



26 April 2022

Joint Announcement to ASX Cliff Head Joint Venture

Triangle and Pilot sign binding term sheet for re-alignment of interests in WA-31-L Cliff Head Joint Venture

Agreement provides clear pathway for Carbon Capture and Storage (CCS) development project at Cliff Head

Pilot Energy Limited (**Pilot**) and Triangle Energy (Global) Limited (**Triangle**) are pleased to announce that they have reached agreement on the key principles to restructure the existing joint venture ownership arrangements for the Cliff Head Joint Venture (**CHJV**) and the proposed Cliff Head Carbon Capture and Storage Project (**CH CCS Project**).

As noted in Pilot's ASX announcement of 28 March 2022, Pilot has been undertaking feasibility studies into the potential for carbon capture and storage and blue hydrogen production focussed on the Cliff Head oil field, which have confirmed a significant CCS resource in WA-31-L.

The binding Cliff Head re-alignment Term Sheet paves the way for Pilot and Triangle to progress an application to the National Offshore Petroleum Titles Administrator (NOPTA) to have the Cliff Head Oil Field reservoir declared a Greenhouse Gas Storage formation (**Milestone 1**) and to pursue the CH CCS Project once economic oil production has finished.

Following a Declaration, the CHJV anticipates making an application to NOPTA for the grant of a Greenhouse Gas Injection Licence for the injection and permanent sequestration of a minimum of 500,000 tonnes of CO₂ per annum into the Cliff Head Oil Field reservoir. Receipt of this Injection Licence (**Milestone 2**) will enable the CHJV to commence the implementation of the CH CCS Project with the project anticipated to be operational by 2025.

The key terms of the binding Cliff Head Re-Alignment Term Sheet – entered into between Pilot and Triangle and which are conditional upon initially **Milestone 1** are:

- Pilot and Triangle (via their wholly owned subsidiaries) will restructure their interests in the WA-31-L Cliff Head project resulting in Pilot holding a direct 57.5% participating interest share in CHJV (oil project) and the CH CCS Project and Triangle holding a direct 42.5% interest in both projects.
- Pilot will become operator of both the CHJV and the CH CCS JV, although Triangle will continue technical operatorship of the CHJV through its oil production life.
- The parties will co-operate and participate in an application to NOPTA for the declaration of a greenhouse gas storage formation under the Offshore Petroleum and Greenhouse Gas Storage Act of 2006 (OPGGSA).

In summary, Milestone 1, the approval of the Declaration by NOPTA, which will facilitate the progression of the CH CCS project, is a determination by NOPTA that the specified Cliff Head oil field reservoir is a suitable and approved greenhouse gas storage formation pursuant to the OPGGSA. Pilot is currently progressing the application for the Declaration which it anticipates will be submitted to NOPTA in the next quarter.

Milestone 2 will see the parties being granted a GHG Injection Licence. Once approved (anticipated by mid 2023) the grant of the GHG Injection Licence will provide a clear pathway for the development of the CH CCS Project including an endorsement of the project by the offshore regulator, NOPTA and the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA). Both of NOPTA and NOPSEMA currently regulate the existing Cliff Head oil field operations pursuant to the WA-31-L production license.

This will be the first offshore CCS development in Mid West WA and one of the first CCS projects to be implemented in Australia. Additionally, and of key importance, the implementation of the CH CCS Project will likely significantly extend the working life of substantially all of the CH JV facilities and defer material decommissioning costs well into the future.

Brad Lingo, Pilot's Executive Chair said: *“Re-alignment of the CHJV interest between Pilot and Triangle is a significant step in the development pathway for the first offshore CCS project in the Mid West WA and for the future re-tasking of the Cliff Head infrastructure. Declaration of the CCS resource is an important near term milestone for the progression of the CH CCS project and will provide sufficient confidence to unlock further investment in the development project. Pilot is extremely excited to proceed with its clean energy development pathway and this arrangement with Triangle is a significant step in that direction.”*



Mr. Lingo continued “Over the last 18-months the Australian Carbon Credit Unit (**ACCU**) price has significantly increased reaching in January of this year a peak forward contract price of A\$60/tonne (Feb 2024) and are projected to be trading at approximately A\$39/tonne to A\$44/tonne for the CY2025-2026 in the time frame growing to over A\$60/tonne by CY 2030 with a significant demand for ACCUs to over 20 million/tonnes per annum. (source:

Reputex Energy Australian Carbon Offset Price, Supply and Demand Outlook Report March 2022.). This demand and the forecast strong price of ACCUs is likely to provide a strong market demand for the CH CCS Project.”

Conrad Todd, Triangle’s Managing Director said “We are pleased to have concluded this Term Sheet for a CCS project with Pilot. It provides an exciting and profitable use for the Cliff Head facilities once the oil field reaches its end of economic life. Our co-operative Joint Venture will both reduce Triangle’s abandonment liability and defer it for at least 10 years after oil production. We are especially pleased that the CHJV will at the same time be making a significant contribution to the reduction to the Carbon Dioxide emissions in Western Australia.”

ENDS

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About Triangle Energy (Global) Limited

Triangle Energy (Global) Ltd (ASX:TEG) is an ASX listed oil producer and explorer based in Perth, Western Australia. The Company has a 78.75% interest in, and is Operator of, the producing Cliff Head Oil Field, which includes the Arrowsmith Stabilisation Plant. Triangle also has a 50% share of the Mt Horner L7 production licence and a 45% share of the Xanadu-1 Joint Venture, both located in the Perth Basin. Triangle also has a substantial equity interest in State Gas Ltd (ASX:GAS), which has an 100% operating interest in the Reids Dome production licence (PL 231) in Queensland. The Company continues to assess acquisition prospects to expand its portfolio of assets.

Enquiries

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About Pilot Energy Limited

Pilot is currently a junior oil and gas exploration and production company that is aggressively pursuing the diversification and transition to the development of carbon management projects, hydrogen and integrated renewable energy, by leveraging its existing oil and gas tenements and infrastructure to cornerstone these developments. Pilot holds a 21.25% interest in the Cliff Head Oil field, material working interests in WA-481-P and EP416/480 exploration permits, located offshore and onshore Western Australia, which form foundation assets for the potential development of clean energy projects in Western Australia.

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Cliff Head Joint Venture

The Cliff Head Oil Field is located 10km off the coast of Western Australia at a water depth of 15-20 metres. The Production Licence WA-31-L covers 72km² and the oil field covers 6km². It was the first commercial oil discovery developed in the offshore Perth Basin. The development cost of the field was A\$327 million with first oil production commencing in May 2006.

Production is from five ESP production wells and produced water is reinjected into three injection wells. Produced crude oil is trucked to the BP refinery in Kwinana, 42kms south of Perth.

The Cliff Head facilities are the only offshore infrastructure in the Perth Basin and are therefore important for any development in the surrounding area. An unmanned platform with a 14km pipeline carries the crude oil to a dedicated stabilisation processing plant at Arrowsmith, with a production capacity of 15,000 bopd.

The field has the capacity to produce approximately 1000 bopd from five production wells (3 horizontal and 2 deviated). The production from the field is supported by a water flood with 3 water injection wells (1 horizontal and 2 deviated). An additional unused well slot is available on the platform for future drilling activities.