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MAKO BINDING GAS SALE AGREEMENT SIGNED WITH PGN

[EMPYREAN ENERGY PLC](#)

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Highlights

- **Mako JV and PGN have entered into a binding Gas Sale Agreement for the domestic portion of the gas produced from the Mako field.**
- **This GSA will be subject to the construction of a pipeline connecting the West Natuna Transportation System ("WNTS") WNTS with the domestic gas market in Batam and it forms part of Mako JV's Domestic Market Obligation ("DMO") as set out in the Mako's revised Plan of Development ("POD").**
- **The Total Contracted Gas volume under the PGN GSA is up to 122.77 trillion British Thermal Units ("Tbtu") with estimated plateau production rates of 35 billion British Thermal Units/ day ("BBtud"). The terms of the GSA are confidential.**
- **The remainder of the Mako sales gas volumes are targeted to be sold to Singapore where a non-binding Term Sheet was signed in 3Q 2023. The Mako JV is moving towards finalising a GSA for the Mako export gas over the coming few weeks.**
- **The GSA for the Mako resource with PGN builds an important platform with Indonesia's national gas company. The Mako JV will continue to grow its business relationship PGN with its other discovered gas resources offshore Aceh where the two parties signed a MOU in February this year.**

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 announce that it, and the Mako JV partners have entered into a binding Gas Sales Agreement ("**GSA**") for the sale and purchase of the domestic portion of Mako gas with PT Perusahaan Gas Negara Tbk ("**PGN**"), the gas subsidiary of PT Pertamina (Persero), the national oil company of Indonesia.

The GSA with PGN for gas from the Mako gas field (in which Empyrean has a 8.5% Participating Interest), is an important step in the commercialisation of the Mako gas field (the largest undeveloped gas field in the West Natuna Sea). PGN is Indonesia's largest gas company. A separate GSA is being negotiated for the remainder of the Mako gas resource which is targeted to be exported to Singapore.

The West Natuna Sea gas gathering system is already connected to Singapore. PGN will now proceed with planning a smaller tie line to the island of Batam across the Malacca Strait that will connect the Natuna Sea to the Indonesian market.

Indonesia, the fourth most populated country on earth has a stated objective of doubling its gas production by 2030 in order to deliver a cleaner energy source to fuel its rapidly growing economy. PGN will play a significant role in this Indonesian energy transition.

Empyrean Chief Executive Officer, Tom Kelly, commented:

"This domestic GSA is a great step forward for the Mako gas field development. We can also look forward eagerly for news with regards the export GSA in the near term."

Duyung PSC - Mako Gas Field

EME 8.5% Participating Interest

Empyrean holds a 76.5% operated interest in the Duyung PSC. Duyung is located in the Riau Islands Province, Indonesian waters in the West Natuna area, approximately 100 km to the north of Matak Island and about 400 km northeast of Singapore. The Mako field contains 2C Contingent Resources (100%) of 376 billion cubic feet ("**Bcf**"), (of which 21 Bcf are net attributable to Empyrean) and is scheduled to begin production in 2026 subject to completing a formal GSA with a Singapore buyer. The West Natuna Sea has been supplying Singapore with natural gas for more than two decades and Mako is expected to continue this supply for at least another decade.

Production Sharing Contractors in Indonesia are subject to a DMO requirement for any produced gas as set out under the terms of each PSC, and Government of Indonesia Regulation No. 35 of 2004 on Upstream Oil and Gas Activity, as amended from time to time (GR 35/2004). Contractors are required to supply c 25% of their share of the oil and gas produced to meet domestic needs. The Contractor has no obligation to construct infrastructure (e.g. pipelines) to allow the delivery of any DMO.

In line with its DMO as set out in the POD and the Allocation Letter (authorising the volumes and prices of Mako gas for export and domestic sales) signed by the Minister of Energy and Mineral Resources, the Mako JV has progressed negotiations of the sales of the domestic portion of Mako gas to a domestic buyer. Subject to the construction of the pipeline connecting the WNTS with Batam, the Mako JV intends to sell Mako gas to a domestic buyer to satisfy its DMO representing approximately 29.5% of Mako sales gas volumes. The terms of the GSA are currently confidential.

As previously announced in Q3 2023, the Mako JV signed a non-binding Term Sheet with Sembcorp, a major Singapore energy company, which outlines the key terms and serves as the basis for negotiating a definitive GSA for that gas to be exported from Indonesia. Empyrean will keep the market informed on the progress of this GSA as and when it is in a position to do so.

PGN Background

On 28 March 2024, the Mako JV entered into binding Key Terms for the sale and purchase of the domestic portion of Mako gas with PGN. These Key Terms has now been formally incorporated into a binding GSA with PGN.

Established in 1965, PGN, is a leading energy company in Indonesia. With a strong commitment to provide clean and sustainable energy solutions. PGN operates an extensive natural gas pipeline network and is actively involved in: gas distribution, transmission, and exploration. In 2018, PGN became a part of PT Pertamina (Persero) as its subsidiary responsible for conducting gas and LNG business domestically and internationally. PGN's role includes infrastructure such as gas pipelines and LNG facilities.

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

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