



EMPYREAN

ENERGY PLC

Interim Results
For the Period Ended
30 September 2023

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Highlights

Reporting period

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

- Joint regional oil migration study with CNOOC team conducted to map oil migration from the proven source rock south-west of Block 29/11 that charges the four CNOOC oil discoveries (immediately west of Block 29/11 and Topaz) and extends this into Block 29/11 to map these potential migration pathways to Topaz. Comprehensive study also included potential migration pathways from a new source/kitchen identified by Empyrean 3D data.
- Simultaneous 3D seismic inversion project being conducted in two phases to firstly assess whether light oil pay in the target reservoir can be discriminated from a water bearing reservoir by seismic inversion and secondly to invert the entire 3D seismic data to generate several datasets for the elastic properties. These datasets will be analysed for high grading the Topaz prospect.
- Drill Preparation of the Topaz prospect is ongoing such that should funding become available, operations can commence within the favourable weather window.

Duyung PSC Project, Indonesia (EME 8.5%)

- Key Terms agreed for Long-Term Gas Sales Agreement between Conrad subsidiary, WNEL, operator of the Duyung PSC, and Sembcorp Gas Pte Ltd. The parties are in the process of finalising a definitive gas sales agreement
- Conrad engaged a global investment bank to lead a farm-down process for the divestment of a portion of its interest in the Duyung Production Sharing Contract. Bids are expected to be received by the end of CY 2023.
- Mako is one of the largest gas discoveries in the West Natuna Sea and the largest undeveloped resource in the area.

Corporate

- Placement to raise US\$1.88 million (£1.52 million) completed in May 2023.
- Convertible Loan Note Debt restructured to reduce face value of the note and secure extended moratorium on interest.

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Chairman's Statement

In China, planning and further de-risking work is currently being finalised with the aim to ultimately drill the Topaz prospect in 2024. These activities, largely focused on oil migration into Topaz, are expected to be completed in the immediate future.

In Indonesia, Empyrean was very pleased to see agreement reached between the operator of Mako and a major gas utility in September and also that the agreement was endorsed by the Government of Indonesia's petroleum upstream regulator. The focus of the parties is now on converting this significant milestone into a binding gas sales agreement.

The existing terms reached will be welcomed by those parties currently participating in the sell down process to fund the development of the Mako gas field and Empyrean expects an update shortly on this process. The macro environment for gas in South-East Asia, and Singapore in particular, is expected to continue trending favourably with the region transitioning from coal to gas as the preferred energy source.

On the corporate front, the Company successfully raised funds in May and was pleased to renegotiate the Convertible Note at the same time. The Company continues to assess other financing and strategic alternatives to provide it with additional working capital as and when required, including through the sale or partial sale of existing assets, through joint ventures of existing assets, as well as further equity funding.

I would like to thank the Board, management and staff for their perseverance during the year and we all now eagerly await good news from Indonesia before our attention turns to the targeted drilling of the Topaz Prospect in China.



Patrick Cross
Non-Executive Chairman
18 December 2023

Operational Review

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.

Jade Prospect Drill Program

In April 2022, the Company commenced the drilling of the LH 17-2-1 well to test the first of the three prospects noted above, the Jade Prospect in Block 29/11, offshore China.

On 10 April 2022 LH 17-2-1 spudded and on 27 April 2022 reached final total depth of 2,849 metres in Zhuhai Sandstone formation. The interpretation from LWD and mud logging data indicated no oil pay in the target reservoir which was confirmed by wireline logs. The Company successfully operated an offshore exploration and drilling program without any operational or environmental issues.

Post Jade Well Analysis and Implications for Topaz Prospect

Following the Jade drilling program, comprehensive post well analysis by Empyrean and CNOOC confirmed the Jade well intersected carbonate reservoir as prognosed with better parameters than pre-drill estimates with total thickness of 292m and porosity in the range of 25 to 27%. In addition, the Jade well penetrated thick and effective regional seal facies and the reservoir top was encountered within the depth conversion range. These parameters have now been more confidently mapped across Empyrean's 3D data set.

The Jade well failed due to lack of access to effective migration pathways. Given oil migration to the Topaz Prospect is now identified as the key risk, the Company's pre drill exploration efforts are focusing on mitigating this risk. Reservoir, seal and trap validity of the Topaz prospect have been enhanced by the Jade well data.

Entering of Second Phase of Exploration

Being able to combine excellent quality 3D seismic data with the confirmed well data and post well analysis has resulted in the improved validity of the Topaz prospect as a robust and large drilling target (approximately 891 million barrels in place (P10) per below table). Based on post drill technical evaluation, and CNOOC-assisted migration pathways assessment, Empyrean decided to enter the second phase of exploration and drill the larger Topaz prospect, which is targeted to occur in 2024.

Block 29/11 Oil in place (MMbbl) audited by GCA

Prospect	P90	P50	P10	Mean	GCoS
Topaz	211	434	891	506	30%
Pearl	38	121	302	153	15%

Current Activities

Empyrean is conducting two further key technical projects that capitalise on the excellent quality 3D seismic acquired by the Company over the permit, shared regional 3D seismic that CNOOC has and additional physical well data of both Empyrean and CNOOC.

These projects are designed to help address and mitigate the remaining primary geological risk at Topaz – oil migration into the Topaz trap.

Firstly, joint with CNOOC, Empyrean is completing a regional oil migration study. CNOOC bring excellence in basin modelling expertise along with crucial regional data that augments the data Empyrean has on Block 29/11. The regional data includes temperature, pressure, timing of oil maturation, and successful oil migration pathway mapping. The project will map oil migration from the proven source rock south west of Block 29/11 that charges the four CNOOC oil discoveries (immediately west of Block 29/11 and Topaz) and extend this into Block 29/11 and map these migration pathways to Topaz.

In addition, similar work will be conducted from a new source/kitchen located entirely within Block 29/11 and oil migration pathways will be mapped to Topaz. This project is expected to be completed in the immediate future.

Secondly, Empyrean is conducting a 3D simultaneous seismic inversion project focussing on Topaz. This project is utilising the oil properties, reservoir temperature, reservoir pressure and water salinity data from CNOOC oil discovery wells combined with reservoir porosity and mineralogical data from Empyrean well logs and core to maximise the effectiveness of the inversion project outcomes.

This project is being conducted in two phases. The aim of Phase 1 is to assess whether an oil bearing reservoir case can be distinguished from water bearing reservoir in the elastic property domain of seismic inversion. Phase 2 involves inverting the entire 3D seismic data and will generate several datasets for the elastic properties. These datasets will be analysed for high grading the Topaz prospect.

The 3D seismic inversion project is expected to be completed in the immediate future.

Cautionary Statement: The volumes presented in this announcement are STOIP estimates only. A recovery factor needs to be applied to the undiscovered STOIP 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 (now Conrad Asia Energy Ltd), which held a 100% Participating Interest in the Duyung Production Sharing Contract (“**Duyung PSC**”) in offshore Indonesia and is the operator of the Duyung PSC. The Duyung PSC covers an offshore permit of approximately 1,100km² in the prolific West Natuna Basin. The main asset in the permit is the Mako shallow gas field that was discovered in 2017, and comprehensively appraised in 2019.

In early 2019, both the operator, Conrad, 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.

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.

Revised Plan of Development

In September 2022, Empyrean announced that the partners in the Duyung PSC have approved the revised PoD and have secured alignment with SKK Migas on the plan. The PoD was then submitted to the Indonesian Ministry of Energy and Mineral Resources for approval, which was duly received in November 2022, marking a major milestone on the pathway to developing this significant pipeline quality methane gas resource. This allowed the operator Conrad to focus on its stated objective of working with the Government of Indonesia to complete GSA negotiations at the earliest opportunity.

The revised Mako PoD is based on field Contingent Resources of 297 billion cubic feet (net attributable to 100% of the Duyung PSC Joint Venture) and a daily production of 120 MMscf/d, consistent with the GCA competent persons report dated 26 August 2022, details of which were also announced by the Company on 9 September 2022. The Mako Gas Project resource is currently the largest undeveloped gas field in South Natuna Sea.

Current Activities

In September 2023 Empyrean announced that Conrads wholly owned subsidiary, West Natuna Exploration Ltd ("WNEL") has signed non-binding key terms with Sembcorp Gas Pte Ltd, a Singapore based major gas buyer, that have been endorsed by SKK Migas - the petroleum upstream regulator in Indonesia ("SKK Migas"), for a first long-term gas sales agreement for the Mako gas field. The Terms Agreement for the supply of gas from the Natuna Sea underpins the commercial development of the Mako gas field providing secure and reliable gas that is less carbon intensive than LNG. The key terms relate to approved gas production from Mako commencing in 2025 until the end of the Duyung PSC in 2037 for a total sales gas volume (100%) of c 293 Bcf with potential to increase to c 392 Bcf (100%). Gas sales will be priced against Brent oil.

The joint venture is now focused on finalising a gas sales agreement.

Conrad continues to advance the sell down process with a global investment bank in order to fund the development of Mako. Bids are expected to be received by the end of calendar year 2023.

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.

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

There were no significant activities conducted during the year however the Company will continue to work with its joint venture partners in reviewing and assessing any further technical and commercial opportunities as they relate to the project.

The information contained in this report was completed and reviewed by the Company's Executive Director (Technical), Mr Gajendra (Gaz) Bisht, who has over 34 years' experience as a petroleum geoscientist.

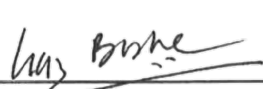
Definitions

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)

18 December 2023

Statement of Comprehensive Income

For the Period Ended 30 September 2023

	Notes	6 Months to 30 September (unaudited)		Year Ended 31 March (audited)
		2023	2022	2023
		US\$'000	US\$'000	US\$'000
Revenue		-	-	-
Administrative expenditure				
Administrative expenses		(233)	(201)	(382)
Compliance fees		(76)	(121)	(263)
Directors' remuneration		(197)	(186)	(362)
Foreign exchange differences		52	388	197
Impairment – exploration and evaluation assets	3	(2)	(22,097)	(17,030)
Total administrative expenditure		(456)	(22,217)	(17,840)
Operating loss		(456)	(22,217)	(17,840)
Finance income/(expense)		20	(1,888)	(2,955)
Loss from continuing operations before taxation		(436)	(24,105)	(20,795)
Tax expense in current period		(1)	(1)	(1)
Loss from continuing operations after taxation		(437)	(24,106)	(20,796)
Total comprehensive loss for the year		(437)	(24,106)	(20,796)
Loss per share from continuing operations (expressed in cents)				
- Basic	2	(0.06)c	(3.22)c	(2.71)c
- Diluted	2	(0.06)c	(3.22)c	(2.71)c

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

Statement of Financial Position

As at 30 September 2023

	Notes	6 Months to 30 September (unaudited)		Year Ended 31 March (audited)
		2023	2022	2023
		US\$'000	US\$'000	US\$'000
Assets				
Non-Current Assets				
Exploration and evaluation assets	3	11,181	4,417	10,635
Total non-current assets		11,181	4,417	10,635
Current Assets				
Trade and other receivables		24	50	38
Cash and cash equivalents		636	800	83
Total current assets		660	850	121
Liabilities				
Current Liabilities				
Trade and other payables		2,203	2,160	4,224
Provisions		159	140	159
Convertible loan notes	4	5,621	3,258	4,076
Derivative financial liabilities		-	722	-
Total current liabilities		7,983	6,280	8,459
Net Current Liabilities		(7,323)	(5,430)	(8,338)
Net Assets/(Liabilities)		3,858	(1,013)	2,297
Shareholders' Equity				
Share capital	5	2,664	2,170	2,170
Share premium reserve		46,744	45,319	45,319
Warrant and share based payment reserve		79	598	73
Retained losses		(45,629)	(49,100)	(45,265)
Total Equity		3,858	(1,013)	2,297

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

Statement of Cash Flows

For the Period Ended 30 September 2023

	6 Months to 30 September (unaudited)		Year Ended 31 March (audited)
	2023 US\$'000	2022 US\$'000	2023 US\$'000
Operating Activities			
Payments for operating activities	(433)	(591)	(1,126)
Net cash outflow from operating activities	(433)	(591)	(1,126)
Investing Activities			
Payments for exploration and evaluation	(860)	(1,045)	(1,227)
Net cash outflow from investing activities	(860)	(1,045)	(1,227)
Financing Activities			
Issue of ordinary share capital	1,905	2,268	2,268
Proceeds from exercise of warrants	-	233	233
Payment of finance costs	(29)	(8)	(8)
Payment of equity issue costs	(30)	(76)	(76)
Net cash inflow from financing activities	1,846	2,417	2,417
Net increase/(decrease) in cash and cash equivalents	553	781	64
Cash and cash equivalents at the start of the year	83	19	19
Forex loss on cash held	-	-	-
Cash and cash equivalents at the end of the period	636	800	83

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

Statement of Changes in Equity

For the Period Ended 30 September 2023

	Share Capital US\$'000	Share Premium Reserve US\$'000	Warrant and SBP Reserve US\$'000	Retained Loss US\$'000	Total Equity US\$'000
Balance at 1 April 2022	1,809	41,285	576	(24,994)	18,676
Loss after tax for the period	-	-	-	(24,106)	(24,106)
Total comprehensive loss for the period	-	-	-	(24,106)	(24,106)
Contributions by and distributions to owners					
Shares and warrants issued	307	1,961	-	-	2,268
Equity issue costs	49	1,921	-	-	1,970
Share-based payment expense	5	228	-	-	233
Share-based payment expense	-	-	22	-	22
Total contributions by and distributions to owners	361	4,034	22	-	4,417
Balance at 30 September 2022	2,170	45,319	598	(49,100)	(1,013)
Balance at 1 April 2022	1,809	41,285	576	(24,994)	18,676
Loss after tax for the year	-	-	-	(20,796)	(20,796)
Total comprehensive loss for the year	-	-	-	(20,796)	(20,796)
Contributions by and distributions to owners					
Shares and warrants issued	307	1,961	-	-	2,268
Partial conversion of convertible note	49	1,921	-	-	1,970
Exercise/expiry of warrants	5	228	(525)	525	233
Equity issue costs	-	(76)	-	-	(76)
Issue of placement warrants	-	-	-	-	-
Share-based payment expense	-	-	22	-	22
Total contributions by and distributions to owners	361	4,034	(503)	525	4,417
Balance at 1 April 2023	2,170	45,319	73	(45,265)	2,297
Loss after tax for the period	-	-	-	(437)	(437)
Total comprehensive loss for the period	-	-	-	(437)	(437)
Contributions by and distributions to owners					
Shares and warrants issued	483	1,450	-	-	1,934
Exercise/expiry of warrants	-	-	(73)	73	-
Equity issue costs	-	(58)	-	-	(58)
Share-based payment expense	11	33	79	-	123
Total contributions by and distributions to owners	494	1,425	6	73	1,998
Balance at 30 September 2023	2,664	46,744	79	(45,629)	3,858

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

Notes to the Financial Statements

For the Period Ended 30 September 2023

Basis of preparation

The Company's condensed interim financial statements for the six months ended 30 September 2023 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 financial statements have been prepared on a historical cost basis and fair value for certain assets and liabilities. The same accounting policies, presentation and methods of computation are followed in these financial statements as were applied in the Company's latest audited financial statements for the year ended 31 March 2023.

The financial information for the period ended 30 September 2023 does not constitute the full statutory accounts for that period. They have not been reviewed by the Company's auditor. The Annual Report and financial statements for the year ended 31 March 2023 have been filed with the Registrar of Companies. The independent auditor's report on the Annual Report and financial statements was unqualified and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006, but did draw attention to a material uncertainty relating to going concern.

Nature of business

The Company is a public limited company incorporated and domiciled in England and Wales. The address of the registered office is 2nd Floor, 38-43 Lincoln's Inn Fields, London, WC2A 3PE. 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 period has been the development of its exploration projects. The Company had a cash balance of US\$0.64 million at 30 September 2023 (31 March 2023: US\$0.83 million) and made a loss after income tax of US\$0.44 million (31 March 2023 loss of US\$20.80 million).

The Directors have prepared cash flow forecasts for the Company covering the period to 31 December 2024 and these demonstrate that the Company will require further funding within the next 12 months. In June 2022, the Company entered into an agreement with CNOOC to drill an exploration well on the Topaz prospect in China, by 12 June 2024, which includes a payment of US\$250,000 to CNOOC. It is estimated that the cost of drilling this well would be approximately US\$12 million. The Directors note that if the well commitment is not met in the timeframe advised then either a renegotiation of the commitment timing will be required or the licence could be relinquished.

In May 2023 US\$1.9 million was raised through an equity placement for the completion of joint regional oil migration and 3D seismic inversion studies at Topaz, ongoing prospect, licensing fees and permit costs, post Jade well consultancy, analysis and residual exploration costs, front-end engineering design ("FEED"), studies and surveys at Mako – including gas processing and export gas tie in at the Kakap KF Platform and for general working capital requirements.

Notes to the Financial Statements (continued)

For the Period Ended 30 September 2023

The Company has also renegotiated the terms of the Convertible Note as detailed in the AIM announcement dated 30 May 2023. The Convertible Note is secured by a senior first ranking charge over the Company, including its 8.5% interest in the Duyung PSC and Mako Gas Field.

However, in order to meet the well commitment at Topaz and also to meet the repayment terms of the Convertible Note, the Company is required to raise further funding either through equity or the sale of assets and as at the date of this report the necessary funds are not in place. The Directors are however optimistic that the full funding commitments for the Topaz well and the repayment of the Convertible Note will be met, having a successful track record of equity (and debt) and in particular with the prospect of monetising its interest in Mako through the current sell down process.

It is the belief of the Board that there are likely value catalysts throughout the next 12 months leading up to the intend drilling of the Topaz Prospect in 2024 – including maximising the value of its interest at the Mako Gas field through the current sell down process and the completion of the GSA and also through the conclusion of important de-risking activities currently being conducted prior to the drilling of the Topaz Prospect.

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.

Notes to the Financial Statements (continued)

For the Period Ended 30 September 2023

Note 1. Segmental Analysis

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

Details	China US\$'000	Indonesia US\$'000	USA US\$'000	Corporate US\$'000	Total US\$'000
30 September 2023					
Revenue from continued operations	-	-	-	-	-
Segment result					
Unallocated corporate expenses	-	-	-	(454)	(454)
Operating loss	-	-	-	(454)	(454)
Finance income/(expense)	-	-	-	20	20
Impairment of oil and gas properties	-	-	(2)	-	(2)
Loss before taxation	-	-	(2)	(434)	(436)
Tax expense in current period	-	-	-	(1)	(1)
Loss after taxation	-	-	(2)	(435)	(437)
Total comprehensive loss for the financial period		-	(2)	(435)	(437)
Segment assets	6,104	5,077	-	-	11,181
Unallocated corporate assets	-	-	-	660	660
Total assets	6,104	5,077	-	660	11,841
Segment liabilities	-	-	-	-	-
Unallocated corporate liabilities	-	-	-	7,983	7,983
Total liabilities	-	-	-	7,983	7,983
30 September 2022					
Revenue from continued operations	-	-	-	-	-
Segment result					
Unallocated corporate expenses	-	-	-	(120)	(120)
Operating loss	-	-	-	(120)	(120)
Finance expense	-	-	-	(1,888)	(1,888)
Impairment of oil and gas properties	(22,069)	-	(28)	-	(22,097)
Loss before taxation	(22,069)	-	(28)	(1,888)	(24,105)
Tax expense in current period	-	-	-	(1)	(1)
Loss after taxation	(22,069)	-	(28)	(2,009)	(24,106)
Total comprehensive loss for the financial period	(22,069)	-	(28)	(2,009)	(24,106)
Segment assets	-	4,417	-	-	4,417
Unallocated corporate assets	-	-	-	850	850
Total assets	-	4,417	-	850	5,267
Segment liabilities	-	-	-	-	-
Unallocated corporate liabilities	-	-	-	6,280	6,280
Total liabilities	-	-	-	6,280	6,280

Notes to the Financial Statements (continued)

For the Period Ended 30 September 2023

Details	China US\$'000	Indonesia US\$'000	USA US\$'000	Corporate US\$'000	Total US\$'000
31 March 2023					
Unallocated corporate expenses	-	-	-	(810)	(810)
Operating loss	-	-	-	(810)	(810)
Finance expense	-	-	-	(2,955)	(2,955)
Impairment of oil and gas properties	(16,998)	-	(32)	-	(17,795)
Cyber fraud loss	-	-	-	-	(1,981)
Loss before taxation	(16,998)	-	(32)	(3,765)	(20,795)
Tax expense in current year	-	-	-	(1)	(1)
Loss after taxation	(16,998)	-	(32)	(3,766)	(20,796)
Total comprehensive loss for the financial year	(16,998)	-	(32)	(3,766)	(20,796)
Segment assets	5,958	4,677	-	-	10,635
Unallocated corporate assets	-	-	-	121	121
Total assets	5,958	4,677	-	121	10,756
Segment liabilities	-	-	-	-	-
Unallocated corporate liabilities	-	-	-	8,459	8,459
Total liabilities	-	-	-	8,459	8,459

Note 2. Loss Per Share

The basic loss per share is derived by dividing the loss after taxation for the period attributable to ordinary shareholders by the weighted average number of shares on issue being 904,491,535 (2022: 747,642,305).

	6 Months to 30 September (unaudited)		Year Ended 31 March (audited)
	2023	2022	2023
Loss per share from continuing operations			
Loss after taxation from continuing operations	US\$(437,000)	US\$(24,106,000)	US\$(20,796,000)
Loss per share – basic	(0.06)c	(3.22)c	(2,71)c
Loss after taxation from continuing operations adjusted for dilutive effects	US\$(437,000)	US\$(24,106,000)	US\$(20,796,000)
Loss per share – diluted	(0.06)c	(3.22)c	(2,71)c

For the current and prior financial periods 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 5.

Notes to the Financial Statements (continued)

For the Period Ended 30 September 2023

Note 3. Oil and Gas Properties: Exploration and Evaluation

	6 Months to 30 September (unaudited)		Year Ended 31 March (audited)
	2023 US\$'000	2022 US\$'000	2023 US\$'000
Balance brought forward	10,635	24,907	24,907
Additions ^(a)	548	1,607	2,758
Impairment ^{(b)(c)(d)}	(2)	(22,097)	(17,030)
Net book value	11,181	4,417	10,635

- (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 period.
- (b) Empyrean and its China Block 29/11 partner CNOOC, along with its technical service providers CNOOC Enertech and COSL, completed significant pre-drilling operational, technical and permitting work throughout the 2022 financial year to enable to safe drilling, although ultimately unsuccessful drilling of the Jade prospect in April 2022. As a result of the unsuccessful well at Jade, Empyrean provided for impairment against Jade prospect costs and the dry hole costs associated with the Jade drilling program, together being US\$17.0 million as at 31 March 2023. Post-well analysis at Jade however has confirmed reservoir quality is better than pre-drill estimates with regional seal confirmed and the depth conversion approach validated. As a part of post-well evaluation, CNOOC geochemical and basin modelling experts together with Empyrean have interpreted the critical elements of effective regional oil migration pathways-leading to positive implications for the Topaz prospect, and ultimately the decision to proceed with the second phase of exploration at Block 29/11, being the drilling of the Topaz Prospect before June 2024.
- (c) While the Company will continue to work with its joint venture partners in reviewing and assessing any further technical and commercial opportunities as they relate to the Sacramento Basin project, particularly in light of strong gas prices for gas sales in the region, it has not budgeted for further substantive exploration expenditure. The Company has continued to fully impair the carrying value of the asset at 30 September 2023.
- (d) In light of current market conditions, little or no work has been completed on the Riverbend or Eagle Oil projects in the period and no substantial project work is forecast for either project in 2022/23 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 30 September 2023.

Notes to the Financial Statements (continued)

For the Period Ended 30 September 2023

Project	Operator	Working Interest	2023 Carrying Value US\$'000	2022 Carrying Value US\$'000
<i>Exploration and evaluation</i>				
China Block 29/11	Empyrean Energy	100%*	6,104	-
Sacramento Basin	Sacgasco	25-30%	-	-
Duyung PSC	Conrad	8.5%	5,077	4,417
Riverbend	Huff Energy	10%	-	-
Eagle Oil Pool Development	Strata-X	58.084%	-	-
			11,181	4,417

*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 4. Convertible Loan Notes

	6 Months to 30 September (unaudited)		Year Ended 31 March (audited)
	2023 US\$'000	2022 US\$'000	2023 US\$'000
(a) Convertible Loan Note – Original			
Opening balance	-	4,125	4,125
Conversions	-	(1,970)	(1,970)
Costs of finance	-	121	121
Foreign exchange gain	-	(133)	(133)
Extinguishment on substantial modification	-	(2,143)	(2,143)
Convertible Loan Note - Original	-	-	-
(b) Convertible Loan Note - Modification 1			
Opening balance	4,076	-	-
Recognition of modified liability 1	-	2,637	2,637
Loss on substantial modification	-	1,369	1,369
Costs of finance	-	(268)	185
Foreign exchange loss/(gain)	12	(480)	(115)
Extinguishment on substantial modification	(4,088)	-	-
Total Convertible Loan Note - Modification 1	-	3,258	4,076
(c) Convertible Loan Note - Modification 2			
Opening balance	-	-	-
Recognition of modified liability 2	6,544	-	-
Gain on substantial modification	(845)	-	-
Costs of finance	(29)	-	-
Foreign exchange gain	(49)	-	-
Total Convertible Loan Note - Modification 2	5,621	-	-

Notes to the Financial Statements (continued)

For the Period Ended 30 September 2023

- (a) In December 2021, the Company announced that it had entered into a Convertible Loan Note Agreement with a Melbourne-based investment fund (the "Lender"), pursuant to which the Company issued a convertible loan note to the Lender and received gross proceeds of £4.0 million (the "Convertible Note").
- (b) As announced in May 2022, the Company and the Lender then amended the key repayment terms of the Convertible Note, which at that time included the right by the Lender to redeem the Convertible Note within 5 business days of the announcement of the results of the Jade well at Block 29/11. The face value of the loan notes was reset to £3.3m with interest to commence and accrue at £330,000 per calendar month from 1 December 2022.
- (c) In May 2023, it was announced that the Company and the Lender have, in conjunction with and conditional upon the completion of the Subscription, now reached agreement on amended key terms to the Convertible Note to allow the sales process for Mako to complete. The key terms of the amendment are as follows:
1. The parties have agreed a moratorium of accrual interest on the Convertible Note until 31 December 2023 – interest will accrue thereafter at a rate of 20% p.a.;
 2. The conversion price on the Convertible Note has been reduced from 8p to 2.5p per Share;
 3. The face value of the Convertible Note has been reduced from £5.28m (accrued to the end of May 2023) to £4.6 million (to be repaid from Empyrean's share of the proceeds from Mako sell down process); and
 4. Empyrean will pay the Lender 15% of the proceeds from its share in the Mako sell down process.

Note 5. Share Capital

	6 Months to 30 September (unaudited)		Year Ended 31 March (audited)
	2023	2022	2023
	US\$'000	US\$'000	US\$'000
985,470,767 (2022: 788,431,892) ordinary shares of 0.2p each	2,664	2,170	2,170
	2023	2022	2023
	No.	No.	No.
Fully Paid Ordinary Shares of 0.2p each – Number of Shares			
At the beginning of the reporting period	788,431,892	646,070,780	646,070,780
Shares issued during the period:			
• Placements	189,753,783	121,750,001	121,750,001
• Salary sacrifice shares	4,397,592	-	-
• Advisor shares	2,887,500	-	-
• Partial conversion of Convertible Note	-	18,750,000	18,750,000
• Exercise of warrants	-	1,861,111	1,861,111
Total at the end of the reporting period	985,470,767	788,431,892	788,431,892

Notes to the Financial Statements (continued)

For the Period Ended 30 September 2023

	2023 US\$'000	2022 US\$'000	2023 US\$'000
Fully Paid Ordinary Shares of 0.2p each – Value of Shares			
At the beginning of the reporting period	2,170	1,809	1,809
Shares issued during the period:			
• Placements	476	307	307
• Salary sacrifice shares	11	-	-
• Advisor shares	7	-	-
• Partial conversion of Convertible Note	-	49	49
• Exercise of warrants	-	5	5
Total at the end of the reporting period	2,664	2,170	2,170

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:

	6 Months to 30 September 2023 (unaudited)		6 Months to 30 September 2022 (unaudited)	
	Weighted Average Exercise Price 2023	Number of Options and Warrants 2023	Weighted Average Exercise Price 2022	Number Of Options and Warrants 2022
Outstanding at the beginning of the period	£0.137	6,558,333	£0.116	65,890,916
Issued during the period	£0.017	12,833,333	-	-
Cancelled during the period	£0.137	(6,558,333)	£0.113	(53,413,139)
Exercised during the period	-	-	£0.096	(1,861,111)
Outstanding at the end of the period	£0.017	12,833,333	£0.131	10,616,666

Notes to the Financial Statements (continued)

For the Period Ended 30 September 2023

Valuation and assumptions of options and warrants at 30 September 2023

	Incentive Warrants	Incentive Warrants	Advisor Warrants
Number of options remaining	5,000,000	5,000,000	2,833,333
Grant date	29/05/23	29/05/23	29/05/23
Expiry date	30/05/26	30/05/26	30/05/24
Share price	£0.010	£0.010	£0.010
Exercise price	£0.015	£0.020	£0.015
Volatility	100%	100%	100%
Option life	3.00	3.00	1.00
Expected dividends	-	-	-
Risk-free interest rate (based on national government bonds)	4.45%	4.45%	4.45%

The options and warrants outstanding at 30 September 2023 have an exercise price in the range of £0.015 to £0.02 (2022: £0.075 to £0.18) and a weighted average remaining contractual life of 2.22 years (2022: 0.57 years). None of the outstanding options and warrants at 30 September are exercisable at period end.

Note 6. Events After the Reporting Date

Significant events post reporting date were as follows:

No matters or circumstances have arisen since the end of the financial period 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.