified as an investment, measured at cost. Subsequent exploration expenditure is included as a further investment contribution in the period.

Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and represents a separate major line of business or geographical area of operations; and is a part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with a view to resale. Non-current assets held for sale and discontinued operations are carried at the lower of carrying value or fair value less costs to sell. Any gain or loss from disposal of a business, together with the results of these operations until the date of disposal, is reported separately as discontinued operations. The financial information of discontinued operations is excluded from the respective captions in the financial statements and related notes for the current and comparative period and disclosed as results from discontinued operations.

Financial instruments

Financial assets and liabilities are recognised in the statement of financial position when the Company becomes party to the contractual provision of the instrument.

(a) Financial assets

The Company's financial assets consist of loans and receivables (trade and other receivables, excluding prepayments, and cash and cash equivalents) and financial assets classified as fair value through profit or loss (contingent consideration receivable). Loans and receivables are initially measured at fair value and subsequently at amortised cost. Financial assets designated as fair value through the profit or loss are measured at fair value through the profit or loss at the point of initial recognition and subsequent revalued at each reporting date. Movements in the fair value of derivative financial assets are recognised in the profit or loss in the period in which they occur.

(b) Financial liabilities

All financial liabilities are classified as fair value through the profit and loss and financial liabilities at amortised cost. The Company's financial liabilities at amortised cost include trade and other payables and its financial liabilities at fair value through the profit or loss include the derivative financial liabilities. Financial liabilities at amortised cost, are initially stated at their fair value and subsequently at amortised cost. Interest and other borrowing costs are recognised on a time-proportion basis using the effective interest method and expensed as part of financing costs in the statement of comprehensive income. Derivative financial liabilities are initially recognised at fair value of the date a derivative contract is entered into and subsequently re-measured at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company has not designated any derivatives as hedges as at 31 March 2017 or 31 March 2018.

(c) Impairment

At each reporting date, the Company assess whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Statement of Comprehensive Income.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

Share based payments

The Company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Company's estimate of shares that will eventually vest. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. Where equity instruments are granted to persons other than employees, the income statement is charged with the fair value of goods and services received.

Critical accounting estimates and judgements

The Company makes judgements and assumptions concerning the future that impact the application of policies and reported amounts. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events. The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are discussed below.

Critical estimates

The following are the critical estimates that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(a) Carrying value of exploration and evaluation assets

The Company monitors internal and external indicators of impairment relating to its exploration and evaluation assets. Management has considered whether any indicators of impairment have arisen over certain assets relating to the Company's exploration licenses. Management consider the exploration results to date and assess whether, with the information available, there is any suggestion that a commercial operation is unlikely to proceed. In addition, management have considered the likely success of renewing the licences, the impact of any instances of non-compliance with license terms and are continuing with the exploration and evaluation of the sites. After considering all relevant factors, management were of the opinion that no impairment was required in relation to the costs capitalised to exploration and evaluation assets.

(b) Income tax provision

The Company is subject to income tax in several jurisdictions and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the company recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when, despite the company's belief that its tax return positions are supportable, the company believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. The company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

1. Segmental analysis

The Directors consider the Company to have three geographical segments, being China (Block 29/11 project), Indonesia (Duyung PSC project) and North America (Sacramento Basin project), which are all currently in the exploration and evaluation phase. The prior year numbers have been restated to reflect the updated segments. Corporate costs relate to the administration and financing costs of the Company and are not directly attributable to the individual projects. The Company's registered office is located in the United Kingdom.

Details	**China US$'000**	**Indonesia US$'000**	**USA US$'000**	**Corporate US$'000**	**Total US$'000**
31 March 2018					
Revenue from continued operations	-	-	30		**30**
Profit on sale of discontinued operations	-	-	73	-	**73**
Cost of sales of continued operations	-	-	(48)	-	**(48)**
Cost of sales of discontinued operations	-	-	(1)	-	**(1)**
Segment result	-	-	**54**	-	**54**
Unallocated corporate expenses	-	-	-	(923)	**(923)**
Operating loss	-	-	**54**	**(923)**	**(869)**

Finance income and expense	-	-	-	(2,558)	**(2,558)**
Loss before taxation	**-**	**-**	**54**	**(3,481)**	**(3,427)**
Tax benefit in current year	-	-	-	797	**797**
Loss after taxation	**-**	**-**	**54**	**(2,684)**	**(2,630)**
Total comprehensive loss for the financial year	**-**	**-**	**54**	**(2,684)**	**(2,630)**
Segment assets	4,596	2,722	3,254	-	**10,572**
Unallocated corporate assets	-	-	-	1,711	**1,711**
Total assets	**4,596**	**2,722**	**3,254**	**1,711**	**12,283**
Segment liabilities	41	-	81	-	**122**
Unallocated corporate liabilities	-	-	-	2,769	**2,769**
Total liabilities	**41**	**-**	**81**	**2,769**	**2,891**

Details	**China US$'000**	**USA US$'000**	**Corporate US$'000**	**Total US$'000**
31 March 2017				
Revenue from continued operations	-	1	-	**1**
Profit on sale of discontinued operations	-	-	-	**-**
Cost of sales of continued operations	-	(6,994)	-	**(6,994)**
Cost of sales of discontinued operations	-	-	-	**-**
Segment result	-	**(6,993)**	-	**(6,993)**
Unallocated corporate expenses	-	-	(3,123)	**(3,123)**
Operating loss	-	**(6,993)**	**(3,123)**	**(10,116)**
Finance income and expense	-	-	(3,005)	**(3,005)**
Loss before taxation	-	**(6,993)**	**(6,128)**	**(13,121)**
Tax benefit in current year	-	-	2,839	**2,839**
Loss after taxation	**-**	**(6,993)**	**(3,289)**	**(10,282)**
Total comprehensive loss for the financial year	**-**	**(6,993)**	**(3,289)**	**(10,282)**
Segment assets	87	611	-	**698**
Unallocated corporate assets	-	-	6,711	**6,711**
Total assets	**87**	**611**	**6,711**	**7,409**
Segment liabilities	-	337	-	**337**
Unallocated corporate liabilities	-	-	2,325	**2,325**
Total liabilities	**-**	**337**	**2,325**	**2,662**

	2018 US$'000	**2017 US$'000**
2. Operating loss		
The operating loss is stated after charging:		
Audit and tax fees	**(46)**	(99)
Consideration shares for Block 29/11 offshore China	**-**	(1,740)
Impairment of oil and gas properties	**(48)**	(6,960)
Amortisation	**-**	(11)
	(94)	(8,810)

Auditor's Remuneration

Amounts paid to BDO LLP and their associates in respect of both audit and non-audit services:

Fees payable to the Company's auditor for the audit of the Company annual accounts	**32**	34
Fees payable to the Company's auditor and its associates in respect of:		
- Other services relating to taxation	**14**	65
	46	99

	2018 US$'000	**2017 US$'000**

3. Finance costs

Revaluation (loss)/gain on contingent consideration receivable	**(554)**	183
Fair value movement on derivative liability	**(2,004)**	(553)
Interest received/receivable	-	25
Net effective of de-recognition and re-recognition of derivative financial liability	-	289
Share based finance costs	-	(64)
Foreign exchange differences on finance arrangements	-	(2,882)
Interest paid/payable	-	(3)
Total finance costs	**(2,558)**	(3,005)

4. Directors' emoluments

	Fees and salary		Bonus payment		Social security contributions		Short-term employment benefits (total)	
	2018 US$'000	**2017 US$'000**	**2018 US$'000**	**2017 US$'000**	**2018 US$'000**	**2017 US$'000**	**2018 US$'000**	**2017 US$'000**
Non-Executive Directors:								
Patrick Cross	**24**	24	-	-	**2**	2	**26**	26
John Laycock	**14**	14	-	-	**1**	1	**15**	15
Frank Brophy[(a)]	**32**	43	-	-	-	-	**32**	43
Executive Directors:								
Thomas Kelly[(b)]	**296**	290	-	282	-	-	**296**	572
Gajendra Bisht[(c)(d)]	**185**	N/A	-	N/A	-	N/A	**185**	N/A
	551	371	-	282	**3**	3	**554**	656

(a) Services provided by F J Brophy Pty Ltd for technical services. Frank Brophy retired as a Non-Executive Director on 31 December 2017.

(b) Services provided by Apnea Holdings Pty Ltd. On 13 June 2017 Tom Kelly exercised 15,000,000 options at an exercise price of £0.02. The closing share price of the Company on 13 June 2017 was £0.388. On 20 February 2018 Tom Kelly exercised 15,000,000 options at an exercise price of £0.04. The closing share price of the Company on 20 February 2018 was £0.119. These options were not granted to Mr Kelly as part of his remuneration but were acquired by Mr Kelly in an arms-length transaction. Mr Kelly has not sold any shares during the reporting period.

(c) Services provided by Topaz Energy Pty Ltd for technical services. Gajendra Bisht was appointed as an Executive Director on 14 June 2017. 75% of Mr Bisht's fees are capitalised to exploration and evaluation expenditure (Note 8), in addition to 100% of consulting fees Mr Bisht received pre-appointment as director.

(d) On 4 April 2017 the Company held a Shareholder General Meeting whereby shareholders approved the allotment of 70,000,000 shares at 0.2p each to Topaz Energy Pty Ltd in relation with services provided by Topaz Energy Pty Ltd (a company wholly owned by and of which Gajendra Bisht is a Director) in relation to the introduction of the opportunity and successful award of the permit for 100% of the exploration rights for Block 29/11, China to the Company. These shares were subsequently issued on 21 April 2017. The share issue settled the total value of US$1,740,000 which was accrued for at 31 March 2017, therefore is excluded from Mr Bisht's Director fees in FY2018.

The average number of Directors was 4 during 2018 and 2017. The highest paid director received US$296,000 (2017: US$572,000).

	2018 US$'000	2017 US$'000
5. Taxation		
UK corporation tax (benefit)/charge at 20%	**(396)**	-
US corporation tax (benefit)/charge at 35%	**(924)**	(288)
Total corporation tax (receivable)/payable	**(1,320)**	(288)
Factors affecting the tax charge for the year		
Loss from continuing operations	**(3,500)**	(13,121)
Profit on discontinued operations	**73**	-
Add back: contingent consideration receivable revaluation	**-**	183
(Loss)/profit on ordinary activities before tax	**(3,427)**	(12,938)
(Loss)/profit on ordinary activities at US rate of 21% (2017: 35%)	**(720)**	(4,528)
Non-deductible expenses	**534**	326
Movement in provisions	**6**	-
Over provision in prior year	**(797)**	(1,382)
Release of tax liability on first contingent consideration payment	**-**	(750)
Losses offset against prior year project disposal	**-**	441
Deferred tax asset not recognised	**180**	3,054
	(797)	(2,839)
Analysed as:		
Tax (benefit)/charge on continuing operations	**(797)**	(2,839)
Tax (benefit)/charge on discontinued operations	**-**	-
Tax (benefit)/charge in current year	**(797)**	(2,839)

	2018	2017

6. Earnings per share

The basic earnings per share is derived by dividing the profit/(loss) after taxation for the year attributable to ordinary shareholders by the weighted average number of shares in issue being 380,423,710 (2017: 222,770,839).

	2018	2017
<u>Earnings per share from continuing operations</u>		
Loss after taxation from continuing operations	**(US$2,703,000)**	(US$10,282,000)
Earnings per share - basic	**(0.71)c**	(4.62)c
Loss after taxation from continuing operations adjusted for dilutive effects	**(US$2,703,000)**	(US$10,282,000)
Earnings per share - diluted	**(0.71)c**	(4.62)c
<u>Earnings per share from discontinued operations</u>		
Profit after taxation from discontinued operations	**US$73,000**	-
Earnings per share - basic	**0.02c**	-
Profit after taxation from discontinued operations adjusted for dilutive effects	**US$73,000**	-
Earnings per share - diluted	**0.02c**	-

For the current financial year there are dilutive options on issue. The weighted average number of dilutive shares is 395,423,710. Details of the potentially issuable shares that could dilute earnings per share in future periods are set out in Notes 13 and 15. For the prior financial year the exercise of the options was anti-dilutive and as such the diluted earnings per share was the same as the basic loss per share.

	2018 US$'000	2017 US$'000
7. Contingent consideration receivable		
Financial asset recorded at fair value through profit or loss:		
Opening balance	**554**	371
Revaluation of contingent consideration receivable (Note 3)	**(554)**	183
	-	554

Derivative financial assets consisted of the fair value of contingent consideration amounts attached to the sale of Sugarloaf AMI on 19 February 2016. The fair value of the options was initially measured at the effective date of the sale and subsequently remeasured at each reporting period. The final contingency expired 31 December 2017 with no payment received.

	2018 US$'000	2017 US$'000
8. Oil and gas properties: exploration and evaluation		
Balance brought forward	**87**	6,842
Additions[(a)]	**7,781**	116
Impairment[(b)]	**(48)**	(6,871)
Net book value	**7,820**	87

(a) The Company was awarded its permit in China in December 2016. Block 29/11 is located in the Pearl River Mouth Basin, offshore China. Empyrean is operator with 100% of the exploration right of the Permit during the exploration phase of the project. The initial contractual term is for two years with a work programme commitment of acquisition, processing and interpretation of 580km2 of 3D seismic data. The Company also acquired a working interest in the Sacramento Basin, California during the period. In May 2017 Empyrean entered into a joint project with ASX listed Sacgasco Limited, to test a group of projects in the Sacramento Basin, California, including two mature, multi-TcF gas prospects in Dempsey (EME 30%) and Alvarez (EME 25%) and also further identified follow up prospects along the Dempsey trend (EME 30%).

(b) In light of current market conditions, little or no work has been completed on the Riverbend or Eagle Oil projects in the year and no substantial project is forecast for either project in 2018/19 whilst the Company focuses on other projects. Whilst the Company maintains legal title it has continued to fully impair the carrying value of the asset at 31 March 2018.

Project	Operator	Working Interest	2018 Carrying Value US$'000	2017 Carrying Value US$'000
Exploration and evaluation				
China Block 29/11	Empyrean Energy	100%*	**4,596**	87
Sacramento Basin	Sacgasco	25-30%	**3,224**	-
Riverbend	Huff Energy	10%	-	-
Eagle Oil Pool Development	Strata-X	58.084%	-	-
			7,820	87

*In the event of a commercial discovery, and subject to the Company entering PSC, CNOOC Limited will have a back in right to 51% of the permit. As at the date of these financial statements no commercial discovery has been made.

	2018	2017

	US$'000	US$'000
9. Oil and gas properties: development and production		
Balance brought forward	**57**	156
Additions	**-**	1
Amortisation	**-**	(11)
Impairment	**-**	(89)
Discontinued operations[(a)]	**(57)**	-
Net book value	**-**	57

(a) The Company sold its interest in minor ancillary leases in Texas in June 2017 in satisfaction of amounts owing by the Company on those properties. This resulted in a gain on sale of US$73,000.

	2018 US$'000	2017 US$'000
10. Investments		
Balance brought forward	**-**	-
Additions[(a)]	**2,572**	-
Total investments	**2,572**	-

(a) The Company acquired a 10% working interest in the Duyung PSC, Indonesia during the period. Due to the 10% shareholding and lack of significant influence over operations, the acquisition has been classified as an investment, measured at cost. Subsequent exploration expenditure of US$554,000 has been included as a further investment contribution in the period. For further information, please refer to the Operational Review.

	2018 US$'000	2017 US$'000
11. Trade and other receivables		
Trade and other receivables	**1**	-
Accrued revenue	**30**	-
Prepayments	**-**	51
VAT receivable	**2**	14
Bank guarantee - Duyung PSC	**150**	-
Total trade and other receivables	**183**	65

	2018 US$'000	2017 US$'000
12. Trade and other payables		
Trade payables	**283**	396
Other payables	**-**	1,738
Accrued expenses	**91**	44
Total trade and other payables	**374**	2,178

	2018 US$'000	2017 US$'000
13. Derivative financial liabilities		
Opening balance	**459**	195
Fair value movement (Note 3)	**2,004**	553
Extinguishment following substantial modification	**-**	(400)
Recognition of modified derivative financial liability	**-**	111
Closing balance	**2,463**	459

Derivative financial liabilities represent the fair value of 15,000,000 options granted to Macquarie Bank and linked to the extension of a now repaid loan facility held with Macquarie Bank. As announced on 13 March 2017, the Options are currently owned by Apnea Holdings Pty Ltd, a company which is wholly owned by Tom Kelly, CEO of Empyrean. The options were granted on 27 July 2015 and are referred to as the Tranche 4 options. At the date of grant these were considered to fall outside of the scope of IFRS 2 and unlike Tranches 1-3 were not accounted for as a share-based payment. The Macquarie Bank loan facility was repaid in 2016 but the options did not expire at that point.

During the prior financial year, the Company modified the exercise price of the options. This was deemed to be a substantial modification under IAS 32 and IAS 39. The value of the derivative financial liability was extinguished at that point and the fair value of the modified options recognised at the date that they were granted. As a financial liability at fair value through the profit or loss these were revalued at period end. The fair value is measured using a Black-Scholes Model with the following inputs:

Fair value of share options and assumptions

	31 March 2018	**31 March 2017**
Grant date	27 July 2015	27 July 2015
Expiry date	26 July 2019	26 July 2019
Share price	£0.138	£0.039
Exercise price	£0.02	£0.021
Volatility	79%	83%
Option life	1.33	2.33
Expected dividends	-	-
Risk-free interest rate (based on national government bonds)	0.74%	0.12%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the expected remaining life of the options.

Details of financier options outstanding at 31 March 2018 are as follows:

Option Class	**Financier options (Tranche 4)**
Grant Date	27 July 2015
Options awarded	15,000,000
Exercise price (£)	£0.02
Expiry date	26 July 2019

Details of financier options outstanding at 31 March 2017 are as follows:

Option Class	**Financier options (Tranche 2)**	**Financier options (Tranche 3)**	**Financier options (Tranche 4)**
Grant Date	19 July 2012	25 March 2013	27 July 2015
Options awarded	15,000,000	15,000,000	15,000,000
Exercise price (£)	£0.021	£0.041	£0.021
Expiry date	19 July 2017	25 March 2018	26 July 2019

14. Reconciliation of net loss before taxation to operating cash flows	**2018 US$'000**	**2017 US$'000**
Net loss before taxation	**(3,500)**	(13,121)
Amortisation - oil and gas properties	**-**	11
Revaluation loss on contingent consideration receivable	**554**	(183)
Finance costs	**2,004**	531
Forex (gain)/loss	**(114)**	2,883
Impairment - oil and gas properties	**48**	6,960
Share based payments	**10**	(225)
Decrease in trade receivables	**64**	115
(Decrease) in trade payables relating to operating activities	**(80)**	(386)
Increase/(decrease) in provisions	**29**	(17)

Net cash inflow from operating activities	**(985)**	(3,432)

15. Called up share capital

Issued and fully paid	**2018 US$'000**	**2017 US$'000**
413,995,110 (2017: 221,833,853) ordinary shares of 0.2p each	**1,205**	754
Opening balance (number: 239,833,853)	**754**	710
Share issue (number: 70,000,000)	**180**	-
Share issue (number: 34,316,551)	**89**	-
Exercise of options (number: 15,000,000)	**38**	-
Placement (number: 16,080,000)	**41**	-
Placement (number: 12,000,000)	**31**	-
Placement (number: 11,764,706)	**31**	-
Exercise of options (number: 15,000,000)	**41**	-
Exercise of options (number: 18,000,000)	**-**	44
Closing balance (number: 413,995,110)	**1,205**	754

	2018 US$'000	**2017 US$'000**
Ordinary B shares of 7.9p each		
Opening balance (number: nil)	**-**	-
New shares issued (number: 221,833,853)	**-**	21,784
Cancellation/return of value	**-**	(21,784)
Closing balance (number: nil)	**-**	-

Share options

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2018	**Number of options 2018**	**Weighted average exercise price 2017**	**Number of options 2017**
Outstanding at the beginning of the year	£0.028	45,000,000	£0.040	74,400,000
Issued during the year[(a)]	£0.170	2,500,000	-	-
Adjustment during the year	-	-	£0.002	3,000,000
Exercised during the year	£0.030	(30,000,000)	£0.002	(18,000,000)
Expired during the year	-	-	£0.080	(14,400,000)
Outstanding at the end of the year	£0.042	17,500,000	£0.028	45,000,000

(a) On 20 January 2018, 2,500,000 unlisted options were issued to the Company Secretary, Jonathan Whyte. The options have an exercise price of £0.17, expire on 30 January 2021 and have a vesting date of 20 January 2019. The options are being expensed over the life of the options, resulting in a share-based payment expense of US$9,799 to 31 March 2018.

Valuation and assumptions of employee options

	31 March 2018	**31 March 2017**
Grant date	30 Jan 2018	-
Expiry date	30 Jan 2021	-
Share price	£0.12	-
Exercise price	£0.17	-
Volatility	79%	-
Option life	3.00	-
Expected dividends	-	-
Risk-free interest rate (based on national government bonds)	0.73%	-

The options outstanding at 31 March 2018 have an exercise price in the range of £0.02 to £0.17 (2017: £0.021 to £0.041) and a weighted average remaining contractual life of 1.54 years (2017:

1.20 years). The remaining 15,000,000 financier options have vested and are fully exercisable at the date of this report.

Details of share options outstanding at 31 March 2018 are as follows:

Option Class	**Employee Options**	**Financier options (Tranche 4)**
Grant Date	20 January 2018	27 July 2015
Options awarded	2,500,000	15,000,000
Exercise price (£)	£0.17	£0.02
Expiry date	20 January 2021	26 July 2019

Details of share options outstanding at 31 March 2017 are as follows:

Option Class	**Financier options (Tranche 2)**	**Financier options (Tranche 3)**	**Financier options (Tranche 4)**
Grant Date	19 July 2012	25 March 2013	27 July 2015
Options awarded	15,000,000	15,000,000	15,000,000
Exercise price (£)	£0.021	£0.041	£0.021
Expiry date	19 July 2017	25 March 2018	26 July 2019

16. Reserves

Reserve	**Description and purpose**
Share premium	Amount subscribed for share capital in excess of nominal value.
Share based payment reserve	Records items recognised as expenses on valuation of employee share options.
Retained losses	All other net gains and losses and transactions with owners not recognised elsewhere.

17. Related party transactions

Directors are considered Key Management Personnel for the purposes of related party disclosure.

During the financial year Chief Executive Officer Thomas Kelly exercised 30,000,000 EME unlisted options.

On 4 April 2017 the Company held a Shareholder General Meeting whereby shareholders approved the allotment of 70,000,000 shares at 0.2p each to Topaz Energy Pty Ltd in relation with services provided by Topaz Energy Pty Ltd (a company wholly owned by and of which Gajendra Bisht is a Director) in relation to the introduction of the opportunity and successful award of the permit for 100% of the exploration rights for Block 29/11, China to the Company. These shares were subsequently issued on 21 April 2017, refer to Note 4 for further details.

There were no other related party transactions during the year ended 31 March 2018 other than those payments made in regard to Director remuneration disclosed in Note 4.

18. Financial risk management

The Company manages its exposure to credit risk, liquidity risk, foreign exchange risk and a variety of financial risks in accordance with Company policies. These policies are developed in accordance with the Company's operational requirements. The Company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessment of prevailing and forecast interest rates and foreign exchange rates. Liquidity risk is managed through the budgeting and forecasting process.

Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for approval, granting and removal of credit limits, regular monitoring of exposures against such limits and monitoring the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 30 days from invoice date.

Risk is also minimised by investing surplus funds in financial institutions that maintain a high credit rating.

Credit risk related to balances with banks and other financial institutions are managed in accordance with approved Board policy. The Company's current investment policy is aimed at maximising the return on surplus cash, with the aim of outperforming the benchmark within acceptable levels of risk return exposure and to mitigate the credit and liquidity risks that the Company is exposed to through investment activities.

The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

	2018	**2017**
	US$'000	**US$'000**
Cash and cash equivalents		
- A rated	**388**	6,106
Total cash and cash equivalents	**388**	6,106

Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages liquidity risk by maintaining sufficient cash or credit facilities to meet the operating requirements of the business and investing excess funds in highly liquid short-term investments. The Company's liquidity needs can be met through a variety of sources, including the issue of equity instruments and short or long-term borrowings.

Alternative sources of funding in the future could include project debt financing and equity raisings, and future operating cash flow. These alternatives will be evaluated to determine the optimal mix of capital resources.

The following table details the Company's non-derivative financial instruments according to their contractual maturities. The amounts disclosed are based on contractual undiscounted cash flows. Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

	Less than 6 months	**6 months to 1 year**	**1 to 6 years**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Trade and other payables (2018)	**283**	**-**	**-**	**283**
Trade and other payables (2017)	2,134	-	-	2,134

Capital

In managing its capital, the Company's primary objective is to maintain a sufficient funding base to enable the Company to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, through new share issues, the Company considers not only its short-term position but also its long-term operational and strategic objectives.

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commitments, assets and liabilities that are denominated in a currency that is not the functional currency of the Company. The Company's borrowings and deposits are largely denominated in US dollars. Currently there are no foreign exchange hedge programmes in place. However, the Company treasury function manages the purchase of foreign currency to meet operational requirements.

As at 31 March 2018 the Company's net exposure to foreign exchange risk was as follows:

	2018 US$'000	2017 US$'000
Net foreign currency financial assets		
Cash and cash equivalents - GBP	**380**	459
Total net exposure	**380**	459

The effect of a 10% strengthening of the USD against the GBP at the reporting date on the GBP-denominated assets carried within the USD functional currency entity would, all other variables held constant, have resulted in an increase in post-tax loss for the year and decrease in net assets of US$38,000 (2017: US$46,000).

Fair value

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below.

Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

- Cash and short-term investments - the carrying amount approximates fair value because of their short term to maturity;
- Trade receivables and trade creditors - the carrying amount approximates fair value; and
- Derivative financial assets and liabilities - initially recognised at fair value through profit and loss at the date the contract is entered into and subsequently re-measured at each reporting date the fair value of the derivative financial liability options is calculated using a Black-Scholes Model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

No financial assets and financial liabilities are readily traded on organised markets in standardised form.

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- Quoted prices in active markets for identical assets or liabilities (Level 1);

- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below:

Financial Instruments at Fair Value	**31 March 2018 Fair Value US$'000**	**31 March 2017 Fair Value US$'000**
Financial assets:		
Contingent consideration receivable (Level 3)	-	554
Total financial assets	-	554
Financial liabilities:		
Derivative financial liability (Level 3)[a]	**2,463**	459
Total financial liabilities	**2,463**	459

(a) The fair value of the Level 3 derivative financial liability has been determined using a Black-Scholes option pricing model, refer to Note 13 for detailed valuation inputs and assumptions.

Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above and which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value, net of outstanding bank overdrafts.

19. Events after the reporting date

In July 2018 the Company received notification from the United States Internal Revenue Service (IRS) that it would receive US$905,000 on 23 July 2018, being a refund of 2017 corporation tax paid.

In June 2018 the Company received US$396,000 from HM Revenue & Customs (HMRC), being a refund of 2017 corporation tax paid.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

20. Committed expenditure

The Company has meet all commitments on all three key projects during the current financial year.

Block 29/11 offshore China

The Company's committed work program for the Geophysical Service Agreement (GSA) phase for Block 29/11 included acquisition, processing and interpretation of 500km2 for a 3D seismic survey, and a financial commitment of US$3 million. The Company exceeded the work program commitments during the 2018 financial year. Therefore, commitments for the 2019 financial year consist only of an annual assistance fee to CNOOC of US$60,000 and an annual personnel representative fee to CNOOC of approximately US$160,000.

Mako South-1 well offshore Indonesia

Having completed the successful drilling test program at the Mako South 1 well during the 2018 financial year, the Company has commitment in the 2019 financial year of US$120,000 to complete the Plan of Development for submission to the Indonesian regulator during Q3 2019. Subsequent financial commitments and related cash calls are likely to be finalised during Q4 2019 and will be dependent on the agreed work program going forward.

Sacramento Basin assets Onshore California

The Company earned a 30% interest in the Dempsey Prospect by paying US$2,100,000 towards the costs of drilling the Dempsey 1-15 exploration well. These drilling costs had a promoted cap of US$3,200,000 and the Company paid its share of additional costs at Dempsey 1-15, including completion costs. The Company will earn a 25% interest in the Alvarez appraisal prospect by paying 33.33% of the costs of the Alvarez appraisal well. At the time of this report, the work plan, cost estimates and timing of expenditure for the Alvarez prospect have not been finalised.

****ENDS****

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The information contained in this announcement was completed and reviewed by the Company's Executive Director, Mr Gajendra (Gaz) Bisht, who has over 28 years' experience as a petroleum geoscientist.

Notes to Editors

About Empyrean Energy Plc (LON: EME):

Empyrean is a London AIM listed oil and gas explorer with three potentially high impact new projects. Empyrean has a 1800km^2 offshore oil permit located in the Pearl River Mouth Basin, China where it has completed 3D seismic in Q3, 2017 to further mature two large oil prospects, Jade and Topaz. Processing and interpretation is underway and preliminary internal interpretation of the raw seismic data has confirmed the structural validity of the Jade and Topaz prospects and also identified a third significant target named Pearl, which is located north of Topaz. The permit is directly South East of the billion barrel+ Liuhua Oil Field operated by CNOOC and two recent discoveries to the permits West and South further enhance the merit of Jade and Topaz. Empyrean is operator and holds 100% of the exploration rights through to commercial discovery where CNOOC have a back-in right to 51%.

Empyrean also has a 10% interest in West Natuna Exploration Limited that holds 100% of the Duyung PSC in offshore Indonesia and is targeting the Mako Shallow Gas Discovery that has an independently verified 2C and 3C gas resource of between 430-650 Bcf recoverable gas. Successful testing operations were recently completed at the Mako South-1 Well with 10.9 million cubic feet of gas flow and better than expected reservoir quality and multi Darcy permeability. The operator is currently analysing data with a view to providing a development plan.

Empyrean also has a joint venture with ASX listed Sacgasco Limited on a suite of projects in the Sacramento Basin, onshore California, USA. The package includes two mature, multi-Tcf gas prospects, 'Dempsey' and 'Alvares', and an Area of Mutual Interest (the "Dempsey Trend AMI") that includes at least three already identified, large Dempsey-style follow up prospects. Dempsey is a large structure mapped with 3D seismic and interpreted by Sacgasco to have the potential to hold a prospective resource of over 1 Tcf of gas in up to seven stacked target reservoirs. The joint venture completed drilling of a 2,970 metre (9,747 fee) combined appraisal and exploration well; Dempsey 1-15, to evaluate this prospect. Wireline logs confirmed numerous zones for production testing and sales of gas have commenced.

Aside from compelling technical merit, the Dempsey-1 well location sits next to existing gas metering and surface infrastructure that is owned by the joint venture. This will allow for any gas discovery to be tested and connected into the local pipeline at relatively low cost and in an accelerated timeframe. This early potential for short-term cash flow in the event of a commercial discovery would be significant for the joint venture and for the state of California where gas demand is high and approximately 90% of consumption is imported from other states. Gas produced in the Sacramento Basin currently prices at a 10-15% premium to Henry Hub Gas Prices. Sales of natural gas from the Dempsey Prospect commenced in July 2018.

Alvares is a large structure mapped with 2D seismic and interpreted by Sacgasco to hold prospective resources of over 2 Tcf estimated potential recoverable gas. A well drilled by American Hunter Exploration Limited in 1982 for deeper oil intersected 5,000ft of gas shows. No valid flow test was conducted due to equipment limitations and the deeper oil target failing. However minor gas flows to surface were recorded even with these limitations. The possibility of using the existing well bore to sidetrack and get a valid flow test, thus reducing costs will be examined.

The Dempsey Trend AMI is an Area of Mutual Interest extending to approximately 250,000 acres and containing the Dempsey prospect (described above) as well as at least three other, Dempsey-style prospects which have been identified on existing seismic.

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Final Results - RNS