



Empyrean Energy PLC - EME Company Update
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Empyrean Energy plc

Company Update

Empyrean Energy ("**Empyrean**" or the "**Company**"), the oil and gas development company with interests in China, Indonesia and the United States, provides the following general update on operations.

Duyung PSC, Indonesia

Further to the announcement on 14 April 2020 regarding the upgrade of internal resource estimates for the Mako gas field, which forms part of the Duyung PSC in the West Natuna basin, offshore Indonesia (the "**Mako Gas Field**"), the Company is pleased to report that further significant progress has been made with the operator of the project, Conrad Petroleum Limited ("**Conrad**"), successfully being able to present all aspects of the project to Gaffney Cline and Associates ("**GCA**"). This progress has been achieved in spite of the challenges presented by travel restrictions and other COVID-19 related measures. The Company anticipates that there are now no major impediments to GCA being able to complete its update of resources for the Mako Gas Field over the coming weeks. Empyrean will provide a summary of the GCA findings in due course when the report becomes available.

Block 29/11, China

The Company is also pleased to report that excellent progress has been made on the seismic inversion work on which the Company has engaged China Offshore Services Limited ("**COSL**") to assist with technical work and data processing and which is expected to better define the reservoir rocks at the Company's two primary prospects, Jade and Topaz. This technical work and data processing are now complete and the Company is in the process of analysing the resulting data and anticipates being in a position to update shareholders on the results of this work in the next few weeks.

Open Offer

The Company announced on 22 April 2020 that it had launched an Open Offer to qualifying shareholders to apply for up to 57,417,375 new ordinary shares at 3.5p per share on the basis of 1 new share for every 8 existing shares already held on the relevant date (the "**Open Offer**"). If fully taken up, the Open Offer will raise gross proceeds of £2.01 million. The Open Offer also has an excess application facility whereby shareholders can apply for more than their entitlement if they have already taken up their full entitlement.

In determining the ratio for, and total size of, the Open Offer, the Company has taken into account that some of the Company's existing larger shareholders, including certain Directors and senior managers of the Company, had already subscribed pursuant to the subscription at 3.5p announced on 14 April 2020. The Company believes that it is appropriate that shareholders be given the opportunity through the Open Offer to subscribe for shares at the same price (3.5p). All support from existing shareholders is welcome.

The Company encourages those shareholders who wish to participate in the Open Offer and who hold their existing shares through a nominee or in their ISA or SIPP to make contact with their investment administrators to alert them of their intention to take up their entitlements under the Open Offer or to contact the Company directly via jonathanwhyte@empyreanenergy.com.

Corporate

The Company continues to actively review its cost base to ensure it is well positioned in the context of the current COVID-19 and oil price related turmoil. The Company reduced director salaries and fees by approximately one-third in FY2017 following successful completion of the sale of its interest in the Sugarloaf AMI in 2016 and subsequent return of capital to shareholders (7.9p per share) in order to better reflect the Company's focus on new exploration and appraisal projects rather than production. The Company maintains a keen focus on costs and continues to operate with general and administrative costs (FY2019: US\$0.973 million) below many of its AIM-quoted peers and will continue to ensure that it is appropriate and competitive.

The aggregate holdings of all Directors and senior managers currently represent c.27% of the current issued share capital of the Company. Participation in equity placements and the exercise of options by those individuals has resulted in c.£1.7 million being invested in the Company by board and senior management since the beginning of FY2018, c.£1.5 million of which has been invested by Empyrean CEO, Tom Kelly. No shares have been sold by Directors or senior management during this time and this continued level of support, commitment and funding strongly aligns the interests of its Directors and senior management with those of shareholders.

Empyrean CEO, Tom Kelly, stated:

"We look forward to Gaffney Cline and Associates further updating its view on resources at the Mako Gas Field. In China, our work continues to yield results and we look forward to updating shareholders on the results of the Seismic Inversion Project work in the coming weeks. As a Board we continue to review the Company's cost base and make appropriate adjustments to ensure that we remain competitive in the current environment."

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