

ASX Announcement

5 September 2016

NOPTA Approval of WA-481-P Assignment

Highlights

- **NOPTA approves transfer to Pilot Energy of 100% interest in exploration permit WA-481-P**
- **Highly prospective permit with existing contingent resources**
- **Transfer of PRRT “credits” substantially improves development economics**
- **Pilot Energy now the largest net acreage holder in Perth Basin**

Subsequent to its announcement of 27 July 2016, Pilot Energy Ltd (the **Company**, ASX: PGY) is pleased to advise that the National Offshore Petroleum Titles Administrator (NOPTA) has approved the transfer of a 100% working interest in exploration permit WA-481-P, and operatorship, to the Company.

Pilot Energy acquired its interest in WA-481-P for nil upfront consideration, with a 10% Net Profits Interest payable to the previous owner on any future hydrocarbon production from within the permit. The Company will also be assigned the previous owner's share of entitlements under the Petroleum Resource Rental Tax (PRRT) Assessment Act of 1987. The exact amount of the PRRT “credit” is yet to be determined, but will result in a very significant reduction in PRRT levied on any future production, greatly enhancing development economics.

The WA-481-P opportunity was originally identified in collaboration with Pilot Energy's joint venture partner in the EP437 permit, Key Petroleum Ltd (**Key**, ASX: KEY). Pursuant to a cooperation agreement with Pilot Energy, Key has exercised its right to acquire a 40% interest in the permit on the same (pro rata) terms, and the parties will now submit an application to NOPTA for transfer of that interest to Key.

WA-481-P

Permit WA-481-P is located in shallow waters, to the west of the onshore Dongara, Beharra Springs and Waitsia gas fields, and the Jingemina, Hovea and Cliff Head oil fields. Pilot and Key's onshore exploration permit EP437 lies approximately 10km to the east.

WA-481-P is a very large permit (17,475 km²) that covers a substantial portion of the offshore extension of the North Perth basin. The primary petroleum plays are 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 representing contingent resources. In particular, the Frankland gas discovery encountered an approximately 100 metre gas column, and is believed to host contingent resources that may warrant consideration for future development; particularly given the forecast strengthening of West Australian domestic gas prices early in the next decade.

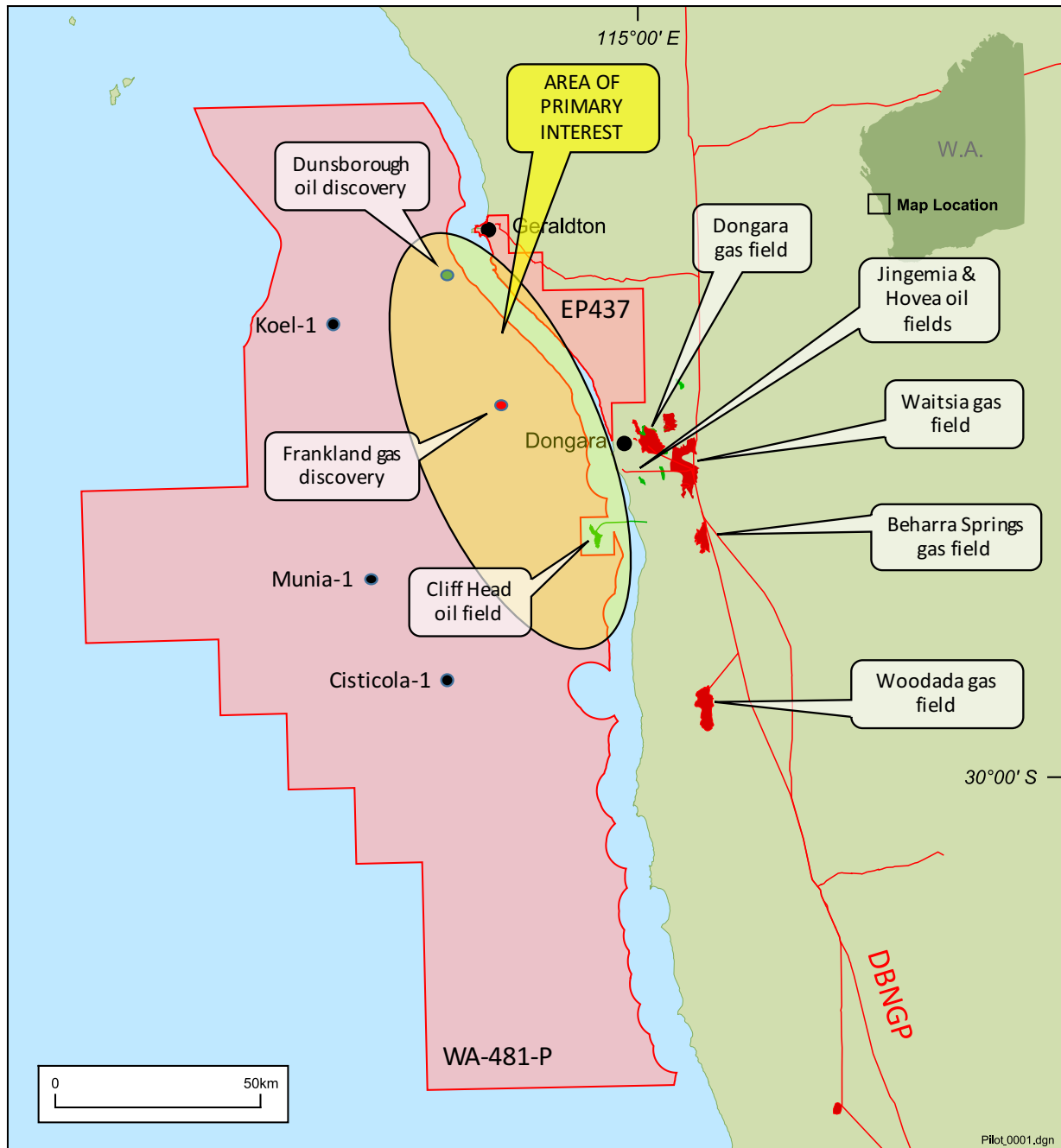
Structurally, the permit contains the north-south trending Turtle Dove Ridge to the west, where the previous joint venture drilled three exploration wells, all of which encountered oil and gas shows. The main hydrocarbon source “kitchen” extends through the centre of the block, with hydrocarbons thought to have migrated eastwards up to the Beagle Ridge in the east. This is where the Cliff Head, Frankland and Dunsborough fields are located.

Based upon its review of existing 2D and 3D seismic data, Pilot Energy has identified a number of leads and regards the north-eastern part of the permit as highly prospective for future discoveries in the range of 5 to 20 MMbbls oil, or 50 to 100 Bcf gas. Any future discoveries might be combined with the existing discovered resources within the permit, to form a “string of pearls” style development utilising existing infrastructure, such as the Cliff Head and Dongara facilities.

The WA-481-P permit entered Year 4 of the secondary term on 20 August 2016, which carries a work

commitment to complete \$300,000 of geological and geophysical studies. The subsequent two years of the secondary term are discretionary, with each carrying an exploration well commitment.

Pilot Energy has commenced interpretation of the existing 2D and 3D seismic data over the primary area of interest, in order to quantify prospective resources and rank future drilling opportunities. The Frankland and Dunsborough discoveries will also be studied in detail in order to quantify the contingent resources as the basis for a possible future application for retention leases over the accumulations.



WA-481-P Location Map

The Company looks forward to providing further technical updates as work progresses over the coming months.

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