

## Regulatory Story

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**Empyrean Energy PLC** - EME Independent Oil in-place Estimates for Block 29/11  
Released 07:30 09-Nov-2018



RNS Number : 8893G  
Empyrean Energy PLC  
09 November 2018

*This announcement contains inside information*

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

**9 November 2018**

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

### **Gaffney Cline & Associates review of Oil in-place Estimates completed for Prospects in Block 29/11, Pearl River Mouth Basin, offshore China**

Empyrean Energy (EME: AIM), the oil and gas development company with interests in China, Indonesia and the United States, is pleased to announce that Gaffney, Cline & Associates ("GCA"), an independent petroleum advisory firm, has completed its independent audit of the Company's oil initially in place estimates over the Jade, Topaz and Pearl prospects identified in Block 29/11, Pearl River Mouth Basin, offshore China, in which the Company has a 100% working interest (the "STOIP Audit").

#### **Highlights**

- **Total Mean Oil in-place increased 9% to 884 MMbbl from 814 MMbbl on an un-risked basis**
- **GCA's estimates of Geological Chance of Success of Jade and Topaz prospects is 32% and 30% respectively**
- **The independent assessment validates the Company's internal estimates announced in June 2018**
- **The total P10 estimates increased 47% to 1588 MMbbl from 1081 MMbbl on an un-risked basis**

EME requested that GCA undertake the STOIIP Audit and an assessment of the geological chance of success ("GCoS") of the three prospects identified on Block 29/11 following comprehensive internal processing and interpretation of the 608km<sup>2</sup> of 3D seismic data that the Company successfully acquired in 2017. The Company completed this initial internal exercise in respect of processed data in June 2018 using both internal technical capabilities, provided by experienced geoscientist, Gaz Bisht, and an additional expert consultant geophysicist, with the results announced on 6 June 2018 (shown in Table 1 below).

GCA's audit primarily consisted of reviewing, checking and validating the available data and existing interpretations and auditing the technical work that has been performed by EME and its contractors.

GCA used a probabilistic method to generate its results and estimated the STOIIP using a 1D Monte Carlo model based on estimates of gross rock volume and reservoir parameters. GCA's estimates of STOIIP for the Jade, Topaz and Pearl Prospects together with GCA's estimates of GCoS are shown in Table 1 below.

Table 1: EME and GCA estimates of STOIIP (November 2018)

Block 29/11 China: Oil in-place MMbbl									
EME Internal Estimate					GCA STOIIP Audit				
June 2018					November 2018				
Prospect	P90	P50	P10	Mean	P90	P50	P10	Mean	GCoS
Jade	110	183	230	202	93	187	395	225	32%
Topaz	298	431	631	453	211	434	891	506	30%
Pearl	105	152	220	159	38	121	302	153	15%

**Empyrean CEO Tom Kelly commented,** "The independent review of three prospects, recently undertaken by GCA, is very encouraging and supports the work undertaken internally by Empyrean. It is particularly pleasing to see that the Jade and Topaz prospects are expected to have close to a 1-in-3 chance of geological success and over a billion barrels of potential oil in-place, combined, on a P10 basis un-risked. By industry standards, these numbers are excellent. The work done by GCA certainly supports Empyrean's view on the potential size and attractiveness of these prospects. We are excited by the increased potential of Block 29/11 and of the attractive GCoS of our two main prospects, in particular. We made a determined effort to secure Block 29/11 in 2016 and have made a significant investment and commitment. It is pleasing to see independent expert validation of a major component of our work so far as we work towards unlocking value for our shareholders."

*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.*

**\*\*ENDS\*\***

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The information contained in this announcement was completed and reviewed by the Company's Executive Director (Technical) , Mr Gajendra (Gaz) Bisht, who has over 29 years' experience as a petroleum geoscientist.

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