

RNS Strategy/Company/Operations Update

Block 29/11, China - Jade well update

EMPYREAN ENERGY PLC

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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:

HIGHLIGHTS

- **Safety inspection at the China Oilfield Services Limited ("COSL") owned NH9 drill rig have been completed and the rig is cleared and ready for mobilisation to the Jade well location**
- **High winds and seas have required a re-scheduling of up-anchor, mobilisation and anchoring at the Jade well location to meet strict safety protocols**
- **The NH9 rig is still safely anchored at the CNOOC well location pending suitable operable weather conditions**
- **The long range forecast looks suitable**

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.

Following handover of the rig, safety inspections have been carried out and the NH9 rig is now cleared to move to the Jade well location pending suitable safe sea conditions. The NH9 rig has been used to drill a well for CNOOC immediately preceding mobilisation to Jade. The NH9 rig is still on location at the CNOOC well.

COSL will provide a new anticipated spud date once sea conditions improve and operations can re-commence. Safety protocols require sea conditions to be a 6 or less on the Beaufort Scale for towing and anchoring operations expected to take 4 days in total.

As previously advised, CNOOC EnerTech Drilling and Production Co ("CNOOC EnerTech") are providing comprehensive pre-drilling, drilling and testing services to Empyrean for the Jade well. CNOOC EnerTech has a wealth of global experience, but more importantly has vast local hands-on experience managing the drilling of wells within the Pearl River Mouth Basin where the Block 29/11 permit sits. The Empyrean/ CNOOC EnerTech team will be present both onshore, and offshore on the rig, during the drilling of Jade. Offshore, the team will consist of a hand picked drilling supervisor, well site geologist, mud logger and an electric logging expert. Gaz Bisht, Empyrean's technical director who has a successful track record of hydrocarbon discoveries within offshore China, has already made his way to China and is supervising the operations as part of the onshore team.

Empyrean and the CNOOC EnerTech team have taken every precaution to plan for a safe drilling campaign at Jade. The COSL owned NH9 rig and its drilling team are 'drill fit' and the NH9 rig will be mobilised straight to the Jade well location from its current position without the need to go back to port.

From the spud date, the Jade well is anticipated to take approximately 26 days to drill to Total Depth on a trouble free basis. There are no overly challenging drilling zones anticipated with the Jade well design and program. If the Jade well intercepts a hydrocarbon zone, as anticipated, then testing is planned to take approximately a further 2 weeks.

We will provide a further update on progress as weather conditions allow rig operations to re-commence.

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 look forward to re-commencing rig mobilisation operations as soon as weather conditions allow for safe working conditions. Based on the current long range forecast, we do not expect the wait to be very long."

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