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**Announcement to ASX**

**23 April 2021**

## **RESOURCES UPDATE**

### **Highlights**

- **Cliff Head joint venture total 2C Contingent Resources 1.07 MMbbls net to Royal Energy**
- **Producing Cliff Head Oil Field assessed to have 2C Contingent Resources of 272,000 bbls net to Royal Energy subject to reclassification as 2P Reserves**
- **Reclassification subject to Cliff Head JV securing new crude oil offtake and sale arrangements**
- **Pilot holds current 2C Contingent Resources of 1.3 MMbbls oil and 8.8 BCF gas attributable to oil and gas discoveries in WA-481-P**

Pilot Energy Limited (ASX: PGY) (Pilot or the Company) is pleased to provide this update on the Contingent and Prospective Resources associated with the Company's upstream oil and gas assets and the Cliff Head joint venture pending completion of the Royal Energy Pty Ltd acquisition (Royal Energy).

The Contingent and Prospective Resource estimates contained in this announcement are based on (1) the Cliff Head independent resources report prepared by RISC Advisory Pty Ltd (**RISC**) dated 16 April 2021 and (2) an Independent Technical Specialist Report prepared by RISC dated 28 January 2021 relating to the Company's Australian exploration assets.

RISC was engaged by Grant Thornton Corporate Finance Pty Ltd (**Grant Thornton**) and Royal Energy respectively to prepare these reports in connection with the independent expert's report prepared by Grant Thornton for the Company's acquisition of Royal Energy. The Company's Competent Person has reviewed both these RISC reports and other relevant information and compiled these estimates for the purposes of this announcement.

Subject to the Company’s shareholders approving the acquisition of Royal Energy, the Contingent and Prospective Resources net to Royal Energy’s interest reflected in this announcement will become Contingent and Prospective Resources of the Company.

### Cliff Head Field Oil Contingent Resources

The Cliff Head Oil Field is located in WA-31-L permit, is producing approximately 800 BOPD with the produced oil trucked to BP Kwinana. The RISC Cliff Head Independent Resources Report only considered the Contingent Resources associated with the producing area of the Cliff Head Oil Field and did not consider the offset areas of the Cliff Head Oil Field or other locations in the WA-31-L permit. The Contingent Resources associated with the Cliff Head Oil Field producing assets as set out in the RISC report attached to the Independent Expert Report are set out in the table below.

<b>Cliff Head Oil Field Contingent Resources Net to Royal Energy as of 31 March 2021</b>			
	<b>1C</b>	<b>2C</b>	<b>3C</b>
Total Crude Oil (MMstb)	0.125	0.272	0.383

Source: RISC: Cliff Head Independent reserves report; Royal Energy Pty Ltd 16 April 2021

The Contingent Resources in the above table were previously classified as Reserves by RISC in the 15 October 2020 Cliff Head independent reserves report provided to Triangle Energy (Global) Ltd. These Reserves were reclassified as Contingent Resources by RISC’s independent reserves report for Pilot with BP’s announcement to close the Kwinana Refinery which has been the export route for the Cliff Head oil production. In the independent expert’s report prepared in connection with the Royal Energy acquisition, RISC has indicated that (1) the Cliff Head Oil Field Contingent Resources are contingent on the Cliff Head Joint Venture confirming the export arrangements for the Cliff Head oil production once the Kwinana Refinery closes and (2) subject to the commercial terms for the new export arrangements for the Cliff Head oil production, the above Contingent Resource volumes would be reclassified as Reserves.

The Company agrees with this assessment and once new export and sales arrangements are secured for the Cliff Head oil production the Company will provide an updated assessment of Reserves and Contingent Resources for the Cliff Head Oil Field. The Company would note that following BP’s announcement for the closure of the Kwinana Refinery the timing for the actual closure has been extended and BP has continued to purchase all of the Cliff Head oil production. In addition, the Company notes Triangle Energy (Global) Limited’s ASX Announcement (“Storage Agreement Signed With BP” dated 22 April 2021) which confirmed BP Refinery (Kwinana) Pty Ltd will provide a Product Storage Service to the joint venture for an initial term of 1 year commencing 22 April 2021 and Triangle Energy (Global) Limited has also agreed terms with BP Singapore Pte Ltd in a non Binding Offtake Terms Sheet for a related offtake agreement for the product.

### Additional WA-31-L Contingent and Prospective Resources

As noted above, the WA-31-L production licence area contains additional Contingent and Prospective Resources in addition to the main area of the Cliff Head Oil Field. The table below sets out the

additional Contingent and Prospective Resources associated with offset areas of the Cliff Head Oil Field or other locations in the WA-31-L permit. The resources are presented in the table on a Gross (100% basis) and Net to Royal (21.25% basis).

<b>WA-31-L Contingent &amp; Prospective Resources (MMstb) as of 31 March 2021</b>						
<b>Contingent Resources</b>	<b>1C</b>		<b>2C</b>		<b>3C</b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
SE Nose	0.49	0.10	0.81	0.17	1.25	0.26
West High			1.06	0.22	1.94	0.41
West Flank			0.79	0.17		
Far North			0.41	0.09		
CH Life Extension			0.70	0.15		
<b>Total</b>	<b>0.49</b>	<b>0.10</b>	<b>3.77</b>	<b>0.80</b>	<b>3.19</b>	<b>0.67</b>
<b>Prospective Resources</b>	<b>Low</b>		<b>Best</b>		<b>High</b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Mentelle Updip	1.98	0.42	5.44	1.15	9.96	2.11
Catts	0.35	0.07	0.83	0.17	1.42	0.30
South Cliff Head			3.00	0.63		
<b>Total</b>	<b>2.33</b>	<b>0.49</b>	<b>9.27</b>	<b>1.97</b>	<b>11.38</b>	<b>2.42</b>

Sources: Triangle ASX Release "Cliff Head Reserves Update and Commencement of Farmout Campaign" 29 October 2020

### WA-481-P Contingent Resources

Pilot added Contingent Resources to its portfolio when it acquired WA-481-P from Murphy Oil in July 2016. Two discoveries have been made in the permit; the Dunsborough oil discovery and the Frankland gas discovery, neither are currently commercially viable on a standalone basis. Pilot has estimated the gas and oil Contingent Resources using probabilistic methods. RISC has reviewed Pilot's methods and considers the estimates reasonable. The Contingent Resources associated with the existing discoveries in WA-481-P set out in the RISC Independent Technical Specialist Report are set out in the table below.

<b>WA-481-P Contingent Oil Resources (MMbbl) as of 31 March 2021</b>				
Accumulation		1C	2C	3C
Dunsborough	Gross	3.3	6.0	9.8
	Pilot Net (21.25%)	0.7	1.3	2.1
<b>WA-481-P Contingent Gas Resources (Bcf) as of 31 March 2021</b>				
Accumulation		1C	2C	3C
Frankland	Gross	29.4	41.6	58.9

Pilot Net (21.25%)	6.2	8.8	12.5
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The Contingent Resources net to Pilot shown in the table above has been calculated on the basis of Pilot's net working interest in the WA-481-P permit area upon the completion of the sale of a 78.75% working interest in the WA-481-P permit to Triangle Energy (Group) Ltd. previously announced by the Company on 9 November 2020.

**Competent Person Statement:**

This announcement contains information on conventional petroleum resources which is based on and fairly represents information and supporting documentation reviewed by Dr Xingjin Wang, a Petroleum Engineer with over 30 years' experience and a Master in Petroleum Engineering from the University of New South Wales and a PhD in applied Geology from the University of New South Wales. Dr Wang is an active member of the SPE and PESA and is qualified in accordance with ASX listing rule 5.1. He is a former Director of Pilot Energy Ltd and has consented to the inclusion of this information in the form and context to which it appears.

This announcement has been authorised for release to ASX by the Board of Directors of Pilot Energy.

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**Enquiries**

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**About Pilot Energy:** Pilot Energy Ltd is a junior oil and gas exploration company that is aggressively pursuing the transition from oil and gas exploration and production to the development of integrated renewable energy, hydrogen and carbon management projects leveraging existing oil and gas assets to cornerstone these developments. The Company's focus on the energy transition has resulted in the company undertaking the acquisition of Royal Energy Pty Ltd as the holder of a 50% interest in the operator of the Cliff Head Oil Field and commencing detailed feasibility studies for the development of the Mid West Wind and Solar Project and the South West Blue Hydrogen and CCS Project. The Company holds material working interests in WA-481-P and EP416/480 exploration permits, located offshore and onshore Western Australia, which would form foundation assets for the potential development of the Mid West Wind and Solar and the South West Blue Hydrogen and CCS Projects.