

Announcement to ASX

20 April, 2016

EP437 DMP Approval

Pilot Energy Ltd (ASX: PGY) is pleased to advise that the West Australian Department of Mines & Petroleum has approved the transfer of title to the Company, pursuant to its agreement with Caracal Exploration Pty Ltd to acquire an interest in the EP437 exploration permit.

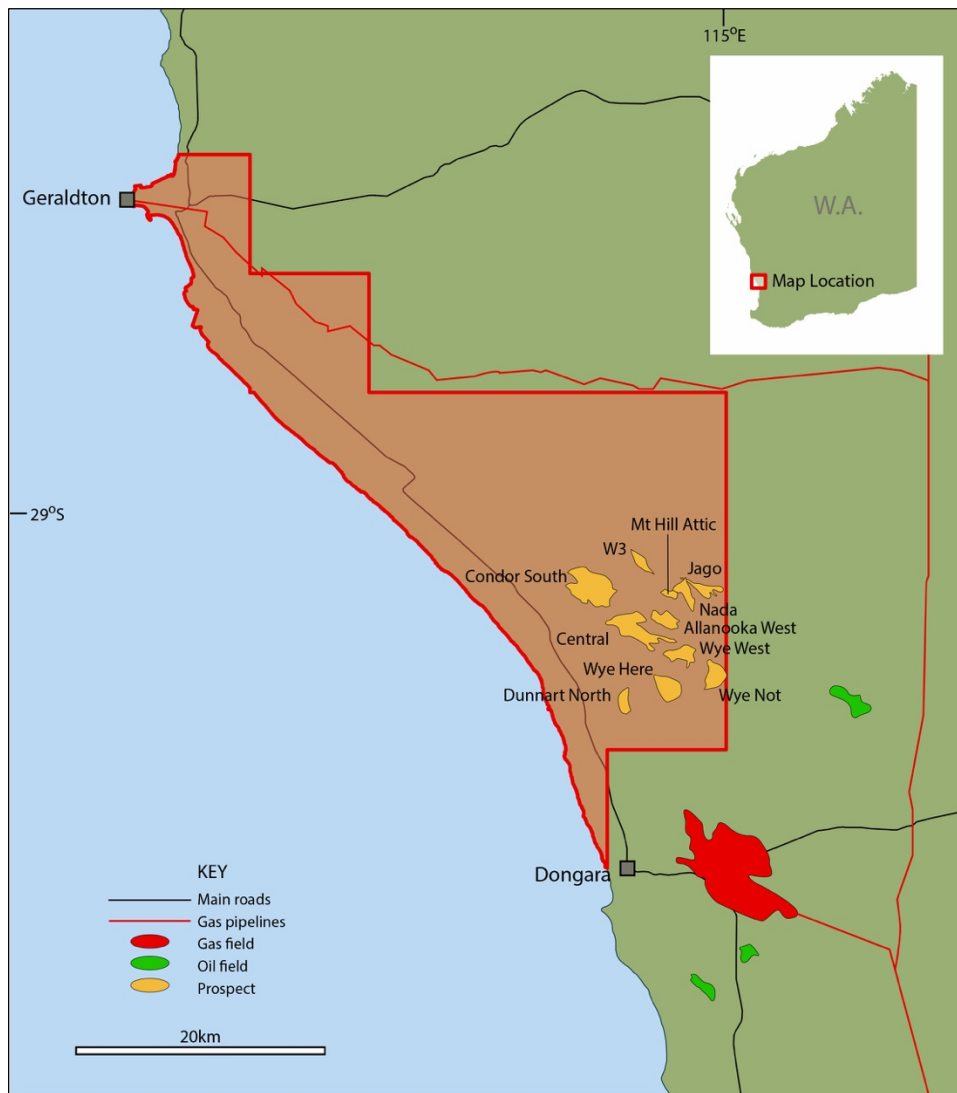


Figure: EP437 Location & Prospect Map

EP437 is situated on the west of the northern onshore Perth Basin, between the towns of Geraldton and Dongara; some 10km to the north of the large Dongara gas field and Jingemia/Hovea oil fields, and 20km to the north of the Cliff Head oilfield. A number of wells have been to date, the results of which confirm a working petroleum system within the permit; the Dunnart-1 and 2 wells recovered oil from the Lower Triassic Bookara sandstone, and the Wye-1 well tested gas from Bookara and Aranoo sands.

The primary prospects currently identified by the Joint Venture are Wye Not, Becos and Conder South.

The Wye Not prospect was drilled on the crest of the structure by the Wye-1 well in 1996, and tested gas from two reservoirs. The Bookara and the Arranoo sandstone reservoirs flowed 4.4MMscf/day

and 2.5 MMscf/day respectively. Neither of these reservoirs exhibited a water leg, and both had good, live oil shows during drilling; suggesting that they may have been previously oil-filled, with the oil being displaced to a down-dip oil rim by subsequent gas migration.

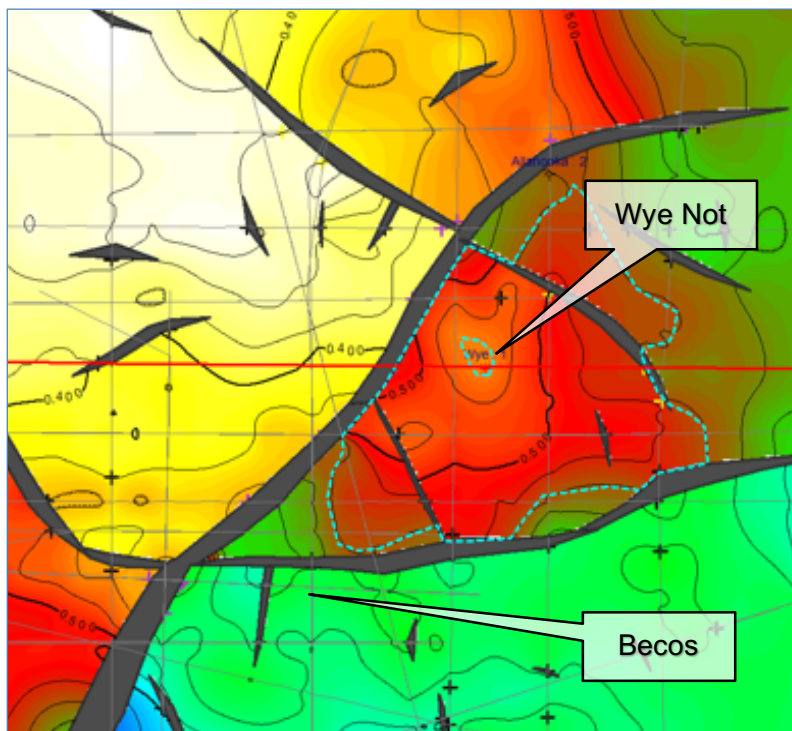


Figure: Wye Not Bookara Sandstone time structure map

The Becos prospect lies down-dip from the Wye Not prospect, on the migration path from the hydrocarbon “kitchen” that lies to the south.

The seismic data across the Wye Not and Becos prospects will now be reprocessed by the Operator in order to better define prospect structures, and the existing wells will be subject to petrophysical reinterpretation prior to prospect finalisation and ranking, with a view to selecting a drilling target.

While most of the EP437 prospects offer relatively modest prospective resources, they are economically attractive due to the low cost of exploration drilling, and low cost of development in the event of discovery. Once prospect ranking has been completed and a drilling target selected, the Joint Venture will consider well planning in order to bring the leading prospect to drill-ready status.

The working interests in EP437 are as follows:

Key Petroleum Ltd (ASX: KEY)	43.471% (Operator)
Rey Resources Ltd (ASX: REY)	43.471%
Pilot Energy Ltd	13.058%

Enquiries

Iain Smith, Managing Director, Tel: +61 412 638019, email: ismith@pilotenergy.com.au