

Regulatory Story

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Empyrean Energy PLC - EME Option Variation and Shareholder Meeting
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This announcement contains inside information

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

OPTION VARIATION AND SHAREHOLDER MEETING

Variation of Option Terms

The Company announced on 18 October 2016 that it had been informed by Macquarie Bank Limited ('Macquarie') of the sale of its interest in options in respect of 60,000,000 ordinary shares of 0.2p each in the Company (the 'Options'), to a third party (the 'Optionholder') not connected with the Company.

The terms of the agreement entered into between the Company and Macquarie in respect of the Options on 30 May 2012 (the 'Option Agreement') provided that if, before exercise or expiry of the Options, the Company implements a reorganisation or variation of its share capital by way of *inter alia* any capital distribution to shareholders, then the terms of the Options would be adjusted in such manner so as to ensure that the economic value of the Options is preserved as far as possible and that the total number of shares to be issued pursuant to an exercise of the Options would carry as nearly as possible (and in any event not less than) the same proportion as they had before the relevant event of the voting rights as would have been the case had the unexercised Options been exercised in full immediately prior to the event giving rise to the adjustment.

The Company has now reached agreement with the Optionholder on terms to vary the exercise price of the Options in order to reflect the amount of the Capital Return, being 7.9p, that the Company implemented in November 2016. All other terms of the Options, including expiry dates, will remain unchanged other than as set out below in relation to the 15,000,000 options with a new exercise price of 0.1p. The new exercise price of the Options is proposed to be as follows:

<i>Number of Options</i>	<i>Exercise Price</i>	<i>Expiry Date</i>
15,000,000	0.1 pence	19 th July 2017
15,000,000	2.1 pence	19 th July 2017
15,000,000	4.1 pence	25 th March 2018
15,000,000	2.1 pence	26 th July 2019

In relation to the 15,000,000 Options which it is proposed will be exercisable at 0.1p, the Company is required to seek shareholder approval to effect this variation as the new exercise price of 0.1p is below the nominal value of shares in the Company of 0.2p. The Company therefore intends to seek shareholder approval to capitalise the difference between the nominal value and the new exercise price (£15,000) from reserves. The Optionholder is unable to exercise this tranche of Options on the revised terms in advance of shareholder approval being granted or in the event that shareholders do not approve the required capitalisation from reserves. In order to satisfy the Optionholder in this regard, the Company has agreed that, if the Optionholder wishes to exercise this tranche of Options prior to shareholder approval being granted for the capitalisation from reserves or should shareholder approval not be given, then this tranche of Options will convert at 0.2p into a greater number of 18,000,000 Ordinary Shares.

Shareholder Meeting

The Company intends to call an Extraordinary General Meeting in order to approve the capitalisation of the difference between the nominal value of the Company's Ordinary Shares and the new option exercise price of 0.1p, as described above, and the potential issue of shares to Topaz Energy Pty Ltd as detailed in the announcement issued earlier today.

As previously stated, the Company also intends to take the opportunity to seek new authorities that will provide it with the necessary flexibility to raise capital should the market allow and the Company decides that it is in its best interest.

A Circular will be issued to shareholders shortly in respect of these matters and further announcements will be made in due course.

**** ENDS ****

For further information please visit www.empyreanenergy.com or contact the following:

Empyrean Energy plc

Tom Kelly

Tel: +61 8 9481 0389

Cenkos Securities plc

Neil McDonald
Beth McKiernan
Nick Tulloch

Tel: +44 (0) 131 220 9771
Tel: +44 (0) 131 220 9778
Tel: +44 (0) 131 220 9772

St Brides Partners Ltd

Elisabeth Cowell
Lottie Brocklehurst

Tel: +44 (0) 20 7236 1177
Tel: +44 (0) 20 7236 1177

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