EMPYREAN

ENERGY PLC

Annual Report and Accounts

For the Year Ended 31 March 2024

Contents

Company Information

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Solicitors	Armstrong Teasdale LLP 2nd Floor 38-43 Lincoln's Inn Fields London WC2A 3PE UNITED KINGDOM
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Key Activities

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

Reporting period

- Joint regional oil migration study with China National Offshore Oil Company ("**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 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.

Post-Reporting period

- On 13 June 2024 the Company announced that as it had not commenced the drilling of the Topaz prospect by 12 June 2024 as required under the second phase of exploration on Block 29/11 and therefore has not met the requirements to continue the cooperation on Block 29/11 with CNOOC. The permit therefore formally terminated on 12 June 2024. On 24 August 2024 Empyrean received a letter of demand from CNOOC alleging that Empyrean has outstanding obligations under the PSC. The Company disputes the letter and is endeavouring to settle the matter amicably under the dispute resolution clauses provided for in the PSC. Separately, Empyrean has put forward a submission to CNOOC for further cooperation on Block 29/11.

Duyung PSC Project, Indonesia (EME 8.5%)

Reporting period

- Key Terms agreed for Long-Term export Gas Sales Agreement ("**GSA**") between Conrad Asia Energy Ltd ("**Conrad**") subsidiary, West Natuna Exploration Ltd ("**WNEL**"), operator of the Duyung PSC, the petroleum upstream regulator in Indonesia ("**SKK Migas**") and Sembcorp Gas Pte Ltd. The parties are nearing finalisation of a definitive export GSA, which was signed subsequent to year-end on 31 August 2024.

- Conrad engaged a global investment bank to lead a sell-down process for the divestment of a portion of its interest in the Duyung Production Sharing Contract. This process is well advanced and it is expected that the completion of the export GSA (signed 31 August 2024) is a necessary precursor to any sell down negotiations being completed.

Post-Reporting period

- On 24 June 2024 the Company announced that the Mako JV partners had entered into a binding domestic Gas Sales Agreement for the sale and purchase of the domestic portion of Mako gas with PT Perusahaan Gas Negara Tbk ("**PGN**"), the gas subsidiary of PT Pertamina (Persero), the national oil company of Indonesia.

- The domestic GSA will be subject to the construction of a pipeline connecting the West Natuna Transportation System ("**WNTS**") with the domestic gas market in Batam and it forms part of Mako JV's Domestic Market Obligation ("**DMO**") as set out in the Mako's revised Plan of Development ("**POD**").

- The Total Contracted Gas volume under the PGN GSA is up to 122.77 trillion British Thermal Units ("**TBtu**") with estimated plateau production rates of 35 billion British thermal units ("**Bbtud**") per day. The remainder of the Mako sales gas volumes are targeted to be sold to Singapore via the export GSA signed in August 2024.

- On 2 September 2024 the Company announced that the Mako Joint Venture partners and Sembcorp signed a binding GSA for the export of gas produced from the Mako field to Singapore. The contract term is until the end of the Duyung PSC in January 2037 and allows for the sale of up is 76 billion Bbtud, which is equivalent to around 76.9 million standard cubic feet per day ("**mmscfd**").

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

- No work was conducted on the project during the year.

Corporate

Reporting period

- 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.

- Placement to raise US$0.90 million (£0.70 million) completed in February 2024.

Empyrean CEO Tom Kelly said, "Empyrean has conducted systematic and thorough exploration on Block 29/11 since commencing its cooperation on the block with CNOOC in late 2016. This included 608km^2 of 3D seismic, the drilling of the Jade exploration well and various post well analyses including regional oil migration and simultaneous seismic inversion studies. Despite these works, and due in part to various market challenges, including COVID, Empyrean has not been able to fund a second exploration well on Block 29/11. As announced on 13 June 2024, Empyrean has not commenced the drilling of the Topaz prospect and therefore has not met the requirements to continue the cooperation on Block 29/11 with CNOOC and the permit therefore formally terminated on 12 June 2024. On 24 August 2024 Empyrean received a letter of demand from CNOOC alleging that Empyrean has outstanding obligations under the PSC. The Company disputes the letter and is endeavouring to settle the matter amicably under the dispute resolution clauses provided for in the PSC. Separately Empyrean has put forward a submission to CNOOC for further cooperation on Block 29/11.

During 2023, Empyrean engaged LAB Energy Advisors (London) with respect to broadening the reach for possible risk sharing alternatives and farm out opportunities for the Topaz prospect. Despite strong interest in the technical merit of the Topaz prospect, no farm out deal has been reached.

Empyrean's immediate focus is to maximise the value in its 8.5% interest in the Mako gas field discovery on the Duyung permit in Indonesia. The sell down process being coordinated by the operator of the Duyung permit through Jefferies International Bank has taken longer than expected. Empyrean expects that completion of the export GSA, which was pleasingly signed on 31 August 2024, was the necessary precursor to the completion of any sell down transaction.

The signing of the export GSA between Sembcorp, the Indonesian Government and the Mako Joint Venture partners marks the next significant milestone in the pathway from discovery of Mako towards development and production. This follows the signing of the domestic GSA announced in June 2024 for the Mako gas field development and means that all contingent resources at Mako are now under binding contracts for sale. 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. We anticipate that these GSA's will greatly assist parties interested in the Mako project to assess value and timelines with more clarity and certainty. Completion of both GSAs is also a significant milestone on the path to a Final Investment Decision ("**FID**") for the Mako project.

From a corporate perspective, the Company successfully raised funds in May 2023 and at the same time renegotiated the existing Convertible Note. In February 2024 the Company raised further working capital as the Company awaited the signing of the export GSA and conclusion of the Duyung PSC sell-down process.

The Company continues to assess other financing and strategic alternatives to provide it with additional working capital as and when required.

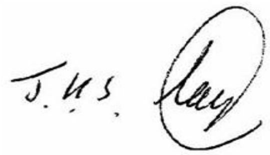
I would like to thank the Board, management and staff for their patience and perseverance during another challenging year. In particular I'd like to re-iterate my gratitude to Dr Patrick Cross for serving as our Chairman over the past 20 years. We now await a positive conclusion to the sell down process from Indonesia which we hope will provide the platform for the Company to pursue its strategic objectives in earnest.

Chairman's Statement

The Company was restricted in its progress during the year as it awaited the advancement of the two key events in Indonesia, being the conclusion of the GSA negotiations and secondly the completion of the sell down process of the Mako Gas Field. While progress has been made subsequent to year end and we are optimistic of a successful conclusion in the near future, the delayed timing of these events has inhibited the Company's ability to meet its obligations in China.

The Company has pleasingly raised the necessary equity funds during the financial year to support its activities and provide working capital while we wait on the completion of the GSA and sell down processes. A successful sell down of our 8.5% interest in the Duyung PSC will enable the Company to reset and move forward with its exploration objectives as well as make repayment of the Convertible Note.

I would like to thank the Board, management and staff for their efforts during this frustrating year. As noted in August 2024, I have assumed the Chairmanship of the Company and I would like to extend my gratitude, on behalf of the entire Board, to Dr Patrick Cross for serving in this role for the past 20 years and for the significant contribution he made in that time. We now eagerly await the conclusion of the sell down process at which point in time the Company will be able to set its objectives for the 2024/2025 period and beyond.



John Laycock
Non-Executive Chairman
30 September 2024

Strategic Report

Business Overview and Likely Future Developments

Following the unsuccessful drilling of the Jade prospect in April 2022, post-well analysis at Jade confirmed better than pre-drill estimates of the reservoir quality with regional seal confirmed and the depth conversion approach validated. Post-well evaluation by CNOOC geochemical and basin modelling experts together with Empyrean interpreted the critical elements of effective regional oil migration pathways leading to positive implications for the Topaz prospect, and ultimately a decision to proceed with the second phase of exploration at Block 29/11.

While Empyrean did conduct important work during the reporting period designed to help address and mitigate the remaining primary geological risk at Topaz – oil migration into the Topaz trap, the key requirement of this second phase of exploration was the drilling of the Topaz Prospect before June 2024, which Empyrean was unable to achieve, and the permit therefore formally terminated on 12 June 2024. On 24 August 2024 Empyrean received a letter of demand from CNOOC alleging that Empyrean has outstanding obligations under the PSC. The Company disputes the letter and is endeavouring to settle the matter amicably under the dispute resolution clauses provided for in the PSC. Separately Empyrean has put forward a submission to CNOOC for further cooperation on Block 29/11.

In Indonesia, Conrad, operator and 76.5% partner in Mako has progressed a sell down process with a global investment bank in order to fund the development of Mako.

Post year-end the Company announced that the Mako Joint Venture partners and Sembcorp had signed a binding GSA for the export of gas produced from the Mako field to Singapore. The contract term is until the end of the Duyung PSC in January 2037 and allows for the sale of up to 76 billion Bbtud, which is equivalent to around 76.9 mmscfd. The export GSA also contains provisions for the sale of up to an additional 35 Bbtud (around 35.4 mmscfd) should a tie-in pipeline not be built to the Indonesian domestic market in Batam and DMO sales do not therefore eventuate. The possible export of these additional volumes is recognised in the Mako POD.

The Company also announced post year-end that the Mako JV partners had entered into a domestic gas sales agreement for the sale and purchase of the domestic portion of Mako gas with PGN. The binding export GSA is seen by Empyrean as being a likely requirement or precursor to the completion of a sell down transaction and potential monetisation of its 8.5% interest in the PSC.

There were no material activities conducted in California during the year.

Further details on these activities are provided in the Operations and Outlook section below.

The Company raised funds through two separate placements during the year and also renegotiated the Convertible Note during the period. The funds raised from the placements are being used to meet current project commitments and for working capital purposes. The Board and management recognise that exploration for hydrocarbons is a risky venture and there will be failures and challenges along with successes. As a result, the Company’s strategy is to continue to add value for shareholders by building a diverse portfolio of drilling opportunities in commercially attractive jurisdictions. This has been hampered during the current year due to lack of funding and the delays to the completion of the export GSA and sell down processes in Indonesia. The Company however is positive that constructive outcomes will be achieved in Indonesia and has a team with a proven track record of finding hydrocarbons and advancing projects through exploration, appraisal and into production. Empyrean is actively looking at value accretive opportunities in the market. Oil and Gas prices remain strong and the current business strategy of the Company remains sound and value accretive.

Operations and Outlook

As at 31 March 2024 the Company has the following interests:

The Company has an interest in Block 29/11 offshore China (100% during exploration and 49% upon any commercial discovery). Empyrean is the operator with 100% of the exploration rights of the 1800km^2 permit during the exploration phase of the project. Block 29/11 is located in the prolific Pearl River Mouth Basin, offshore China approximately 200km Southeast of Hong Kong.

Post Jade well evaluation work confirmed reservoir quality and the regional seal and following a CNOOC assisted oil migration pathways assessment, the Company committed to enter this second phase of exploration with the aim to drill Topaz. As detailed earlier in the Annual Report, Empyrean has not commenced the drilling of the Topaz prospect by the June 2024 requirements under the PSC and therefore has not met the requirements to continue the cooperation on Block 29/11 with CNOOC, and the permit therefore formally terminated on 12 June 2024. On 24 August 2024 Empyrean received a letter of demand from CNOOC alleging that Empyrean has outstanding obligations under the PSC. The Company disputes the letter and is endeavouring to settle the matter amicably under the dispute resolution clauses provided for in the PSC. Separately, as advised Empyrean has however put forward a submission to CNOOC for further cooperation on Block 29/11.

Topaz is a world class conventional oil target, to which Gaffney Cline & Associates ("**GCA**") assigned a Geological Chance of Success (**"GCoS"**) of 30%. The Topaz prospect has a GCA audited mean in place potential of 506 MMbbl and a P10 in place upside of 891 MMbbl. The combined 2018 audited mean in place potential of the Topaz and Pearl prospects is 659 MMbbl and a P10 in place upside of 1,193 MMbbl.

The Company holds a 8.5% direct interest in the 1,100km^2 Duyung PSC, offshore Indonesia, operated by Conrad. The main asset in the permit is the Mako shallow gas discovery, located in the Duyung PSC in the Natuna Sea, Indonesia, which has been independently estimated by Gaffney Cline & Associates (26 August 2022) to contain gross 2C Contingent Resources of 413 Bcf (100%).

In September 2023 Empyrean announced that Conrad's wholly owned subsidiary, 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, 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. On 2 September 2024 the Company announced that the Mako Joint Venture partners and Sembcorp had signed the binding GSA for the export of gas produced from the Mako field to Singapore.

This followed the announcement on 24 June 2024 that the Mako JV partners had entered into a binding domestic Gas Sales Agreement for the sale and purchase of the domestic portion of Mako gas with PGN, the gas subsidiary of PT Pertamina (Persero), the national oil company of Indonesia. Importantly, the combination of the executed domestic and export GSAs means that all contingent resources at Mako are under binding contracts for sale.

Conrad continues to advance the sell down process with a global investment bank in order to fund the development of Mako. A binding export GSA was seen by Empyrean as being a likely requirement or precursor to the completion of a sell down transaction so with this now signed the Company awaits a positive sell down outcome.

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.

There were no activities in California during the year.

The Company also has a 58.084% working interest in the Eagle Oil Pool Development Project asset in California and a 10% working interest in the Riverbend Project in Texas. Both had no activity during the year. Further detailed analysis on all projects is provided in the Operational Review on page 15.

Section 172 Statement

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, the impact of its activities on the community, the environment and the Company's reputation for good business conduct, when making decisions. In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Company for its members in the long term. In the current year the key strategic decision was to enter the second phase of exploration with the aim to drill the Topaz prospect at its 100% owned Block 29/11 permit, offshore China. While the Company did not meet the June 2024 deadline under the PSC to drill the Topaz well and the permit was formally terminated, it believes there is significant potential for success at Topaz which would result in a material value uplift for the Company and its shareholders, and hence made a submission seeking further cooperation CNOOC. The Company completed two equity placements during the reporting period and also renegotiated the Convertible Note.

The Company is confident of positive outcomes from the Duyung PSC in the near term and following the August 2024 signing of the export GSA is hopeful of a successful sell down of its 8.5% interest in the PSC.

We explain in this Annual Report, and referenced below, how the Board engages with stakeholders.

Promoting the Success of the Company for Stakeholders

The Directors endeavour to balance the needs and requirements of all stakeholders which, in addition to the Company's shareholders, include the Company's employees, the communities in the areas where it operates, government agencies and the Company's suppliers and customers, all of whom have a vested interest in the long-term success of the Company. Empyrean allocates its resources appropriately given the risk versus reward profile of our projects in order to achieve its goal of maximising Company and shareholder value. Empyrean is currently focused on progressing two cornerstone assets: Block 29/11 offshore China and the Duyung PSC offshore Indonesia. While focused exploration work continued during year on Block 29/11 in China, Empyrean has been restricted in its ability to advance the China project while it awaits the outcomes at the Duyung PSC in Indonesia which will hopefully maximise value from its interest in Indonesia. The Board also continues to evaluate new projects to position the Company for renewed growth and to further increase shareholder value.

Consequences of Decisions

The Board attaches a high importance to maintaining good relationships with shareholders and seeks to keep them fully updated on the Company's performance, strategy and management, predominantly through market announcements, periodic reports and shareholder circulars. When restrictions on face to face communication due to COVID-19 affected the Company's Annual General Meeting in prior years, the Company held hybrid meetings to enable shareholders to communicate with the Board and Management. The Board in making decisions regarding the activities of the Company will consider and balance the costs and benefits those decisions and the varying expectations of its stakeholders.

The Company has an obligation to its shareholders to grow and develop the Company in a manner that will provide value enhancement to their investment whilst at the same time minimising risk. The Directors rely on the feedback from management who have direct interaction with the shareholders on a regular basis to provide a balanced assessment of the likely views of shareholders to the strategic and business decisions that the Directors make.

Human Resources and Ethical Culture

The Board believes that good corporate culture based on sound ethical values should guide the objectives and actions of its Board, management and employees. The Board believes that its current members have an appropriate balance of sector, financial and public market skills and experience, as well as technical experience, in particular oil and gas industry experience and expertise.

The Company demands the highest standards of integrity in the conduct of its business. Empyrean is committed to conducting business in a transparent and ethical manner across all its operations. The Company aims to ensure that all its activities are conducted fairly and honestly and each person connected with the Company has individual responsibility for maintaining an ethical workplace. Consistent with this business philosophy, the Company strictly adheres to anti-bribery and corruption principles. The Company places an active responsibility for compliance on all Company employees and associated persons. Compliance with these standards was monitored throughout the year by the Company Secretary and Directors through regular meetings and open dialogue and transparency on all business matters.

Foster Business Relationships with Suppliers, Customers and Others

Given the nature of the Group's business, it has limited suppliers but nonetheless maintains a close working relationship with those suppliers to understand their specific needs and expectations. The Board recognises that long term success relies upon good relationships with a range of different stakeholders, including its shareholders, regulators, joint venture partners and other service providers. The Company encourages feedback from all these groups.

The Company has strong relationships and maintains regular dialogue and engages actively with its joint venture partners and various service providers. The Joint Management Committee for Block 29/11 in China and the Technical Committee for the Duyung PSC formally convened on a number of occasions during the year, while dialogue was maintained with our Joint Venture partner in California.

Environmental, Social and Community Implications

The Company endeavours to operate in a manner that accords with good practice and, where appropriate, exceeds the legislative requirements, whether this is in relation to its obligations to its employees, environmental obligations and interaction with communities.

Whilst the Company is cognisant of its corporate social responsibilities, for those projects that the Company is dependent on other operators for the performance of exploration and production activities, it ensures it undertakes suitable due diligence on these operators to mitigate the risk of any corporate, financial, social or environmental responsibilities being breached.

For the Company's China asset, in which it is the operator, sound financial, corporate, social, community and environmental protocols are paramount to the success of the operation and are embedded within the Company's strategy and business model.

Maintain High Standards of Business Conduct

The Company demands the highest standards of integrity in the conduct of its business. Empyrean is committed to conducting business in a transparent and ethical manner across all its operations. The Company aims to ensure that all its activities are conducted fairly and honestly and each person connected with the Company has individual responsibility for maintaining an ethical workplace. Consistent with this business philosophy, the Company strictly adheres to anti-bribery and corruption principles. The Company places an active responsibility for compliance on all Company employees and associated persons.

Strategy

The Company's goal is to maximise value for shareholders. Empyrean will allocate its resources appropriately given the risk versus reward profile of our projects in order to achieve its goal. Risk assessment and evaluation is an essential part of the Company's planning and an important aspect of the Company's internal control system. These risks are first rigorously assessed at a technical level before the Company takes on a project and then diligently managed by the Company throughout the project timeline. The principal risks and uncertainties are considered to be the following:

Exploration, Development and Production Risks

Exploration and development activities may be delayed or adversely affected by factors outside the Company's control, in particular; climatic conditions; performance of partners or suppliers; availability, delays or failures in commissioning or installing plant and equipment; unknown geological conditions resulting in uneconomic or dry wells; remoteness of location; failure to achieve estimated capital costs, operating costs, reserves, recovery and production levels; actions of host governments or other regulatory authorities; and failure to find a hydrocarbon or finding uneconomic hydrocarbons. The Company employs geological experts and engages independent consultants where necessary to review exploration data as it is produced.

Commodity Risk

The demand for, and pricing of, oil and gas is dependent on global and local supply and demand, weather conditions, availability of alternative fuels, actions of governments or cartels and general economic and political developments. The Company monitors the current and forecast oil prices on a regular basis. Oil prices have been on the rise through 2021 to 2024, after the negative impact of COVID-19 outbreak and geopolitical factors saw energy prices decrease.

General and Economic Risk

As a consequence of activities in different parts of the world, the Company may be subject to political, economic and other uncertainties both locally and internationally, including but not limited to inflation, interest rates, market sentiments, equity and financing market conditions. In particular, the Company's existing exploration assets are located in China, Indonesia and the USA and currently require US$ denominated funding to take them forward. The Company monitors the ongoing economic situations in the countries in which it has activities. A recurrence of COVID-19 or similar such outbreaks, and regulators' or market fears about the same, may impact the Company's activities.

Financing Risk

Future investment is dependent on having sufficient funds to enable the exploration or development of projects, whether through debt or equity funding. The Company has raised funds in GBP. There is the potential to be exposed to foreign exchange losses or profits on any funds that the Company converts into GBP or converts from GBP to US$ as the Company's exploration assets require payments for services to be made in US$. The Company prepares cash flow forecasts and monitors its expenditure against budget, raising funds when necessary.

Market Risk

Securing sufficient and profitable sales contracts to support operations is a key business risk. Empyrean's exploration projects in California require the renewing of certain leases from time to time. There is some risk that some leases may not be able to be negotiated or that the terms may be different. The Company also operates in China and Indonesia and there are risks associated with the demand for hydrocarbons and the different pricing between markets for different commodities such as gas versus oil. The operator has secured tenure at the Duyung PSC through to 2037. As detailed in this report, while the Company entered the second phase of exploration at Block 29/11 it did not meet its work obligation to drill an exploration well at Topaz within 2 years (12 June 2024).

Environmental Risk

The Company's exploration, development and production activities are subject to extensive laws and regulations governing environmental impact and protection. A failure to comply with environmental laws and regulations (including as a result of technical failures) may result in enforcement actions causing operations to cease or be curtailed, the imposition of fines and penalties, and may include corrective measures requiring significant capital expenditures. In addition, certain types of operations require the submission and approval of environmental impact assessments. For some assets, the Company is dependent on other operators for the performance of exploration and production activities and will be largely unable to direct, control or influence the activities and costs of these operators.

Climate Change Risk

The Company's exploration, development and production activities could be subject to restrictions or moratoriums in response to carbon emission reduction targets. The Company has received no indication that the relevant host governments want to place restrictions on the production of hydrocarbons. During the financial year the Company was in a non-operational phase and its environmental footprint is minimal.

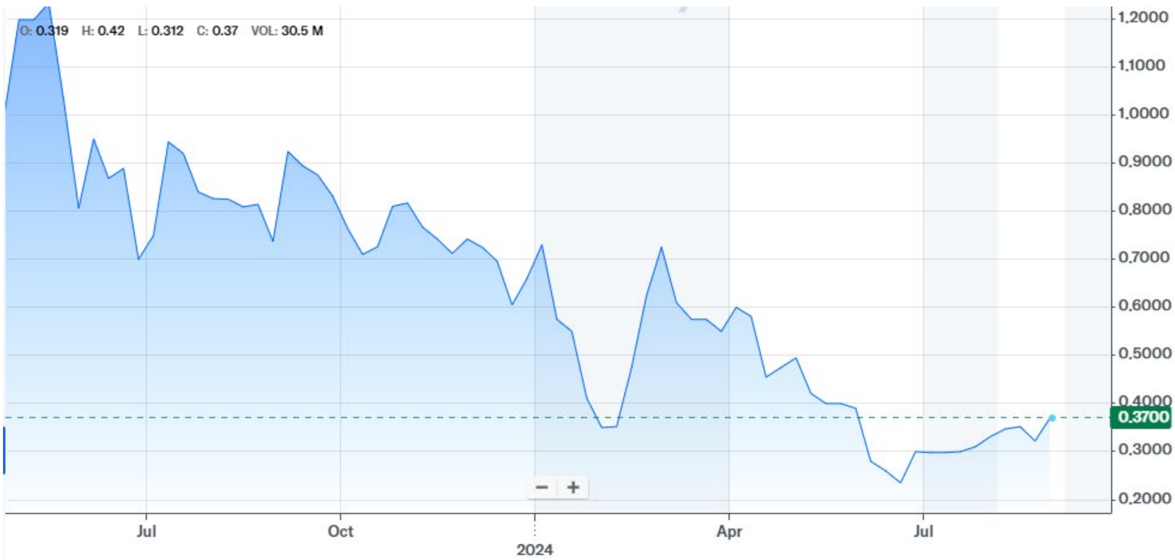
Financial Position and Performance of the Business

Net loss after tax for the year was US$9.59 million (2023: US$20.80 million). Total assets were US$6.35 million (2023: US$10.76 million). Net investing cash outflows were US$0.96 million (2023: US$1.23 million). Total liabilities were US$10.71 million (2023: US$8.46 million). The Company's cash position at 31 March 2024 was US$981,000 (2023: US$83,000) with net operating cash outflows of US$0.83 million (2023: US$1.13 million).

Key Performance Indicators

As an exploration company with a portfolio of projects aimed at adding value for shareholders – the Company's share price continues to be a key KPI. Following the drilling of the Jade Prospect, where no oil pay was encountered in the target reservoir, the share price predictably decreased sharply and has remained at low levels throughout the financial year. Despite this, the Board believes that there are near term value catalysts upon signing of the export GSA (signed 31 August 2024) and a successful outcome from the Mako sell down process, which will hopefully position the Company to move forward with its strategic objectives in 2024/25. The work performed at each of the Company's projects and the results that have been achieved are detailed further in the Operational Review.

The share price performance from 1 April 2023 to 30 August 2024 is represented graphically below:



The strategic report and operational review were approved by the Board on 30 September 2024 and signed on the Board's behalf.

Thomas Kelly
Chief Executive Officer
30 September 2024

Operational Review

The Company's corporate objective remains to build a significant asset portfolio across the Asian region. Post well studies of the Jade evaluation work confirmed excellent reservoir quality and the presence of the regional seal. Following a CNOOC assisted oil migration pathways assessment, the Company entered the second phase of exploration in China with the aim to drill the Topaz prospect.

Comprehensive technical work has been conducted to this end, consisting of a regional oil migration study and a 3D simultaneous seismic inversion project, which are designed to help address and mitigate the remaining primary geological risk at Topaz, being oil migration into the Topaz trap.

The Company did not drill the Topaz well by 12 June 2024 and the permit terminated on that date.

Empyrean remains optimistic about the significant value potential of its interest in Indonesia, which will be reflected in the current sell down process and the very recent execution of the export GSA between the Mako JV partners and Sembcorp as announced on 2 September 2024. The project has been further supported by strong gas prices in the Asian region.

Empyrean also has a 25-30% working interest in a package of gas projects in the Sacramento Basin, onshore California. While no activity occurred during the year Empyrean will assess the technical and commercial merits of other prospects or proposals as they are presented.

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.

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.

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%

Activities during the reporting period

Empyrean conducted 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 were 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 maps 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 was conducted from a new source/kitchen located entirely within Block 29/11 and oil migration pathways will be mapped to Topaz.

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 was conducted in two phases. The aim of Phase I 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.

Block 29/11 PSC Status

As announced on 4 May 2022, in order to proceed with the second phase of exploration on Block 29/11 Empyrean's work program included drilling the Topaz project by 12 June 2024. As of that date, Empyrean has not commenced the drilling of the Topaz prospect and therefore has not met the requirements to continue the cooperation on Block 29/11 with CNOOC, and the permit therefore formally terminated on 12 June 2024.

During 2023, Empyrean engaged LAB Energy Advisors (London) with respect to broadening the reach for possible risk sharing alternatives and farm out opportunities for the Topaz prospect. Despite strong interest in the technical merit of the Topaz prospect, no farm out deal has been reached as of today's date.

Empyrean has put forward a submission to CNOOC for further cooperation on Block 29/11.

Cautionary Statement: The volumes presented in this announcement are STOIIP estimates only. A recovery factor needs to be applied to the undiscovered STOIIP 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.

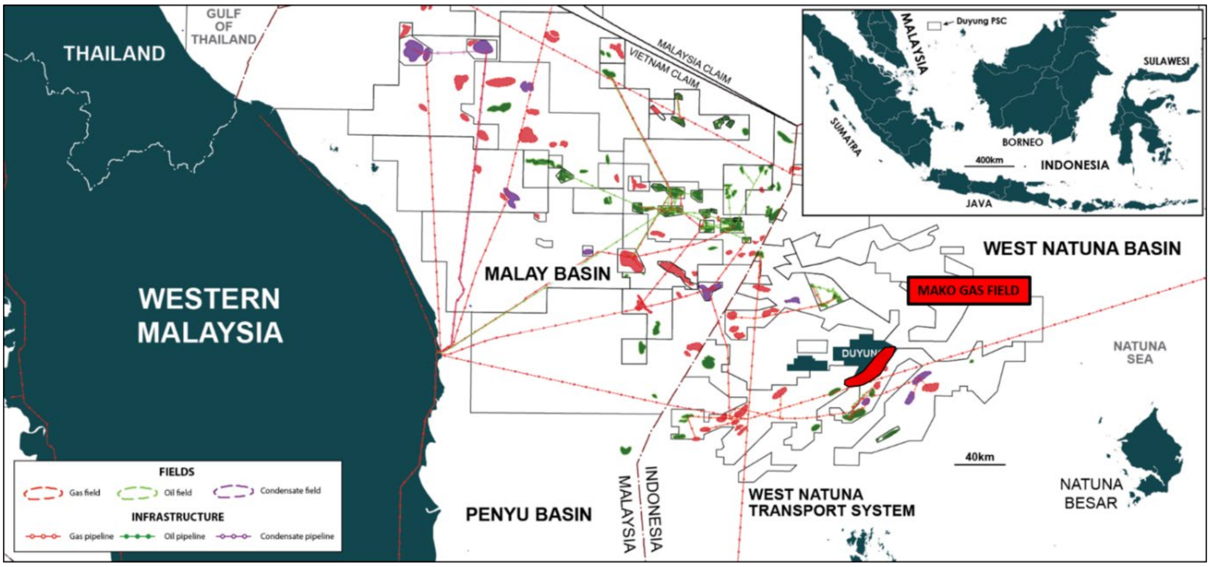


Figure 1: Mako Gas field, Duyung PSC, Indonesia

Current Activities

Post year end, Empyrean announced that it, and the Mako JV partners had entered into a binding gas sales agreement for the sale and purchase of the domestic portion of Mako gas with PGN, the gas subsidiary of PT Pertamina (Persero), the national oil company of Indonesia.

The domestic gas sale agreement with PGN for gas from the Mako gas field is an important step in the commercialisation of the Mako gas field (the largest undeveloped gas field in the West Natuna Sea). PGN is Indonesia's largest gas company. The Total Contracted Gas volume under the PGN GSA is up to 122.77 trillion TBtu with estimated plateau production rates of 35 billion Bbtud per day.

Following this, the Company announced the signing by the Mako JV partners and Sembcorp of the export GSA for the remainder of the Mako gas resource, which is targeted to be exported to Singapore. The contract term is until the end of the Duyung PSC in January 2037 and allows for the sale of up to 76 billion Bbtud, which is equivalent to around 76.9 mmscfd.

The export GSA also contains provisions for the sale of up to an additional 35 Bbtud (around 35.4 mmscfd) should a tie-in pipeline not be built to the Indonesian domestic market in Batam and DMO sales do not therefore eventuate. The possible export of these additional volumes is recognised in the Mako POD.

The West Natuna Sea gas gathering system is already connected to Singapore. PGN will now proceed with planning a smaller tie line to the island of Batam across the Malacca Straight that will connect the Natuna Sea to the Indonesian market.

Indonesia, the fourth most populated country on earth has a stated objective of doubling its gas production by 2030 in order to deliver a cleaner energy source to fuel its rapidly growing economy. PGN will play a significant role in this Indonesian energy transition.

The Mako field contains 2C Contingent Resources (100%) of 376 billion cubic feet ("**Bcf**"), (of which 21 Bcf are net attributable to Empyrean) and is scheduled to begin production in 2026 subject to completing a formal GSA with a Singapore buyer (completed in August 2024). The West Natuna Sea has been supplying Singapore with natural gas for more than two decades and Mako is expected to continue this supply for at least another decade.

Production Sharing Contractors in Indonesia are subject to a DMO requirement for any produced gas as set out under the terms of each PSC, and Government of Indonesia Regulation No. 35 of 2004 on Upstream Oil and Gas Activity, as amended from time to time (GR 35/2004). Contractors are required to supply c 25% of their share of the oil and gas produced to meet domestic needs. The Contractor has no obligation to construct infrastructure (e.g. pipelines) to allow the delivery of any DMO.

The combination of the executed domestic and export GSAs means now that all contingent resources at Mako are under binding contracts for sale.

Conrad continues to advance the sell down process with a global investment bank in order to fund the development of Mako. The signing of a binding export GSA is seen by Empyrean as being a likely requirement or precursor to the completion of any sell down transaction.

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)

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.

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.

Riverbend Project (10%)

No work has been completed on the project in the year and no budget has been prepared for 2024/25 whilst the Company focuses on other projects. The Company previously fully impaired the carrying value of the asset 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)

No work has been completed on the project in the year and no budget has been prepared for 2024/25 whilst the Company focuses on other projects. The Company previously fully impaired the carrying value of the asset 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 35 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)
30 September 2024

Directors' Report

The Directors are pleased to present their report on the affairs of the Company, together with the audited financial statements for the financial year ended 31 March 2024.

Dividends

The Directors do not propose the payment of a dividend (2023: nil).

Directors and Directors' Interests

Directors of the Company who served during the year:

- **John Laycock – Non-Executive Chairman**

  Mr Laycock has over 30 years' experience in accounting, finance and risk management. His previous positions include 22 years with BP both in UK and international experience in France and Japan. Mr Laycock has a degree in Mechanical Engineering from Bristol University and is a Fellow of the Chartered Institute of Management Accountants, who is based in the UK. At the time of this report, Mr Laycock holds or has a beneficial interest in 7,000,000 shares (0.55%) in the Company. Mr Laycock was appointed to the Board in August 2008.

- **Thomas Kelly – Chief Executive Officer**

  Mr Kelly has had more than 30 years of corporate, finance and investment banking experience. During this period, Thomas Kelly has been involved in and been responsible for the financing of numerous listed companies on the Australian Securities Exchange (ASX) and several mergers and acquisitions within the Australian corporate sector. Mr Kelly is a founding Director of Empyrean Energy Plc. At the time of this report, Mr Kelly holds or has a beneficial interest in 123,317,571 shares (9.52%) in the Company. Mr Kelly was appointed to the Board in May 2005.

- **Gajendra Bisht – Executive Director (Technical)**

  Mr Bisht is an oil and gas professional with over 35 years of proven skills in all aspects of Exploration and Production. In the past 6 years, he has developed strong business acumen in strategy framing and execution and has built deep and effective relationships with international companies as well as regulators in South East and North Asia, particularly in Indonesia, China and Malaysia. At the time of this report, Mr Bisht holds or has a beneficial interest in 56,398,839 shares (4.36%) in the Company. Mr Bisht was appointed to the Board in June 2017.

- **Patrick Cross – Non-Executive Director**

  Dr Cross has international experience in corporate finance, organisation structures, marketing and joint venture operations. His previous positions include 25 years with BP specialising in marketing, strategic planning and business development across different countries. He also worked for 2 years as President of Cable and Wireless Japan, and 6 years as Managing Director of BBC World Ltd. Dr Cross has operated in South America, Asia, Europe and the United Kingdom establishing relationships at senior levels with major companies, Governments and the European Commission. He was non-executive chairman of Mercom Capital Plc, was a non-executive director of Orca Interactive Limited and is a Trustee of the Royal Society of Tropical Medicine and Hygiene. At the time of this report, Dr Cross holds or has a beneficial interest in 825,000 shares (0.06%) in the Company. Dr Cross was appointed to the Board in June 2005.

Insurance

The Company maintains liability insurance for the Directors and officers of the Company.

Going Concern

At the year end the Company had a cash balance of US$981,000 (2023: US$83,000) and made a loss after income tax of US$9.59 million (2023: loss of US$20.80 million).

The Directors have prepared cash flow forecasts for the Company covering the period to 30 September 2025 and these demonstrate that the Company will require further funding within the next 12 months from the date of approval of the financial statements. 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 Company has not met the requirements under the PSC to drill the Topaz well by 12 June 2024 and therefore the permit terminated on 12 June 2024. Empyrean has put forward a submission to CNOOC for further cooperation on Block 29/11.

As detailed in Note 19, post year end on 24 August 2024, the Company received a letter of demand from CNOOC's lawyers, King Wood & Mallesons, in relation to Block 29/11. The letter of demand alleges, inter alia, that Empyrean has outstanding obligations under the relevant Petroleum Contract entered into with CNOOC and that Empyrean has failed to pay certain amounts that CNOOC consider due and payable under the Petroleum Contract relating to the prospecting fee and exploration work. The Company rejects the outstanding amounts claimed, which total $12m, and has responded to the letter of demand requesting clarification of the basis for the demands made in the letter. At this time (and as disclosed in note 19), it is too early for the Company to form any opinion on the merits of any demands made therein and the Company intends to continue dialogue with CNOOC and, in line with the provisions of the Petroleum Contract, to settle amicably through consultation any dispute arising in connection with the performance or interpretation of any provision of the Petroleum Contract. However, it is acknowledged that, in the event that the amounts claimed are called, further funding would be required, over and above that required to meet the day to day cash demand of the business for the foreseeable future.

In May 2023 US$1.88 million was raised through an equity placement, with a further US$0.90 million raised in February 2024. Funds raised are being used 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.

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 any potential further costs of cooperation on Block 29/11, any potential amounts payable to CNOOC that may crystalise as detailed in Note 19, to meet the repayment terms of the Convertible Note, any further commitments at the Mako Gas Field and working capital requirements 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 remain optimistic that its funding commitments will be met should it be able to monetise its interest in Mako through the current sell down process. Post year end the Company announced that the Mako JV partners had entered into a domestic gas sales agreement for the sale and purchase of the domestic portion of Mako gas with PGN. The Company then announced that the Mako Joint Venture partners and Sembcorp had signed the binding GSA for the export of gas produced from the Mako field to Singapore.

It is the belief of the Board that the completion of the export GSA is a significant value catalyst that is a necessary precursor to maximising the value of its interest at the Mako Gas field through the current sell down process. Completion of these has the potential to enhance Empyrean's chances of negotiating a revised arrangement with CNOOC for the drilling of the Topaz prospect.

The Company therefore requires additional funding to fund the ongoing cash needs of the business for the foreseeable future and may require further funding should it be required to settle amounts claimed by CNOOC. The Directors acknowledge that this funding is not guaranteed. These conditions indicate that there is a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern and, therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Given the above and the Company's proven track record of raising equity funds and advanced Mako sell-down process, which the Directors believe would be sufficient to meet all possible funding needs as set out above, the Directors have therefore concluded that it is appropriate to prepare the Company's financial statements on a going concern basis and they have therefore prepared the financial statements on a going concern basis.

The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Financial, Liquidity and Cashflow Risk Management

Refer to Note 17 in the financial statements for further details.

Post Balance Sheet Events

Significant events post reporting date were as follows:

On 13 June 2024 the Company announced that as it had not commenced the drilling of the Topaz prospect by 12 June 2024 as required under the second phase of exploration on Block 29/11 and therefore has not met the requirements to continue the cooperation on Block 29/11 with CNOOC. The permit therefore formally terminated on 12 June 2024. On 24 August 2024 Empyrean has received a letter of demand from CNOOC alleging that Empyrean has outstanding obligations under the PSC. The Company disputes the letter and is endeavouring to settle the matter amicably under the dispute resolution clauses provided for in the PSC. Separately, Empyrean has put forward a submission to CNOOC for further cooperation on Block 29/11.

On 24 June 2024 the Company announced that the Mako JV partners had entered into a binding domestic Gas Sales Agreement for the sale and purchase of the domestic portion of Mako gas with PGN, the gas subsidiary of PT Pertamina (Persero), the national oil company of Indonesia.

On 22 August 2024 the Company announced that Dr Patrick Cross had stepped down as Non-Executive Chairman of the Company. Existing Non-Executive Director Mr John Laycock assumed the position of Non-Executive Chairman. Dr Cross remains on the Board as a Non-Executive Director.

On 2 September 2024 the Company announced that the Mako Joint Venture partners and Sembcorp had signed a binding GSA for the export of gas produced from the Mako field to Singapore. The contract term is until the end of the Duyung PSC in January 2037 and allows for the sale of up to 76 billion Bbtud, which is equivalent to around 76.9 mmscfd. The export GSA also contains provisions for the sale of up to an additional 35 Bbtud (around 35.4 mmscfd) should a tie-in pipeline not be built to the Indonesian domestic market in Batam and DMO sales do not therefore eventuate. The possible export of these additional volumes is recognised in the Mako POD. Completion of both GSAs is a significant milestone on the path to a FID for the Mako project.

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 8 to 14.

Auditors

The Auditors, BDO LLP, have indicated their willingness to continue in office and a resolution suggesting that they should be reappointed will be proposed at the Annual General Meeting.

Statement of Disclosure to Auditors

Each person who is a Director at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's Auditors are not informed; and
- the Director has taken all steps required to make himself aware of any relevant audit information and to establish that the Company's Auditors are informed of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

By order of the Board

Thomas Kelly
Chief Executive Officer
30 September 2024

Corporate Governance Report

The Directors are committed to maintaining high standards of corporate governance.

The London Stock Exchange announced that all AIM companies will be required to apply a recognised corporate governance code from 28 September 2018. In connection with the introduction of these requirements, the Quoted Companies Alliance has published a new corporate governance code. The Board of Empyrean has adopted the Quoted Companies Alliance Corporate Governance Code (the **"QCA Code"**) in line with these requirements.

The Company has adopted and operates a share dealing code for Directors and senior employees on substantially the same terms as the Model Code appended to the Listing Rules of the UK Listing Authority.

Chairman Statement – Corporate Governance

As Chairman of the Board of Directors of Empyrean Energy Plc, it is my responsibility to ensure that the Company is run by an effective and suitably qualified Board underpinned by a strong corporate governance policy. As Chairman, my responsibilities include overseeing the Company's corporate governance model and ensuring the Board is run by an effective and efficient Board, with good communication and information flow both internally and with our shareholders.

The Company has adopted the QCA Code in line with the AIM Rules requirement for all AIM-listed companies to adopt and comply or explain non-compliance with a recognised corporate governance code. The Company has prepared a Statement of Compliance with the QCA Corporate Governance Code which outlines the Company's approach in addressing and applying the 10 corporate governance principles of the QCA Code. This can be found at:

www.empyreanenergy.com/governance/

The Board considers that the Company complies with the QCA Code so far as it is practicable having regard to the size, nature and current stage of development of the Company and does not believe its governance structures and practices differ from the expectations set by the QCA Code.

The Board believes that good corporate governance, as outlined in the QCA Code, improves the long-term success and performance of the Company, whilst effectively managing risks and providing a framework for communication internally and with our shareholders.

There have been no governance matters of any concern that have occurred during the year and there have been no significant changes in the Company's governance arrangements.

Business Strategy

Through a series of strategic acquisitions, Empyrean now holds an exciting portfolio of exploration projects and its primary focus is to add significant value for the Company and its shareholders through focused advancement of these projects. Empyrean allocates its resources appropriately given the risk versus reward profile of our projects in order to achieve its goal of maximising Company and shareholder value.

Empyrean is currently focused on developing two cornerstone assets: Block 29/11 offshore China and the Duyung PSC offshore Indonesia. There was no significant activity during the current year with regard to its multi project participating interest in the Sacramento Basin, California. The Board will however consider participating in future wells at the Californian project based on their technical merit. Exploration work has largely focused on the China and to a lesser extent Indonesia Project during the year to maximise their value. The Board also continues to evaluate new projects to position the Company for renewed growth and to further increase shareholder value.

The Board

The Board met 7 times throughout the year. Attendance at the Board Meetings was as follows:

Director	Number Eligible to Attend	Number Attended
Patrick Cross	7	7
John Laycock	7	7
Thomas Kelly	7	7
Gajendra Bisht	7	7

To enable the Board to perform its duties, each of the Directors has full access to all relevant information and to the services of the Company Secretary. If necessary, the Non-Executive Directors may take independent professional advice at the Company's expense. The Board currently includes two Executive Directors and two Non-Executive Directors. The Board has delegated specific responsibilities to the committees described below. John Laycock is a Non-Executive Director and Chairman of the Company and meets the Company's criteria for independence. His experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board and in his position as Chairman. Patrick Cross is a Non-Executive Director of the Company and meets the Company's criteria for independence. While both Dr Cross and Mr Laycock have held Board positions for some time, they remain sufficiently removed from the day to day management of the Company and therefore continue to meet the Company's independence criteria.

Non-Executive Directors are expected to devote sufficient time as is reasonably required to perform their duties, which includes at a minimum being available to attend weekly update meetings and monthly board meetings and to review preparation material for those meetings. Thomas Kelly is an Executive Director and Chief Executive Officer of the Company and is expected to devote sufficient time as is reasonably required to perform the duties of Chief Executive Officer, which is on a full time basis. Gajendra Bisht is the Executive Director (Technical) of the Company and is expected to devote sufficient time as is reasonably required to perform the duties of an Executive Technical Director, which is on a full time basis. Mr Kelly and Mr Bisht form the executive management team for the China Project, where the Company is the Operator. The relevant experience, skills and capabilities of each of the directors are described in the Directors Report.

The Board has effective procedures and protocols in place to monitor any potential conflicts of interest and ensure that members with such conflicts abstain from voting on any resolutions on those matters. The Board members are also transparent in notifying other members of any other commitments or interests external to the business of the Company.

Company Secretary

The Company Secretary, Jonathan Whyte (CA), is an adviser to the Chairman and the Board and provides assistance to the Executive Directors in the day to day operations of the Company. The Company Secretary has responsibility for the Company's legal, statutory and regulatory compliance requirements and assists management with shareholder communication and investor relations matters. The Company Secretary prepares and disseminates all Board and Committee Meeting materials.

Performance Evaluation

The Chairman is responsible for the performance evaluation of the Executive and Non-Executive Directors. The Non-Executive Finance Director is responsible for the performance evaluation of the Chairman. The Board as a whole is responsible for the performance evaluation of the Committees and its own performance. These assessments occurred periodically. The Board believes that its current members have an appropriate balance of sector, financial and public market skills and experience, as well as technical experience, in particular oil and gas industry experience and expertise. The Board is satisfied that it has the appropriate balance of personal qualities and capabilities and is not dominated by a single member. On a continual basis, the Board assesses its core competencies, expertise and effectiveness to ensure they remain relevant and up to date. The Company has defined procedures for the selection and appointment of new directors to the Company's Board. Refer to pages 21 and 22 of the Directors' report for details of the Directors' experience and capabilities.

The Company has adopted a formal Board Evaluation Policy to ensure individual directors and the Board work efficiently and effectively in achieving their functions, which involves the Chairman meeting with each Executive and Non-Executive Director separately to discuss individual performance and ideas for improvement and the Non-Executive Finance Director meeting with the Chairman separately to discuss individual performance and ideas for improvement. The Board discuss and analyse its own performance and the performance of the committees during the year including suggestions for change or improvement. Following this review, the structure of the Board was deemed appropriate and it was agreed that the Board continues to function effectively and efficiently, with no recommendations for change at this time.

The Company has an established Remuneration Committee that operates under a Formal Charter. The Remuneration Committee is responsible for reviewing the performance of the Executive Directors, setting the scale and structure of their remuneration, setting performance-based objectives and paying due regard to the interests of shareholders and the performance of the Executive Directors and the Company as a whole. On a continual basis the Board assesses its core competencies, expertise and effectiveness. This includes an assessment of individual directors and whether the appointment of external personnel may enhance the performance of the Board.

The Audit Committee

The Audit Committee comprises of Patrick Cross and John Laycock and is chaired by John Laycock. During the year the Audit Committee met once and each member attended the meeting. The Audit Committee reviews the Company's annual and interim financial statements before submission to the Board for approval. The Audit Committee also reviews reports from management and the external auditors on accounting and internal control matters. When appropriate, the Audit Committee monitors the progress of action taken in relation to such matters. The Audit Committee also assesses the independence of, recommends the appointment of, and reviews the fees of, the external auditors. The Audit Committee has considered the need for an internal audit function and has deemed the need unnecessary as the Company is not of a size to warrant such a function. The Audit

Committee Charter can be found on the Company's website www.empyreanenergy.com/governance. While there was no Audit Committee report prepared this year the Audit Committee presents its findings from the annual audit and interim review to the Board after consultation with the auditors and having received the detailed Audit Completion Report which is prepared specifically for the Audit Committee . The Company reviews the audit summary report from its external auditors and holds discussions with the auditors and the Board as a whole to sufficiently address any audit related matters.

The Remuneration Committee

The Remuneration Committee is made up of Patrick Cross and John Laycock and is chaired by John Laycock. The Remuneration Committee met once during the year and each member attended the meeting. It is responsible for reviewing the performance of the Executive Director and for setting the scale and structure of their remuneration, paying due regard to the interests of shareholders as a whole and the performance of the Company. The Remuneration Committee Charter can be found on the Company's website www.empyreanenergy.com/governance. There was no Remuneration Committee report prepared this year on the basis that remuneration levels were reviewed by the board as a whole and also the Remuneration Committee and deemed acceptable and appropriate for the current year, with no changes recommended or made. The Company and its advisers conducted a review of the Company's cost base in view of the current environment and in the context of its peer group during the year.

Internal Control and Risk Management

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness annually. Such a system is designed to manage rather than eliminate risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has established a continuous process for identifying, evaluating and managing the Company's significant risks. This process involves the monitoring of all controls including financial, operational and compliance controls and risk management. It is based principally on reviewing reports from senior management and professional advisors to ensure any significant weaknesses are promptly remedied and to indicate a need for more extensive monitoring.

The Company has established an Audit Committee which is responsible for overseeing the establishment and implementation by management of a system for identifying, assessing, monitoring and managing material risk throughout the company. This system includes the Company's internal compliance and control systems. The Audit Committee reviews at least annually the Company's risk management systems to ensure the exposure to the various categories of risk, including fraud, are minimised. The Audit Committee monitors the standard of corporate conduct in areas such as arms-length dealings and likely conflicts of interest.

Corporate Culture

The Board believes that good corporate culture based on sound ethical values guides the objectives and actions of its Board, management and employees. The Company has an Ongoing Education Framework which is designed to facilitate the education of directors and employees so they are equipped with the general and technical knowledge required to carry out their duties and understand the business of the Company.

The Company demands the highest standards of integrity in the conduct of its business. Empyrean is committed to conducting business in a transparent and ethical manner across all its operations. The Company aims to ensure that all its activities are conducted fairly and honestly and each person connected with the Company has individual responsibility for maintaining an ethical workplace. Consistent with this business philosophy, the Company strictly adheres to anti-bribery and corruption principles. The Company places an active responsibility for compliance on all Company employees and associated persons.

Relationship with Shareholders

The Board attaches high importance on maintaining good relationships with shareholders and seeks to keep them fully updated on the Company's performance, strategy and management. In addition, the Board welcomes as many shareholders as possible to attend its general meetings and encourages open discussion after formal proceedings.

Corporate Social Responsibility

Whilst the Company is cognisant of its corporate social responsibilities, the Company considers that it is not of the size to warrant a formal policy as the issues that are relevant to this policy are mostly the responsibility of the operators of the wells with which the Company has agreements.

Bribery Act

The Company is cognisant of its responsibilities under the Bribery Act and has implemented an Anti-Bribery policy.

UK City Code on Takeovers and Mergers

The Company is subject to the UK City Code on Takeovers and Mergers.

Market Abuse Regime

The Company has adopted and operates a share dealing code for Directors and senior employees on substantially the same terms as the Model Code and MAR appended to the Listing Rules of the UKLA.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the Company financial statements in accordance with UK adopted International Accounting Standards. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with United Kingdom adopted International Accounting Standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website Publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with the legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Company Number: 05387837

Tom Kelly

Thomas Kelly
Chief Executive Officer
30 September 2024

Independent Auditor’s Report to the Members of Empyrean Energy Plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company’s affairs as at 31 March 2024 and its loss for the year then ended;
- the financial statements have been properly prepared in accordance with UK adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Empyrean Energy Plc (the ‘Company’) for the year ended 31 March 2024 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and UK adopted international accounting standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to the Going concern section in Note 1 to the financial statements, which indicates that the Company requires additional funding to fund the ongoing cash needs of the business for the foreseeable future and may require further funding should it be required to settle any amounts claimed by CNOOC. The Company is dependent on raising funds either thorough equity or through monetising its interest in the Mako gas field through a sell down process, both of which are not guaranteed. As stated in the Going Concern section in Note 1, these events or conditions, along with other matters as set forth in the Going concern section in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Given the material uncertainty noted above and based on our risk assessment, we considered going concern to be a key audit matter.

Our evaluation of the Directors’ assessment of the Company’s ability to continue to adopt the going concern basis of accounting and in response to the key audit matter included:

- We obtained Management’s cash flow forecasts for the period to September 2025 and assessed the key underlying assumptions, including forecast levels of expenditure and exploration costs used in preparing these forecasts. In doing so, we considered actual costs

incurred in the financial year 2024 against budgeted costs for the financial year 2024 to assess the ability of management to forecast accurately;
- We compared the actual cash flows in the financial year 2024 and historical cost levels against Management's cash flow forecasts for the period to September 2025 to assess the reasonableness of the cash forecast. We also compared forecasted exploration costs to agreed work programmes and commitments and assessed the consistency of the forecast with other financial and operational information obtained during the audit;
- We assessed the accuracy of the cash flow forecast by checking the formulae included in the model;
- We reviewed the current status of the sell down process for the Company's interest in Mako to assess the feasibility of a sale;
- We obtained all correspondence in relation to the legal claim by CNOOC as disclosed in Note 19;
- We reviewed the professional advice obtained by the Company in respect of the claims to assess the Company's position and conclusions under IFRS;
- We obtained, challenged, and assessed the Directors strategy to raise future funds by reviewing the results of historical fund raising; and
- We reviewed and considered the adequacy and consistency of the going concern disclosures within the financial statements with the Directors going concern assessment.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Key audit matters		**2024**	**2023**
	Carrying value of exploration and evaluation assets	a	a
	Going concern	a	a
Materiality	*Financial statements as a whole* $127,000 (2023: $238,000) based on 2% of total assets (2023: 1.4% of total assets).		

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainty related to going concern section above, we have determined the matter described below to be the key audit matters to be communicated in our report.

<table>
<tr><th colspan="2">Key audit matter</th><th>How the scope of our audit addressed the key audit matter</th></tr>
<tr><td>Carrying value of exploration and evaluation assets
(refer to notes 1 and 8)</td><td>As at 31 March 2024, the Company's exploration and evaluation assets totalled $5.4m (2022: $10.6m).

The Company's exploration and evaluation assets associated with the China block 29/11 project and the Duyung PSC project represented the key assets on the Company's statement of financial position at the beginning of the financial year i.e. 1 April 2023.

At year end, management performed an impairment indicator review to assess whether there were any indicators of impairment for the exploration assets and whether the carrying value was appropriate as at 31 March 2024.

Following the review, the Company fully impaired carrying value of the China Block 29/11 project as a result of management being unable to drill the Topaz well as at 31 March 2024 and assessing that it was highly unlikely that the Topaz well could be drilled before the agreed deadline of 12 June 2024 (per licensing agreement with CNOOC). No indicators of impairment were identified in relation to the Duyung PSC project, which remains the only exploration and evaluation asset on the statement of financial position as at 31 March 2024.

Given the inherent judgement involved in the assessment of the carrying value of the exploration and evaluation assets, the size of the carrying value and the</td><td>Our audit procedures included the following:
- We evaluated the directors' impairment indicator review for each of the assets held. We challenged the considerations made as to whether or not there were any indicators of impairment identified in accordance with the requirements of the relevant accounting standards.
- Our specific audit procedures included obtaining and challenging the directors' assessment of impairment indicators under IFRS 6 Exploration and Evaluation of Mineral Resources. This included:
  - verifying of the licence status in order to check the legal title and validity of each of the licences.
  - reviewing approved budget forecasts and minutes of management and Board meetings to confirm the Company's intention to continue exploration work on the licences.
  - reviewing available technical documentation and discussion of results and operations with management in order to obtain an understanding of management's expectation of commercial viability.
- In relation to the China Block 29/11 project, we have reviewed correspondence with the operator and obtained an understanding of the status of the project to determine whether the initial licence has expired as per agreement.
- In addition, for the impairment recognised, we have tested a sample of costs that have been impaired to check that they relate to the China Block 29/11 project.

Key observations:
Based on the procedures performed, we found the judgement made by management in their assessment of the</td></tr>
</table>

	impairment charge in the year, we considered the carrying value of exploration and evaluation assets to be a significant risk and key audit matter for the audit.	carrying value of the exploration and evaluation assets to be appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Financial statements	
	2024	2023
Materiality	$127,000	$238,000
Basis for determining materiality	Materiality was set at 2% of total assets (2023: 1.4% of average total assets over three years)	
Rationale for the benchmark applied	We consider total assets to be the financial metric of the most interest to shareholders and other users of the financial statements; given the Company is a natural resources entity at the exploration stage with no revenue generation.	
Performance materiality	Performance materiality was set at $95,250 (2023: $178,000).	
Basis for determining performance materiality	75% of materiality	
Rationale for the percentage applied for performance materiality	In reaching our conclusion on the level of performance materiality to be applied, we considered several factors including the expected total value of known and likely misstatements (based on past experience), our knowledge of the Company's internal controls and management's attitude towards proposed adjustments.	

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of $6,350 (2023:$11,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express

any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves.
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Company’s policies and procedures regarding compliance with laws and regulations,

we considered the significant laws and regulations to be IFRS, Companies Act 2006, UK and US tax legislation and the AIM Listing Rules.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statement to material misstatement, including fraud. Our assessment included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company’s policies and procedures relating to:
    - Detecting and responding to the risks of fraud; and
    - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the fraud risk areas to be management override of controls.

Our procedures in response to the above included:

- Performing targeted journal entry testing based on identified characteristics the audit team considered could be indicative of fraud; and
- Critically assessing areas of the financial statements which include judgement and estimates, as set out in Note 1 to the financial statements (refer to the key audit matters section above for procedures performed).

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Jill MacRae
6103657B0565403...

Jill MacRae (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

30 September 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income
For the Year Ended 31 March 2024

	Notes	2024 US$'000	2023 US$'000
Revenue		-	-
Expenses			
Administrative expenses		(355)	(382)
Compliance fees		(326)	(263)
Directors' remuneration	*4*	(416)	(362)
Foreign exchange (loss)/gain	*3*	(123)	197
Impairment – exploration and evaluation assets	*8*	(6,595)	(17,030)
Total expenses		**(7,815)**	**(17,840)**
Operating loss	*3*	**(7,815)**	**(17,840)**
Finance expense	*5*	(1,770)	(2,955)
Loss from continuing operations before taxation		**(9,585)**	**(20,795)**
Tax expense	*6*	(1)	(1)
Loss from continuing operations after taxation		**(9,586)**	**(20,796)**
Total comprehensive loss for the year		**(9,586)**	**(20,796)**
Loss per share from continuing operations (expressed in cents)			
- Basic	*7*	(0.98)c	(2.71)c
- Diluted		(0.98)c	(2.71)c

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

Statement of Financial Position
As at 31 March 2024

Company Number: 05387837	Notes	2024 US$'000	2023 US$'000
Assets			
Non-Current Assets			
Exploration and evaluation assets	*8*	5,355	10,635
Total non-current assets		**5,355**	**10,635**
Current Assets			
Trade and other receivables	*9*	17	38
Cash and cash equivalents		981	83
Total current assets		**998**	**121**
Liabilities			
Current Liabilities			
Trade and other payables	*10*	2,929	4,224
Provisions		189	159
Convertible loan notes	*11*	7,594	4,076
Total current liabilities		**10,712**	**8,459**
Net Current Liabilities		**(9,714)**	**(8,338)**
Net (Liabilities)/Assets		**(4,359)**	**2,297**
Shareholders' Equity			
Share capital	*13*	3,405	2,170
Share premium reserve		46,891	45,319
Warrant and share-based payment reserve		123	73
Retained losses		(54,778)	(45,265)
Total Equity		**(4,359)**	**2,297**

The Financial Statements were approved by the Board of Directors on 30 September 2024 and were signed on its behalf by:

John Laycock
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 2024

	Notes	2024 US$'000	2023 US$'000
Operating Activities			
Payments for operating activities		(827)	(1,126)
Net cash outflow for operating activities	*12*	**(827)**	**(1,126)**
Investing Activities			
Payments for exploration and evaluation	*8*	(964)	(1,227)
Net cash outflow for investing activities		**(964)**	**(1,227)**
Financing Activities			
Issue of ordinary share capital		2,790	2,268
Proceeds from exercise of warrants		-	233
Payment of finance costs		(29)	(8)
Payment of equity issue costs		(72)	(76)
Net cash inflow from financing activities		**2,689**	**2,417**
Net increase in cash and cash equivalents		898	64
Cash and cash equivalents at the start of the year		83	19
Forex gain/(loss) on cash held		-	-
Cash and Cash Equivalents at the End of the Year		**981**	**83**

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 2024

	Notes	Share Capital US$'000	Share Premium Reserve US$'000	Warrant and Share-Based Payment Reserve US$'000	Retained Losses US$'000	Total Equity US$'000
Balance at 1 April 2022		**1,809**	**41,285**	**576**	**(24,994)**	**18,676**
Loss after tax for the year		-	-	-	(20,796)	(20,796)
Total comprehensive loss for the year		-	-	-	(20,796)	(20,796)
Contributions by and distributions to owners						
Shares issued in the period	*13*	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)
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 year		-	-	-	(9,586)	(9,586)
Total comprehensive loss for the year		-	-	-	(9,586)	(9,586)
Contributions by and distributions to owners						
Shares issued in the period	*13*	1,179	1,611	-	-	2,790
Expiry of warrants		-	-	(73)	73	-
Equity issue costs		7	(123)	44	-	(72)
Share-based payment expense		49	84	79	-	212
Total contributions by and distributions to owners		**1,235**	**1,572**	**50**	**73**	**2,930**
Balance at 31 March 2024		**3,405**	**46,891**	**123**	**(54,778)**	**(4,359)**

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 2024

Note 1. Statement of Significant Accounting Policies

Basis of preparation

The Company's financial statements have been prepared in accordance with United Kingdom adopted International Accounting Standards ("UK adopted IAS") 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), unless otherwise stated.

The preparation of financial statements in compliance with UK adopted IAS requires the use of certain critical accounting estimates. It also requires Company management to exercise judgement in applying the Company's accounting policies. The areas where significant judgements 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 derivative financial instruments, which are measured at fair value through profit or loss.

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

At the year end the Company had a cash balance of US$981,000 (2023: US$83,000) and made a loss after income tax of US$9.59 million (2023: loss of US$20.80 million).

The Directors have prepared cash flow forecasts for the Company covering the period to 30 September 2025 and these demonstrate that the Company will require further funding within the next 12 months from the date of approval of the financial statements. 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 Company has not met the requirements under the PSC to drill the Topaz well by 12 June 2024 and therefore the permit terminated on 12 June 2024. Empyrean has put forward a submission to CNOOC for further cooperation on Block 29/11.

As detailed in Note 19, post year end on 24 August 2024, the Company received a letter of demand from CNOOC's lawyers, King Wood & Mallesons, in relation to Block 29/11. The letter of demand alleges, inter alia, that Empyrean has outstanding obligations under the relevant Petroleum Contract entered into with CNOOC and that Empyrean has failed to pay certain amounts that CNOOC consider due and payable under the Petroleum Contract relating to the prospecting fee and exploration work. The Company rejects the outstanding amounts claimed, which total $12m, and has responded to the letter of demand requesting clarification of the basis for the demands made in the letter. At this time (and as disclosed in Note 19), it is too early for the Company to form any opinion on the merits of any demands made therein and the Company intends to continue dialogue with CNOOC and, in line with the provisions of the Petroleum Contract, to settle amicably through consultation any dispute arising in connection with the performance or interpretation of any provision

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2024

of the Petroleum Contract. However, it is acknowledged that, in the event that the amounts claimed are called, further funding would be required, over and above that required to meet the day to day cash demand of the business for the foreseeable future.

In May 2023 US$1.88 million was raised through an equity placement, with a further US$0.90 million raised in February 2024. Funds raised are being used 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.

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 any potential further costs of cooperation on Block 29/11, any potential amounts payable to CNOOC that may crystalise as detailed in Note 19, to meet the repayment terms of the Convertible Note, any further commitments at the Mako Gas Field and working capital requirements 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 remain optimistic that its funding commitments will be met should it be able to monetise its interest in Mako through the current sell down process. Post year end the Company announced that the Mako JV partners had entered into a domestic gas sales agreement for the sale and purchase of the domestic portion of Mako gas with PGN. The Company then announced that the Mako Joint Venture partners and Sembcorp had signed the binding GSA for the export of gas produced from the Mako field to Singapore.

It is the belief of the Board that the completion of the export GSA is a significant value catalyst that is a necessary precursor to maximising the value of its interest at the Mako Gas field through the current sell down process. Completion of these has the potential to enhance Empyrean's chances of negotiating a revised arrangement with CNOOC for the drilling of the Topaz prospect.

The Company therefore requires additional funding to fund the ongoing cash needs of the business for the foreseeable future and may require further funding should it be required to settle amounts claimed by CNOOC. The Directors acknowledge that this funding is not guaranteed. These conditions indicate that there is a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern and, therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Given the above and the Company's proven track record of raising equity funds and advanced Mako sell-down process, which the Directors believe would be sufficient to meet all possible funding needs as set out above, the Directors have therefore concluded that it is appropriate to prepare the Company's financial statements on a going concern basis and they have therefore prepared the financial statements on a going concern basis.

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 Year Ended 31 March 2024

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 2023 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 been assessed by the Company and are not considered to have a significant effect on the Company's financial statements.

Tax

The major components of tax on profit or loss include current and deferred tax.

(a) Current tax

Tax is recognised in the income statement. The current tax charge is calculated on the basis of the tax laws enacted at the statement of financial position date in the countries where the Company operates.

(b) 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.

Notes to the Financial Statements (continued)

For the Year Ended 31 March 2024

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.

The ultimate recoupment of the value of exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale, of the exploration and evaluation asset.

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. E&E assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, or (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into CGU's. The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs of disposal.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from production of proven and probable reserves.

Fair value less costs of disposal is the amount obtained from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the consolidated statement of comprehensive loss.

Impairment losses recognised in respect of CGU's are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (or group of units) on a pro rata basis. Impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognised. Reversal of impairment losses are recognised in the consolidated statement of comprehensive loss.

The key areas of judgement and estimation include:

- Recent exploration and evaluation results and resource estimates;
- Environmental issues that may impact on the underlying tenements; and
- Fundamental economic factors that have an impact on the planned operations and carrying values of assets and liabilities.

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.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2024

(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 2023 or 31 March 2024.

(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.

Convertible loan notes ("CLNs")

The proceeds received on issue of convertible loan notes are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion or maturity of the CLN.

The conversion option is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. Where material, this is recognised and included as a financial derivative where the convertible loan notes are issued in a currency other than the functional currency of the Company because they fail the fixed for fixed criteria in *IAS 32*. The conversion option is recorded as a financial liability at fair value through profit or loss and revalued at each reporting date.

In the case of a substantial modification, the existing liability is derecognised, the modified liability is recognised at its fair value and the difference between the carrying value of the old instrument and the modified instrument is recognised as a gain or loss in the statement of comprehensive income.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2024

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.

The Company has also issued warrants on placements which form part of a unit. These warrants do not fall into the scope of *IFRS 2 Share Based Payments* because there is no service being provided and are assessed as either a financial liability or equity. If they fail the fixed for fixed criteria in *IAS 32 Financial Instruments: Presentation*, they are classified as financial liability and measured in accordance with *IFRS 9 Financial Instruments*.

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:

i) The Company has not met the requirements under the PSC to drill the Topaz well by 12 June 2024 and, post year end, the permit formally terminated on 12 June 2024. Empyrean has put forward a submission to CNOOC for further cooperation on Block 29/11. As at 31 March 2024 it was clear that the above requirements would not be able to be met in time due to lack of funding and the delays to the completion of the export GSA and sell down processes in Indonesia. This was deemed to be an impairment indicator. Given the licence requirements have not been met and the post year end termination of the PSC, the Company has, in accordance with IFRS 6, provided for impairment against all remaining capitalised costs associated with Block 29/11, together being US$6.6 million as at 31 March 2024.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2024

ii) 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. Whilst the Company maintains legal title it has continued to fully impair the carrying value of the asset as at 31 March 2024.

iii) 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 2024/25 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 as at 31 March 2024.

(b) Share based payments (estimate)
The Company has made awards of options and warrants over its unissued share capital to certain employees as part of their remuneration package. Certain warrants were issued to shareholders as part of their subscription for shares and suppliers for services received.
The valuation of these options and warrants involves making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and forfeiture rates. These assumptions have been described in more detail in Note 13.

(c) Valuation of embedded derivative - Convertible loan notes (estimate)
The Company has made estimates in determining the fair value of the embedded conversion feature portion of the CLN. Fair value inputs are subject to market factors as well as internal estimates. The Company considers historical trends together with any new information to determine the best estimate of fair value at the date of initial recognition and at each period end. The Company has determined that the fair value of the embedded conversion feature is not material and therefore has not been separately recognised, in line with the Company's accounting policy.

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.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2024

Details	China US$'000	Indonesia US$'000	USA US$'000	Corporate US$'000	Total US$'000
31 March 2024					
Unallocated corporate expenses	-	-	-	(1,220)	**(1,220)**
Operating loss	**-**	**-**	**-**	**(1,220)**	**(1,220)**
Finance expense	-	-	-	(1,770)	**(1,770)**
Impairment of oil and gas properties	(6,562)	-	(33)	-	**(6,595)**
Loss before taxation	**(6,562)**	**-**	**(33)**	**(2,990)**	**(9,585)**
Tax expense in current year	-	-	-	(1)	**(1)**
Loss after taxation	**(6,562)**	**-**	**(33)**	**(2,991)**	**(9,586)**
Total comprehensive loss for the financial year	**(6,562)**	**-**	**(33)**	**(2,991)**	**(9,586)**
Segment assets	-	5,355	-	-	**5,355**
Unallocated corporate assets	-	-	-	998	**998**
Total assets	**-**	**5,355**	**-**	**998**	**6,353**
Segment liabilities	-	-	-	-	**-**
Unallocated corporate liabilities	-	-	-	10,712	**10,712**
Total liabilities	**-**	**-**	**-**	**10,712**	**10,712**

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)	-	**(17,030)**
Cyber fraud loss	-	-	-	-	**-**
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**

Notes to the Financial Statements (continued)

For the Year Ended 31 March 2024

Note 3. Operating Loss

	2024 US$'000	2023 US$'000
The operating loss is stated after charging:		
Foreign exchange (loss)/gain	(123)	197
Impairment – exploration and evaluation assets	(6,595)	(17,030)
Auditor's Remuneration		
Amounts paid to BDO LLP in respect of both audit and non-audit services:		
Audit fees payable to the Company's auditor for the audit of the Company annual accounts	(91)	(102)
Non-audit fees payable to the Company's auditor in respect of:		
- Other services relating to taxation compliance	(15)	(13)
Total auditor's remuneration	**(106)**	**(115)**

Note 4. Directors' Emoluments

	Fees and Salary		Share Based Payments in lieu of Fees		Social Security Contributions		Short-Term Employment Benefits (Total)	
	2024 US$'000	2023 US$'000	2024 US$'000	2023 US$'000	2024 US$'000	2023 US$'000	2024 US$'000	2023 US$'000
Non-Executive Directors:								
Patrick Cross	23	22	-	-	2	2	25	24
John Laycock	14	13	-	-	1	1	15	14
Executive Directors:								
Thomas Kelly[(a)]	216	269	64	-	-	-	280	269
Gajendra Bisht[(b)]	165	220	55	-	-	-	220	220
Total	**418**	**524**	**119**	-	**3**	**3**	**540**	**527**
Capitalised to E&E[(b)]	(124)	(165)	-	-	-	-	(124)	(165)
Total expensed	**294**	**359**	**119**	-	**3**	**3**	**416**	**362**

(a) Services provided by Apnea Holdings Pty Ltd, of which Mr Kelly is a Director. Mr Kelly has not sold any shares during the reporting period. Mr Kelly was issued 7,312,500 salary sacrifice shares in lieu of cash remuneration totalling US$64,000.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2024

(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). Mr Bisht was issued 6,324,608 salary sacrifice shares in lieu of cash remuneration totalling US$55,000.

The average number of Directors was 4 during 2024 and 2023. The highest paid director received US$280,000 (2023: US$269,000).

Note 5. Finance Expense

	2024 US$'000	2023 US$'000
Convertible loan notes - interest and finance costs (Notes 10 and 11)	(1,115)	(2,308)
Convertible loan notes - loss on substantial modification (Note 11)	(655)	(1,369)
Fair value adjustment - derivative financial liabilities	-	722
Total finance expense	**(1,770)**	**(2,955)**

Note 6. Taxation

	2024 US$'000	2023 US$'000
Opening balance	-	-
Total corporation tax receivable	-	-
Factors Affecting the Tax Charge for the Year		
Loss from continuing operations	(9,585)	(20,795)
Loss on ordinary activities before tax	**(9,585)**	**(20,795)**
Loss on ordinary activities at US rate of 21% (2023: 21%)	(2,013)	(4,367)
Non-deductible expenses	1,567	3,429
Movement in provisions	6	4
Carried forward losses on which no DTA is recognised	439	933
	(1)	**(1)**
Analysed as:		
Tax expense on continuing operations	(1)	(1)
Tax expense in current year	**(1)**	**(1)**
Deferred Tax Liabilities		
Temporary differences - exploration	1,691	1,679
Temporary differences - other	4	4
	1,695	**1,683**
Offset of deferred tax assets	(1,695)	(1,683)
Net deferred tax liabilities recognised	-	-

Notes to the Financial Statements (continued)

For the Year Ended 31 March 2024

Unrecognised Deferred Tax Assets	2024 US$'000	2023 US$'000
Tax losses[a]	2,601	2,622
Temporary differences - exploration	4,310	4,110
Temporary differences - other	943	968
	7,854	**7,700**
Offset of deferred tax liabilities	(1,695)	(1,683)
Net deferred tax assets not brought to account	**6,159**	**6,017**

(a) If not utilised, carried forward tax losses of approximately US$10.43 million (2023: US$10.53 million) begin to expire in the year 2033. Deferred income tax assets are only recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

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 973,223,181 (2023: 767,981,222).

	2024	2023
Loss per share from continuing operations		
Loss after taxation from continuing operations	US$(9,586,000)	US$(20,796,000)
Loss per share – basic	(0.98)c	(2.71)c
Loss after taxation from continuing operations adjusted for dilutive effects	US$(9,586,000)	US$(20,796,000)
Loss per share – diluted	(0.98)c	(2.71)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 14.

Note 8. Exploration and Evaluation Assets

	2024 US$'000	2023 US$'000
Balance brought forward	10,635	24,907
Additions[a]	1,315	2,758
Impairment[b][c][d]	(6,595)	(17,030)
Net book value	**5,355**	**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,

Notes to the Financial Statements (continued)

For the Year Ended 31 March 2024

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) The Company has not met the requirements under the PSC to drill the Topaz well by 12 June 2024 and, post year end, the permit formally terminated on 12 June 2024. Empyrean has put forward a submission to CNOOC for further cooperation on Block 29/11. As at 31 March 2024 it was clear that the above requirements would not be able to be met in time due to lack of funding and the delays to the completion of the export GSA and sell down processes in Indonesia. This was deemed to be an impairment indicator. Given the licence requirements have not been met and the post year end termination of the PSC, the Company has, in accordance with IFRS 6, provided for impairment against all remaining capitalised costs associated with Block 29/11, together being US$6.6 million as at 31 March 2024. In the prior year, as a result of the unsuccessful well at the Jade prospect in April 2022, 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.

(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. Whilst the Company maintains legal title it has continued to fully impair the carrying value of the asset at 31 March 2024.

(d) 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 2024/25 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 2024.

Project	Operator	Working Interest	2024 Carrying Value US$'000	2023 Carrying Value US$'000
Exploration and evaluation				
China Block 29/11	Empyrean Energy	100%[1]	-	5,958
Sacramento Basin	Sacgasco	25-30%	-	-
Duyung PSC	Conrad Asia Energy	8.5%	5,355	4,677
Riverbend	Huff Energy	10%	-	-
Eagle Oil Pool Development	Strata-X	58.084%	-	-
			5,355	**10,635**

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.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2024

Note 9. Trade and Other Receivables

	2024 US$'000	2023 US$'000
Accrued revenue	-	30
VAT receivable	17	8
Total trade and other receivables	**17**	**38**

Note 10. Trade and Other Payables

	2024 US$'000	2023 US$'000
Trade payables	2,599	2,245
Accrued expenses	330	349
Accrued interest	-	1,630
Total trade and other payables	**2,929**	**4,224**

Note 11. Convertible Loan Notes

	2024 US$'000	2023 US$'000
(a) Convertible Loan Note – Original		
Opening balance	-	4,125
Drawdowns	-	-
Conversions	-	(1,970)
Costs of finance	-	121
Foreign exchange loss	-	(133)
Extinguishment on substantial modification	-	(2,143)
Total original convertible loan note - current	**-**	**-**
(b) Convertible Loan Note - Modification 1		
Opening balance	4,076	-
Recognition of modified liability 1	-	2,637
Loss on substantial modification	-	1,369
Costs of finance	-	185
Foreign exchange gain/(loss)	12	(115)
Extinguishment on substantial modification	(4,088)	-
Total Convertible Loan Note - Modification 1	**-**	**4,076**
(c) Convertible Loan Note - Modification 2		
Opening balance	-	-
Recognition of modified liability 2	6,544	-
Loss on substantial modification	655	-
Costs of finance	261	-
Foreign exchange gain	134	-
Total Convertible Loan Note - Modification 2	**7,594**	**-**

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2024

(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 the greater of US$1.5 million or 15% of the proceeds from its share in the Mako sell down process.

Note 12. Reconciliation of Net Loss

	2024 US$'000	2023 US$'000
Loss before taxation	(9,585)	(20,795)
Share-based payments	212	22
Finance expense (non-cash)	1,770	2,955
Impairment – exploration and evaluation assets	6,595	17,030
Foreign exchange loss/(gain)	123	(197)
Decrease/(increase) in trade receivables relating to operating activities	21	(2)
Increase/(decrease) in trade payables relating to operating activities	8	(158)
Increase in provisions	29	19
Net cash outflow from operating activities before taxation	**(827)**	**(1,126)**
Receipt of corporation tax	-	-
Net cash outflow from operating activities	**(827)**	**(1,126)**

Notes to the Financial Statements (continued)

For the Year Ended 31 March 2024

Note 13. Share Capital

	2024 US$'000	2023 US$'000
1,280,801,707 (2023: 788,431,892) ordinary shares of 0.2p each	3,405	2,170

	2024 No.	2023 No.
a) Fully Paid Ordinary Shares of 0.2p each – Number of Shares		
At the beginning of the reporting year	788,431,892	646,070,780
Shares issued during the year:		
• Placements[(a)]	469,753,783	121,750,001
• Salary sacrifice shares	19,728,532	-
• Advisor shares (equity issue cost)	2,887,500	-
• Partial conversion of Convertible Note	-	18,750,000
• Exercise of warrants	-	1,861,111
Total at the end of the reporting year	**1,280,801,707**	**788,431,892**

	2024 US$'000	2023 US$'000
b) Fully Paid Ordinary Shares of 0.2p each – Value of Shares		
At the beginning of the reporting year	2,170	1,809
Shares issued during the year:		
• Placements[(a)]	1,179	307
• Salary sacrifice shares	49	-
• Advisor shares (equity issue cost)	7	-
• Partial conversion of Convertible Note	-	49
• Exercise of warrants	-	5
Total at the end of the reporting year	**3,405**	**2,170**

a) In May 2023 US$1.88 million was raised through an equity placement, with a further US$0.90 million raised in February 2024. Funds raised are being used 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 studies and surveys at Mako – including gas processing and export gas tie in at the Kakap KF Platform and for general working capital requirements.

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.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2024

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

	Weighted Average Exercise Price 2024	Number of Options and Warrants 2024	Weighted Average Exercise Price 2023	Number of Options and Warrants 2023
Outstanding at the beginning of the year	£0.137	6,558,333	£0.116	65,890,916
Issued during the year	£0.044	164,833,333	-	-
Expired during the year	£0.137	(6,558,333)	£0.114	(57,471,472)
Exercised during the year	-	-	£0.096	(1,861,111)
Outstanding at the end of the year	**£0.044**	**164,833,333**	**£0.137**	**6,558,333**

	Incentive Warrants	Incentive Warrants	Advisor Warrants	Advisor Warrants	Placement Warrants
Number of options remaining	5,000,000	5,000,000	2,833,333	12,000,000	140,000,000
Grant date	29/05/23	29/05/23	29/05/23	13/02/24	13/02/24
Expiry date	30/05/26	30/05/26	30/05/24	26/02/26	26/02/26
Share price	£0.010	£0.010	£0.010	£0.0044	N/A
Exercise price	£0.015	£0.020	£0.015	£0.0025	£0.005
Volatility	100%	100%	100%	94%	N/A
Option life	3.00	3.00	1.00	2.00	2.50
Expected dividends	-	-	-	-	-
Risk-free interest rate	4.45%	4.45%	4.45%	4.68%	N/A

The options outstanding at 31 March 2024 have an exercise price in the range of £0.0025 to £0.02 (2023: £0.075 to £0.18) and a weighted average remaining contractual life of 2.32 years (2023: 0.37 years). None of the outstanding options and warrants at 31 March are exercisable at period end.

Note 14. Reserves

Reserve	Description and purpose
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.

In the May 2023 equity placement that raised US$1.88 million, Mr Tom Kelly subscribed for 6,250,000 new ordinary shares for a total consideration of US$64,000. Mr Gaz Bisht subscribed for 1,850,000 new ordinary shares for a total consideration of US$19,000.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2024

In the February 2024 equity placement that raised US$0.90 million, Mr Tom Kelly subscribed for 12,000,000 new ordinary shares for a total consideration of US$38,000. Mr Gaz Bisht subscribed for 8,800,000 new ordinary shares for a total consideration of US$28,000.

There were no other related party transactions during the year ended 31 March 2024 other than those disclosed in Note 4.

Note 16. Financial Risk Management

The Company manages its exposure to credit risk, liquidity risk, foreign exchange risk and a variety of financial risks in accordance with Company policies. These policies are developed in accordance with the Company's operational requirements. The Company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessment of prevailing and forecast interest rates and foreign exchange rates. Liquidity risk is managed through the budgeting and forecasting process.

Credit risk
Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company.

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.

	2024 US$'000	2023 US$'000
Cash and cash equivalents		
AA-rated	981	83
Total cash and cash equivalents	**981**	**83**

Price risk
Commodity price risk
The Company is not directly exposed to commodity price risk. However, there is a risk that the changes in prevailing market conditions and commodity prices could affect the viability of the projects and the ability to secure additional funding from equity capital markets.

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.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2024

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
Convertible loan note (2024)	7,594	-	-	7,594
Convertible loan note (2023)	4,076	-	-	4,076
Trade and other payables (2024)	2,929	-	-	2,929
Trade and other payables (2023)	4,718	-	-	4,718

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. 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 2024, the Company's gross exposure to foreign exchange risk was as follows:

	2024 US$'000	2023 US$'000
Gross foreign currency financial assets		
Cash and cash equivalents - GBP	977	81
Total gross exposure	**977**	**81**

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$97,700 (2023: US$8,100).

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.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2024

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; and
- 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 warrants 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).

No financial assets and financial liabilities are readily traded on organised markets in standardised form.

Financial instruments by category are summarised below:

Financial Instruments by Category	Fair Value Through Profit or Loss		Amortised Cost	
	31 March 2024 US$'000	31 March 2023 US$'000	31 March 2024 US$'000	31 March 2023 US$'000
Financial assets				
Cash and cash equivalents	-	-	981	83
Trade and other receivables	-	-	17	38
Total financial assets	**-**	**-**	**998**	**121**
Financial liabilities				
Trade and other payables	-	-	2,599	2,245
Convertible loan notes	-	-	7,594	4,076
Total financial liabilities	**-**	**-**	**10,193**	**6,321**

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.

Notes to the Financial Statements (continued)
For the Year Ended 31 March 2024

Note 17. Events After the Reporting Date

Significant events post reporting date were as follows:

On 13 June 2024 the Company announced that as it had not commenced the drilling of the Topaz prospect by 12 June 2024 as required under the second phase of exploration on Block 29/11 and therefore has not met the requirements to continue the cooperation on Block 29/11 with CNOOC. The permit therefore formally terminated on 12 June 2024. On 24 August 2024 Empyrean received a letter of demand from CNOOC alleging that Empyrean has outstanding obligations under the PSC. The Company disputes the letter and is endeavouring to settle the matter amicably under the dispute resolution clauses provided for in the PSC. Separately, Empyrean has put forward a submission to CNOOC for further cooperation on Block 29/11.

On 24 June 2024 the Company announced that the Mako JV partners had entered into a binding domestic Gas Sales Agreement for the sale and purchase of the domestic portion of Mako gas with PGN, the gas subsidiary of PT Pertamina (Persero), the national oil company of Indonesia.

On 22 August 2024 the Company announced that Dr Patrick Cross had stepped down as Non-Executive Chairman of the Company. Existing Non-Executive Director Mr John Laycock assumed the position of Non-Executive Chairman. Dr Cross remains on the Board as a Non-Executive Director.

On 2 September 2024 the Company announced that the Mako Joint Venture partners and Sembcorp had signed a binding GSA for the export of gas produced from the Mako field to Singapore. The contract term is until the end of the Duyung PSC in January 2037 and allows for the sale of up to 76 billion Bbtud, which is equivalent to around 76.9 mmscfd. The export GSA also contains provisions for the sale of up to an additional 35 Bbtud (around 35.4 mmscfd) should a tie-in pipeline not be built to the Indonesian domestic market in Batam and DMO sales do not therefore eventuate. The possible export of these additional volumes is recognised in the Mako POD. Completion of both GSAs is a significant milestone on the path to a FID for the Mako project.

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

Block 29/11 offshore China
The Company's committed work program for the GSA phase for Block 29/11 included acquisition, processing and interpretation of 500km2 for a 3D seismic survey, and a financial commitment of US$3.0 million. The Company exceeded the work program commitments during the 2018 financial year.

Having successfully completed the committed work program for the first phase GSA, the Company exercised its option to enter a PSC on the Block, on pre-negotiated terms, with CNOOC on 30 September 2018, with the date of commencement of implementation of the PSC being 13 December 2018. In April 2022, Empyrean announced that the Jade well had reached a final total depth of 2,849 metres MD and the interpretation from logging while drilling (LWD) and mud logging equipment indicated no oil pay in the target reservoir. In June 2022, Empyrean announced that following the completion of post well analysis at Jade it would be entering the second phase of exploration and drilling the Topaz prospect at its 100% owned Block 29/11 permit, offshore China. The second phase of exploration required the payment to CNOOC of US$250,000 and the work obligation of drilling of an exploration well within 2 years. It is estimated that the cost of drilling this well would be approximately US$12 million. While the Company entered the second phase of exploration, it has not met the requirements under the PSC to drill the Topaz well by 12 June 2024 and the permit formally terminated on 12 June 2024. Empyrean has put forward a submission to CNOOC for further cooperation on Block 29/11.

Duyung PSC offshore Indonesia

As reported the joint venture partners completed a successful exploration and appraisal well program at the Duyung PSC during 2020. Empyrean have paid all cash calls associated with the program with no further amounts due and payable.

Sacramento Basin assets onshore California

The Company earned a 30% interest in the Dempsey Prospect by paying US$2,100,000 towards the costs of drilling the Dempsey 1-15 exploration well. These drilling costs had a promoted cap of US$3,200,000 and the Company paid its share of additional costs at Dempsey 1-15, including completion costs. At the time of this report, the work plan, cost estimates and timing of further expenditure for both the Borba and Alvares prospects are unknown. The Company incurs quarterly cash calls of approximately US$8,000 for overheads, geological and geophysical costs.

Note 19. Note 19. Contingent liabilities

On 24 August 2024, the Company received a letter of demand from CNOOC's lawyers, King Wood & Mallesons, in relation to Block 29/11. The letter of demand alleges, inter alia, that Empyrean has outstanding obligations, totalling $12m, under the relevant Petroleum Contract entered into with CNOOC and that Empyrean has failed to pay certain amounts that CNOOC consider due and payable under the Petroleum Contract relating to the prospecting fee and exploration work. The Company rejects the outstanding amounts claimed and has responded to the letter of demand requesting clarification of the basis for the demands made in the letter. At this time, it is too early for the Company to form any opinion on the merits of any demands made therein and the Company intends to continue dialogue with CNOOC and, in line with the provisions of the Petroleum Contract, to settle amicably through consultation any dispute arising in connection with the performance or interpretation of any provision of the Petroleum Contract.

Note 20. Ultimate Controlling Party

The Directors consider that there is no ultimate controlling party of the Company.