

RNS Issue of Equity

£5.02 million Placement

EMPYREAN ENERGY PLC

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Empyrean Energy PLC
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This announcement contains inside information

Empyrean Energy PLC / Index: AIM / Epic: EME / Sector: Oil & Gas

9 July 2021

Empyrean Energy PLC ("Empyrean" or the "Company")

Empyrean completes £5.02 million (US\$6.92m) Placement in preparation for Jade Prospect drilling in 2021

Empyrean Energy plc ("Empyrean" or the "Company"), the oil and gas development company with interests in China, Indonesia and the United States, advises that it has placed 83,698,498 new ordinary shares in the Company (the "**New Ordinary Shares**") at a price of 6.0p per New Ordinary Share (the "**Placing Price**") to raise £5,021,910 (before costs) (the "**Placing**"). Subscribers to the Placing will also receive 1 warrant exercisable at 12p each for every 2 New Ordinary Shares subscribed (the "**Placing Warrants**"). The Placing Warrants have a 12-month term from the date of issue. Further, if the Placing Warrants are exercised within 3 months Subscribers will receive a replacement incentive warrant expiring 15 months from the Placement settlement date with an exercise price of 12p (the "**Substitute Warrants**") plus a bonus warrant expiring 24 months from the Placement settlement date with an exercise price of 18p. (the "**Bonus Warrants**" and, together with the Placing Warrants and the Substitute Warrants, the "**Warrants**"). The Placing and the issue of the Warrants is being completed under the Company's existing authorities and is not subject to the approval of shareholders.

Following the Placing, the Company's enlarged issued share capital will comprise 573,129,113 ordinary shares of 0.2p each (the "**Shares**"), each with voting rights. This figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, securities of the Company under the Financial Conduct Authority's Disclosure and Transparency Rules.

The Placing Price represents a 29.4% discount to the price of the Company's shares as at close of business on 7 July 2021 (8.5p), a 21.7% discount to the 7-day volume weighted average price ("**VWAP**") and a 13.4% discount to the 30-day VWAP of the Company's shares.

The majority of the subscribers to the Placing were institutional and high net worth investors, including both new investors and existing shareholders, and also clients of First Equity Limited in the United Kingdom, who acted as UK manager to the Placing, and Petra Capital, who acted Australian manager to the Placing. Non-executive director of the Company, John (Spencer) Laycock, subscribed for 200,000 New Ordinary Shares in the Placing.

Following his participation in the Placing, Mr Laycock has an interest in 3,800,000 New Ordinary Shares, representing 0.66% of the enlarged issued share capital of the Company.

Funds raised under this Placing will primarily be used to secure a suitable drilling rig and order long lead items and for the Company's general working capital requirements as it prepares to drill the Jade prospect at its 100% owned Block 29/11 license in China, scheduled for late 2021. Funds raised from the exercise of any Warrants will be used for drilling preparation activities and drilling of the Jade prospect and working capital.

The Company has previously been quoted US\$18.5m to drill the Jade well with testing of any oil column to be in addition to this amount. Following the well engineering and design work completed with AGR, the Company has been working towards securing a rig and finalising costs for the well. The Company will now finalise these negotiations and will make a further announcement in due course.

The 2021 drilling campaign is targeting a world class conventional oil target in the Jade prospect, to which Gaffney Cline assigned a Geological Chance of Success ("**GCoS**") of 32%. Subsequent to this independent assessment, the Company has completed a gas cloud study and post stack seismic inversion study that further mitigate risk. As a result, the Company's internal assessment of the GCoS for the Jade prospect now stands at 41%. The Jade prospect has a Gaffney Cline audited mean in place potential of 225 MMbbl and a P10 in place upside of 395 MMbbl. The drilling of the Jade prospect is the first of the three identified prospects within Block 29/11, which also contains the Topaz and Pearl prospects. The combined audited mean in place potential of all three prospects is 884 MMbbl and a P10 in place upside of 1,588 MMbbl.

Application will be made for the New Ordinary Shares to be admitted to trading on AIM. Admission is expected to take place on 22 July 2021. The New Ordinary Shares will rank pari passu with existing shares in issue.

The information contained in this announcement has been reviewed by Empyrean's Executive Technical director, Gaz Bisht, who has over 31 years' experience as a hydrocarbon geologist and geoscientist.

Tom Kelly, CEO of Empyrean, commented on the Placing:

"We are very pleased to successfully complete this placing which provides the necessary funding to accelerate our preparation activities, including the securing of the rig, for the drilling of the extremely exciting Jade Prospect in China, which we are targeting to occur before the end of the 2021 calendar year, as well as providing working capital funding. The Placing Warrant structure with early exercise incentive Substitute and Bonus warrants also provides a mechanism by which the shareholders can potentially achieve a situation where the well is completely funded without the need for asset sales, joint venture or further placing. It puts the Company's destiny largely into the hands of shareholders. Whilst asset sales, joint venture or further placing are all worthwhile alternatives to drill Jade, it is the Company's view that the least dilutive solution, given that any asset sale may not settle before drilling starts, is for the remaining funds to come via warrant exercise. We look forward to updating shareholders on what is shaping up to be one of the most exciting wells drilled by a junior oil explorer this year."

****ENDS****

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NOTIFICATION AND PUBLIC DISCLOSURE OF TRANSACTIONS BY PERSONS DISCHARGING MANAGERIAL RESPONSIBILITIES AND PERSONS CLOSELY ASSOCIATED WITH THEM

1	Details of the person discharging managerial responsibilities/person closely associated													
a)	Name:	John Laycock												
2	Reason for the Notification													
a)	Position/Status:	Non-Executive Director												
b)	Initial notification/ Amendment:	Initial Notification												
3	Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor													
a)	Name:	Empyrean Energy Plc												
b)	LEI:	213800ZRH1WBHEWDF57												
4	Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted													
a)	Description of the financial instrument, type of instrument: Identification code:	Ordinary shares of 0.2p each GB00B09G2351												
b)	Nature of the transaction:	Issue of 200,000 New Ordinary Shares and warrants to subscribe for 100,000 Ordinary Shares at 12p each, with a 12-month term.												
c)	Price(s) and Volume(s):	<table border="0"> <tr> <td colspan="2"><u>Shares</u></td> </tr> <tr> <td>Price</td> <td>Volume</td> </tr> <tr> <td>6p</td> <td>200,000</td> </tr> <tr> <td colspan="2"><u>Warrants</u></td> </tr> <tr> <td>Exercise Price(s)</td> <td>Volume(s)</td> </tr> <tr> <td>£0.12</td> <td>100,000</td> </tr> </table>	<u>Shares</u>		Price	Volume	6p	200,000	<u>Warrants</u>		Exercise Price(s)	Volume(s)	£0.12	100,000
<u>Shares</u>														
Price	Volume													
6p	200,000													
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Exercise Price(s)	Volume(s)													
£0.12	100,000													
d)	Aggregated Information: - Aggregated Volume - Price	N/A (Single transaction)												
e)	Date of the Transaction:	8 July 2021												
f)	Place of the Transaction:	London Stock Exchange, AIM (LON:EME)												

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