

Announcement to ASX

3 March 2016

WA-503-P Prospective Resources Update

Highlights

- Independent expert confirms potential for multi-million barrel oil discoveries
- Three leads each offer multiple reservoir targets and on aggregate, gross Prospective Resources vary in the High Case from 14.0 MMBbl to 72.8 MMBbl
- 3D broadband seismic survey planned for 2016

Pilot Energy Ltd (ASX:PGY) is pleased to announce that an independent audit of prospective oil resources for its WA-503-P exploration permit is complete, and confirms the potential for significant oil discoveries.

Pilot Energy holds an 80% working interest as Operator in the WA-503-P Block, for which Gaffney, Cline & Associates (GCA) has estimated gross and net prospective oil resources for the three exploration leads identified by Pilot Energy, as follows:

Summary of Gross and Net Prospective Oil Resources for Leads in WA-503-P Block as at 1st March, 2016

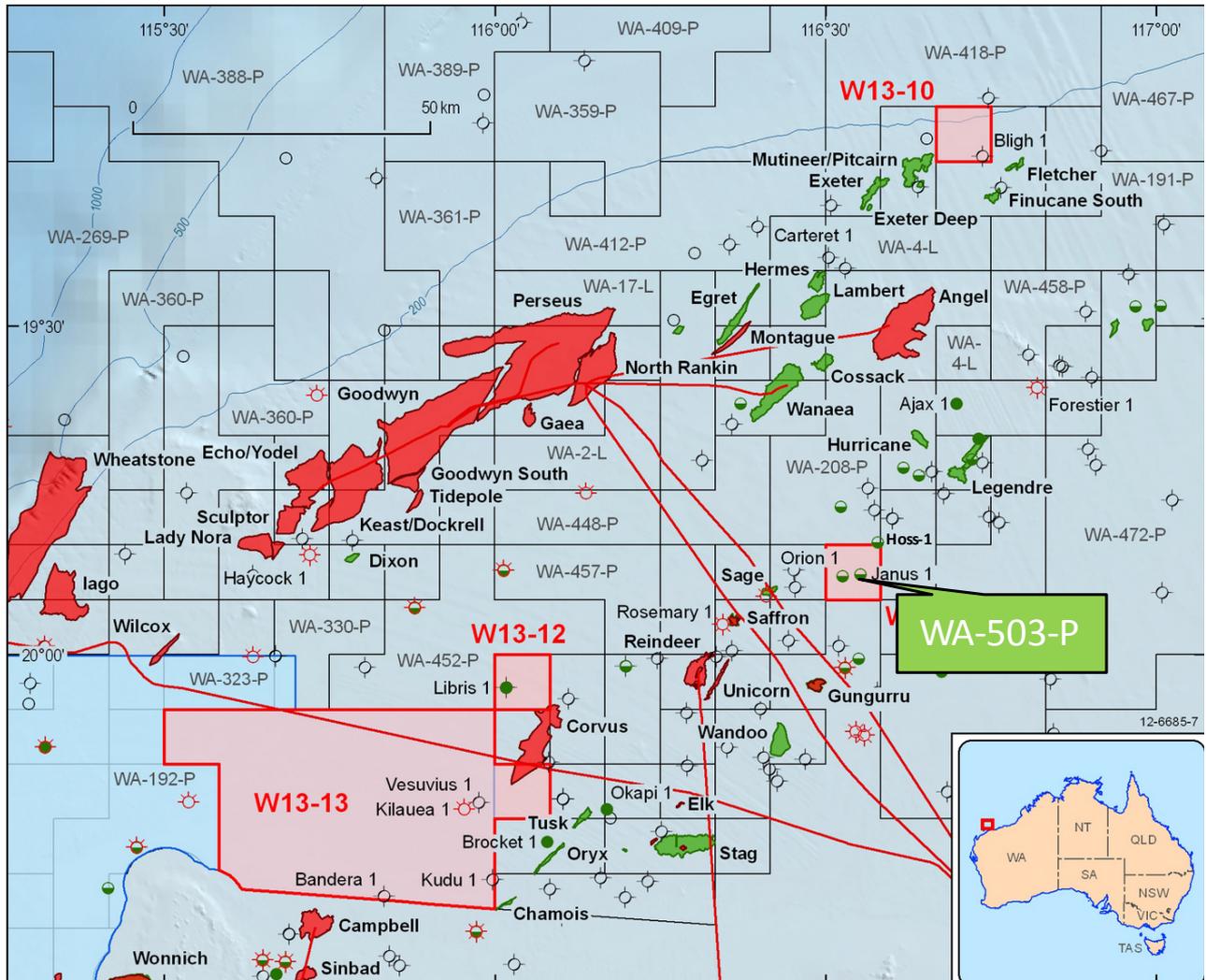
Lead	Reservoir	Gross Prospective Resources (MMBbl)			Net Prospective Resources (MMBbl)			GCoS
		Low	Best	High	Low	Best	High	
<i>Updip Janus</i>	Legendre	3.0	6.9	13.5	2.4	5.5	10.8	17%
	Eliassen	1.5	3.1	6.2	1.2	2.5	5.0	24%
<i>Updip Orion</i>	Legendre	7.6	25.1	63.5	6.1	20.1	50.8	15%
	Eliassen	0.6	1.1	2.1	0.5	0.9	1.7	17%
	M Australis	0.6	2.9	7.2	0.5	2.3	5.8	17%
<i>Bojangles</i>	Angel	1.5	3.4	6.9	1.2	2.7	5.5	17%
	M Australis	1.5	3.5	7.1	1.2	2.8	5.7	17%

Notes:

1. Prospective Resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a chance of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.
2. The estimates of Prospective Resources included in this announcement have been prepared in accordance with the definitions and guidelines set forth in the 2007 Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers (SPE). The PRMS defines prospective resources as those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.
3. Gross Prospective Resources are 100% of the on-block volumes estimated to be recoverable from the Leads in the event that a discovery is made and subsequently developed.
4. The volumes reported are "Unrisked" in the sense that the Geological Chance of Success (GCoS) factor has not been applied to the designated volumes within GCA's assessment.
5. GCA is an independent international energy advisory group of over 50 years' standing, whose expertise includes petroleum reservoir evaluation and economic analysis. The report is based on information compiled by professional staff members who are full time employees of GCA.
7. This ASX announcement has been approved at a GCA corporate level by Mr. Doug Peacock, a Technical Director of GCA, who has over 25 years experience as a Geoscientist in the Oil & Gas Industry.

WA-503-P

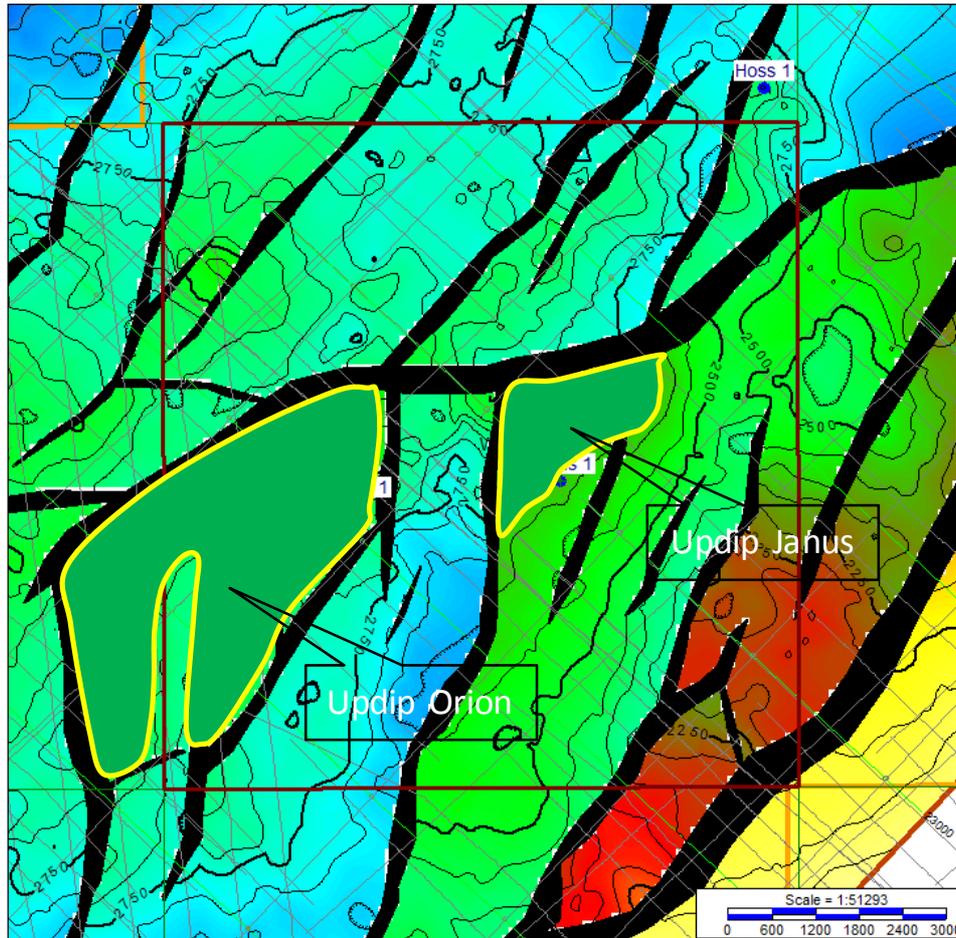
The primary exploration focus in WA-503-P is the Lower Cretaceous to Upper Jurassic sandstone reservoirs within the oil rich Legendre Trend, situated along the eastern flank of the Lewis Trough. Existing exploration wells within and adjacent to the block confirm the presence of a working oil system, having encountered oil shows and, in one case, a 4 metre oil column. The decommissioned Legendre field is situated some 20km to the northeast of the block, and produced over 42 MMBbl of oil from excellent quality sandstone reservoirs. The most recent discovery in the area, Hurricane, is believed to contain over 100 MMBbl of oil in place (plus associated gas and condensate) within a structural/stratigraphic combination trap.



WA-503-P Permit Location Map

The WA-503-P exploration permit carries a three-year primary term that includes a commitment to acquire 80km² of new broadband 3D seismic data and complete various geological and geophysical studies. Pilot Energy has negotiated a low cost contract to acquire the commitment seismic data during 2016, with timing to be confirmed subject to vessel availability.

Pilot Energy **Managing Director, Iain Smith** commented “GCA’s assessment confirms the potential for significant oil discoveries within WA-503-P, well above the minimum economic field size for the permit such that any discovery on one of the leads has a good chance of development. Pilot Energy is working towards independent confirmation of prospective resources within each of the projects in our portfolio, as the basis for attracting quality farm-in partners to fund future work. These latest results bolster the Company’s total prospective resources, further to the very significant oil and gas prospective resources assessed by GCA for our other offshore permit, WA-507-P.”



Depth Structure Map: Updip Orion & Updip Janus Prospects

GCA Methodology

The GCA resource estimates utilised the interpretation performed by Pilot Energy on a non-proprietary 3D seismic data set. GCA reviewed each of the Leads identified by Pilot Energy and built a 1D Monte Carlo probabilistic model to estimate the in-place volumes and Prospective Resources within Permit WA-503-P for each of the Leads based on a range of gross rock volume (GRV), reservoir parameter and engineering inputs. The GRV estimates were calculated by varying the area of closure only within WA-503-P. The reservoir parameters were based on a review of the inputs provided by Pilot Energy and petrophysical information available in the well completion reports of adjacent wells. Analogue information from GCA's regional experience was used to validate the reasonableness of the oil expansion and recovery factors proposed by Pilot Energy. Additional geological and geophysical studies are required before the identified leads can be matured to prospects. GCA has also estimated a GCoS (Geological Chance of Success) which represents the chance of discovering the estimated hydrocarbon volumes. The estimation of the GCoS uses a matrix of five key factors that affect the accumulation and trapping of hydrocarbons; Trap and Seal potential; Reservoir presence and quality; Hydrocarbon source (presence, quality, maturity and migration); Geological timing; and a Play factor representing the maturity of the petroleum system.

Enquiries

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About Pilot Energy: Pilot Energy Ltd is an emerging junior oil & 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-507-P and 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 minimise the Company's upfront cash investment.