

Announcement to ASX

7 December, 2016

EP416/480 WORK PROGRAM UPDATE

HIGHLIGHTS

- **WADMP approves variation to EP480 work program**
- **Seismic commitment replaced by geochemical survey and AGG processing**
- **Provides consistent work program across both EP480 and EP416**
- **Program underway to de-risk the large Leschenault has prospect**
- **Leschenault offers prospective resources of up to 1.6 Tcf gas**

Pilot Energy Ltd (the **Company**, ASX: PGY) is pleased to advise that it has received approval from the West Australian Department of Mines & Petroleum (**WADMP**) to vary the work program for the current permit year of exploration permit EP480, located in the southern Perth Basin.

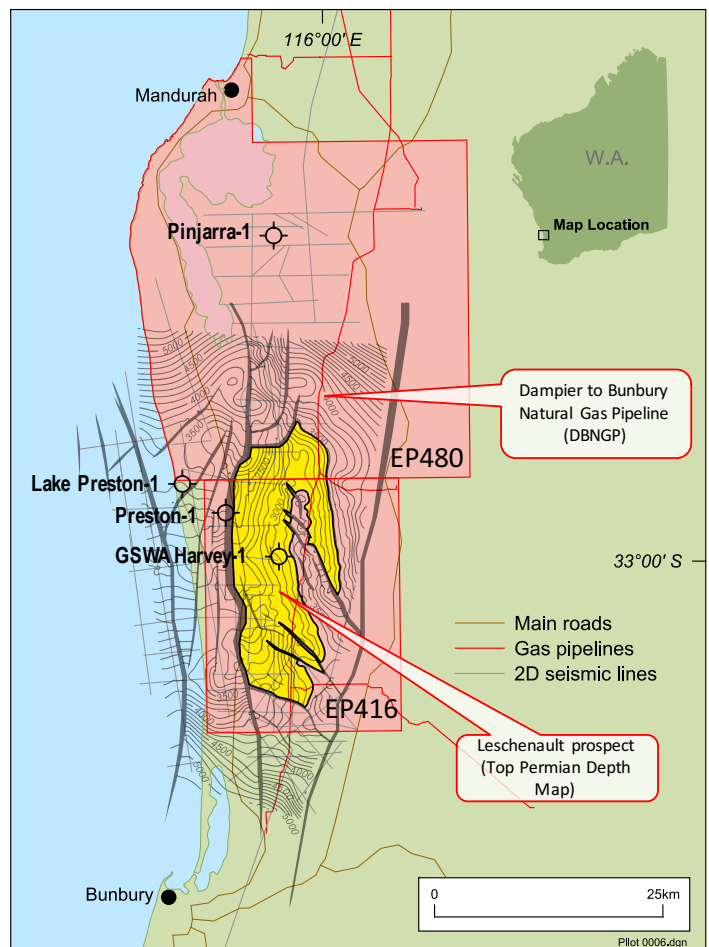
Previously the EP480 permit carried a commitment to acquire 50 km of 2D seismic data, with an associated financial commitment of A\$1,500,000. The replacement work program constitutes geochemical surveying, advanced processing of the Falcon AGG airborne geophysical data, and geotechnical studies; with an associated financial commitment of A\$350,000.

Permits EP480 and EP416 host the very large Leschenault gas prospect, and the approved variation provides for a consistent work program across both permits, designed to address the primary geological risk of cross-fault seal.

The aim of the geochemical survey is to identify anomalies resulting from micro-seepage of hydrocarbon components from depth, broadly conformable to the area of structural closure. This would indicate that one or both of the reservoir targets are gas-bearing.

Advanced processing of the Falcon AGG airborne geophysical data, acquired by joint venture partner Empire Oil & Gas NL (**Empire**) in 2015, will improve structural definition and aid in identifying an optimal well location for exploration drilling.

As announced by the Company on 7 November 2016, independent oil and gas advisory firm RISC Operations Pty Ltd (**RISC**) have confirmed the prospective resources of the two main reservoir target intervals as follows:



Reservoir	Gross (100%) Bcf			Net to Pilot (60%) Bcf		
	Low	Best	High	Low	Best	High
Lesueur Sandstone	150	435	970	90	260	580
Sue Sandstone	120	290	625	70	175	375

Notes:

1. Prospective Resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related 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. Refer to the Company's announcement of 7 November 2016, for full details.

Working interests in EP416 and EP480 are:

Pilot Energy Ltd	60% (Operator)
Empire Oil & Gas NL	40%

Under the terms of the Farmout Agreement between Pilot Energy and Empire, the cost of the geochemical survey and analysis will be shared in accordance with the parties' respective working interests.

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