

**Announcement to ASX**  
**ASX: PGY**

**2 February 2022**

**TERMINATION OF TRIANGLE ENERGY TRANSACTION:  
PILOT TO RETAIN OPERATORSHIP AND 100% BENEFICIAL  
INTEREST IN WA-481-P AND 100% OWNERSHIP OF THE CLIFF  
HEAD RENEWABLE ENERGY PROJECT**

Pilot Energy Limited (ASX: PGY) (“**Pilot**” or “**The Company**”) provides an update regarding the proposed farm out to Triangle Energy (Global) Limited (“**Triangle**”) of a majority interest in, and operatorship of, WA-481-P exploration permit, and the formation of the Cliff Head wind and solar joint venture with, Triangle.

**Transaction Background**

On 9 November 2020, Pilot announced that it:

- (1) had entered into an agreement with Triangle under which Triangle would acquire a 78.75% interest in, and operatorship of, the offshore Perth Basin exploration permit WA-481-P (“**Sale Agreement**”) which included Triangle funding the WA-481P \$5.75m work program; and
- (2) intended to form a joint venture with Triangle to explore the development of a wind and solar renewable energy project centered around the Cliff Head Oil Field offshore and onshore production facilities.

Completion of the Sale Agreement is conditional on the receipt of an approval, by the cut-off date, from the National Offshore Petroleum Titles Administrator (“**NOPTA**”), approving the preliminary transfer of an interest from Key Petroleum Limited to Pilot and the transfer of an interest in WA-481-P from Pilot to Triangle (“**Conditions**”).

In turn, the formation of the Cliff Head wind and solar joint venture is conditional on the completion of the Sale Agreement.

On 24 December 2021, Pilot’s ASX announcement entitled “WA- 481P Operational Update”, set out that whilst NOPTA continued its assessment of the proposed transfer to Triangle, Pilot was commencing execution of the minimum work program to assure full permit compliance.

On 4 January 2022, Pilot and Triangle received notice from NOPTA that, based on the information that it had received to date, it intended to refuse to approve the transfer on the basis that it was not satisfied that as the proposed transferee, Triangle had demonstrated sufficient financial resources to meet the obligations associated with WA-481-P.

**Termination of Triangle Transactions**

Given the position expressed by NOPTA regarding the unlikely approval of the transfer to

Triangle and the passing of the cut-off date, Pilot has today advised Triangle in writing that it is terminating the Sale Agreement on the basis that the Conditions have not been satisfied or waived by the cut-off date.

Consequently, the agreements entered into by Pilot and Triangle in association with the Sale Agreement (including the Cliff Head wind and solar joint venture related agreements) do not, and shall no longer have, any binding effect and the relevant parties are to be immediately released from any obligations (if any) under these agreements. As a result, Pilot retains:

- (1) operatorship of, and 100% beneficial interest in, WA-481-P;
- (2) operatorship and 100% ownership of the Cliff Head wind and solar Project (a subset of Pilot's proposed Mid West Renewables project area); and
- (3) an interest in the Cliff Head Joint Venture, which owns the Cliff Head infrastructure, through its 50% interest in Triangle Energy Operations Pty Ltd, the operator of the Cliff Head Oil Field.

### **Mid West Renewable Energy, Hydrogen and Carbon Capture Project –**

In parallel with progressing the proposed transactions with Triangle, the Company has made substantial progress on advancing the feasibility studies for the Mid West Renewable Energy Project and the Mid West Blue Hydrogen and Carbon Capture Project. Pilot expects to begin releasing results of these feasibility studies over the course of the next 8-weeks.

These studies, though not complete, have highlighted the highly competitive position that these projects can potentially deliver in terms of:

- (1) significant and high-capacity factor onshore and offshore renewable energy resources that are well positioned to support green hydrogen production;
- (2) the significant carbon capture potential of the WA-481-P permit area; and
- (3) the significant potential to deliver both blue and green hydrogen for both domestic consumption and export through leveraging both these resources.

The carbon capture assessment indicates that the potential of the WA-481-P permit, in the area immediately outside of the Cliff Head Oil Field permit, is ~10-times larger than the potential identified within the Cliff Head Oil Field permit.

The studies have also highlighted a range of potential project development strategies including options to develop projects with and without leveraging the Cliff Head project infrastructure.

Taken as a whole, this supports the potential early development of blue hydrogen production for domestic supply.

In advancing the feasibility studies, Pilot has already formed an initial feasibility consortium with APA Group and Warrego Energy for the Mid West Blue Hydrogen and Carbon Capture Project and has received significant interest from other parties interested in partnering with Pilot in both the stand-alone wind and solar renewable energy projects and the clean hydrogen and carbon capture projects.

Given these encouraging results, the Company's focus is the progression of the Mid West Renewable Energy Project and the Mid West Blue Hydrogen and Carbon Capture Project in conjunction with its complimentary Perth Basin gas projects and infrastructure.

As part-owner of the Cliff Head Oil Field and Cliff Head Infrastructure the Company remains a committed partner with Triangle.

Given these above considerations and post termination, Pilot will:

- Continue to conduct the WA-481-P work program. As disclosed in its announcement on 24 December 2022, Pilot is well advanced with executing the WA-481-P work program activities to assure full compliance with the permit and in keeping with its undertakings to the ASX.
- Continue to progress the EP416/480 work program and South West Carbon Management feasibility study;
- Ensure that the necessary WA-481-P petroleum exploration work program environmental studies and planning also support the Company's proposed carbon capture project and the offshore wind projects.
- Complete the on-going Mid West Renewable Energy Project and the Mid West Blue Hydrogen and Carbon Capture Project feasibility studies with a view to releasing the results of these studies as stated above; and
- Subject to the result of the feasibility studies and ASX compliance requirements, progress the Mid West Renewable Energy Project and the Mid West Blue Hydrogen and Carbon Capture Project through to making a financial investment decision on the development upon the completion of full bankable feasibility studies.

## ENDS

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

---

### Enquiries

Cate Friedlander, Company Secretary, email: [cfriedlander@pilotenergy.com.au](mailto:cfriedlander@pilotenergy.com.au)

**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 and Cliff Head Infrastructure, 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.