

RNS Miscellaneous

Upgraded Internal Geological Chance of Success

EMPYREAN ENERGY PLC

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Empyrean Energy plc

Block 29/11, China - upgraded Internal Geological Chance of Success

Empyrean Energy ("Empyrean" or the "Company"), the oil and gas development company with interests in China, Indonesia and the United States, provides the following upgraded internal assessment of Geological Chance of Success ("GCoS") at its Jade and Topaz prospects on Block 29/11, offshore China ("Block 29/11").

HIGHLIGHTS

- Internal assessment of GCoS for Jade upgraded from 32% to 41%
- Internal assessment of GCoS for Topaz upgraded from 30% to 35%

On 9 November 2018, Empyrean announced the results of an independent review of oil in place estimates and GCoS for its priority prospects on Block 29/11 offshore China. The report was prepared by Gaffney Cline and Associates ("Gaffney Cline") and included a GCoS for the Jade and Topaz prospects of 32% and 30% respectively.

Following the Gaffney Cline report, Empyrean announced the results of an internal study on 15 May 2019 which established that nearby CNOOC oil discoveries all had well-defined 'gas clouds' limited to the areas immediately above the targeted prospects, whereas nearby dry wells did not. The study also established that the Company's Jade and Topaz prospects both have similar gas clouds that are clearly visible in the 3D seismic data, which is of excellent quality. This technique has been successfully used as a hydrocarbon indicator in a number of prominent hydrocarbon basin discoveries worldwide. As a result, the study reduces the risk associated with hydrocarbon charge, and therefore increases the GCoS of the Block 29/11 prospects.

Subsequent to the gas cloud study, the Company has continued its work to mitigate technical risk in relation to the Jade and Topaz prospects. On 21 May 2020, the Company announced the findings of a post stack seismic inversion study. This study confirmed the potential for excellent quality carbonate reservoir rocks with favourable porosities at both prospects. The study reduced the risk associated with reservoir presence and quality, and therefore increases the GCoS of the Block 29/11 prospects.

When assessing any prospects for GCoS, the major parameters commonly used are reservoir rock, trap/seal, source rock and timing/migration pathway. These two major studies were completed after Gaffney Cline had assigned 32% and 30% GCoS to the Jade and Topaz prospects, respectively, and increase the Company's confidence on key factors impacting the GCoS of those targets.

Accordingly, the Company has updated its internal assessment of GCoS for the Jade and Topaz prospects and has upgraded these to 41% and 35%, respectively.

Following the Company's reassessment of the GCoS of its two primary prospects on Block 29/11, the Company has held a Joint Management Committee meeting where updated key technical data was presented to CNOOC. CNOOC has now agreed with the Company's proposal to drill the Jade prospect as a commitment well as soon as practicable within the best timing window. Discussions are currently taking place with parties interested in participating in the exciting opportunity that both Jade and Topaz offer.

The information contained in this announcement has been reviewed by Empyrean's Executive Technical director, Gaz Bisht, who has over 31 years' experience as a hydrocarbon geologist and geoscientist.

Empyrean CEO, Tom Kelly, stated:

"Whilst much of the major work in addressing the prospective resources and Geological Chance of Success of our Chinese assets was completed some time ago, the Company has been continuously reviewing the dataset in order to select the best prospect to drill first, resulting in the decision to prioritise Jade as a commitment well. The Company is in discussions with a number of interested parties, and both the Gaffney Cline assessment of GCoS and the Company's view on GCoS following the additional work are highly relevant and are being used in presentations. We look forward to updating shareholders on further progress of our plans in the coming weeks and months."

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