

Pilot Energy Limited

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**Announcement to ASX****8 September 2020****ACQUISITION OF INTEREST IN KEY OFFSHORE PERTH BASIN EXPLORATION LICENSE**

Pilot Energy Limited (ASX: PGY) (**Pilot Energy**, or the **Company**) is pleased to announce that Pilot Energy and Key Petroleum Ltd. (ASX:KEY) (**Key**) have agreed to rationalise the ownership of WA 481-P with Pilot Energy to acquire a 40% interest in Offshore Petroleum Exploration License WA-481-P.

Highlights

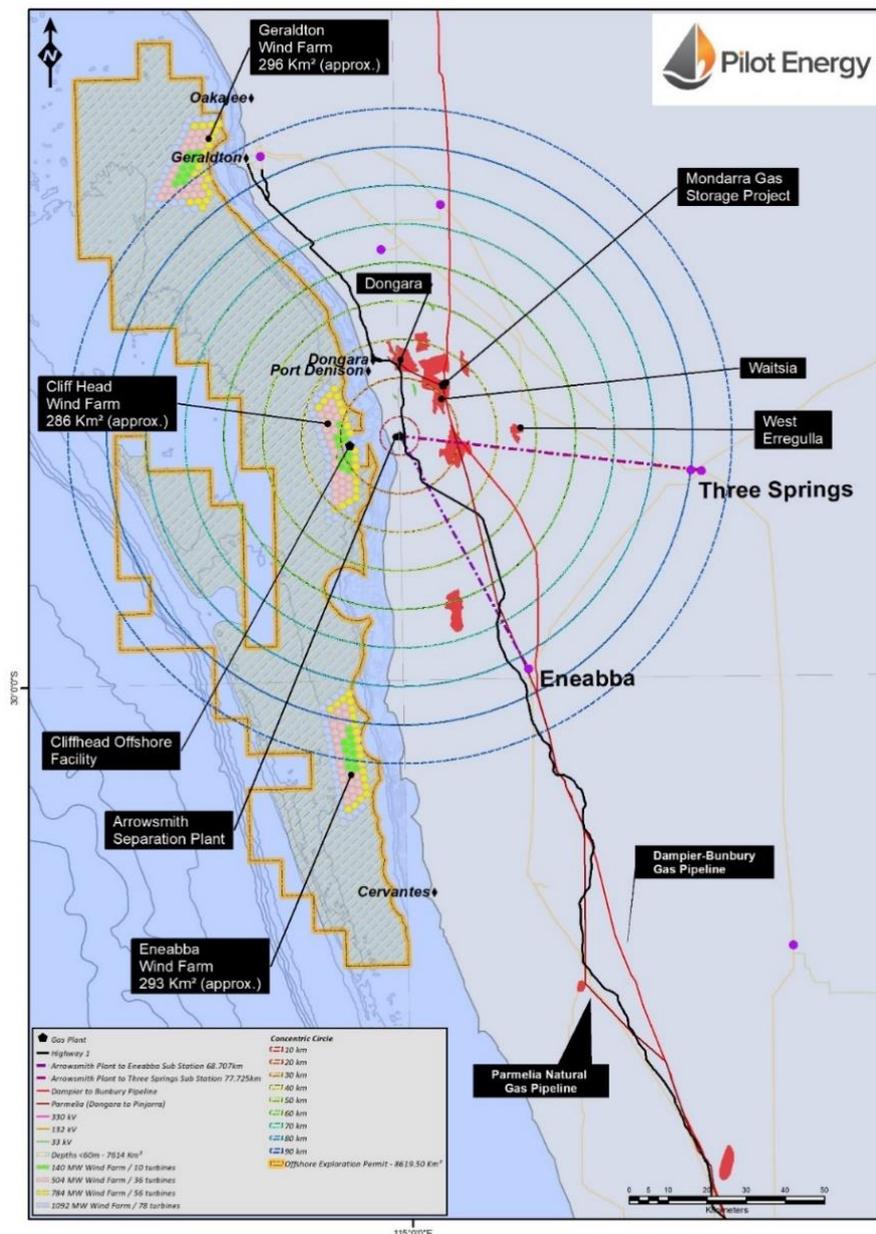
- **Pilot Energy becomes 100% owner/operator of Offshore Exploration Permit WA-481-P**
- **Acquisition consolidates Pilot Energy's 100% ownership interest in Mid West Wind & Solar Project**
- **Acquisition gives Pilot Energy full control of pace of offshore activity and integration of offshore exploration with offshore wind project development**
- **Subject to shareholder approval, 21 million shares to be issued to Key in return for 40% non-operated interest in WA 481-P**

As the majority owner (60%) and operator of WA-481-P (see map below), Pilot Energy moves to 100% ownership of one of the largest offshore exploration permits in Australian Commonwealth waters and covers 130 graticular blocks and extends from north of Oakajee, Western Australia to south of Cervantes, Western Australia and covers over 8600 km² along approximately 250 km of the offshore Western Australian coast. WA-481-P contains one of the highest quality offshore wind resources in all of Australia and as was announced on the ASX on 4 September 2020, covers the area where Pilot Energy is pursuing a feasibility study on the development of the Mid West Wind & Solar Project.

The offshore wind resource within the area covered by WA-481-P has been measured to have an annual mean wind speed greater than 9 m/s at a hub height 100 meters. The eastern boundary of WA-481-P is approximately 10 km offshore in relatively shallow water depths ranging between 20 to 40-meter water depth along the entire eastern portion of the permit from 10 km to 30 km offshore. Out of the 8600 km² area of the permit over 7600 km² (88%) of the permit area is in water depths of 60 meters or less.

Subject to shareholder approval, Pilot Energy will acquire the 40% interest in WA-481-P in return for issuing to Key 21 million shares – in two tranches and initial tranche of 5 million shares to be issued upon entering into definitive transaction documents and a further 16 million shares upon Pilot Energy receiving shareholder approval which will be sought at an extraordinary general meeting of shareholders to be called following the execution of definitive transaction documents.

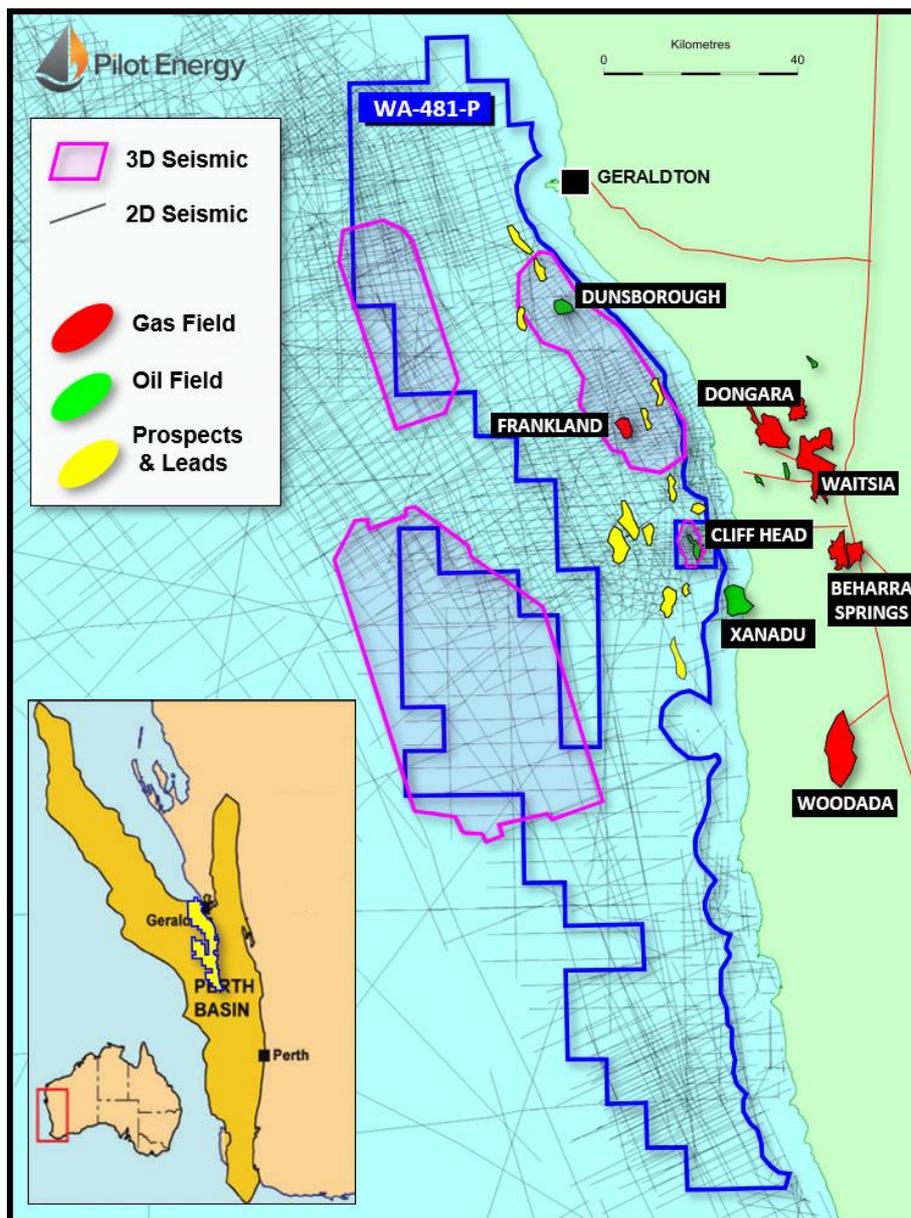
Mid West Wind & Solar Project Focus Area WA-481-P Offshore Exploration License & Potential Wind Farm Locations



WA-481-P covers a very large area over the offshore extension of the Northern Perth Basin, on trend with numerous oil and gas discoveries. WA-481-P is well covered by both 3D and 2D seismic data, which confirms the presence of fourteen structural prospects across a variety of geological plays, three of which have been identified as priority targets for future exploration (see map below).

WA-481-P Permit

Seismic Coverage / Leads & Prospects Map



The primary petroleum plays are for oil and/or gas within the Dongara Sandstone and the Irwin River Coal Measures. Both oil and gas are proven within the permit, with the Frankland gas and the Dunsborough oil discoveries.

The Frankland gas play lies on trend with the Frankland-1 gas discovery. Three further structures are located to the northeast of Frankland-1, offering the potential to increase the resource base. Importantly this play has been largely de-risked by the Frankland-1 well, and the Company will consider conducting a seismic inversion study in order to further de-risk the prospects. In the event of future exploration success, commercialisation of two or more fields could occur as a hub, tied back to the onshore Dongara gas facility, located some 20km to the east.

The Cliff Head South play incorporates two structural prospects, both of which lie to the south and west of the Cliff Head oil field. These prospects are of a comparable size to Cliff Head itself and are situated between Cliff Head and the hydrocarbon source kitchen to the west.

Pilot's Chairman, Brad Lingo, said "The Company sees the consolidation of the ownership of WA-481-P as highly complementary to the Company's Mid West Wind and Solar Project and the new corporate strategy to focus on gas, storage and renewables. The high quality offshore wind resource, the existing offshore facilities and onshore electricity and gas infrastructure and the very large conventional gas discoveries in the North Perth Basin point to the potential to combine all these elements into the development of a World class renewables and low carbon energy and resource precinct."

"As the Company previously announced, we believe that the Company has the unique opportunity to bring together and integrate three critical platforms essential to the successful delivery of the energy transition."

"Focussing on bringing these elements together around the Mid West Wind and Solar Project provides the opportunity to deliver strong growth and significant shareholder value".

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

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, gas and energy assets. The Company's aggressive new ventures program has resulted in the proposed Mid West Wind and Solar project and material working interests in WA-481-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.