

Announcement to ASX

30 January, 2017

Major Prospective Resources Confirmed in WA-481-P

Highlights

- Total prospective oil & gas resources of up to 435 MMBOE
- Largest oil prospect offers potential for up to 78 MMBbls
- Three prospects each have best case prospective resources of >40 MMBbls
- Cliff Head, Dunsborough and Frankland trends substantially de-risked by prior discoveries
- Upgrade of Dunsborough and Frankland Contingent resources

Pilot Energy Ltd (the **Company**, ASX: PGY) is pleased to announce the results of its prospective resources assessment for exploration permit WA-481-P, further to the prospectivity update released on 20 December 2016.

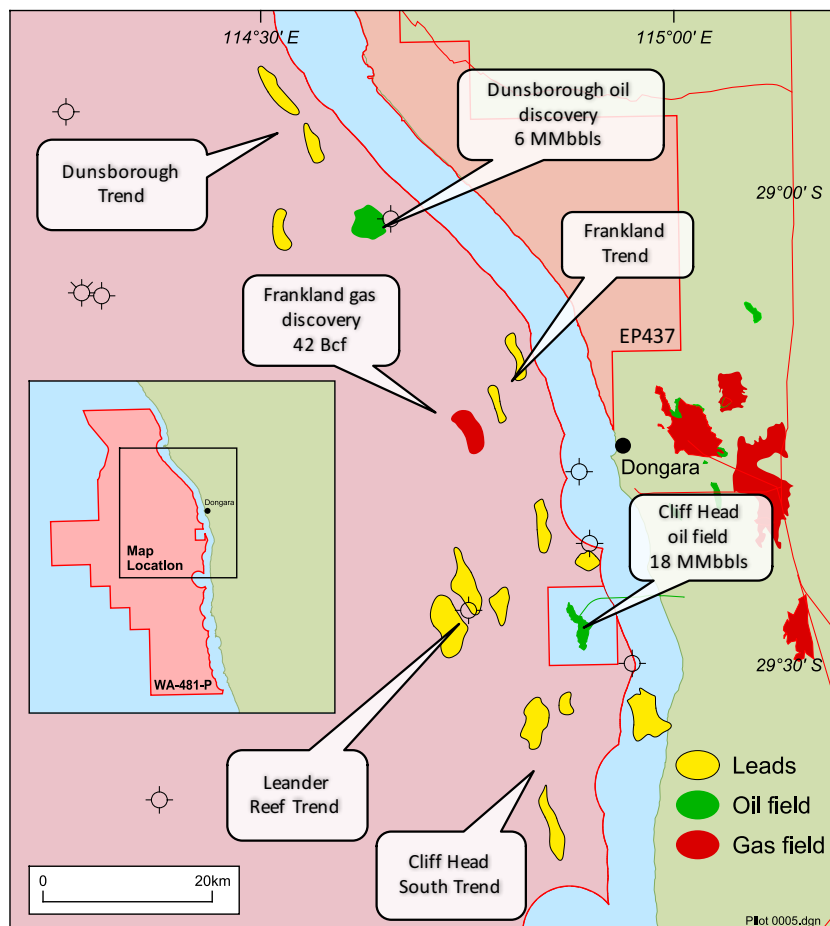


Figure: WA-481-P Discoveries and Prospects Map

WA-481-P is jointly held with Key Petroleum Ltd (ASX: KEY), and located in shallow waters to the west of the onshore Dongara/Beharra Springs/Waitsia gasfields, and the Jingemina/Hovea/Cliff Head oilfields. Pilot and Key's onshore exploration permit EP437 lies approximately 10km to the east. The permit is very large (17,475 km²) and covers a major portion of the offshore extension of the North Perth Basin. The primary petroleum plays are for oil and/or gas within the Dongara Sandstone and the Irwin River Coal Measures, both of which produce oil at Cliff Head.

Oil and gas are proven within the permit, at the Cliff Head oil field and with the Frankland gas and the Dunsborough oil discoveries offering 2C contingent resources of 42 Bcf gas and 6 MMBbls oil respectively. These discoveries are good candidates for development in the event of exploration success in adjacent prospects, or further improvement in oil and gas prices.

In addition to the three prospect trends announced on 20 December 2016 a fourth trend, in the vicinity of the Dunsborough oil discovery, has been upgraded as a focus for future exploration.

The total prospective resources (per trend) for WA-481-P are as follows:

Trend	No. of Prospects	Gross (100%) MMBOE		
		Low	Best	High
Cliff Head South Oil	4	59.1	106.8	186.4
Dunsborough Oil	4	18.6	35.3	69.8
Frankland Gas	2	4.8	7.6	11.7
Leander Reef Oil	3	55.9	98.1	168
Total	13	138.4	247.8	435.9

Note: Prospective Resources for both oil and gas prospects, arithmetically summed for each trend, are reported above in MMBOE. Assumed conversion factor for Frankland trend gas prospects is 6 Bcf per MMBOE. The prospective resources for each of the two reservoir targets have been arithmetically summed to provide total prospective resources for each prospect.

Pilot Energy **Managing Director, Iain Smith** commented *"We are pleased to have completed this stage of the technical work with our most recent acquisition, demonstrating very significant resource potential within the permit. The presence of numerous prospects across four discrete trends, three of which have already been de-risked, gives the Company good reason to be particularly optimistic about our chances of success with this asset."*

Pilot Energy is in the process of revising the WA-481-P technical presentation as originally released on 20 December 2016, and will provide an updated version within the coming days.

The four trends and their respective prospective resources are summarised below.

Cliff Head South Oil Trend

The Cliff Head South play incorporates four structural prospects to the south and west of the Cliff Head oil field. Two of these structures are over twice the size of Cliff Head and are ideally situated between Cliff Head and the hydrocarbon source kitchen to the west. The oil within Cliff Head would have migrated directly through this area, resulting in a high probability for oil charge in to the prospects. While three of the prospects are sufficiently large to warrant standalone development, even a small discovery could likely be developed by tying back to the Cliff Head offshore facility.

The prospective resources of the Cliff Head South Oil Trend prospects are as follows.

Prospect	Gross (100%) MMBbls			Net to Pilot (60%) MMBbls		
	Low	Best	High	Low	Best	High
Cliff Head Southwest	25.0	44.8	78.4	15.0	26.9	47.0
Cliff Head South	6.9	12.7	22.7	4.1	7.6	13.6
Twin Lions West	24.5	44.2	75.8	14.7	26.5	45.5
Twin Lions Updip	2.7	5.1	9.5	1.6	3.1	5.7
Total	59.1	106.8	186.4	34.7	64.1	111.8

Dunsborough Oil Trend

The Dunsborough oil trend is centred about the Dunsborough-1 oil discovery, with structural prospects to the west and northwest.

The prospective resources of the Dunsborough Oil Trend prospects are as follows.

Prospect	Gross (100%) MMBbls			Net to Pilot (60%) MMBbls		
	Low	Best	High	Low	Best	High
Bootenal	4.1	7.9	14.1	2.5	4.7	8.5
Burney	1.8	4.1	9.8	1.1	2.5	5.9
Batavia	8.8	15.4	31.3	5.3	9.2	18.8
Yungarra	3.9	7.9	14.6	2.3	4.7	8.8
Total	18.6	35.3	69.8	11.2	21.1	42.0

Frankland Gas Trend

The Frankland gas trend lies to the northeast of the Frankland-1 gas discovery, which has estimated 2C contingent resources of 42 Bcf gas. Two prospects offer good potential to increase the total resource base to above the minimum economic limit, estimated by Pilot Energy to be approximately 60 Bcf at a gas sales price of A\$6.50 per mmbtu.

Importantly this play has been substantially de-risked by the Frankland-1 discovery, which flowed gas at commercial rates from the two reservoir targets. 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 prospective resources of the Frankland Gas Trend prospects are as follows.

Prospect	Gross (100%) Bcf			Net to Pilot (60%) Bcf		
	Low	Best	High	Low	Best	High
Frankland NE	9.7	15.8	24.6	5.8	9.5	14.8
Frankland NE2	18.3	29.8	45.7	11.0	17.9	27.4
Total	28.0	45.6	70.3	16.8	27.4	42.2

Leander Reef Oil Trend

Finally, the Leander Reef area offers potential for large accumulations of oil, within structures to the west of Cliff Head. While the Leander Reef-1 well was drilled between two of the structures and encountered both oil and gas shows, the prospects remain untested due to the fact that the well intersected a fault at a location where the Dongara reservoir target has been “faulted out” - i.e. reservoir was absent due to movement on the fault.

The prospective resources of the Leander Reef Oil Trend prospects are as follows.

Prospect	Gross (100%) MMBbls			Net to Pilot (60%) MMBbls		
	Low	Best	High	Low	Best	High
Leander Reef Upthrown	26.5	46.1	78.1	15.9	27.7	46.9
Leander Reef Downthrown	21.4	38.0	66.3	12.8	22.8	39.8
Leander Reef W	8.0	14.0	23.6	4.8	8.4	14.2
Total	55.9	98.1	168	33.5	58.9	100.9

Contingent Resources

Further to the announcement of 20 December 2016, contingent resources for the Dunsborough and Frankland discoveries have been upgraded, as follows:

Discovery	Gross (100%) Bcf			Net to Pilot (60%) Bcf		
	1C	2C	3C	1C	2C	3C
Frankland Gas	29.5	41.6	58.9	17.7	25.0	35.3

Discovery	Gross (100%) MMBbls			Net to Pilot (60%) MMBbls		
	1C	2C	3C	1C	2C	3C
Dunsborough Oil	3.3	6.0	9.8	2.0	3.6	5.9

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. Contingent Resources are the estimated quantities of petroleum that may be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies
3. The estimates of Prospective Resources and Contingent Resources included in this announcement have been prepared in accordance with the definitions and guidelines set forth in the 2007 Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers (SPE).
4. The Contingent Resources were estimated by mapping the extent of the prospect using seismic data and applying ranges of volumetric parameters based on regional data, including recovery efficiencies. The Contingent Resources were calculated probabilistically and the two reservoir targets were arithmetically summed in order to provide estimates for the prospect as a whole. Gross Contingent Resources are 100% of the on-block volumes estimated to be recoverable from the field.
5. The Prospective Resources were estimated by mapping the extent of the prospects using the seismic data and applying ranges of volumetric parameters based on regional data. Recovery efficiencies were estimated using generalized recovery factors and parameters were then combined probabilistically for each reservoir target. The total prospective resources for each prospect were then determined by the arithmetic total of prospective resources for each of the two reservoir targets.
6. Gross Prospective Resources are 100% of the on-block volumes estimated to be recoverable from the prospects in the event that a discovery is made and subsequently developed.
7. The prospective resources volumes reported are "Unrisked" in the sense that the Geological Chance of Success (GCoS) factor has not been applied to the designated volumes. Pilot Energy has estimated the GCoS for each reservoir target in each prospect, as per the tables provided in the Appendix to this announcement.

Competent Person Statement: This announcement contains information on conventional petroleum resources which is based on and fairly represents information and supporting documentation reviewed by Mr Conrad Todd, a Petroleum Geologist with over 35 years experience and a BSc in Geology from the University of London and a MSc in Stratigraphy from the University of London. Mr Todd is a member of the AAPG, PESA, SEAPEX, PESGB, and is qualified in accordance with ASX listing rule 5.1. He is an Advisor to the Board of Pilot Energy Ltd, and has consented to the inclusion of this information in the form and context to which it appears.

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 farmin 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.

Appendix: WA-481-P Detailed Prospective Resources

Oil Prospects

Prospect	Prospective Resources MMbbl			GCoS
	P90	P50	P10	%
	Low	Best	High	
Bootenal Dongara	2.3	4.8	9.1	24%
Bootenal IRCM	1.8	3.1	5.0	24%
Total Bootenal	4.1	7.9	14.1	24%
Burney Dongara	1.1	2.7	6.6	24%
Burney IRCM	0.7	1.4	3.2	24%
Total Burney	1.8	4.1	9.8	
Batavia Updip Oil	8.8	15.4	31.3	27%
Yungarra Dongara	3.0	6.3	11.9	24%
Yungarra IRCM	0.9	1.6	2.7	24%
Total Yungarra	3.9	7.9	14.6	
Cliff Head SW Dongara	11.0	20.0	35.0	16%
Cliff Head SW IRCM	14.0	24.8	43.4	20%
Cliff Head SW Total	25.0	44.8	78.4	
Cliff Head S Dongara	2.1	4.0	7.3	13%
Cliff Head S IRCM	4.8	8.7	15.4	17%
Cliff Head S Total	6.9	12.7	22.7	
Twin Lions W Dongara	13.0	24.6	43.4	16%
Twin Lions W IRCM	11.5	19.6	32.4	16%
Twin Lions W Total	24.5	44.2	75.8	
Twin Lions Updip Dongara	0.7	1.3	2.5	13%
Twin Lions Updip IRCM	2.0	3.8	7.0	11%
Twin Lions Updip Total	2.7	5.1	9.5	
Leander Reef Uprthrown	26.5	46.1	78.1	15%
Leander Reef Downthrown	21.4	38.0	66.3	8%
Leander Reef West	8.0	14.0	23.6	15%
TOTAL ALL PROSPECTS OIL	Prospective Resources MMbbl			
	Low	Best	High	
	133.6	240.2	424.2	

Gas Prospects

Prospect	Prospective Resources Bcf			GCoS
	P90	P50	P10	%
	Low	Best	High	
Frankland NE Dongara	7.4	12.0	18.6	31%
Frankland NE IRCM	2.3	3.8	6.0	27%
Total Frankland NE	9.7	15.8	24.6	
Frankland NE 2 Dongara	13.5	21.8	33.5	27%
Frankland NE 2 IRCM	4.8	8.0	12.2	23%
Total Frankland NE 2	18.3	29.8	45.7	
TOTAL ALL PROSPECTS GAS	Prospective Resources Bcf			
	Low	Best	High	
	28.0	45.6	70.3	