

RNS Final Results

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EMPYREAN ENERGY PLC

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21 August 2020

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

Empyrean Energy is pleased to announce its final results for the year ended 31 March 2020. 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%)

- Presence of Gas Clouds over Jade and Topaz prospects has further mitigated exploration risk, with all nearby CNOOC Oil discoveries showing similarly well-defined gas clouds;
- Seismic inversion project has validated the interpreted presence of an excellent quality carbonate reservoir at the Jade and Topaz prospects, with porosities in the highly favourable range of 20-30%; and
- 12-month extension for first phase of exploration drilling at Block 29/11 secured, giving the Company until June 2022 to drill first well.

Duyung PSC Project, Indonesia (EME 8.5%)

- Highly successful Mako gas field appraisal drilling completed at Tambak-1 and Tambak-2 which demonstrated the presence of well-developed, high quality gas saturated reservoir sandstones across the field;
- Following the drilling program an independent resource audit by Gaffney, Cline and Associates (GCA) confirmed a significant resource upgrade of the Mako gas field including:
 - Mako gas discovery has been confirmed as one of the largest gas fields ever discovered in West Natuna Basin;
 - GCA audited 2C contingent resource estimate of 495 Bcf, a 79% increase from previous GCA estimate; and
 - GCA audited 3C contingent resource estimate of 817 Bcf, a 108% increase from previous GCA estimate.

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

- COVID-19 travel restrictions and uncertainty of being able to execute a drilling campaign safely and without interruption led the joint venture partners placing the intended drilling at Borba on hold until the United States situation normalises.

Corporate

- Placements to raise US\$1.0 million (£0.786 million) completed during the reporting period;
- Placement to raise US\$0.509 million (£0.411 million) completed in April 2020;
- Open Offer raised US\$0.511 million (£0.415 million) in May 2020;
- £10 million Equity Placement Facility Secured; and
- Consideration of US\$295,000 in cash and 6,090,504 Coro Energy shares received in return for a 1.5% reduction of interest in the Duyung PSC, with Coro Energy shares subsequently sold during the reporting period realising net proceeds of US\$156,000.

Empyrean CEO Tom Kelly said, "Targeted activity continued at Empyrean's portfolio of exploration projects during the year, with further exploration and appraisal success achieved in Indonesia and critical de-risking work completed in China.

The Company made important progress at Block 29/11 in China during the year, in preparation for the drilling of an initial exploration well under the PSC terms. To date the Company has completed a substantial volume of work on the project, having independently validated its resource base and decreased exploration risk through comprehensive 3D seismic data analysis which allowed for a positive oil migration study and confirmed the presence of well-defined low reflectivity zones ('gas clouds'). This rigorous 3D seismic analysis has most recently enabled the seismic inversion work which confirmed the excellent carbonate reservoir quality at Jade and Topaz. All these activities have added further confidence to the technical merits of the project and Gaffney, Cline and Associates estimated close to a 1 in 3 chance of geological success at Jade and Topaz, which is very encouraging.

Having also secured a 12-month extension from the China National Offshore Oil Corporation ('CNOOC') for the first phase of exploration on Block 29/11, the Company looks forward to finalising preparations to safely drill the first of the large scale prospects as soon as is practicable.

At the Duyung PSC in Indonesia the operator, Conrad Petroleum completed a highly-successful appraisal of the Mako gas discovery (comprising the Tambak-1 and Tambak-2 wells), which confirmed the presence of well-developed, high quality reservoir sandstones with a common gas water contact across the Mako structure. Following the drilling campaign Gaffney, Cline and Associates were commissioned by the operator on behalf of the Duyung PSC partners to update its view of the Mako field. The results of this audit were released post period end and not only confirmed a significant resource upgrade but also confirmed the Mako field as one of the largest gas fields ever discovered in West Natuna Basin. The Mako Gas Field has now become strategically important in that it is approximately 0.5 Tcf of high quality pipeline methane, close to existing infrastructure and well established markets, now confirmed as the largest undeveloped gas resource in the immediate region.

In California, COVID-19 travel restrictions and the uncertainty of being able to execute a drilling campaign safely and without interruption have caused the joint venture partners to place the intended drilling of the Borba well on hold until the United States situation normalises.

The Company successfully conducted a series of placements during the year to fund its share of the Indonesian drilling campaign and for working capital purposes. A Placement and Open Offer were also conducted post year end to provide further funding. In addition, the Company entered into a £10 million equity placement facility with Long State Investment Limited, a Hong Kong-based energy and resource focused investment company which provides Emyrean with a fully flexible funding facility and enables it to access capital to fund its ongoing working capital, if required.

We are continually assessing other financing and strategic alternatives to provide the Company with additional working capital as and when required, including through the sale or partial sale of existing assets, through joint ventures of existing assets or through further equity or debt funding.

Overall, it has been a successful year in a market that presented some unique challenges and the Company has, despite these challenges, positioned itself to realise the significant and potentially game changing upside potential of its Chinese assets, as well as to capitalise on the success of the exploration program in Indonesia this year. We look forward to reporting further progress on our portfolio of projects in the near term."

Chairman's Statement

It was pleasing to see further progress made by Emyrean on its portfolio of exploration projects, primarily in China and Indonesia, during the year.

As all are acutely aware, 2020 has been a challenging year but Emyrean continues to safely execute its business plan and move forward. I'd like to extend the Board's thanks to our shareholders for their support, particularly in these volatile markets.

With the COVID-19 pandemic still running its course, I note that this year's Annual General Meeting will sensibly be a closed meeting. However, we will be inviting shareholders to submit questions in advance and will endeavour to answer all questions at that time. Again, we thank all stakeholders for their patience in the unique circumstances in which we find ourselves and look forward optimistically to a return to normality in markets and the global economy in the near future.

Finally, I would like to thank the Board and staff for their contributions during the year, in particular Tom Kelly and Gaz Bisht who continue to drive the Company towards a series of successful and value adding outcomes in the future.

Patrick Cross

Non-Executive Chairman

21 August 2020

Operational Review

The 2020 financial year has seen substantial progress for Emyrean on several fronts, as the Company's corporate objective of building a significant asset portfolio across the Asian region has begun to take shape. Highlighted by the successful drilling campaign at the Mako gas field in Indonesia, and resultant significant independent resource upgrade, and further targeted technical work and de-risking of the large and potentially Company transforming prospects at Block 29/11, offshore China.

Emyrean and its partners have continued the methodical technical evaluation and de-risking activities at its 100% working interest in Block 29/11, offshore China, with two matured drill-ready low risk-high reward prospects now awaiting drilling. In response to COVID-19 pandemic, the Company requested and was successful in securing a 12 month extension from CNOOC for the first phase of exploration on Block 29/11. While the extension secures the block until June 2022, the Company's intentions remain to finalise preparations to safely drill the first of the large scale prospects as soon as is practicable.

In Duyung PSC in offshore Indonesia, Emyrean reduced its interest by 1.5% through the Coro Energy transaction in 2019, which brought US\$10.5m in funding from Coro Energy Plc for the drilling of two appraisal wells in the Mako gas discovery.

A highly successful appraisal program (comprising the Tambak-1 and Tambak-2 appraisal wells) was conducted in Q4 2019. A comprehensive dataset was collected in both wells including electric logs, Repeat Formation Testing (RFT), and a Drill Stem Test (DST). The detailed interpretation of subsurface data confirmed the extensive lateral extent of well developed, high quality reservoir sandstones across the field. In addition, Tambak-1 interested deeper gas contact in the log data that earlier estimated from the RFT data of Mako South-1. Upon completion of appraisal program GCA was engaged to conduct an independent resource audit for the Mako Gas Field, which confirmed a significant resource upgrade and also confirmed the Mako field as one of the largest gas fields ever discovered in West Natuna Basin.

Emyrean also has a 25-30% working interest in a package of gas projects in the Sacramento Basin, onshore California. The joint venture partners are currently waiting for the COVID-19 situation to normalise before targeting the drilling of a well at the Borba prospect, which is now fully permitted for drilling.

Emyrean 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. No technical work has been undertaken on these projects during the year.

China Block 29/11 Project (100% WI)

Background

Block 29/11 is located in the prolific Pearl River Mouth Basin, offshore China approximately 200km Southeast of Hong Kong. The acquisition of this block heralded a new phase for Emyrean 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, China National Offshore Oil Corporation Limited ('CNOOC') will have a back in right to 51% of the permit.

Following the completion and interpretation of the 3D seismic data acquired on Block 29/11, the prospective resources (un-risked) of all three prospects on the Block (Jade, Topaz and Pearl) were independently validated, by Gaffney, Cline and Associates, who completed an audit of the Company's oil in place estimates in November 2018. Total mean oil in place estimates on the three prospects are now 884 MMbbl on an un-risked basis.

Oil in place (MMbbl) audited by Gaffney, Cline and Associates

| Prospect | P90 | P50 | P10 | Mean | GCoS |
|----------|-----|-----|-----|------|------|
| Jade | 93 | 187 | 395 | 225 | 32% |
| Topaz | 211 | 434 | 891 | 506 | 30% |
| Pearl | 38 | 121 | 302 | 153 | 15% |

In addition, Gaffney, Cline and Associates estimated close to a 1 in 3 chance of geological success at Jade and Topaz, which is particularly pleasing. Exploration risk has been further mitigated by the completion of an oil migration study during June 2018 which established oil migration pathways into all three prospects. During the reporting period, in May 2019 as detailed further below, the Company further solidified the technical merits of the project by confirming the presence of well-defined gas clouds over the Jade and Topaz prospects.

Presence of Gas Clouds Mitigating Exploration Risk at Jade and Topaz Prospects

Empyrean continued systematic, 'issue-based' technical evaluation at its 100% working interest in Block 29/11, offshore China during 2020. Block 29/11 sits in the heart of Baiyun sag area, and is surrounded by several large oil and gas fields. While the discovery of oil columns in excess of 150m in several well augurs positively for the prospectivity of Block 29/11, comprehensive technical evaluation was conducted in Q1 2019 to further mitigate the exploration risk of key prospects. The scope of this work included analysis of well and 3D seismic data in the area currently operated by CNOOC. Access being granted to the CNOOC owned 3D seismic and well data for this study is an evidence of a deep and effective relationship that Empyrean have been able to build with CNOOC.

On good quality 3D seismic, the presence of gas clouds has been used as an effective exploration tool in prolific basins worldwide including the North Sea, Gulf of Mexico, and the Malaysian Sabah basin, resulting in the discovery of significant amounts of oil.

In May 2019 the Company announced the results of the comprehensive analysis of the excellent quality 3D seismic data acquired by Empyrean during 2017 as well as that of CNOOC 3D seismic data to the immediate west of Block 29/11. This analysis confirmed the presence of well-defined low reflectivity zones ('gas clouds') in the overburden strata above the Jade and Topaz traps. Empyrean's independent analysis of 3D seismic data over 4 large CNOOC oil discoveries located close to Block 29/11 confirmed the presence of similar gas clouds in the overburden.

At the same time, three dry wells drilled by CNOOC in proximity to the discoveries, outside Block 29/11, have been analysed, and the 3D seismic data over these wells confirms the lack of any gas clouds. Similar technical work was carried out over two dry wells in Block 29/11. These wells were drilled prior to Empyrean's involvement and without any 3D seismic data. Both wells confirm the lack of any gas clouds in overburden. As a result, it is Empyrean's interpretation that the presence of well-defined gas clouds in the overburden on both the Jade and Topaz structures mitigates the exploration risk on these prospects significantly. The Pearl prospect does not have 100% coverage with 3D seismic to enable the same comprehensive analysis and assessment at this point in time.

Reservoir Quality Assessment - Seismic Inversion Project

Another issue-specific technical evaluation that the Company completed during 2020 was to address the quality of reservoir. Geological studies completed earlier provided confirmation of an excellent quality reservoir at Jade and Topaz prospects, which the Company decided to address further via seismic inversion. The Company engaged China Offshore Services Limited ('COSL') to carry out data processing and technical work for the seismic inversion project and then carried out detailed analysis and assessment of the dataset. Analysis of the seismic inversion data validated the interpreted presence of excellent quality carbonate reservoir facies at both the Jade and Topaz prospects with porosities interpreted to be in a highly favourable range of 20-30%.

The main aim of the seismic inversion project was comprehensive reservoir characterisation, with particular focus on the Jade and Topaz prospects, by combining existing well log data with 3D seismic data to generate an acoustic impedance dataset. Analysis of this nature has been used to successfully interpret the physical rock properties of reservoirs globally, in particular lithology, porosity and thickness of reservoir.

In order to achieve the most comprehensive and robust result from the Seismic Inversion Project, the Company requested access from CNOOC to the log data of a crucial well, LH-23-1-1d, located approximately 12 km southwest of the Jade prospect in a permit operated by CNOOC. CNOOC agreed to provide the data, resulting in increased technical confidence in the results of the seismic inversion project. The LH-23-1-1d well intersected both carbonate and sandstone reservoirs with oil pay.

In order to combine well log data with the 3D seismic data, the Company worked closely with the COSL team. During this process well data from the LH-23-1-1d well proved crucial in establishing the close relationship of impedance data extracted from the seismic data to the lithology, porosity and thickness of reservoir in existing wells.

Comprehensive and systematic analysis of the acoustic impedance dataset resulted in separating Zhujiang carbonate facies from the underlying Zhuhai sandstones facies. In addition, the lateral distribution of high-quality carbonate reservoir has been mapped. This more detailed work validates the earlier interpretation from seismic thickness analysis and supports the interpreted presence of a thick carbonate reservoir with porosities in a range of 20-30% at the Jade and Topaz prospects.

12-Month Extension for First Phase Exploration Drilling

The initial contractual term called Geophysical Service Agreement ('GSA') was for two years with a work programme commitment of acquisition, processing and interpretation of 500km² of 3D seismic data. Having successfully completed the committed work program for the GSA, the Company exercised its option to enter a PSC on the Block, on pre-negotiated terms, with CNOOC. The PSC was signed on 30 September 2018 with the date of commencement of implementation of the PSC being 13 December 2018. The first phase of the contract is for 2.5 years with a commitment to drill one exploration well to a depth of 2,500m or to the Basement Formation.

Due to the COVID-19 situation and the resultant global control policies, the Company proactively engaged with CNOOC and applied for a 12-month extension to the first phase of the exploration period for the PSC. In June 2020 Empyrean announced that CNOOC had granted the 12-month extension as requested. As a result, the first phase of the exploration period for the PSC has been extended to 12 June 2022. The Company is taking all the necessary steps to ensure the safe drilling of the well as soon as is practicable.

Under the PSC terms, Empyrean has the option of entering the second phase of exploration after drilling the first exploration well and subsequently relinquishing 25% of the current area. The second phase has a commitment to drill one additional exploration well to a depth of 2,500m or to the Basement Formation within a further 2 years.

Cautionary Statement: The volumes presented in this announcement are STOIIIP estimates only. A recovery factor needs to be applied to the undiscovered STOIIIP estimates based on the application of a future development project. The subsequent estimates, post the application of a recovery factor, will 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.

Duyung PSC, Indonesia (10% WI)

Background

In April 2017, Empyrean acquired from Conrad Petroleum a 10% shareholding in WNEL, which held 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 1,100km² in the prolific West Natuna Basin. The main asset in the permit is the Mako shallow gas discovery with 23 feet of gas bearing excellent reservoir quality rock with high permeability sands in the multi Darcy range. The gas is of high-quality being close to 100% methane.

In early 2019, both the operator, Conrad Petroleum, and Empyrean divested part of their interest in the Duyung PSC to AIM-listed Coro Energy Plc. Following the transaction, Empyrean's interest reduced from 10% to 8.5% interest in May 2020, having received cash and shares from Coro. As part of this transaction Coro funded US\$10.5 million of the costs of the 2019 drilling programme. Empyrean also received cash consideration of US\$295,000 and consideration shares in Coro with a value of US\$185,000 for the transfer to Coro of 1.5% of its current 10% interest in the Duyung PSC.

Duyung PSC Drilling Programme - October/November 2019

Following receipt of the approved the Plan of Development ('**POD**') for the Mako Gas Field in March 2019, which secured tenure until 2037 and was required ahead of the drilling programme at the Duyung PSC, Conrad Empyrean and Coro finalised a comprehensive drilling programme at the Duyung PSC comprising two wells. One appraisal well was designed to test the potential of the deeper Gabus reservoir in the Tambak prospect beneath the central area of the Mako gas field. The other appraisal well was designed to appraise the intra-Muda sandstone reservoir in the northern area of the Mako field.

During October and November 2019, a highly successful appraisal drilling campaign was conducted in the Duyung PSC. The appraisal wells confirmed the field-wide presence of excellent quality gas in the intra-Muda reservoir however sands of the Mako gas field however testing of the deeper Tambak prospect in the Lower Gabus interval found these sandstones to have low gas saturations and attempts to collect fluid samples and pressure data demonstrated low permeabilities.

Tambak-2

The Tambak-2 well successfully reached a total depth of 1,650 feet on 15 October 2019, the top of the targeted intra-Muda reservoir depth came in as prognosed approximately 10 feet up-dip to Conrad's Mako South-1 gas discovery well over 13.5 km away.

A full logging suite was acquired, including formation pressure measurements, confirming a 33 feet gross gas pay zone (30 feet net) with formation permeabilities calculated to be over 1 Darcy across the best quality zone. The pressures and gas-water contact depth in Tambak-2 are the same as those encountered in Mako South-1, confirming a very large "single-tank" or areal extent of the Mako gas field.

While preparing for a Drill Stem Test ('**DST**') across the intra-Muda reservoir, an inflatable open hole bridge plug ('**packer**'), used to isolate the gas-bearing reservoir for testing, failed. During operations to recover the packer, the well started flowing natural gas to surface. For safety reasons, the well was immediately shut in. Subsequently, utilising the appropriate well control practices, the well was killed using heavy mud containing barite. A significant quantity of the heavy mud was lost in the highly permeable intra-Muda reservoir.

Following this operation, the well was conditioned, and the DST equipment set in place into the wellbore. Two separate DST attempts failed to flow gas in spite of gas bearing zones being confirmed in the electric log. Subsequent analysis of drilling data established formation damage due to the heavy mud used to control the well.

Tambak-1

The Tambak-1 well, located approximately 4.5 km north of the Mako South-1 well, was designed to both appraise the Mako gas field and test the underlying Tambak exploration prospect.

The Tambak-1 well encountered 82 feet of total intra-Muda reservoir sandstones with 56 feet of better quality upper sandstone, confirmed a common gas-water contact across the field and culminated in the DST demonstrating the potential deliverability of the Mako reservoir.

Following the DST, which flowed dry gas at 11.4 MMscf/d on a 181/64 inch (2.8 inch) choke with well head tubing pressure being maintained at 225psi, operations concluded in late November 2019.

The well was deepened beneath the Mako field to a depth of 5,062 feet true vertical depth sub-sea ('**TVDSS**') to test the Tambak exploration prospect. The well encountered multiple sandstone intervals in the Lower Gabus section as predicted, with corresponding hydrocarbon shows seen while drilling. However, petrophysical interpretation of wireline log data has concluded that these sandstones have low gas saturations and attempts to collect fluid samples and pressure data demonstrate low permeabilities.

Tambak-1 was plugged and abandoned, as originally planned, prior to the Asian Endeavour 1 rig being demobilised.

The appraisal of the intra-Muda sandstones of the Mako gas field was better than expected with better quality sands and a thicker reservoir encountered and the flow test now from two wells has confirmed the deliverability of Mako gas. The Tambak-1 and Tambak-2 wells demonstrated the presence of well-developed, high quality reservoir sandstones with a common gas water contact across the Mako structure.

Mako Resource Audit Confirms Significant Upgrade

Following on from the highly successful drilling campaign, Conrad engaged GCA to complete an independent resource audit for the Mako Gas Field, further to the updated internal resource estimates prepared by Conrad in May 2020.

GCA's audit ('**2020 GCA Audit**') confirmed a significant resource upgrade for the Mako Gas Field compared to its previous resource assessment released in January 2019 ('**2019 GCA Audit**'). 2C (contingent) recoverable resource estimates have been increased to 495 Bcf, an increase of approximately 79% compared with the 2019 GCA Audit and confirming the work completed by the operator and partners. In the upside case, the 3C (contingent) resources have increased by approximately 108% compared with the 2019 GCA Audit and GCA's assessment is also significantly higher than the 3C estimate made by the Operator and partners in April 2020.

With the latest upgrade, Mako has been confirmed to be one of the largest gas fields ever discovered in the West Natuna Basin and is currently by far the largest undeveloped resource in the immediate area.

Results of the Updated Resource Audit

The revised estimates of gross (full field) recoverable dry gas audited in the 2020 GCA Audit are:

| Contingent Resource Estimates | 2019 GCA Audit | 2020 GCA Audit | Increase |
|-------------------------------|----------------|----------------|----------|
| | Bcf | Bcf | % |
| 1C (Low Case) | 184 | 287 | 56 |
| 2C (Mid Case) | 276 | 495 | 79 |
| 3C (High Case) | 392 | 817 | 108 |

The full field resources above are classified in the 2020 GCA Audit as contingent. Gas volumes are expected to be upgraded to reserves when certain commercial milestones are achieved, including execution of a GSA and a final investment decision ('**FID**').

The Mako Gas Field is located close to the West Natuna pipeline system and gas from the field can be marketed to buyers in both Indonesia and in Singapore. A Heads-of-Agreement with a gas buyer in Singapore is already in place. The conclusion of GSA negotiations will mark a further important step toward the FID to develop and commercialise the field. Further updates will be provided in due course.

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

Background

In May 2017, Empyrean agreed to farm-in to a package of opportunities including the Dempsey and Alvares prospects in the Northern Sacramento Basin, onshore California. The rationale for participating in this potentially significant gas opportunity was a chance to discover large quantities of gas in a relatively 'gas hungry'

market. Another attractive component of the deal was the ability to commercialise a potential gas discovery using existing gas facilities that are owned by the operator.

Following on from the Dempsey drilling campaign in 2018, the joint venture integrated the subsurface data with regional geology and seismic data to evaluate additional more attractive targets in thicker reservoir units for future drilling along the "Dempsey trend", in which Emyrean will earn a 30% interest.

During the reporting period the drilling application for the Borba Prospect was approved by the County and the final approval from California Department of Geological and Geothermal Resources was received. With the outbreak of COVID-19 however, the travel restrictions and the uncertainty of being able to execute a drilling campaign safely and without interruption have caused the commencement of any planned drilling at Borba to be placed on hold until the United States situation normalises.

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 2020/21 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.

Eagle Oil Pool Development Project (58.084% WI)

The Eagle Oil Pool Development Projects 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 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 2020/21 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 30 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).

Bcf: Billions of cubic feet

MMbbl: Million Barrels of Oil

**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)

21 August 2020

Going Concern

The Company's principal activity during the year has been the exploration, evaluation, appraisal and development of its exploration projects. At year end the Company had a cash balance of US\$0.19m (2019: US\$0.33m) and made a loss after income tax of US\$0.28m (2019: profit of US\$0.15m).

The Directors have prepared cash flow forecasts for the Company covering the period to 31 August 2021 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 further equity or debt funding. In addition the entering into an Equity Facility Agreement with Long State Investment Limited provides Emyrean with a fully flexible funding facility and enables it to access capital to fund its ongoing working capital, if required and subject to the administrative conditions of the agreement.

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, at the date of this report, 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.

Post Reporting Date Events

Significant events post reporting date were as follows:

In April 2020 the Company completed a placement to raise US\$0.509 million (£0.411 million).

In May 2020 the Company completed an Open Offer to raise US\$0.511 million (£0.415 million).

In May 2020 an independent resource audit by GCA was completed which confirmed a significant resource upgrade of the Mako gas field including an audited 2C contingent resource estimate of 495 BcF, a 79% increase from previous GCA estimate and an audited 3C contingent resource estimate of 817 BcF, a 108% increase from previous GCA estimate.

In May 2020 the final Indonesian regulatory approvals for the transfer of title of the 15% direct interest in the Duyung PSC to Coro were received. As part of this completion process WNEL made a direct transfer of its interest in the Duyung PSC to Emyrean and the other owners, who now hold their interest in the Duyung PSC directly.

In June 2020 the Company received a 12-month extension from CNOOC for first phase of exploration drilling at Block 29/11 secured, giving the Company until June 2022 to drill the first well.

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.

Strategic Report

The Company has chosen, in accordance with Section 414C of the Companies Act 2006, to set out the likely future developments in the business of the Company which would otherwise be required to be contained in the report of the Directors within the Strategic Report on pages 7 to 12.

Statement of Comprehensive Income
For the Year Ended 31 March 2020

| | | 2020 | 2019 |
|--|-------|----------|----------|
| | Notes | US\$'000 | US\$'000 |
| Revenue | | - | - |
| <hr/> | | | |
| Administrative expenditure | | | |
| Administrative expenses | | (326) | (375) |
| Compliance fees | | (214) | (212) |
| Directors' remuneration | | (388) | (386) |
| Foreign exchange differences | | (34) | (49) |
| Total administrative expenditure | | (962) | (1,022) |
| <hr/> | | | |
| Operating loss | 2 | (962) | (1,022) |
| <hr/> | | | |
| Finance income | 3 | 43 | 1,114 |
| Impairment of oil and gas properties | 7 | (47) | (47) |
| Fair value revaluation | 8 | - | 98 |
| Loss on sale of investment | 8 | (29) | - |
| <hr/> | | | |
| (Loss)/Profit from continuing operations before taxation | | (995) | 143 |
| Tax benefit in current year | 5 | 716 | 2 |
| <hr/> | | | |
| (Loss)/Profit from continuing operations after taxation | | (279) | 145 |
| <hr/> | | | |
| Total comprehensive (loss)/profit for the year | | (279) | 145 |
| <hr/> | | | |
| (Loss)/Earnings per share from continuing operations (expressed in cents) | | | |
| - Basic | 6 | (0.06)c | 0.03c |
| - Diluted | | (0.06)c | 0.03c |

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

Statement of Financial Position
As at 31 March 2020

Company Number: 05387837

| | | 2020 | 2019 |
|--|-------|----------|----------|
| | Notes | US\$'000 | US\$'000 |
| Assets | | | |
| Non-Current Assets | | | |
| Oil and gas properties: exploration and evaluation | 7 | 9,586 | 9,075 |
| Investments | 8 | 4,404 | 3,200 |
| Total non-current assets | | 13,990 | 12,275 |
| <hr/> | | | |
| Current Assets | | | |
| Trade and other receivables | 9 | 35 | 37 |
| Corporation tax receivable | 5 | 358 | - |
| Cash and cash equivalents | | 189 | 332 |
| Total current assets | | 582 | 369 |
| <hr/> | | | |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | 10 | 1,170 | 374 |
| Provisions | | 78 | 54 |
| Derivative financial liabilities | 11 | - | 1,349 |
| Total current liabilities | | 1,248 | 1,777 |
| <hr/> | | | |
| Net Current Liabilities | | (666) | (1,408) |
| <hr/> | | | |
| Net Assets | | 13,324 | 10,867 |

| NET ASSETS | | 2020 | 2019 |
|-----------------------------|----|---------------|---------------|
| Shareholders' Equity | | | |
| Share capital | 13 | 1,291 | 1,232 |
| Share premium reserve | | 27,811 | 26,524 |
| Share based payment reserve | | 153 | 69 |
| Retained losses | | (15,931) | (16,958) |
| Total Equity | | 13,324 | 10,867 |

The Financial Statements were approved by the Board of Directors on 21 August 2020 and were signed on its behalf by:

Patrick Cross
Chairman

Thomas Kelly
Chief Executive Officer

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

Statement of Cash Flows
For the Year Ended 31 March 2020

| | Notes | 2020 US\$'000 | 2019 US\$'000 |
|--|-------|------------------|------------------|
| Operating Activities | | | |
| Payments for operating activities | | (579) | (971) |
| Receipt of corporation tax | | 358 | 1,322 |
| Net cash (outflow)/inflow from operating activities | 12 | (221) | 351 |
| Investing Activities | | | |
| Payments for exploration and evaluation | | (557) | (1,424) |
| Payments for investments | | (953) | (530) |
| Proceeds from disposal of investments | | 276 | 175 |
| Receipt of exploration bonds and bank guarantees | | - | 150 |
| Net cash outflow for investing activities | | (1,234) | (1,629) |
| Financing Activities | | | |
| Issue of ordinary share capital | | 1,375 | 1,314 |
| Payment of equity issue costs | | (29) | (43) |
| Net cash inflow from financing activities | | 1,346 | 1,271 |
| Net decrease in cash and cash equivalents | | (109) | (7) |
| Cash and cash equivalents at the start of the year | | 332 | 388 |
| Forex loss on cash held | | (34) | (49) |
| Cash And Cash Equivalents At The End Of The Year | | 189 | 332 |

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

Statement of Changes in Equity
For the Year Ended 31 March 2020

| | Notes | 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 2018 | | 1,205 | 25,280 | 10 | (17,103) | 9,392 |
| Profit after tax for the year | | - | - | - | 145 | 145 |
| Total comprehensive profit for the year | | - | - | - | 145 | 145 |
| Contributions by and distributions to owners | | | | | | |
| Shares issued in the period | 13 | 27 | 1,287 | - | - | 1,314 |
| Equity issue costs | | - | (43) | - | - | (43) |
| Share based payment expense | | - | - | 59 | - | 59 |
| Total contributions by and distributions to owners | | 27 | 1,244 | 59 | - | 1,330 |
| Balance at 1 April 2019 | | 1,232 | 26,524 | 69 | (16,958) | 10,867 |
| Loss after tax for the year | | - | - | - | (279) | (279) |
| Total comprehensive loss for the year | | - | - | - | (279) | (279) |
| Contributions by and distributions to owners | | | | | | |
| Shares issued in the period | 13 | 59 | 1,316 | - | - | 1,375 |
| Equity issue costs | | - | (29) | - | - | (29) |
| Share based payment expense | | - | - | 84 | - | 84 |
| Derivative settlement | | - | - | - | 1,306 | 1,306 |
| Total contributions by and distributions to owners | | 59 | 1,287 | 84 | 1,306 | 2,736 |
| Balance at 31 March 2020 | | 1,291 | 27,811 | 153 | (15,931) | 13,324 |

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

Notes to the Financial Statements

For the Year Ended 31 March 2020

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):

- Investments
- 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\$0.19m (2019: US\$0.33m) and made a loss after income tax of US\$0.28m (2019: profit of US\$0.15m).

The Directors have prepared cash flow forecasts for the Company covering the period to 31 August 2021 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 further equity or debt funding. In addition the entering into an Equity Facility Agreement with Long State Investment Limited provides Emyrean with a fully flexible funding facility and enables it to access capital to fund its ongoing working capital, if required and subject to the administrative conditions of the agreement.

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 at the date of this report, 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.

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 2019 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 2020.

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).

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, or costs incurred after the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, which are reclassified as development and production assets. Property, Plant 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

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.

Investments

Under IFRS 9, all investments in equities are required to be measured at fair value. The Company's interest in the Duyung PSC is classified under IFRS 9 as a financial asset at fair value through profit or loss, due to the Company's 8.5% shareholding and lack of significant influence over operations. Financial assets designated as fair value through the profit or loss are measured at fair value through profit or loss at the point of initial recognition and subsequently revalued at each reporting date. The purchase agreement detailed in Note 8(b) has formed the basis for the fair value assessment at 31 March 2020, including costs capitalised since the agreement was entered into.

Joint operations

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required. Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Company's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements.

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 financial assets at amortised cost (trade and other receivables, excluding prepayments, and cash and cash equivalents) and financial assets classified as fair value through profit or loss. Financial assets at amortised cost are initially measured at fair value and subsequently at amortised cost and attributable transaction costs are included in the initial carrying value. 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 subsequently revalued at each reporting date. Attributable transactions costs are recognised in profit or loss as incurred. 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 or 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 2019 or 31 March 2020.

(c) Impairment for financial instruments measured at amortised cost

Impairment provisions for financial instruments are recognised based on a forward looking expected credit loss model in accordance with IFRS 9. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

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.

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 and judgements

The following are the critical estimates and judgements 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 (judgement)

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 except for the below:

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 work is forecast for either project in 2020/21 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 2020.

(b) Investments (judgement and estimate)

The Company's interest in the Duyung PSC is classified under IFRS 9 as a financial asset at fair value through profit or loss, due to the 8.5% shareholding and lack of significant influence over operations. Financial assets designated as fair value through profit or loss are measured at fair value through profit or loss at the point of initial recognition and subsequently revalued at each reporting date. The purchase agreement detailed in Note 8(b) has formed the basis for the fair value assessment at 31 March 2020 and 31 March 2019, including costs capitalised since the agreement was entered into. While the successful appraisal drilling program conducted during the year has resulted in a substantial increase in the contingent resources of Mako gas field subsequent to year end, there are, in the Board's opinion, several milestones required to be achieved before an updated fair value of the project can be reliably and objectively assessed. These include steps required for contingent resources to be converted to reserves at final investment decision (FID) and also the steps required to finalise a gas sales agreement, which has been delayed by the current COVID-19 pandemic and resultant disruptions. Given COVID-19 and the current uncertainty and volatility in the energy markets, attempting to model fair value at this point in time would be intrinsically difficult and subject to a number of contingencies. Therefore the carrying value at 31 March 2020 of \$US4.4 million approximates fair value.

Note 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. 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 2020 | | | | | |
| Revenue from continued operations | - | - | - | - | - |
| Segment result | - | - | - | - | - |
| Unallocated corporate expenses | - | - | - | (962) | (962) |
| Operating loss | - | - | - | (962) | (962) |
| Finance income | - | - | - | 43 | 43 |
| Impairment of oil and gas properties | - | - | (47) | - | (47) |
| Loss on sale of investment | - | (29) | - | - | (29) |
| Loss before taxation | - | (29) | (47) | (919) | (995) |
| Tax benefit in current year | - | - | - | 716 | 716 |
| Loss after taxation | - | (29) | (47) | (203) | (279) |
| Total comprehensive loss for the financial year | - | (29) | (47) | (203) | (279) |
| Segment assets | 5,679 | 4,404 | 3,907 | - | 13,990 |
| Unallocated corporate assets | - | - | - | 582 | 582 |
| Total assets | 5,679 | 4,404 | 3,907 | 582 | 14,572 |
| Segment liabilities | - | 480 | - | - | 480 |
| Unallocated corporate liabilities | - | - | - | 768 | 768 |
| Total liabilities | - | 480 | - | 768 | 1,248 |
| 31 March 2019 | | | | | |
| Revenue from continued operations | - | - | - | - | - |
| Segment result | - | - | - | - | - |
| Unallocated corporate expenses | - | - | - | (1,022) | (1,022) |
| Operating loss | - | - | - | (1,022) | (1,022) |
| Finance income | - | - | - | 1,114 | 1,114 |
| Impairment of oil and gas properties | - | - | (47) | - | (47) |
| Fair value revaluation | - | 98 | - | - | 98 |
| Profit/(loss) before taxation | - | 98 | (47) | 92 | 143 |
| Tax benefit in current year | - | - | - | 2 | 2 |
| Profit/(loss) after taxation | - | 98 | (47) | 94 | 145 |
| Total comprehensive profit/(loss) for the financial year | - | 98 | (47) | 94 | 145 |
| Segment assets | 5,222 | 3,200 | 3,853 | - | 12,275 |
| Unallocated corporate assets | - | - | - | 369 | 369 |
| Total assets | 5,222 | 3,200 | 3,853 | 369 | 12,644 |
| Segment liabilities | - | 175 | - | - | 175 |
| Unallocated corporate liabilities | - | - | - | 1,602 | 1,602 |
| Total liabilities | - | 175 | - | 1,602 | 1,777 |

Note 2. Operating Loss

| | 2020 US\$'000 | 2019 US\$'000 |
|---|------------------|------------------|
| The operating loss is stated after charging: | | |
| Audit and tax fees | (84) | (90) |
| Total operating loss | (84) | (90) |

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 | 42 | 44 |
| Fees payable to the Company's auditor and its associates in respect of: | | |
| - Other services relating to taxation | 12 | 15 |
| Total auditor's remuneration | 54 | 59 |

Note 3. Finance Income

| | 2020 US\$'000 | 2019 US\$'000 |
|---|------------------|------------------|
| Fair value movement on derivative liability | 43 | 1,114 |
| Total finance income | 43 | 1,114 |

Note 4. Directors' Emoluments

| Fees and Salary | Bonus Payment | Social Security | Short-Term |
|-----------------|---------------|-----------------|------------|
|-----------------|---------------|-----------------|------------|

| | 2020 | | 2019 | | Contributions | | Employment Benefits (Total) | |
|-------------------------------|------------|------------|----------|----------|---------------|----------|-----------------------------|------------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Non-Executive | | | | | | | | |
| Directors: | | | | | | | | |
| Patrick Cross | 23 | 24 | - | - | 2 | 2 | 25 | 26 |
| John Laycock | 14 | 14 | - | - | 1 | 1 | 15 | 15 |
| Executive | | | | | | | | |
| Directors: | | | | | | | | |
| Thomas Kelly ^(a) | 283 | 293 | - | - | - | - | 283 | 293 |
| Gajendra Bisht ^(b) | 220 | 220 | - | - | - | - | 220 | 220 |
| | 540 | 551 | - | - | 3 | 3 | 543 | 554 |

(a) Services provided by Apnea Holdings Pty Ltd, of which Mr Kelly is a Director. On 9 July 2019 Mr Kelly exercised 15,000,000 options at an exercise price of £0.02. The closing share price of the Company on 9 July 2019 was £0.0905. 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.

(b) Services provided by Topaz Energy Pty Ltd, of which Mr Bisht is a Director. 75% of Mr Bisht's fees are capitalised to exploration and evaluation expenditure (Note 7).

The average number of Directors was 4 during 2020 and 2019. The highest paid director received US\$283,000 (2019: US\$293,000).

Note 5. Taxation

| | 2020 US\$'000 | 2019 US\$'000 |
|---|------------------|------------------|
| US corporation tax benefit at 21% | (716) | - |
| AMT Federal Credit received during year | 358 | - |
| Total corporation tax receivable | (358) | - |

Factors Affecting The Tax Charge For The Year

| | | |
|--|--------------|-------|
| (Loss)/profit from continuing operations | (995) | 143 |
| (Loss)/profit on ordinary activities before tax | (995) | 143 |
| (Loss)/profit on ordinary activities at US rate of 21% (2019: 21%) | (209) | 30 |
| (Non-assessable income)/non-deductible expenses | 19 | (232) |
| Movement in provisions | 5 | - |
| Over provision in prior year | (716) | - |
| Deferred tax assets not recognised | 185 | 202 |
| | (716) | (2) |
| Analysed as: | | |
| Tax benefit on continuing operations | (716) | (2) |
| Tax benefit in current year | (716) | (2) |

Deferred Tax Liabilities

| | | |
|---|--------------|---------|
| Temporary differences - exploration | 1,628 | 1,594 |
| Temporary differences - other | 393 | 393 |
| | 2,021 | 1,987 |
| Offset of deferred tax assets | (2,021) | (1,987) |
| Net deferred tax liabilities recognised | - | - |

Unrecognised Deferred Tax Assets

| | | |
|--|--------------|---------|
| Tax losses ^(a) | 3,468 | 3,384 |
| AMT Federal Credit | - | 358 |
| Temporary differences - exploration | 2,940 | 2,925 |
| Temporary differences - other | 1,075 | 1,183 |
| | 7,483 | 7,850 |
| Offset of deferred tax liabilities | (2,021) | (1,987) |
| Net deferred tax assets not brought to account | 5,462 | 5,863 |

(a) If not utilised, carried forward tax losses of approximately US\$9.32 million (2019: \$8.91 million) begin to expire in the year 2033.

Deferred tax assets and deferred tax liabilities are offset only if applicable criteria to set off is met.

Note 6. (Loss)/Earnings Per Share

The basic (loss)/earnings per share is derived by dividing the (loss)/profit after taxation for the year attributable to ordinary shareholders by the weighted average number of shares on issue being 438,014,668 (2019: 417,825,466).

| | 2020 | 2019 |
|---|----------------|-------------|
| (Loss)/Earnings per share from continuing operations | | |
| (Loss)/Profit after taxation from continuing operations | US\$(279,000) | US\$145,000 |
| (Loss)/Earnings per share - basic | (0.06)c | 0.03c |
| (Loss)/Profit after taxation from continuing operations adjusted for dilutive effects | US\$(279,000) | US\$145,000 |
| (Loss)/Earnings per share - diluted | (0.06)c | 0.03c |

For the current and prior financial years the exercise of the options is anti-dilutive and as such the diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share. Details of the potentially

issuable shares that could dilute earnings per share in future periods are set out in Notes 11 and 13.

Note 7. Oil and Gas Properties: Exploration and Evaluation

| | 2020 US\$'000 | 2019 US\$'000 |
|---------------------------|------------------|------------------|
| Balance brought forward | 9,075 | 7,820 |
| Additions ^(a) | 558 | 1,302 |
| Impairment ^(b) | (47) | (47) |
| Net book value | 9,586 | 9,075 |

(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. In May 2017 the Company acquired a working interest in the Sacramento Basin, California. 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 Alvares (EME 25%) and also further identified follow up prospects along the Dempsey trend (EME 30%). Please refer to the Operational Review for further information on exploration and evaluation performed during the year.

(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 work is forecast for either project in 2020/21 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 2020.

| Project | Operator | Working Interest | 2020 Carrying Value US\$'000 | 2019 Carrying Value US\$'000 |
|-----------------------------------|-----------------|------------------|------------------------------------|------------------------------------|
| <i>Exploration and evaluation</i> | | | | |
| China Block 29/11 | Empyrean Energy | 100%* | 5,679 | 5,222 |
| Sacramento Basin | Sacgasco | 25-30% | 3,907 | 3,853 |
| Riverbend | Huff Energy | 10% | - | - |
| Eagle Oil Pool Development | Strata-X | 58.084% | - | - |
| | | | 9,586 | 9,075 |

*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.

Note 8. Investments

| | 2020 US\$'000 | 2019 US\$'000 |
|--|------------------|------------------|
| Balance brought forward | 3,200 | 2,572 |
| Additions ^(a) | 1,389 | 530 |
| Disposals ^(a) | (185) | - |
| Fair value revaluation ^{(b)(c)} | - | 98 |
| Total investments | 4,404 | 3,200 |

(a) The Company acquired a 10% working interest in the Duyung PSC, Indonesia during the 2018 financial year. For further information on additional work performed on the Duyung PSC during the year, please refer to the Operational Review. In April 2019 the Company also acquired shares in AIM-listed Coro valued at US\$185,000 as part of the purchase agreement detailed below, which were disposed of on 3 December 2019 for US\$156,000, resulting in a loss on sale of US\$29,000.

(b) In February 2019 Empyrean announced that it had entered into a binding, conditional purchase agreement (the Agreement) pursuant to which AIM listed Coro would acquire a 15% interest in the Duyung PSC from WNEL for aggregate consideration in cash and Coro shares of US\$4.8 million (of which Empyrean received US\$295,000 in cash and 6,090,504 Coro shares) and the contribution of US\$10.5 million by Coro toward the 2019 drilling campaign at the Mako gas field. The cash and share component of the consideration was paid pro rata to the existing owners of WNEL, being Empyrean, which currently had a 10% effective interest in the Duyung PSC, and Conrad Petroleum Ltd, which currently had a 90% effective interest in the Duyung PSC, each through shareholding in WNEL.

The consideration paid comprised US\$2.95 million in cash and US\$1.85 million in the form of 60,905,037 new ordinary shares in Coro. Empyrean received cash consideration of US\$295,000 and Consideration Shares with a value of US\$185,000 for the transfer to Coro of 1.5% of its current 10% interest in the Duyung PSC, reducing its interest to 8.5% once the transaction is completed (subject to government and regulatory approval which was received in May 2020). As at 31 March 2020, Empyrean had received all cash and share proceeds of US\$480,000, recorded as a Prepayment Received in Trade and Other Payables (Note 10).

(c) The Company's interest in the Duyung PSC is classified under IFRS 9 as a financial asset at fair value through profit or loss, due to the 8.5% shareholding and lack of significant influence over operations. Financial assets designated as fair value through profit or loss are measured at fair value through profit or loss at the point of initial recognition and subsequently revalued at each reporting date. The purchase agreement detailed in Note 8(b) above has formed the basis for the fair value assessment at 31 March 2020 and 31 March 2019, including costs capitalised since the agreement was entered into. While the successful appraisal drilling program conducted during the year has resulted in a substantial increase in the contingent resources of Mako gas field subsequent to year end, there are, in the Board's opinion, several milestones required to be achieved before an updated fair value of the project can be reliably and objectively assessed. These include steps required for contingent resources to be converted to reserves at final investment decision (FID) and also the steps required to finalise a gas sales agreement, which has been delayed by the current COVID-19 pandemic and resultant disruptions. Given COVID-19 and the current uncertainty and volatility in the energy markets, attempting to model fair value at this point in time would be intrinsically difficult and subject to a number of contingencies. Therefore the carrying value at 31 March 2020 of \$US4.4 million approximates fair value.

Note 9. Trade and Other Receivables

| | 2020 US\$'000 | 2019 US\$'000 |
|--|------------------|------------------|
| Trade and other receivables | - | 1 |
| Accrued revenue | 30 | 30 |
| VAT receivable | 5 | 6 |
| Total trade and other receivables | 35 | 37 |

Note 10. Trade and Other Payables

| | 2020 US\$'000 | 2019 US\$'000 |
|---|------------------|------------------|
| Trade payables | 648 | 157 |
| Accrued expenses | 42 | 42 |
| Prepayments received - proceeds from disposal of investment | 480 | 175 |
| Total trade and other payables | 1,170 | 374 |

Note 11. Derivative Financial Liabilities

| | 2020 US\$'000 | 2019 US\$'000 |
|------------------------------|------------------|------------------|
| Opening balance | 1,349 | 2,463 |
| Fair value movement (Note 3) | (43) | (1,114) |
| Settlement of derivative | (1,306) | - |
| Closing balance | - | 1,349 |

Derivative financial liabilities represented 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 were owned by Apnea Holdings Pty Ltd, a company which is wholly owned by Tom Kelly, CEO of Empyrean. Apnea Holdings Pty Ltd exercised the options on 9 July 2019, thereby extinguishing the derivative financial liability.

During the 2017 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 profit or loss these were revalued at period end. The fair value was measured using a Black-Scholes Model with the following inputs:

Fair value of share options and assumptions

| | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|
| Grant date | - | 27 July 2015 |
| Expiry date | - | 26 July 2019 |
| Share price | - | £0.09 |
| Exercise price | - | £0.02 |
| Volatility | - | 77% |
| Option life | - | 0.33 |
| Expected dividends | - | - |
| Risk-free interest rate (based on national government bonds) | - | 0.76% |

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

Note 12. Reconciliation of Net (Loss)/Profit

| | 2020 US\$'000 | 2019 US\$'000 |
|---|------------------|------------------|
| Net (loss)/profit before taxation | (995) | 143 |
| Finance (income) | (43) | (1,114) |
| Fair value revaluation | - | (98) |
| Forex loss | 34 | 49 |
| Impairment - oil and gas properties | 47 | 47 |
| Share based payments | 84 | 60 |
| Decrease/(increase) in trade receivables relating to operating activities | 2 | (5) |
| Increase/(decrease) in trade payables relating to operating activities | 268 | (53) |
| Increase in provisions | 24 | - |
| Net cash outflow from operating activities before taxation | (579) | (971) |
| Receipt of corporation tax | 358 | 1,322 |
| Net cash (outflow)/inflow from operating activities | (221) | 351 |

Note 13. Share Capital

| | 2020 US\$'000 | 2019 US\$'000 |
|--|------------------|------------------|
| Issued and fully paid | | |
| 447,597,777 (2019: 424,275,110) ordinary shares of 0.2p each | 1,291 | 1,232 |
| Opening balance (2020 number: 424,275,110) (2019 number: 413,995,110) | 1,232 | 1,205 |
| Exercise of options - 9 July 2019 (number: 15,000,000) | 38 | - |
| Placement - 30 Sep 2019 (number: 3,655,800) | 9 | - |
| Placement - 16 Jan 2020 (number: 4,666,667) | 12 | - |
| Placement - prior year (number: 10,280,000) | - | 27 |
| Closing balance (2020 number: 447,597,777) (2019 number: 424,275,110) | 1,291 | 1,232 |

The Companies Act 2006 (as amended) abolishes the requirement for a company to have an authorised share capital. Therefore the Company has taken advantage of these provisions and has an unlimited authorised share capital.

Each of the ordinary shares carries equal rights and entitles the holder to voting and dividend rights and rights to participate in the profits of the Company and in

the event of a return of capital equal rights to participate in any sum being returned to the holders of the ordinary shares. There is no restriction, imposed by the Company, on the ability of the holder of any ordinary share to transfer the ownership, or any of the benefits of ownership, to any other party.

Share options

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

| | Weighted Average | | Weighted Average | |
|--|------------------|-------------------|------------------|-------------------|
| | Exercise Price | Number of Options | Exercise Price | Number Of Options |
| | 2020 | 2020 | 2019 | 2019 |
| Outstanding at the beginning of the year | £0.042 | 17,500,000 | £0.042 | 17,500,000 |
| Issued during the year ^(a) | £0.125 | 3,000,000 | - | - |
| Exercised during the year | £0.020 | (15,000,000) | - | - |
| Outstanding at the end of the year | £0.145 | 5,500,000 | £0.042 | 17,500,000 |

(a) On 17 September 2019, 2,500,000 unlisted options were issued to the Company Secretary, Jonathan Whyte. The options have an exercise price of £0.125, expire on 30 September 2022 and have a vesting date of 17 September 2020. On 24 December 2019, 500,000 unlisted options were issued to Long State Investments as part of the £10 million equity placement facility. The options have an exercise price of £0.123 and expire on 24 December 2022.

Options are being expensed over the life of the options, resulting in a share-based payment expense of US\$84,000 to 31 March 2020 (US\$60,000 to 31 March 2019).

Valuation and assumptions of options at 31 March 2020

| | Employee Options | Employee Options | Equity Facility Options |
|--|------------------|------------------|-------------------------|
| Number of Options | 2,500,000 | 2,500,000 | 500,000 |
| Grant date | 17 Sep 2019 | 30 Jan 2018 | 24 Dec 2019 |
| Expiry date | 30 Sep 2022 | 30 Jan 2021 | 24 Dec 2022 |
| Share price | £0.098 | £0.12 | £0.084 |
| Exercise price | £0.125 | £0.17 | £0.123 |
| Volatility | 79% | 79% | 79% |
| Option life | 3.00 | 3.00 | 3.00 |
| Expected dividends | - | - | - |
| Risk-free interest rate (based on national government bonds) | 0.49% | 0.73% | 0.52% |

The options outstanding at 31 March 2020 have an exercise price in the range of £0.123 to £0.17 (2019: £0.02 to £0.017) and a weighted average remaining contractual life of 1.77 years (2019: 0.54 years). None of the outstanding options at 31 March 2020 are exercisable at year end.

Note 14. 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. |

Note 15. Related Party Transactions

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

Apnea Holdings Pty Ltd, of which Mr Thomas Kelly is a Director, subscribed to 2,222,222 ordinary shares at £0.0131 as part of the January 2020 Share Placement.

There were no other related party transactions during the year ended 31 March 2020 other than those disclosed in Note 4.

Note 16. 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.

| | 2020 | 2019 |
|--|------------|------------|
| | US\$'000 | US\$'000 |
| Cash and cash equivalents | | |
| AA-rated | 189 | 332 |
| Total cash and cash equivalents | 189 | 332 |

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 US\$'000 | 6 months to 1 year US\$'000 | 1 to 6 years US\$'000 | Total US\$'000 |
|---------------------------------|-----------------------------------|-----------------------------------|-----------------------------|-------------------|
| Trade and other payables (2020) | 690 | - | - | 690 |
| Trade and other payables (2019) | 199 | - | - | 199 |

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. The Company has a track record of successfully securing additional funding as and when required from equity capital markets.

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 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 2020 the Company's gross exposure to foreign exchange risk was as follows:

| | 2020 | 2019 |
|--|-----------|------------|
| | US\$'000 | US\$'000 |
| Gross foreign currency financial assets | | |
| Cash and cash equivalents - GBP | 40 | 196 |
| Total gross exposure | 40 | 196 |

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\$4,000 (2019: US\$19,600).

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;
- 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); and
- Investments - The Company's interest in the Duyung PSC is classified under IFRS 9 as a financial asset at fair value through profit or loss, due to the Company's 8.5% shareholding and lack of significant influence over operations. Financial assets designated as fair value through the profit or loss are measured at fair value through profit or loss at the point of initial recognition and subsequently revalued at each reporting date. The purchase agreement

measured at fair value through profit or loss at the point of initial recognition and subsequently revalued at each reporting date. The purchase agreement detailed in Note 8(b) has formed the basis for the fair value assessment at 31 March 2020, including costs capitalised since the agreement was entered into.

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).

Financial instruments at fair value and methods used to estimate the fair value are summarised below:

| Financial Instruments at Fair Value | 31 March 2020 Fair Value US\$'000 | 31 March 2019 Fair Value US\$'000 |
|--|---|---|
| Financial assets | | |
| Investments (Level 3) ^(a) | 4,404 | 3,200 |
| Total financial assets | 4,404 | 3,200 |
| Financial liabilities | | |
| Derivative financial liability (Level 3) | - | 1,349 |
| Total financial liabilities | - | 1,349 |

(a) The Company's interest in the Duyung PSC is classified under IFRS 9 as a financial asset at fair value through profit or loss. The purchase agreement detailed in Note 8(b) has formed the basis for the fair value assessment at 31 March 2020, including costs capitalised since the agreement was entered into.

Financial instruments by category are summarised below:

| Financial Instruments by Category | Fair Value Through Profit or Loss | | Amortised Cost | |
|------------------------------------|--------------------------------------|------------------------------|------------------------------|------------------------------|
| | 31 March 2020 US\$'000 | 31 March 2019 US\$'000 | 31 March 2020 US\$'000 | 31 March 2019 US\$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | - | - | 189 | 332 |
| Trade and other receivables | - | - | 35 | 37 |
| Investments | 4,404 | 3,200 | - | - |
| Total financial assets | 4,404 | 3,200 | 224 | 369 |
| Financial liabilities | | | | |
| Trade and other payables | - | - | 648 | 157 |
| Derivative financial liability | - | 1,349 | - | - |
| Total financial liabilities | - | 1,349 | 648 | 157 |

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.

Note 17. Events After the Reporting Date

Significant events post reporting date were as follows:

In April 2020 the Company completed a placement to raise US\$0.509 million (£0.411 million).

In May 2020 the Company completed an Open Offer to raises US\$0.511 million (£0.415 million).

In May 2020 an independent resource audit by GCA was completed which confirmed a significant resource upgrade of the Mako gas field including an audited 2C contingent resource estimate of 495 BcF, a 79% increase from previous GCA estimate and an audited 3C contingent resource estimate of 817 BcF, a 108% increase from previous GCA estimate.

In May 2020 the final Indonesian regulatory approvals for the transfer of title of the 15% direct interest in the Duyung PSC to Coro were received. As part of this completion process WNEL made a direct transfer of its interest in the Duyung PSC to Empyrean and the other owners, who now hold their interest in the Duyung PSC directly.

In June 2020 the Company received a 12-month extension from CNOOC for first phase of exploration drilling at Block 29/11 secured, giving the Company until June 2022 to drill the first well.

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.

Note 18. Committed Expenditure

The Company has met 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 GSA phase for Block 29/11 included acquisition, processing and interpretation of 500km² for a 3D seismic survey.

and a financial commitment of US\$3.0 million. The Company exceeded the work program commitments during the 2018 financial year.

Having successfully completed the committed work program for the first phase GSA, the Company exercised its option to enter a PSC on the Block, on pre-negotiated terms, with CNOOC on 30 September 2018, with the date of commencement of implementation of the PSC being 13 December 2018. The first phase of the contract is for 2.5 years with a commitment to drill one exploration well to a depth of 2,500m or to the Basement Formation. In June 2020 Empyrean announced that CNOOC had granted a 12-month extension for the first phase of the exploration commitment for the PSC, extending it to 12 June 2022.

Additional commitments for the 2020 financial year consist of an annual assistance fee to CNOOC of US\$60,000, an annual personnel representative fee to CNOOC of approximately US\$234,000 and an annual prospecting fee of US\$128,000.

Duyung PSC offshore Indonesia

As reported the joint venture partners completed a successful exploration and appraisal well program at the Duyung PSC during the year. Empyrean have paid all cash calls associated with the program with no further amounts due and payable.

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. At the time of this report, the work plan, cost estimates and timing of further expenditure for both the Borba and Alvares prospects have not been finalised. The Company incurs quarterly cash calls of approximately US\$10,000 for overheads, geological and geophysical costs and approximately US\$48,000 for its share of associated lease obligations annually.

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