

RNS Final Results

## Final Results

### EMPYREAN ENERGY PLC

Released 15:12:27 26 August 2021

RNS Number : 9302J  
Empyrean Energy PLC  
26 August 2021

This announcement contains inside information  
Empyrean Energy PLC / Index: AIM / Epic: EME / Sector: Oil & Gas

26 August 2021

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

Empyrean Energy is pleased to announce its final results for the year ended 31 March 2021. The full Report and Accounts will be made available on the Company's website in the coming days.

#### Highlights

#### ***Block 29/11, Pearl River Mouth Basin, China (EME 100% reverting to 49% upon commercial discovery)***

##### Reporting period

- Seismic inversion project has validated the interpreted presence of an excellent quality carbonate reservoir at the Jade and Topaz prospects, with potential porosities in the highly favourable range of 20-30%; and
- 12-month extension for first phase of exploration at Block 29/11 secured until June 2022.

##### Post-Reporting period

- Internal Geological Chance of Success Assessment has been upgraded for Jade and Topaz prospects. Jade is now 41% and Topaz 35%;
- Well design for Jade prospect finalised by AGR following comprehensive review of drilling data from nearby offset wells;
- Initial Drill Program targeted to commence at Jade Prospect for late 2021; and
- Empyrean is in advanced negotiations with regards to finalising an integrated drilling contract for the Jade Prospect.

#### ***Duyung PSC Project, Indonesia (EME 8.5%)***

##### Reporting period

- 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.
- Updated Plan of Development completed which included uplifted Gas in Place ("**GIIP**") estimates as follows:

Reservoir	GROSS (100%) GIIP (Bscf) Updated		
	Low	Best	High
Upper Sand	358	525	687
Lower Sand	26	41	78
<b>Total</b>	<b>384</b>	<b>566</b>	<b>766</b>

- Improved market conditions throughout 2021 have allowed for the operator to re-engage and advance Gas Sales Agreement ("**GSA**") negotiations with multiple interested parties.

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

- Empyrean elected not to participate in Borba drilling program which was conducted during the reporting period.

## Corporate

### Reporting period

- Subscription 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; and
- Placements to raise US\$1.074 million (£0.845 million) completed in September 2020.

### Post-Reporting period

- Placements to raise US\$6.92 million (£5.02 million) for China drill preparation activities completed in July 2021.

**Empyrean CEO Tom Kelly said,** "Empyrean's focus during the year was largely to complete the critical de-risking work required ahead of the planned drill campaign in China, which is now on track to commence during 2021 with the drilling of the Jade prospect. In addition, following the exploration and appraisal success achieved in Indonesia in late 2019 the operator Conrad and the joint venture partners are working through all of the practical steps to put this exciting project into production, including conclusion of a gas sales agreement. In this regard, most of 2020 saw extremely challenging market conditions due to COVID-19 and the global collapse in energy prices. These were made even more challenging by lockdowns and travel restrictions. 2021 has seen a general improvement in market conditions and some lifting of restrictions, enabling commencement of re-engagement and renewed enthusiasm to complete negotiations.

The Company completed some key activities at Block 29/11 in China during the year, in preparation for the drilling of an initial exploration well at Jade under the PSC terms. In May 2020, the Company completed seismic inversion work which confirmed the potential for excellent carbonate reservoir quality at both Jade and Topaz. This followed independent validation of the resource base at Block 29/11 and 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'). The significant level of de-risking work and rigorous 3D seismic analysis has added further confidence to the technical merits of the project and Gaffney, Cline and Associates estimate close to a 1 in 3 chance of geological success at Jade and Topaz, which is very exciting.

In June 2020, Empyrean secured a 12-month extension from the China National Offshore Oil Corporation ("**CNOOC**") from June 2021 to June 2022 for the first phase of exploration on Block 29/11 and, following finalisation of the well design at Jade, and supported by the recent successful capital raise, preparations to safely drill the large scale Jade prospect are underway.

At the Duyung PSC in Indonesia, following the completion of the highly-successful appraisal of the Mako gas discovery (comprising the Tambak-1 and Tambak-2 wells) by the operator Conrad Petroleum, Gaffney, Cline and Associates were commissioned to update its view of the Mako field. The results of this audit were released in April 2020 and not only confirmed a significant resource upgrade but also confirmed the Mako field as one of the largest gas fields ever discovered in the West Natuna Basin and one of the largest undeveloped gas resources in the immediate region. The conclusion of GSA negotiations will mark a further important step toward the final investment decision ("**FID**") to develop and commercialise the field and Conrad and the joint venture partners are working diligently through all of the practical steps to put this exciting project into production.

In California, during the reporting period Sacgasco conducted a drilling program at the Borba prospect, which Empyrean elected not to participate in. Empyrean will conduct its own technical and commercial review in conjunction with its JV partners on future targets proposed to be drilled at the project before electing whether to participate in the future but its primary focus over the next six months will be the drill program in China.

In September 2020 Empyrean completed placements at 5p per share to raise £840,500, the majority to Long State Investment Limited and clients of First Equity Limited to raise working capital. Recently in July 2021 the Company raised £5,021,910 at 6p per share which will primarily fund the securing of a suitable drilling rig and order long lead items as Empyrean prepares to drill the Jade prospect, and for working capital. Warrants attached to the placement shares, if exercised, will be used for drilling preparation activities and drilling of the Jade prospect and working capital.

As always, the Company continually assesses 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, the activities completed during the year have positioned the Company to realise the significant and potentially game changing upside potential of its Chinese assets, and we look forward to the drilling program that is set to commence at Jade at the end of the calendar year. We look forward to providing further updates on our portfolio of projects as they come to hand."

### **Chairman's Statement**

Further advancements were made by Empyrean on its portfolio of exploration projects during the year, primarily in China and Indonesia.

In China, de-risking activity has been completed and drilling preparations have commenced for drilling of the Jade Prospect in 2021. The Company's recent placement completes the first step towards funding this activity. We also expect that there will be further progress in Indonesia with GSA negotiations underway as the joint venture moves towards the final investment decision there.

The world and the United Kingdom are still actively managing the COVID-19 pandemic. Given Empyrean has Executive Directors and Management based in Australia and there are various travel restrictions still being imposed globally, those Directors and Management will be unable to attend the Annual General Meeting in person. Therefore shareholders are strongly encouraged not to attend this year's Annual General Meeting in person but we will again be inviting shareholders to submit questions in advance and will endeavour to answer all questions at that time. I'd like to extend the Board's thanks to our shareholders for their support, particularly in these volatile markets.

Finally, I would like to thank the Board, management and staff for their efforts during the year, and we look forward to some exciting developments going forward, in particular the planned drilling campaign in China.

### **Patrick Cross**

Non-Executive Chairman  
26 August 2021

### **Operational Review**

The 2021 financial year has seen significant progress for Empyrean, particularly in China and Indonesia, and the Company is now on the verge of drilling its potentially transformational prospect in Block 29/11, offshore China, at the end of this calendar year. The Company's stated corporate objective is to build a significant asset portfolio across the Asian region. With near term drilling in China, the successful appraisal drilling campaign at the Mako gas field in Indonesia in 2019 (and the resultant significant independent resource upgrade) this objective is starting to take shape.

Methodical, targeted technical evaluation and de-risking activities continued during the year at the Company's 100% working interest in Block 29/11, offshore China, with two matured drill-ready, high impact prospects now awaiting drilling operations in late 2021. The first of these that has been identified for drilling is the Jade prospect.

In Duyung PSC in offshore Indonesia, the highly successful appraisal program (comprising the Tambak-1 and Tambak-2 appraisal wells) was completed in late 2019. Subsequently, an independent resource audit by GCA confirmed a significant resource upgrade and also confirmed Mako field as one of the largest undeveloped gas fields in West Natuna Basin, Indonesia.

Empyrean also has a 25-30% working interest in a package of gas projects in the Sacramento Basin, onshore California. On the basis of our own internal technical assessment, the Company elected not to participate in the Borba well during early 2021. However, it remains an active joint venture partner and looks forward to assessing the technical and commercial merits of other prospects in the near future.

Empyrean has retained an interest in the Riverbend Project (10% WI) located in the Tyler and Jasper counties, onshore Texas and a 58.084% WI in the Eagle Oil Pool Development Project, located in the prolific San Joaquin Basin onshore, Southern California. 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 Empyrean when it became an operator with 100% of the exploration rights of the permit during the exploration phase of the project. In the event of a commercial discovery, 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 GCA, 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 884 MMbbl on an un-risked basis.

#### **Oil in place (MMbbl) audited by GCA**

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

In addition, GCA 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. Furthermore, in May 2019 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.

Empyrean's independent analysis of 3D seismic data over four 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, the Company's internal assessment of the GCoS for the Jade prospect now stands at 41%, and for the Topaz prospect it stands at 35%.

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 - Post Stack Seismic Inversion Project***

During the reporting period Empyrean completed crucial technical work aimed at addressing the quality of reservoir at Jade and Topaz prospects. Whilst geological studies completed earlier confirmed the potential of an excellent quality reservoir at Jade and Topaz prospects, the Company decided to undertake a Post Stack Seismic Inversion Project to quantitatively assess the reservoir quality at high-graded prospects.

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 the target reservoir (Zhujiang carbonate facies) from the underlying Zhuhai sandstones facies. In addition, the lateral distribution of the 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. Drilling set to commence in late 2021***

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. 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 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 has subsequently commenced preparations to commence drilling at the Jade Prospect in late 2021.

As announced to the market, the placement funds raised in July 2021 will enable the securing of a suitable drilling rig and the ordering of long lead items for the planned drilling program at the Jade Prospect which is targeted for late 2021, however the Company requires additional short term funding for final drilling preparation activities and the drilling (and testing) programs. The Company is optimistic that the full funding commitments for the Jade well will be met, having successfully raised equity funding in July ahead of the drill rig being secured. It is the belief of the Board that there are several near-term share price catalysts leading up to drilling - being the drill rig being secured, the site survey conducted and the confirmation of the spud date for the Jade well, which will be conducive to it to securing the remaining funding for the well, either through the exercise of existing warrants, the entering of joint venture arrangements or further direct equity funding, or a combination of these alternatives.

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.

**Jade prospect well design and well engineering project**

In April 2021, Empyrean announced that the Company had commenced comprehensive planning for the drilling of the Jade prospect in order to ensure a safe and secure drilling campaign and had awarded a contract to AGR's team in Australia to assist with well planning. In May 2021 the Company announced that AGR had completed the well design and engineering project, including a comprehensive review of offset wells in the vicinity of the Jade prospect, which includes four CNOOC wells.

Two well design options were identified, including a three-string (casing) design and a four-string (casing) design in a success case. AGR has recommended the four-string design as it provides a more robust well design with reduced exposure to potential unplanned events and associated costs.

Key benefits of the four-string design include:

- the surface casing shoe can be set shallower to provide sufficient kick tolerance reducing the risk of surface hole problems, or requirement for a pump and dump mud and associated costs;
- reduced risk of hole problems while drilling the final hole section that can lead to difficulties evaluating target formations and / or results in a contingency casing string across the reservoir in the success case. Planning for contingent testing equipment for this scenario would be required, reducing the cost benefits associated with string elimination; and
- reduced risk of complications during abandonment operations due to failure to achieve sufficient annular cement if the production string is run/cemented.

Based on AGR analysis and recommendation, EME management has decided to plan for a four-string design for the Jade prospect well.

*Cautionary Statement: The volumes presented in this announcement are STOIPP estimates only. A recovery factor needs to be applied to the undiscovered STOIPP 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 (8.5% WI)**

**Background**

In April 2017, Empyrean acquired a 10% shareholding in WNEL from Conrad Petroleum, 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.

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 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.

The Duyung PSC covers an offshore permit of approximately 1,100km<sup>2</sup> in the prolific West Natuna Basin. The main asset in the permit is the Mako shallow gas field that was discovered in 2017, and comprehensively appraised in 2019.

**Duyung PSC Drilling Programme**

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 comprising two appraisal wells. One appraisal well was designed to appraise the discovery in the SW part of the field. In addition, this 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 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.

**Mako Resource Audit Confirms Significant Upgrade**

Following on from the highly successful appraisal drilling campaign, Conrad engaged GCA to complete an independent resource audit for the Mako Gas Field.

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 undeveloped gas fields 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	2019 GCA	2020 GCA	Increase
------------	----------	----------	----------

Resource Estimates	Audit	Audit	
	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 Gas Sale Agreement ("GSA") and a final investment decision ("FID").

As announced in December 2020, further work was completed to update the Plan of Development in respect of the Mako Gas Field (the "Mako POD"), specifically by incorporating extensive data collected during the appraisal drilling program.

SKK Migas (the Indonesian regulator) has accepted the significantly uplifted estimates of GIIP, which are broadly in line with the independent resource audit by GCA, and that these volumes will form part of the updated Mako POD.

#### SKK Migas Accepted Mako Gas in Place for updated Mako POD

Reservoir	GROSS (100%) GIIP (BSCF) Updated		
	Low	Best	High
Upper Sand	358	525	687
Lower Sand	26	41	78
<b>Total</b>	<b>384</b>	<b>566</b>	<b>766</b>
<b>3C (High Case)</b>	392	817	108

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 operator has made significant progress in securing a GSA, and the conclusion of GSA negotiations will mark a further important step toward the FID to develop and commercialise the field.

#### 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 Empyrean will earn a 30% interest.

In the previous 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. However, with the outbreak of COVID-19, the travel restrictions and the uncertainty of being able to execute a drilling campaign safely and without interruption, there was a delay to the drilling at Borba until the United States situation normalised.

In October 2020 Empyrean notified Sacgasco that it would not be participating in the proposed drilling of the Borba prospect under the timeframes and terms currently proposed by Sacgasco. The Company however will work with its joint venture partners in reviewing and assessing the technical and commercial merits of other prospects at the Californian project before deciding whether to participate in future wells.

#### 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 2021/22 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 2021/22 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 (Gaz) Bisht M.Sc. (Tech) in Applied Geology**

Executive Director (Technical)

26 August 2021

**Going Concern**

The Company's principal activity during the year has been the acquisition and development of its exploration projects. At the year end the Company had a cash balance of US\$0.15m (2020: US\$0.19m) and made a loss after income tax of US\$0.95m (2020: loss of US\$0.28m).

The Directors have prepared cash flow forecasts for the Company covering the period to 31 August 2022 and these demonstrate that the Company will require further funding within the next 12 months. Principally the Company has a commitment to drill an exploration well on the Jade prospect in China, by 12 June 2022. In July 2021 US\$6.92m was raised through an equity placement to help fund initial long lead items and to secure a drill rig. In order to meet the well commitment, the Company is required to raise further funding and as at the date of this report the necessary funds are not in place.

The Directors are optimistic that the full funding commitments for the Jade well will be met, having successfully raised equity funding in July ahead of the drill rig being secured. It is the belief of the Board that there are several near-term share price catalysts leading up to drilling - being the drill rig being secured, the site survey conducted and the confirmation of the spud date for the Jade well, which will be conducive to it to securing the remaining funding for the well, either through the exercise of existing warrants, the entering of joint venture arrangements or further direct equity funding, or a combination of these alternatives. The Directors note that if the well commitment is not met then either a renegotiation of the commitment timing will be required or the licence could be relinquished.

The Directors also note that the equity facility agreement with Long State Investment Limited will also provide a funding facility to support future working capital requirements alongside the drill commitment funding.

The Directors have therefore concluded that it is appropriate to prepare the Company's financial statements on a going concern basis, however, in the absence of additional funding being in place 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 2021, Emyrean announced that the Company had commenced comprehensive planning for the drilling of the Jade prospect and had awarded a contract to AGR's team in Australia to assist with well planning. In May 2021 the Company announced that AGR had completed the well design and engineering project for the Jade prospect.

In July 2021 the Company completed a Placing to raise US\$6.92 million (£5.02 million) with funds raised under this Placing to primarily be used to secure a suitable drilling rig, order long lead items and for the Company's general working capital requirements as it prepares to drill the Jade prospect in 2021.

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 13.

**Statement of Comprehensive Income  
For the Year Ended 31 March 2021**

	Notes	2021 US\$'000	2020 US\$'000
<b>Revenue</b>		-	-
<b>Administrative expenditure</b>			
Administrative expenses		(338)	(326)
Compliance fees		(225)	(214)
Directors' remuneration		(400)	(388)
Foreign exchange differences		20	(34)
Total administrative expenditure		(943)	(962)
<b>Operating loss</b>	4	(943)	(962)
Finance (expense)/income		(7)	43
Impairment of oil and gas properties	8	(3)	(47)
Loss on sale of investment	9	-	(29)
<b>Loss from continuing operations before taxation</b>		(953)	(995)
Tax benefit in current year	6	-	716
<b>Loss from continuing operations after taxation</b>		(953)	(279)
<b>Total comprehensive loss for the year</b>		(953)	(279)

**Loss per share from continuing operations (expressed in cents)**

- Basic	7	(0.20)c	(0.06)c
- Diluted		(0.20)c	(0.06)c

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

**Statement of Financial Position**  
As at 31 March 2021

Company Number: 05387837

		2021	*Restated 2020
	Notes	US\$'000	US\$'000
<b>Assets</b>			
<b>Non-Current Assets</b>			
Oil and gas properties: exploration and evaluation	8	14,643	9,850
Investments	9	-	4,404
<b>Total non-current assets</b>		<b>14,643</b>	<b>14,254</b>
<b>Current Assets</b>			
Trade and other receivables	10	36	35
Corporation tax receivable	6	358	358
Cash and cash equivalents		150	189
<b>Total current assets</b>		<b>544</b>	<b>582</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	11	667	1,434
Provisions		111	78
<b>Total current liabilities</b>		<b>778</b>	<b>1,512</b>
<b>Net Current Liabilities</b>		<b>(234)</b>	<b>(930)</b>
<b>Net Assets</b>		<b>14,409</b>	<b>13,324</b>
<b>Shareholders' Equity</b>			
Share capital	13	1,398	1,291
Share premium reserve		29,408	27,811
Warrant and share-based payment reserve		488	153
Retained losses		(16,885)	(15,931)
<b>Total Equity</b>		<b>14,409</b>	<b>13,324</b>

\*Refer to Note 3 for further information on changes to comparatives.

The Financial Statements were approved by the Board of Directors on 26 August 2021 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 2021

		2021	2020
	Notes	US\$'000	US\$'000
<b>Operating Activities</b>			
Payments for operating activities		(831)	(579)
Receipt of corporation tax		-	358
<b>Net cash outflow for operating activities</b>	12	<b>(831)</b>	<b>(221)</b>
<b>Investing Activities</b>			
Payments for exploration and evaluation		(1,159)	(557)
Payments for investments		-	(953)
Proceeds from disposal of investments		-	276
<b>Net cash outflow for investing activities</b>		<b>(1,159)</b>	<b>(1,234)</b>
<b>Financing Activities</b>			
Issue of ordinary share capital		2,094	1,375
Payment of equity issue costs		(163)	(29)
<b>Net cash inflow from financing activities</b>		<b>1,931</b>	<b>1,346</b>
Net decrease in cash and cash equivalents		(59)	(109)
Cash and cash equivalents at the start of the year		189	332
Forex gain/(loss) on cash held		20	(34)
<b>Cash And Cash Equivalents At The End Of The Year</b>		<b>150</b>	<b>189</b>

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 2021

Share Capital	Share Premium	Warrant & Share-	Retained Loss	Total Equity
------------------	------------------	---------------------	------------------	-----------------

	Notes	US\$'000	Reserve US\$'000	Based Payment Reserve US\$'000	US\$'000	US\$'000
<b>Balance at 1 April 2019</b>		<b>1,232</b>	<b>26,524</b>	<b>69</b>	<b>(16,958)</b>	<b>10,867</b>
Loss after tax for the year		-	-	-	(279)	(279)
Total comprehensive loss for the year		-	-	-	(279)	(279)
<b>Contributions by and distributions to owners</b>						
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
<b>Total contributions by and distributions to owners</b>		<b>59</b>	<b>1,287</b>	<b>84</b>	<b>1,306</b>	<b>2,736</b>
<b>Balance at 1 April 2020</b>		<b>1,291</b>	<b>27,811</b>	<b>153</b>	<b>(15,931)</b>	<b>13,324</b>
Loss after tax for the year		-	-	-	(953)	(953)
Total comprehensive loss for the year		-	-	-	(953)	(953)
<b>Contributions by and distributions to owners</b>						
Shares issued in the period	13	107	1,760	227	-	2,094
Equity issue costs		-	(163)	-	-	(163)
Share-based payment expense		-	-	100	-	100
Finance expense (share-based)		-	-	7	-	7
<b>Total contributions by and distributions to owners</b>		<b>107</b>	<b>1,597</b>	<b>334</b>	<b>-</b>	<b>2,038</b>
<b>Balance at 31 March 2021</b>		<b>1,398</b>	<b>29,408</b>	<b>487</b>	<b>(16,884)</b>	<b>14,409</b>

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 2021

### Note 1. Statement of Significant Accounting Policies

#### Basis of preparation

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the United Kingdom 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

#### 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 the year end the Company had a cash balance of US\$0.15m (2020: US\$0.19m) and made a loss after income tax of US\$0.95m (2020: loss of US\$0.28m).

The Directors have prepared cash flow forecasts for the Company covering the period to 31 August 2022 and these demonstrate that the Company will require further funding within the next 12 months. Principally the Company has a commitment to drill an exploration well on the Jade prospect in China, by 12 June 2022. In July 2021 US\$6.92m was raised through an equity placement to help fund initial long lead items and to secure a drill rig. In order to meet the well commitment the Company is required to raise further funding and as at the date of this report the necessary funds are not in place.

The Directors are optimistic that the full funding commitments for the Jade well will be met, having successfully raised equity funding in July ahead of the drill rig being secured. It is the belief of the Board that there are several near-term share price catalysts leading up to drilling - being the drill rig being secured, the site survey conducted and the confirmation of the spud date for the Jade well, which will be conducive to it to securing the remaining funding for the well, either through the exercise of existing warrants, the entering of joint venture arrangements or further direct equity funding, or a combination of these alternatives. The directors note that if the well commitment is not met then either a renegotiation of the commitment timing will be required or the licence could be relinquished.

The Directors also note that the equity facility agreement with Long State Investment Limited will also provide a funding facility to support future working capital requirements alongside the drill commitment funding.

The Directors have therefore concluded that it is appropriate to prepare the Company's financial statements on a going concern basis, however, in the absence of additional funding being in place 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 2020 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 2021.

#### **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 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. In prior financial years, the Company's interest in the Duyung PSC was 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) formed the basis for the fair value assessment at 31 March 2020, including costs capitalised since the agreement was entered into. 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. As a result of this direct ownership, the Company's interest in the Duyung PSC is no longer classified under IFRS 9 as a financial asset at fair value through profit or loss and now falls under IFRS 6 (Exploration for and Evaluation of Mineral Resources).

#### **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 2021/22 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 2021.

*(b) Investments (judgement and estimate)*

The Company's interest in the Duyung PSC was classified under IFRS 9 at 31 March 2020 as a financial asset at Under IFRS 9, all investments in equities are required to be measured at fair value. In prior financial years, the Company's interest in the Duyung PSC was 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) formed the basis for the fair value assessment at 31 March 2020, including costs capitalised since the agreement was entered into. 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. As a result of this direct ownership, the Company's interest in the Duyung PSC is no longer classified under IFRS 9 as a financial asset at fair value through profit or loss. The carrying value post-disposal of US\$3.95 million at May 2020 has been transferred to Note 8 - Oil and Gas Properties: Exploration and Evaluation. The fair value of the project was assessed at transfer date with no change from the assessment made at 31 March 2020 and now falls under IFRS 6 (Exploration for and Evaluation of Mineral Resources).

**Note 2. 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
<b>31 March 2021</b>					
Revenue from continued operations	-	-	-	-	-
<b>Segment result</b>	-	-	-	-	-
Unallocated corporate expenses				(943)	(943)
<b>Operating loss</b>	-	-	-	(943)	(943)
Finance expense	-	-	-	(7)	(7)
Impairment of oil and gas properties	-	-	(3)	-	(3)
<b>Loss before taxation</b>	-	-	(3)	(950)	(953)
Tax benefit in current year	-	-	-	-	-
<b>Loss after taxation</b>	-	-	(3)	(950)	(953)
<b>Total comprehensive loss for the financial year</b>	-	-	(3)	(950)	(953)
Segment assets	6,537	4,052	4,054	-	14,643
Unallocated corporate assets	-	-	-	544	544
<b>Total assets</b>	<b>6,537</b>	<b>4,052</b>	<b>4,054</b>	<b>544</b>	<b>15,187</b>
Segment liabilities	-	-	-	-	-
Unallocated corporate liabilities	-	-	-	778	778
<b>Total liabilities</b>	-	-	-	<b>778</b>	<b>778</b>

Details	China US\$'000	Indonesia US\$'000	USA US\$'000	Corporate US\$'000	Total US\$'000
<b>31 March 2020</b>					
Revenue from continued operations	-	-	-	-	-
<b>Segment result</b>	-	-	-	-	-
Unallocated corporate expenses	-	-	-	(962)	(962)
<b>Operating loss</b>	-	-	-	(962)	(962)
Finance income	-	-	-	43	43
Impairment of oil and gas properties	-	-	(47)	-	(47)
Loss on sale of investment	-	(29)	-	-	(29)
<b>Loss before taxation</b>	-	(29)	(47)	(919)	(995)
Tax benefit in current year	-	-	-	716	716
<b>Loss after taxation</b>	-	(29)	(47)	(203)	(279)
<b>Total comprehensive loss for the financial year</b>	-	(29)	(47)	(203)	(279)
Segment assets	5,912	4,404	3,938	-	14,254
Unallocated corporate assets	-	-	-	582	582
<b>Total assets</b>	<b>5,912</b>	<b>4,404</b>	<b>3,938</b>	<b>582</b>	<b>14,836</b>
Segment liabilities	-	480	-	-	480
Unallocated corporate liabilities	-	-	-	1,032	1,032
<b>Total liabilities</b>	-	<b>480</b>	-	<b>1,032</b>	<b>1,512</b>

### Note 3. Restatement of Prior Period

During preparation of the financial statements for the year ending 31 March 2021, the Company identified a prior period error. Due to invoicing delays, exploration expenditure relating to the year ended 31 March 2020 had not been recognised in that period.

This resulted in a restatement of the following line items for the year ended 31 March 2020:

- Exploration and evaluation expenditure: increased by US\$264,000
- Trade and other payables: increased by US\$264,000

There is no impact on the Statement of Comprehensive Income for the years ended 31 March 2021 or 31 March 2020. The above adjustment had the following impact on the 31 March 2020 Statement of Financial Position:

### Statement of Financial Position Extract As at 31 March 2020

Financial Report Line Item/	As Previously Stated US\$'000	Adjustment US\$'000	As Restated US\$'000
<b>Balance Affected</b>			
<b>Non-Current Assets</b>			
Exploration and evaluation expenditure	9,586	264	9,850
<b>Total Non-Current Assets</b>	<b>13,990</b>	<b>264</b>	<b>14,254</b>
<b>Total Assets</b>	<b>14,572</b>	<b>264</b>	<b>14,836</b>
<b>Current Liabilities</b>			
Trade and other payables	1,170	264	1,434
<b>Total Current Liabilities</b>	<b>1,248</b>	<b>264</b>	<b>1,512</b>
<b>Total Liabilities</b>	<b>1,248</b>	<b>264</b>	<b>1,512</b>
<b>Net Assets</b>	<b>13,324</b>	-	<b>13,324</b>

### Note 4. Operating Loss

	2021 US\$'000	2020 US\$'000
<b>The operating loss is stated after charging:</b>		
Audit and tax fees	(97)	(84)
<b>Total operating loss</b>	<b>(97)</b>	<b>(84)</b>

### 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	45	42
--	----	----

annual accounts  
Fees payable to the Company's auditor and its associates in respect of:

- Other services relating to taxation	14	12
<b>Total auditor's remuneration</b>	<b>59</b>	<b>54</b>

#### Note 5. Directors' Emoluments

	Fees and Salary		Bonus Payment		Social Security Contributions		Short-Term Employment Benefits (Total)	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
<b>Non-Executive Directors:</b>								
Patrick Cross	24	23	-	-	2	2	26	25
John Laycock	14	14	-	-	1	1	15	15
<b>Executive Directors:</b>								
Thomas Kelly <sup>(a)</sup>	291	283	-	-	-	-	291	283
Gajendra Bisht <sup>(b)</sup>	220	220	-	-	-	-	220	220
	<b>549</b>	<b>540</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>3</b>	<b>552</b>	<b>543</b>

(a) Services provided by Apnea Holdings Pty Ltd, of which Mr Kelly is a Director. In addition to the Director fees above, Apnea Holdings Pty Ltd was paid US\$51,000 for capital raising services for the September 2019 and January 2020 Placements which raised US\$1.02 million in the prior financial year. 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 8).

The average number of Directors was 4 during 2021 and 2020. The highest paid director received US\$291,000 (2020: US\$283,000).

#### Note 6. Taxation

	2021 US\$'000	2020 US\$'000
Opening balance	(358)	-
US corporation tax benefit at 21%	-	(716)
AMT Federal Credit received during year	-	358
Total corporation tax receivable	<b>(358)</b>	<b>(358)</b>
<b>Factors Affecting The Tax Charge For The Year</b>		
Loss from continuing operations	<b>(953)</b>	(995)
Loss on ordinary activities before tax	<b>(953)</b>	(995)
Loss on ordinary activities at US rate of 21% (2020: 21%)	<b>(200)</b>	(209)
Non-deductible expenses	<b>23</b>	19
Movement in provisions	<b>7</b>	5
Over provision in prior year	-	(716)
Deferred tax assets not recognised	<b>170</b>	185
	-	(716)
Analysed as:		
Tax benefit on continuing operations	-	(716)
Tax benefit in current year	-	(716)
<b>Deferred Tax Liabilities</b>		
Temporary differences - exploration	<b>1,657</b>	1,628
Temporary differences - other	<b>4</b>	393
	<b>1,661</b>	2,021
Offset of deferred tax assets	<b>(1,661)</b>	(2,021)
Net deferred tax liabilities recognised	<b>-</b>	<b>-</b>
<b>Unrecognised Deferred Tax Assets</b>		
Tax losses <sup>(a)</sup>	<b>3,555</b>	3,468
Temporary differences - exploration	<b>2,946</b>	2,940
Temporary differences - other	<b>824</b>	1,075
	<b>7,325</b>	7,483
Offset of deferred tax liabilities	<b>(1,661)</b>	(2,021)
Net deferred tax assets not brought to account	<b>5,664</b>	5,462

(a) If not utilised, carried forward tax losses of approximately US\$9.63 million (2020: \$9.32 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 7. Loss Per Share

The basic loss per share is derived by dividing the loss after taxation for the year attributable to ordinary shareholders by the weighted average number of shares on issue being 479,537,844 (2020: 438,014,668).

<b>2021</b>	<b>2020</b>
-------------	-------------

**Loss per share from continuing operations**

Loss after taxation from continuing operations	<b>US\$(953,000)</b>	US\$(279,000)
Loss per share - basic	<b>(0.20)c</b>	(0.06)c

Loss after taxation from continuing operations adjusted for dilutive effects	<b>US\$(953,000)</b>	US\$(279,000)
Loss per share - diluted	<b>(0.20)c</b>	(0.06)c

For the current and prior financial years the exercise of the options is anti-dilutive and as such the diluted loss per share is the same as the basic loss per share. Details of the potentially issuable shares that could dilute earnings per share in future periods are set out in Note 13.

**Note 8. Oil and Gas Properties: Exploration and Evaluation**

	<b>2021</b>	<b>Restated 2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Balance brought forward	9,850	9,075
Additions <sup>(a)</sup>	847	822
Transfers <sup>(b)</sup>	3,949	-
Impairment <sup>(c)</sup>	(3)	(47)
<b>Net book value</b>	<b>14,643</b>	<b>9,850</b>

(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 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%.

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. As a result of this direct ownership, the Company's interest in the Duyung PSC is no longer classified under IFRS 9 as a financial asset at fair value through profit or loss and now falls under IFRS 6 (Exploration for and Evaluation of Mineral Resources). The carrying value post-disposal of US\$3.95 million at May 2020 has been transferred to Note 8 - Oil and Gas Properties: Exploration and Evaluation. Please refer to Note 9 - Investments for details on the fair value assessment of the project at transfer date.

(c) 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 2021/22 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 2021.

Project	Operator	Working Interest	<b>2021</b>	<b>Restated 2020</b>
			<b>Carrying Value US\$'000</b>	<b>Carrying Value US\$'000</b>
<i>Exploration and evaluation</i>				
China Block 29/11	Empyrean Energy	100% <sup>1</sup>	6,537	5,912
Sacramento Basin	Sacgasco	25-30%	4,054	3,938
Duyung PSC	Conrad Petroleum	8.5%	4,052	-
Riverbend	Huff Energy	10%	-	-
Eagle Oil Pool Development	Strata-X	58.084%	-	-
			<b>14,643</b>	<b>9,850</b>

1. 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 9. Investments**

	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Balance brought forward	4,404	3,200
Additions <sup>(a)</sup>	25	1,389
Disposals <sup>(b)</sup>	(480)	(185)
Transfers <sup>(b)</sup>	(3,949)	-
<b>Total investments</b>	<b>-</b>	<b>4,404</b>

(a) For further information on additional work performed on the Duyung PSC during the period, please refer to the Operational Review.

- (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%.

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. As a result of this direct ownership, the Company's interest in the Duyung PSC is no longer classified under IFRS 9 as a financial asset at fair value through profit or loss and now falls under IFRS 6 (Exploration for and Evaluation of Mineral Resources).

The carrying value post-disposal of US\$3.95 million at May 2020 has been transferred to Note 8 - Oil and Gas Properties: Exploration and Evaluation. The fair value of the project has been assessed at transfer date and there has been no change from the assessment made at 31 March 2020, when the carrying value pre-disposal of US\$4.4 million was deemed to approximate fair value based on the purchase agreement detailed above, including costs capitalised since the agreement was entered into. While the successful appraisal drilling program conducted during 2019/20 resulted in a substantial increase in the contingent resources of Mako gas field, 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.

#### Note 10. Trade and Other Receivables

	2021 US\$'000	2020 US\$'000
Accrued revenue	30	30
VAT receivable	6	5
<b>Total trade and other receivables</b>	<b>36</b>	<b>35</b>

#### Note 11. Trade and Other Payables

	2021 US\$'000	Restated 2020 US\$'000
Trade payables	504	648
Accrued expenses	163	306
Prepayments received - proceeds from disposal of investment	-	480
<b>Total trade and other payables</b>	<b>667</b>	<b>1,434</b>

#### Note 12. Reconciliation of Net Loss

	2021 US\$'000	2020 US\$'000
Loss before taxation	(953)	(995)
Finance expense/(income)	7	(43)
Forex (gain)/loss	(20)	34
Impairment - oil and gas properties	3	47
Share-based payments	100	84
Decrease/(increase) in trade receivables relating to operating activities	(1)	2
Increase in trade payables relating to operating activities	-	268
Increase in provisions	33	24
<b>Net cash outflow from operating activities before taxation</b>	<b>(831)</b>	<b>(579)</b>
Receipt of corporation tax	-	358
<b>Net cash outflow from operating activities</b>	<b>(831)</b>	<b>(221)</b>

#### Note 13. Share Capital

	2021 US\$'000	2020 US\$'000
<b>Issued and fully paid</b>		
489,430,615 (2020: 447,597,777) ordinary shares of 0.2p each	1,398	1,291
Opening balance (2021 number: 447,597,777) (2020 number: 424,275,110)	1,291	1,232
Subscription - 14 April 2020 (number: 11,741,429)	30	-
Open Offer/Subscription - 12 May 2020 (number: 11,858,275)	30	-
Placements - 11 Sep 2020 (number: 18,233,334)	47	-
Placements - prior year (number: 8,322,467)	-	21
Exercise of options - prior year (number: 15,000,000)	-	38
Closing balance (2021 number: 489,430,615) (2020 number: 447,597,777)	<b>1,398</b>	<b>1,291</b>

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 and warrants

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

	Weighted Average Exercise Price 2021	Number of Options & Warrants 2021	Weighted Average Exercise Price 2020	Number Of Options 2020
Outstanding at the beginning of the year	£0.145	5,500,000	£0.042	17,500,000
Issued during the year <sup>(a)(b)</sup>	£0.088	17,233,334	£0.125	3,000,000
Cancelled during the year <sup>(a)</sup>	£0.170	(2,500,000)	-	-
Exercised during the year	-	-	£0.020	(15,000,000)
Outstanding at the end of the year	£0.094	20,233,334	£0.145	5,500,000

(a) On 15 September 2020, 2,500,000 unlisted options were issued to the Company Secretary, Jonathan Whyte. The options have an exercise price of £0.075, expire on 10 September 2023 and have a vesting date of 15 September 2021. 2,500,000 options held by My Whyte, expiring in January 2021, were cancelled in lieu of the award of the new options. On 11 September 2020, 500,000 unlisted options were issued to Long State Investments as part of activating the £10 million equity placement facility. The options have an exercise price of £0.1014 and expire on 17 September 2023. Options are being expensed over the life of the options, resulting in a share-based payment expense of US\$107,000 to 31 March 2021 (US\$84,000 to 31 March 2020).

(b) 14,233,334 warrants were issued to subscribers of the Placement announced on 11 September 2020. The warrants have an exercise price of £0.09 and expire on 25 September 2022. The warrants have been valued using a Black-Scholes model and the fair value of US\$227,000 is recorded in the warrant and share-based payment reserve.

#### Valuation and assumptions of options and warrants at 31 March 2021

	Employee Options	Employee Options	Equity Facility Options	Equity Facility Options	Subscriber Warrants
Number of Options	2,500,000	2,500,000	500,000	500,000	14,233,334
Grant date	17 Sep 2019	15 Sep 2020	24 Dec 2019	11 Sep 2020	11 Sep 2020
Expiry date	30 Sep 2022	10 Sep 2023	24 Dec 2022	17 Sep 2023	25 Sep 2022
Share price	£0.098	£0.05	£0.084	£0.047	£0.047
Exercise price	£0.125	£0.075	£0.123	£0.1014	£0.09
Volatility	79%	81%	79%	81%	81%
Option life	3.00	3.00	3.00	3.00	2.00
Expected dividends	-	-	-	-	-
Risk-free interest rate (based on national government bonds)	0.49%	0.14%	0.52%	0.14%	0.14%

The options outstanding at 31 March 2021 have an exercise price in the range of £0.075 to £0.125 (2020: £0.123 to £0.17) and a weighted average remaining contractual life of 1.64 years (2020: 1.77 years). None of the outstanding options at 31 March 2021 are exercisable at year end.

#### Note 14. Reserves

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Warrant and share-based payment reserve	Records items recognised as expenses on valuation of employee share options and subscriber warrants.
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, a company wholly-owned by the Company's CEO and Director, Thomas Kelly, purchased 205,103 ordinary shares of 0.2p each in the Company ("Shares") on the market on 18 September 2020 at a price 4.8475p per Share, bringing Mr Kelly's interest in the Company to 88,888,888 Shares.

There were no other related party transactions during the year ended 31 March 2021 other than those disclosed in Note 5.

#### 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.

	2021	2020
	US\$'000	US\$'000
<b>Cash and cash equivalents</b>		
AA-rated	150	189
<b>Total cash and cash equivalents</b>	<u>150</u>	<u>189</u>

#### 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 (2021)	667	-	-	667
Trade and other payables (2020 - Restated)	954	-	-	954

#### 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 2021 the Company's gross exposure to foreign exchange risk was as follows:

	2021	2020
	US\$'000	US\$'000
<b>Gross foreign currency financial assets</b>		
Cash and cash equivalents - GBP	133	40
<b>Total gross exposure</b>	<u>133</u>	<u>40</u>

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\$13,300 (2020: US\$4,000).

#### Fair value



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

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

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

- Cash and short-term investments - the carrying amount approximates fair value because of their short term to maturity;
- Trade receivables and trade creditors - the carrying amount approximates fair value;
- 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 - 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.

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 2021 Fair Value US\$'000	31 March 2020 Fair Value US\$'000
<b>Financial assets</b>		
Investments (Level 3) <sup>(a)</sup>	-	4,404
<b>Total financial assets</b>	-	4,404

(a) The Company's interest in the Duyung PSC was previously classified under IFRS 9 as a financial asset at fair value through profit or loss. 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. As a result of this direct ownership, the Company's interest in the Duyung PSC is no longer classified under IFRS 9 as a financial asset at fair value through profit or loss and now falls under IFRS 6 (Exploration for and Evaluation of Mineral Resources).

Financial instruments by category are summarised below:

Financial Instruments by Category	Fair Value Through Profit or Loss		Amortised Cost	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Financial assets</b>				
Cash and cash equivalents	-	-	150	189
Trade and other receivables	-	-	36	35
Investments	-	4,404	-	-
<b>Total financial assets</b>	-	4,404	186	224
<b>Financial liabilities</b>				
Trade and other payables	-	-	504	648
<b>Total financial liabilities</b>	-	-	504	648

#### 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 2021, Empyrean announced that the Company had commenced comprehensive planning for the drilling of the Jade prospect and had awarded a contract to AGR's team in Australia to assist with well planning. In May 2021 the Company announced that AGR had completed the well design and engineering project for the Jade prospect.

In July 2021 the Company completed a Placing to raise US\$6.92 million (£5.02 million) with funds raised under this Placing to primarily be used to secure a suitable drilling rig, order long lead items and for the Company's general working capital requirements as it prepares to drill the Jade prospect in 2021.

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 500km<sup>2</sup> 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. The estimated commitment to drill the Jade well is US\$18.5 million on a dry hole basis prior to testing. In June 2020 Empryan 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 2021/22 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 2020. Empryan 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.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact [rns@lseg.com](mailto:rns@lseg.com) or visit [www.rns.com](http://www.rns.com).

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

FR DKABKQBKDKFB

---

**London Stock Exchange plc is not responsible for and does not check content on this Website. Website users are responsible for checking content. Any news item (including any prospectus) which is addressed solely to the persons and countries specified therein should not be relied upon other than by such persons and/or outside the specified countries. [Terms and conditions](#), including restrictions on use and distribution apply.**

---