

ASX Announcement

27 July 2016

ACQUISITION OF WA-481-P EXPLORATION PERMIT

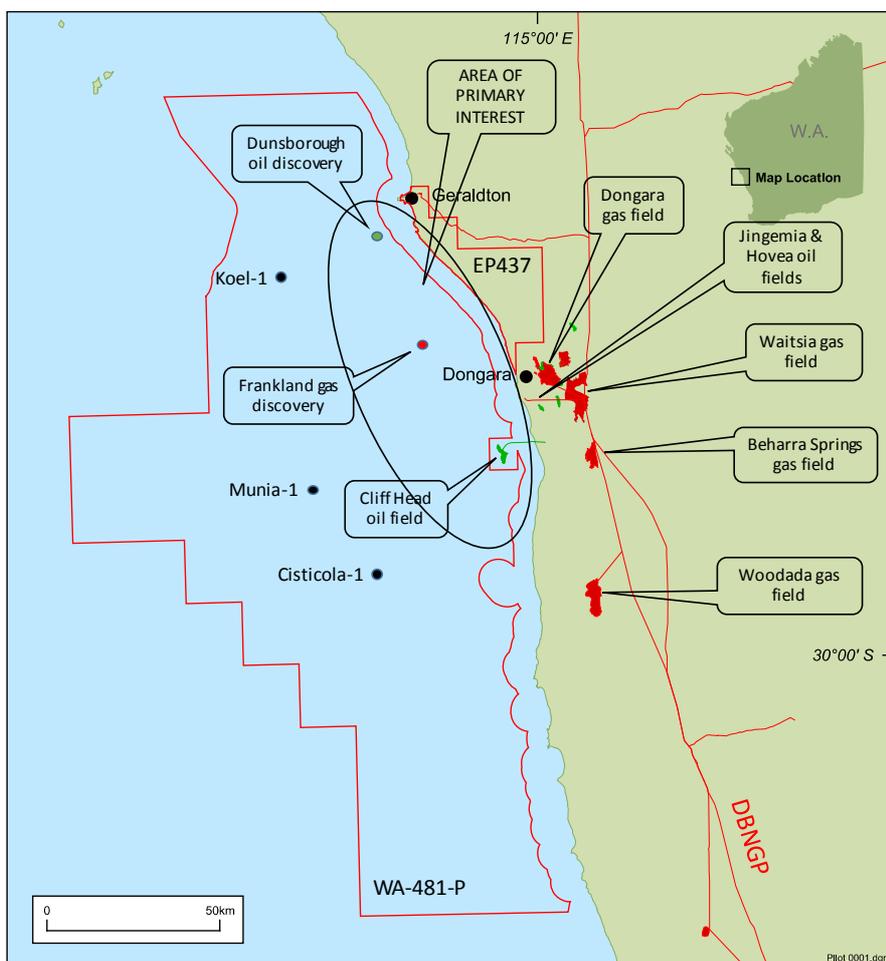
HIGHLIGHTS

- **Pilot Energy acquires 100% interest in exploration permit WA-481-P**
- **Prospective permit on trend with existing discoveries**
- **Transaction represents Pilot's fifth acquisition in under two years**
- **Key Petroleum has option to acquire 40% interest under cooperation agreement with Pilot**

Pilot Energy Ltd (the **Company**, ASX:PGY) is pleased to announce that it has executed an agreement with Murphy Australia WA-481-P Oil Pty Ltd (**Murphy**) to acquire a 100% working interest in exploration permit WA-481-P, located in the offshore North Perth Basin, Western Australia.

Pilot Energy will be assigned the interest in return for paying Murphy a Net Profits Interest on any future hydrocarbon production from within the permit.

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 the right to acquire a 40% interest on the same (pro rata) terms.



WA-481-P is nearing the end of its primary term and, subject to regulatory approval, Pilot Energy anticipates formally entering the permit at the start of the secondary term; the first year of which (year to 19 August 2017) 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.

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

WA-481-P is a large block within shallow waters, that covers a significant portion (17,475 km²) of the offshore

extension 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.

Assignment of the permit interest to Pilot Energy is conditional upon the approval of the National Offshore Petroleum Titles Administrator (NOPTA), and the Company will make further announcements in due course regarding the technical merits of WA-481-P, regulatory approval and Key Petroleum's decision with respect to its option to participate.

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About Pilot Energy: Pilot Energy is an emerging junior oil & 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-507-P and 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 minimise the Company's upfront cash investment.