RNS Strategy/Company/Operations Update

Mako Gas Project - Updated Plan of Development

EMPYREAN ENERGY PLC

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Mako Gas Project - Updated Plan of Development

Empyrean Energy plc ("**Empyrean**" or the "**Company**"), the oil and gas development company with interests in China, Indonesia and the United States is delighted to announce that the partners in the Duyung PSC have approved the updated Plan of Development ("PoD") and have secured alignment with SKK Migas on the plan. The PoD has now been submitted to the Indonesian Ministry of Energy and Mineral Resources for approval. Empyrean holds an 8.5% interest in the Duyung PSC.

Empyrean is also pleased to announce that an Operator commissioned Competent Persons Report ("CPR") has been prepared by GaffneyCline & Associates ("GCA") for the Mako development.

Highlights:

- Revised PoD approved by partners and submitted for ministerial approval
- Based on the CPR:
    - Compelling project economics;
        - 51% IRR and
        - NPV10 net to Empyrean of US$49M (US$577M gross) in the Best Case (2C) scenario
    - 23.8 Bcf net entitlement 2C resources to Empyrean during the PSC life;
    - Plateau production of 120 MMscf/d for six years in the Best Case (2C) scenario
    - CPR capital expenditure requirement to first gas estimated at US$251M gross (US$21.3M net to Empyrean). It is anticipated that a reserve based lending ("RBL") debt structure would be appropriate to fund the development.
- Operator has indicated that termed Gas Sales Agreements ("GSA"), for gas sold into Singapore, are under discussion with SKK Migas with a view to finalising sales arrangements in the near future.

The Operator of the Duyung PSC is WNEL, a 100%-owned subsidiary of Conrad Asia Energy Ltd, has continued to technically mature the development of the Mako gas field alongside negotiations of GSA(s), both in preparation for Final Investment Decision. This has included finalising the revised PoD, on which the JV partners have now secured alignment with governmental regulator, SKK Migas, and submission for ministerial approval.

The GCA CPR is closely aligned with the PoD and is premised on a two-phased development with six wells in phase 1 and a further two wells in phase 2 after 5 years of production. The wells will be tied back to a leased production platform at the field, with sales gas transported via the West Natuna Transportation System pipeline to Singapore for sales to the Singapore market. The development plan includes first gas in 2025, with a 120 MMscf/d production plateau and a gross recoverable 2C contingent resource of 413 Bcf gas total and 281 Bcf net entitlement attributable to the Duyung PSC JV partners (23.8 Bcf net to Empyrean) during the PSC life.

As reported in the CPR (dated 26 August 2022) and specified in the PoD revision, upside exists to increase the plateau rate to 150 MMscf/d, should reservoir deliverability be sufficient. GCA has confirmed Mako contingent resources that are broadly in agreement with the PoD as set out in the table below.

Duyung PSC - Contingent Resources, GCA Operator CPR

MAKO GAS FIELD (Bcf gas)	CONTINGENT RESOURCES GROSS (100%)			CONTINGENT RESOURCES WITHIN PSC GROSS (100%) *			CONTINGENT RESOURCES NET ATTRIBUTABLE TO EME (8.5%) **		
Reservoir:	Low	Best	High	Low	Best	High	Low	Best	High

Upper sand, intermediate zone and Lower sand									
During Duyung PSC life	249	413	442	219	363	389	14	24	26
Requires Duyung PSC extension		24	336		21	296		1	19
Total	249	437	779	219	384	685	14	25	45

* The CPR assumes that 88% of the GIIP of the Mako field is within the PSC boundary
** After allowing for boundary and all PSC terms

The Operator of the Duyung PSC is WNEL, a 100%-owned subsidiary of Conrad Asia Energy Ltd, who hold a 76.5% interest in the Duyung PSC. Coro Energy Plc hold 15%. Empyrean hold 8.5%.

The Operator CPR, and the updated PoD, assumes first gas in 2025 and calculates the last economic production years prior to the current Duyung PSC expiry date for Low, Best and High cases of 2033, 2036 and 2036 respectively, which extend to 2039 and 2054 for the Best and High respectively if the Duyung PSC is extended.

The Operator CPR utilises a gas price of US$9.97/Mscf in 2025 which is calculated on a Brent linked price formula with a Brent slope of 12% and a Brent price deck of US$80/bbl in 2025, escalating 2% pa from 2027 thereafter. Different gas prices may eventually be agreed with the gas buyers and the regulator when the GSA's are eventually signed. The Operator CPR estimates that the post tax NPV10 resulting from the Best Case Contingent Resources within the Duyung PSC acreage and within life of Duyung PSC (363 Bcf) is some US$578M (US$49M net to Empyrean) representing a 51% IRR.

Under the PoD and CPR, first gas from the Mako gas project is planned to be evacuated via the West Natuna Transportation System. The development will utilise a Conductor Support Frame (CSF) for one dry wellhead and gas import-export support, bridged-linked to a leased Mobile Offshore Production Unit. The CPR Phase 1 capital expenditure is estimated to be US$251M and total capital expenditure will be US$303M. These estimates will be updated as a consequence of envisaged Front End Engineering and Design (FEED) studies. It is anticipated that RBL debt funding will be appropriate to provide funds for the development.

The information contained in this announcement has been reviewed by Empyrean's Executive Technical director, Gaz Bisht, who has over 32 years' experience as a hydrocarbon geologist and geoscientist.

Empyrean CEO, Tom Kelly, stated:

"Empyrean would firstly like to thank the Conrad and SKK Migas teams for the enormous volume of work that has gone into achieving alignment with SKK Migas and the Duyung partners in order to submit the PoD for ministerial approval. This is a great achievement. The independent assessment of the project by Gaffney Cline shows that the project economics are highly robust. Empyrean is also encouraged by the significant upside that exists if the current macro environment of higher South East Asian gas prices results in any improvement on pricing assumptions contained in the CPR. There also exists significant upside if the reservoir performs better than the 2C Best case. We look forward to the conclusion of GSA negotiations."

For further information please contact the following:

Empyrean Energy plc
Tom Kelly Tel: +61 6146 5325

Cenkos Securities plc (Nominated Advisor and Broker)
Neil McDonald Tel: +44 (0) 20 7297 8900
Pete Lynch
Pearl Kellie

First Equity (Join Broker)
Jason Robertson Tel: +44 (0) 20 7330 1883

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