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Announcement to ASX

4 November 2021

ASX: PGY

**CONSORTIUM FORMED TO PROGRESS PILOT'S MID WEST BLUE
HYDROGEN AND CARBON CAPTURE & STORAGE (CCS)
PROJECT**

Highlights

- APA Group, Warrego Energy and Pilot Energy form a Consortium to jointly undertake and fund the Mid West Blue Hydrogen and CCS Feasibility Study
- Consortium to work with key consultants for the study: Genesis and Technip Energies and RISC Advisory
- Consortium members contributing funding and sector expertise, further strengthening the team working on the study.
- Potential to deliver cost-effective clean hydrogen

Pilot Energy Limited (ASX: PGY) ("Pilot" or "The Company") is pleased to announce that APA Group (ASX: APA) ("APA"), Warrego Energy Limited (ASX: WGO) ("Warrego") and Pilot (through its subsidiary, Pilot Energy (CH CCS) Pty Ltd) (together the "Consortium") have formed a consortium to undertake and jointly fund Pilot's Mid West Blue Hydrogen and CCS Feasibility Study ("Feasibility Study"). The Feasibility Study is forecast to complete in the first quarter of CY2022.

Blue Hydrogen projects require expertise and collaboration from across the energy industry. Pilot has established the Consortium, which represents the key components of a Blue Hydrogen project:

- **APA Group – Infrastructure**
- **Pilot Energy – Carbon Management**
- **Warrego Energy – Natural gas supply**

The Consortium will participate in and jointly fund the Feasibility Study with a focus on the Blue Hydrogen technology, regional CCS potential, hydrogen markets, project infrastructure and commercialisation. Pilot will undertake a standalone assessment of the Cliff Head project's CCS potential to provide the Feasibility Study with the necessary assumptions

regarding the potential CO₂ injection rate and CO₂ storage capacity. Figure 1. provides an overview of the study area and the Consortium participants' infrastructure.

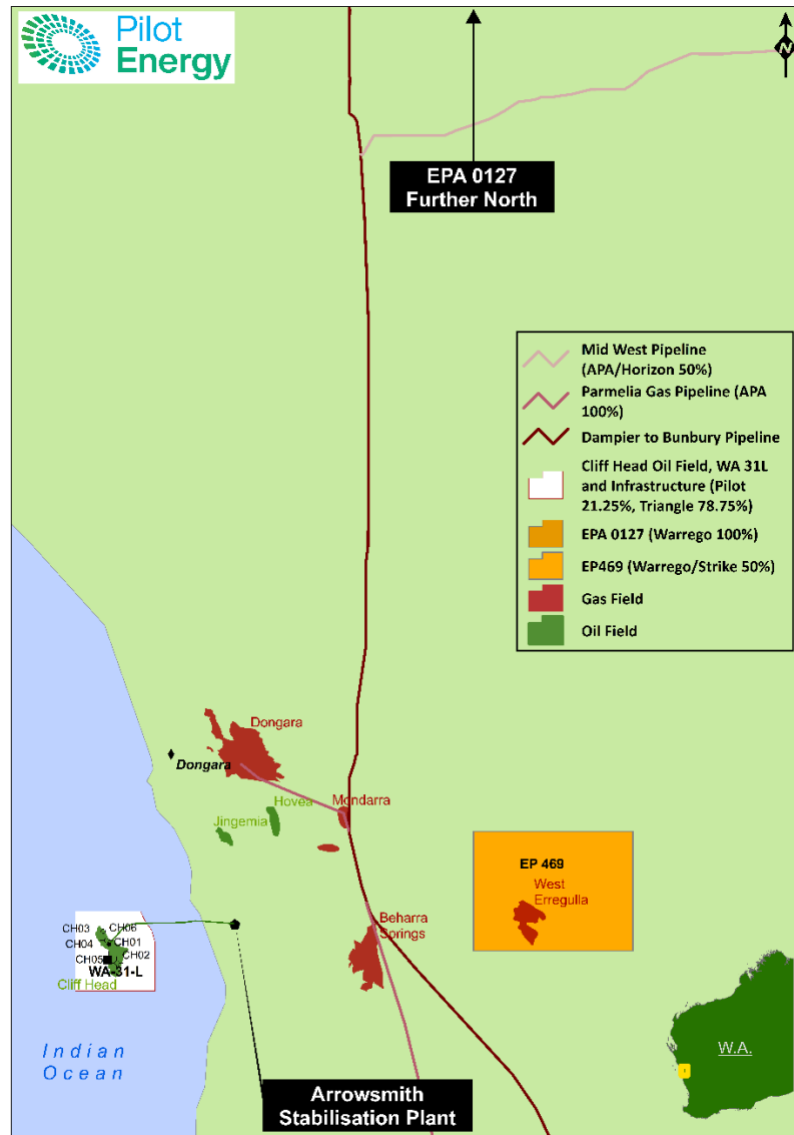


Figure 1. Feasibility Study project area

Pilot has previously completed a pre-feasibility screening of the CCS potential of the Cliff Head Oil Field with RISC Advisory which indicated that the Cliff Head Oil Field could provide carbon geosequestration of approximately 500,000 tonnes per annum of CO₂ for a period 13-years at an injection cost of approximately \$16/tonne of CO₂, utilising the existing Cliff Head Oil Field onshore and offshore infrastructure and be fully operational by 2025.

The Consortium arrangements set out a process for further joint participation in progressing towards project development following completion of the Feasibility Study.

Pilot's Executive Chairman, Brad Lingo noted that *"the Consortium represents an exciting evolution of Pilot's business plan with the participation of key Australian energy industry participants supporting Pilot's feasibility studies and vision for the Mid West Blue Hydrogen project. Pilot looks forward to working with the Consortium and subject to the Feasibility Study,*

progressing towards the development stage and ultimate delivery low cost and meaningful volumes of clean hydrogen into the Mid West region as part of Western Australia's energy transition."

Overview of the Blue Hydrogen Feasibility Studies

As a diversified energy company, Pilot plans to leverage its existing oil and gas assets together with established energy industry infrastructure to become a leading developer of competitive clean energy projects in Western Australia. The Feasibility Study is designed to assess blue hydrogen and CCS projects that can integrate with existing assets and infrastructure to deliver competitive clean energy. Selected development projects identified by the studies will form the basis for future FEED studies, partnering and other corporate initiatives. The Feasibility Study will initially focus on the area highlighted on Figure 2 (refer to blue dashed area).

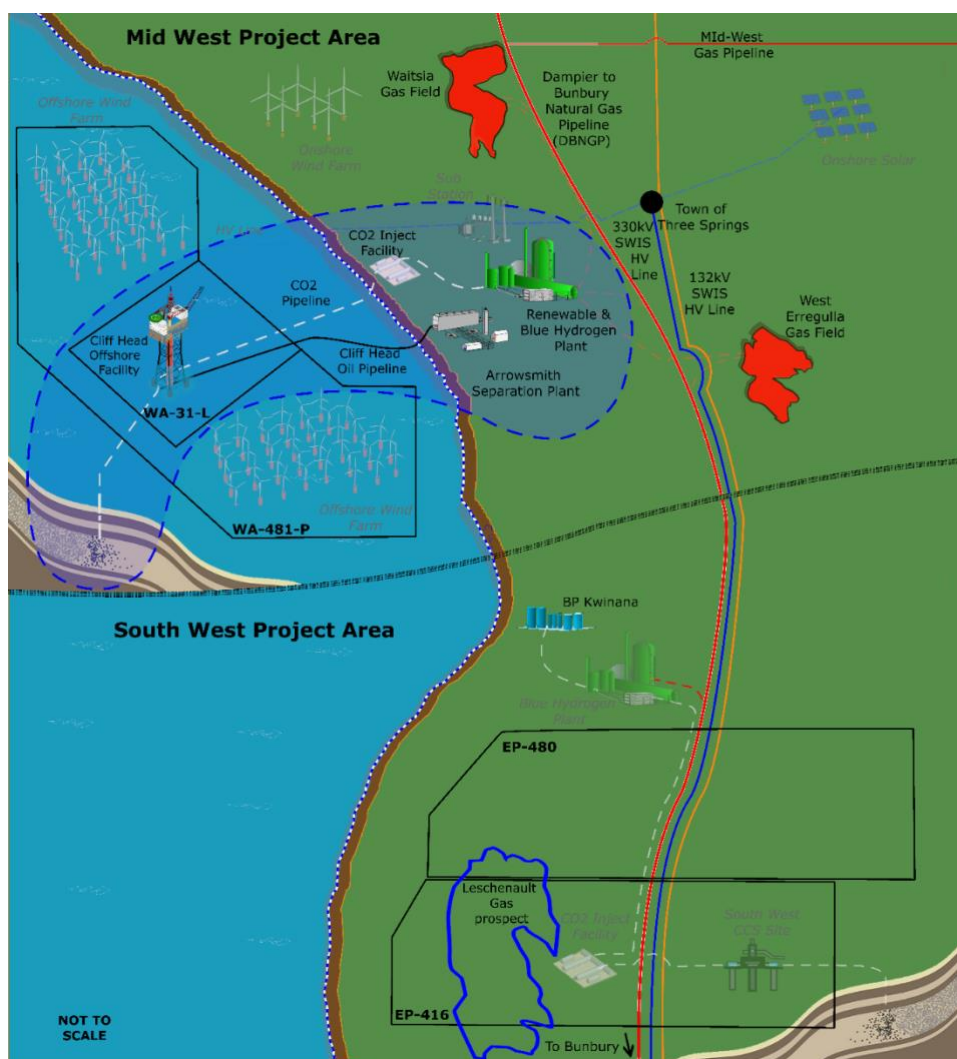


Figure 2. Pilot's Mid West and South West project overview in WA

Figure 2. depicts Pilot's projects and facilities together with infrastructure that Pilot proposes to develop subject to the results of the Feasibility Study. Pilot's future projects anticipate leveraging its existing assets and resources to develop world class clean energy projects across the Mid West and South West regions of Western Australia. The future infrastructure

projects may include, as shown above, a CO₂ pipeline and injection facility, blue hydrogen plants, CCS sites, offshore and onshore wind, solar, renewable hydrogen plant, substation, transmission lines and hydrogen pipelines. Future wind and solar developments remain subject to the Feasibility Study reporting condition as set out in Annexure 1.

Mid West Blue Hydrogen and Carbon Capture and Storage Feasibility Study

The objective of the Mid West Blue Hydrogen and CCS study is to assess the carbon capture, storage and use potential of the Cliff Head oil project and additional reservoirs across the broader Perth Basin, the production of blue hydrogen and commercialisation via the provision of CO₂ management services and sale of hydrogen. Two leading international feasibility contractors have been engaged to assist with the Feasibility Study and further external assistance may be required to complete the study.

Genesis has been engaged to project manage the Feasibility Study and prepare the overall study report in conjunction with the Consortium and the other feasibility consultants. In addition, the Consortium will be leveraging Technip Energies' significant hydrogen industry experience to complete an assessment of blue hydrogen production technologies and hydrogen markets.

RISC has been engaged to conduct the assessment of the infrastructure and CCS reservoirs (Cliff Head and other reservoirs across Perth Basin) associated with the proposed carbon management services and CCS activities. The team at RISC has a long history with the Cliff Head asset through involvement in the initial development through to a recent Cliff Head oil reserves/resources audit for Triangle Energy (Global) Limited and Pilot.

The Feasibility Study will be conducted over a 6-month period. Key outcomes of the study will include detailed description and assessment of development projects, levelised cost of hydrogen and CO₂ management services.

Feasibility Consultants – further information

Genesis, Technip Energies



Genesis is a market-leading advisory company wholly owned by Technip Energies and is focused on providing technical and advisory services to the global energy industry. Located in 18 global locations, Genesis' highly experienced teams and sophisticated tools and processes, offer robust support to our clients, helping them to de-risk projects and maximise value in their investments. Genesis is committed to being trusted advisors while delivering low-carbon solutions for a sustainable future.

Genesis and Technip Energies are at the forefront of the energy transition which provides the ability to reach out to over 15,000 employees worldwide including global subject matter experts in key areas such as Hydrogen, Sustainable Chemistry, Decarbonisation and Carbon Free Energies. This will provide the Feasibility Study with the latest up-to-date understanding of technologies from across the globe and how they can be utilised for the Mid West Projects.

Technip Energies brings quality consultancy experience, with highly regarded expertise in both the energy and hydrogen fields. It has been responsible for over 270 hydrogen production plants worldwide, which now account for more than 35% of the world's current hydrogen production, and has recently launched BlueH2 by T.EN™, a full suite of deeply-decarbonized and affordable solutions for hydrogen production able to reduce by up to a 99% the carbon footprint compared to the traditional hydrogen process.

<https://www.technipenergies.com/>

<https://www.genesisenergies.com/>

RISC



RISC has supported the energy industry for over 25 years, providing independent and impartial advice to investors in energy projects around the world. RISC's highly skilled multi-disciplinary teams are routinely deployed for complex due diligence in support of acquisitions and divestments and regularly work to tight timeframes. In the past 5 years they have supported over \$20 billion of transactions, including some of the largest in Australia. RISC's advice is trusted by the principal lenders to the industry and many ASX listed firms use them as their annual reserve auditors. RISC's regional and global coverage enables them to provide a unique, balanced, and holistic perspective to all the projects with which they are involved. RISC's advice combines commercial and technical recommendations enabling their client to make business decisions with confidence.

RISC has a long history with Cliff Head, and RISC staff were involved in the initial development by ROC Oil, carrying out a number of reviews between 2004 and 2006 (when the field started up). They were the principal reserves auditor for the field until 2017 and have recently audited the field for Triangle Energy (Global) Limited and Pilot. RISC's experience includes miscible gas floods, natural gas storage developments (they have experience of all Australian gas storage projects), Carbon Capture and Storage, and key features of the emerging hydrogen economy. They can support projects from concept through to delivery providing a long-term technical partner that will add credibility to the future plans for Cliff Head.

ENDS

This announcement has been authorised for release to ASX by the Chair, Brad Lingo and Managing Director, Tony Strasser.

Enquiries

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About Pilot: Pilot is currently a junior oil and gas exploration and production company that is aggressively pursuing the diversification and transition to the development of integrated renewable energy, hydrogen, and carbon management projects by leveraging its existing oil and gas tenements and infrastructure to cornerstone these developments.

Pilot holds a 21.25% interest in the Cliff Head Oil field, material working interests in WA-481-P and EP416/480 exploration permits, located offshore and onshore Western Australia, which

form foundation assets for the potential development of clean energy projects in Western Australia.

Annexure 1 Feasibility Study Reporting Conditions

1. The Company must continue to spend funds on its existing and proposed oil and gas projects.
2. The Company must disclose in each quarterly activities report until September 2022, the proportion of expenditure incurred in relation to exploration and evaluation on the oil and gas projects and the Mid West Wind and Solar Project.
3. The Company must disclose as separate line items in each quarterly activities report until September 2022, expenditure incurred in relation to exploration and evaluation on the oil and gas projects and the Mid West Wind and Solar Project.
4. Proceeding beyond the feasibility study stage of the Project (or incurring expenditure in excess of the budgeted feasibility expenditure in relation to the Project) constitutes a change in the nature and scale of the Company's activities in terms of Listing Rule 11.1 and as such the Company will be required to comply with all of the requirements of Chapters 1 and 2 of the Listing Rules before it proceeds beyond the feasibility study or incurs expenditures in excess of the budgeted feasibility expenditure on the Project.