

Block 29/11, China - Jade drilling update

EMPYREAN ENERGY PLC

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Empyrean Energy plc

Block 29/11, China -Jade drilling operational status

7 March 2022

Empyrean Energy plc ("**Empyrean**" or the "**Company**"), the oil and gas development company with interests in China, Indonesia and the United States, is pleased to provide the following update on preparations to drill the Jade prospect at its 100% owned Block 29/11 permit, offshore China (the "**Jade Prospect**"):

HIGHLIGHTS

- **China Oilfield Services Limited ("COSL") has successfully completed the well site survey required over the Jade Prospect drilling location**
- **The completion of the well site survey enables the prompt lodging of the final permit application required to drill the Jade Prospect**
- **All other permits required to drill the Jade Prospect have been obtained and finalised**
- **Empyrean is now in further discussions to finalise drill rig availability and an anticipated spud date for the Jade Prospect well**
- **Early discussions with both COSL and CNOOC regarding a drilling slot using the NH9 rig, which is currently drilling a well for CNOOC in the region, have been positive and an update on scheduling is expected shortly**

Empyrean is the operator of Block 29/11 in China and has 100% working interest during the exploration phase. In the event of a commercial discovery, its partner, China National Offshore Oil Company ("CNOOC"), may assume a 51% participating interest in the development and production phase.

After a sustained period of unsuitable weather, the Company is extremely pleased to confirm that the COSL survey team has taken advantage of a small operable weather window and has successfully completed the well site survey at the Jade Prospect. The survey included a number of gravity samples and an analogue survey over the Jade Prospect drill location and rig anchoring points.

While the Company awaited suitable weather conditions over the past months the CNOOC EnerTech team has been working efficiently and has secured seven of the eight critical pre-drilling permits. With the completion of the well site survey the Company can now quickly lodge the application for the final permit to drill the Jade Prospect.

Empyrean is now in discussions to confirm a final drill rig slot using the COSL owned NH9 rig that is currently drilling a well for CNOOC in the region and expects to announce the targeted spud date for the Jade Prospect well as soon as these negotiations complete and scheduling becomes clear.

The Jade Prospect

The 2021 drilling campaign is targeting a world class conventional oil target in the Jade Prospect, to which Gaffney Cline & Associates ("**GCA**") assigned a Geological Chance of Success ("**GCoS**") of 32%. Subsequent to this independent assessment, the Company completed a gas cloud study and post stack seismic inversion study that it believes further mitigates risk and increases the GCoS to 41%.

The Jade Prospect has a GCA audited mean in place potential of 225 MMbbl and a P10 in place upside of 395 MMbbl. Four recent nearby discoveries by CNOOC immediately to the West of the Jade Prospect are filled to their P10 potential or better. All four CNOOC discoveries have gas clouds showing in the overburden on seismic.

Empyrean's excellent quality 3D seismic indicates that there is a classic "fill to spill" geological setup in the basin, and a robust regional seal, that provides the Jade and Topaz Prospects with a very real possibility of being filled in a similar fashion to nearby discoveries. The Jade and Topaz prospects both have gas clouds, similar to nearby discoveries, in the overburden on 3D seismic. Dry wells nearby do not have gas clouds. The Jade Prospect is the first of the three identified prospects within Block 29/11, which also contains the Topaz and Pearl prospects. The combined audited mean in place potential of all three prospects is 884 MMbbl and a P10 in place upside of 1,588 MMbbl. The post stack seismic inversion study showed Jade and Topaz both have the potential for excellent carbonate

buildup reservoir quality with excellent porosity and permeability. Any oil discovered is expected to be light oil in the 38-41 API range, similar to nearby discoveries. These attributes combined with the potential for exceptional natural reservoir drive supports the potential for excellent recovery rates.

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:

"We are delighted that the COSL survey team has been able to complete the well site survey, given the sustained unfavourable winds and swells encountered over the past 6 months. This now enables the completion of the permitting process with the survey report being the final box to tick. Over the past few months the Empyrean, COSL and CNOOC EnerTech teams have been hard at work to finalise all required permits to drill the high impact and exciting Jade Prospect. With the completion of the well site survey the Company can now quickly lodge the application for the final of the eight required permits to drill the Jade Prospect. As advised previously, the Jade Prospect looks to be one of the highest impact exploration wells scheduled for 2022, globally. Again, I would like to thank COSL and CNOOC for their continued excellent support and cooperation throughout this process."

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