

**Announcement to ASX**

**3 July 2017**

## **WA-481-P WORK PROGRAM UPDATE**

### **Highlights**

- **Two firm commitment wells removed from remaining term**
- **Substantially improves marketability to potential farmin partners**
- **Permit hosts prospective resources of up to 435 MMBOE**

Pilot Energy Ltd (the **Company**, ASX: PGY) is pleased to announce that the National Offshore Petroleum Titles Administrator (NOPTA) has approved the Company's application to replace the WA-481-P year 5 and year 6 commitment wells with an alternative work program, designed to de-risk high-graded prospects for future drilling.

WA-481-P is presently in permit year 4, expiring on 19 August 2017. Previously, each of permit years 5 and 6 incorporated a commitment to drill an exploration well. Pilot Energy applied to NOPTA to remove the commitment wells, on the basis that further technical studies are required before further drilling can take place within the permit. As such, a revised work program is now in place for years 5 and 6, comprised of seismic data reprocessing and geological/geophysical studies. These studies are designed to address the primary geological risk associated with the various prospects located within WA-481-P, such that an inventory of drill-ready prospects can be finalised for drilling.

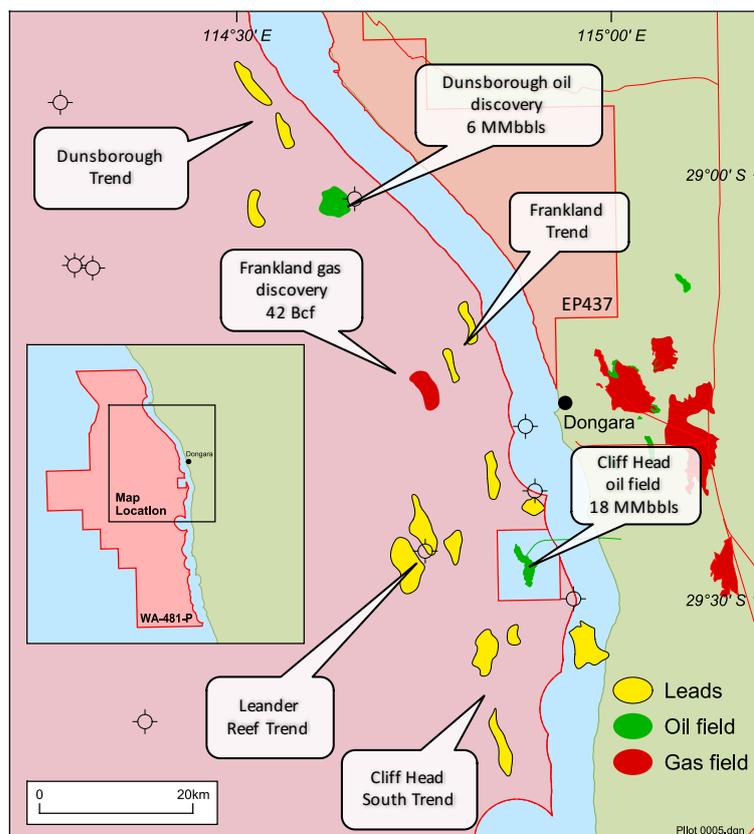


Figure: WA-481-P Location and Prospect Map

It is likely that a firm well commitment will be required to be included within renewal of the permit, after its expiry in August 2019. The removal of the current commitment wells does not preclude exploration drilling before that time, subject to identifying a farmin partner. The Joint Venture will market WA-481-P to potential farmin partners in parallel with the ongoing technical work, and regards removal of the commitment wells as significantly improving the project's marketability.

## Permit Summary

WA-481-P is jointly held with Key Petroleum Ltd (ASX: KEY), and located in shallow waters to the west of the onshore Dongara/Beharra Springs/Waitsia gasfields, and the Jingemia/Hovea/Cliff Head oilfields. Pilot and Key's onshore exploration permit EP437 lies approximately 10km to the east. The permit is very large (17,475 km<sup>2</sup>) and covers a major portion of the offshore extension of the North Perth Basin. The primary petroleum plays are for oil and/or gas within the Dongara Sandstone and the Irwin River Coal Measures, both of which produce oil at the adjacent Cliff Head oil field.

Oil and gas are proven within the permit, with the Frankland gas and Dunsborough oil discoveries offering 2C contingent resources of 42 Bcf gas and 6 MMBbls oil respectively. These discoveries are good candidates for development in the event of exploration success in adjacent prospects.

As announced on 30 January 2017, the total prospective resources for WA-481-P are as follows:

Trend	No. of Prospects	Gross (100%) MMBOE		
		Low	Best	High
Cliff Head South Oil	4	59.1	106.8	186.4
Dunsborough Oil	4	18.6	35.3	69.8
Frankland Gas	2	4.8	7.6	11.7
Leander Reef Oil	3	55.9	98.1	168
<b>Total</b>	<b>13</b>	<b>138.4</b>	<b>247.8</b>	<b>435.9</b>

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## Enquiries

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**About Pilot Energy:** Pilot Energy Ltd is an emerging junior oil and gas exploration company that is implementing a low-cost, counter-cyclical strategy to develop a portfolio of high quality oil and gas exploration assets. The Company's aggressive new ventures program has rapidly resulted in acquisition of material working interests in the WA-481-P, WA-507-P, WA-503-P and EP416/480 exploration permits, located offshore and onshore Western Australia, in addition to a minor working interest in the EP437 permit. Key to Pilot Energy's strategy is minimisation of project entry cost and work commitments, while allowing sufficient time to add value through desktop studies prior to seeking farming partners to fund seismic and/or drilling. Pilot Energy works closely with industry partners such as seismic contractors in order to develop creative pricing models for services that help to reduce the Company's upfront cash investment.