



DUYUNG PSC 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, notes the announcement released by Conrad Asia Energy Ltd ("**Conrad**" or the "**Operator**"), the holder of a 76.5% operated interest in the Duyung PSC, offshore Indonesia, in which Empyrean has an 8.5% interest.

In its announcement, the Operator provided an update in respect of, inter alia, activities in respect of the Mako gas development project ("**Mako project**") within the Duyung PSC during the quarter ended 31 December 2023. In doing so providing an update on the expected capital costs of the Mako project and associated project timings.

An extract of the Operator's announcement in respect of Duyung PSC developments is set out below.

- *Considerable progress has been made in maturing the Mako project during the past months. The key developments include:*
- *Front end engineering design ("FEED") studies for the Mako development project have concluded. Based on these studies (and the procurement process to date), capital costs for Phase 1 are currently estimated to be US\$325 million based on a 100% participating interest, in line with market trends. Capital expenditures to initial revenues are currently estimated to be US\$250 million (100%). Project costs and expenditure scheduling are being further optimised to reduce this amount. The planned development wells are targeted to deliver 120 mmscfd (100%) for a plateau period of seven years.*
- *In Q3 2023, the Company signed a non-binding term sheet (the "Term Sheet") with Sembcorp Gas Pte Ltd ("Sembcorp"), a major Singapore energy company, which outlines the core terms and serves as the basis for negotiating a definitive Gas Sales Agreement ("GSA"). Subsequent commercial negotiation between the Minister of Mining and Natural Resources and Sembcorp has resulted in both improved price formula and a delay in executing the GSA, and accordingly, Conrad has agreed with Sembcorp to delay the deadline to finalise a binding GSA (which will be subject to customary conditions precedent) by the end of Q2 2024.*
- *During the quarter, Conrad progressed the technical and commercial work with the West Natuna Transportation System ("WNTS") Joint Venture and with the support of SKK Migas to negotiate the commercial and legal terms of access to the WNTS for the transportation of the Mako gas to Singapore. Despite the good progress, delays have been encountered and this has required a revision of the project timeline and finalisation of the GSA.*
- *While the Company continues to strive to reach a Mako final investment decision ("FID") at the earliest, on the current trajectory of conclusion of the GSA and gas transportation agreement, FID would be delayed until mid-2024. Production start-up would commensurately slip until mid-2026.*
- *The [Conrad] Duyung farm down process is progressing. With the announcement of the Term Sheet, as well as progress on all other facets of the project, more parties have expressed interest in the Mako project. The Company is engaging in confidential discussions with potential partners regarding acquisition of a Participating Interest in the Duyung PSC.*
- *Conrad has appointed a financial advisor to assist with the debt funding portion of its share of the Mako project capital cost. Conrad has received an indicative term-sheet from one of the potential lenders to help fund Conrad's share of project costs. Lender selection and completion of documentation are expected by mid-2024.*

Empyrean holds an 8.5% Participating Interest in the Duyung PSC, WNEL (76.5% Participating Interest) and Coro Energy Duyung (Singapore) Pte. Ltd (part of London AIM-listed Coro Energy Ltd, 15% Participating Interest)

Empyrean CEO, Tom Kelly, stated:

"A further improved gas pricing formula and the potential for further optimisation of capital expenditures to reduce the capital required before first production helps to improve the already robust economics of the Mako project. These developments are seen as both positive and essential to attracting a JV partner in Conrad's sell down process."

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