

27 July 2023

Joint Announcement to ASX

Cliff Head Joint Venture

Pilot to acquire Triangle's interest in Cliff Head Oilfield JV

Agreement provides clear pathway for Carbon Capture and Storage (CCS) development project at Cliff Head and allows Triangle to focus on upcoming exploration in the Perth Basin

Highlights

- **Transaction positions Triangle to pursue growth opportunities in the conventional oil and gas space, including its upcoming Perth Basin exploration program, while maintaining capital discipline**
- **The transaction will strengthen Pilot's ability as 100% owner and operator to complete the transformation of the Cliff Head facility to a Carbon Capture & Storage (CCS) project. The transaction will enable Pilot to introduce key strategic partners to fund the development and participate in the broader Mid West Clean Energy Project in West Australia**
- **Triangle to receive staged consideration payments comprising \$3M and \$4.5M cash milestone payments from Pilot, plus royalties paid from the CCS project JV of up to \$7.5 million, leading to a total consideration of \$15 million.**
- **Triangle retains exposure to the CCS project through the royalty.**

Pilot Energy Limited (**ASX:PGY**) and Triangle Energy (Global) Limited (**ASX:TEG**) are pleased to announce that they have agreed to revise the existing Sales and Purchase agreement (announced 6th October 2022), to consolidate ownership arrangements for the Cliff Head Joint Venture (**CHJV**) and the proposed Cliff Head Carbon Capture and Storage Project (**CH CCS Project**). The revised agreement allows each company to separately pursue their energy sector strategies.

The revised agreement results in Pilot acquiring the remaining 78.75% interest that it does not already hold in the Cliff Head JV via the purchase of Triangle subsidiaries including Triangle Energy (Operations) Pty Ltd (TEO), which is the operator of the Cliff Head Field. The transaction is expected to complete by early in 2024. This agreement supersedes the arrangements under which Pilot was to increase its interest in the Cliff Head Oil Field JV to 60% and become full operator upon receiving National Offshore Petroleum Titles Administrator (NOPTA) approval of a Declaration of Formation for carbon capture and storage covering WA-31L previously announced (see ASX announcement of 6 October 2022).

Existing employees of TEO will continue to work on the Cliff Head field as it transitions from oil production to the CCS project. Triangle will also support the ongoing operations of the Cliff Head oil field until the transaction completes.

The consideration to be paid by Pilot to Triangle is expected to total approximately \$15 million over the CCS project life and will be staged as follows:

1. \$3.0 million cash when NOPTA issues Declaration Greenhouse Gas Storage Formation (that the Cliff Head reservoir is suitable for carbon injection);
2. \$4.5 million cash when NOPTA issues a Greenhouse Gas Injection License; and
3. Up to \$7.5 million in royalties from the Carbon Sequestration project (2% Revenue Royalty from third party carbon management services)

Completion of the revised agreement is subject to the following conditions precedent:

1. NOPTA issuing the Declaration of a Greenhouse Gas Storage Formation (that the Cliff Head reservoir is suitable for carbon injection)
2. Pilot to obtain sufficient financial security to satisfy NOPTA and Triangle that it can assume the full abandonment liability for the Cliff Head oilfield in accordance with the Offshore Petroleum and Greenhouse Gas Storage Act 2006.

Additionally, NOPTA approval of the transfers of the subsidiary entities to Pilot will be required following completion.



Brad Lingo, Pilot's Executive Chair said: " The acquisition of the Cliff Head facility will enable Pilot to effectively pursue its innovative carbon capture project together with its integrated Mid West Clean Energy Project. Pilot's ambitions are being met methodically and this is yet another milestone achievement in the company's growth strategy. Completion of the acquisition will enable Pilot to introduce strategically aligned partners into the Project as well as financial investors to fund the proposed development. This will be the first offshore CCS development in the Mid West, is an important clean energy development in Western Australia and will be one of the world's leading CCS projects.

Conrad Todd, Triangle's Managing Director said: "We are pleased to have revised the Sale and Purchase agreement with Pilot. which leaves Triangle Energy Global to pursue its aim to become a mid-cap oil and gas company which offers growth through a combination of domestic and international conventional petroleum production and exploration projects."

"In the interim period between signature and consummation of the agreement, Triangle will continue to support the operation of the Cliff Head oil field and Pilot's efforts to secure the transition to carbon sequestration. As a result of this deal, Triangle's improved balance sheet will allow it to focus on existing and new projects including the upcoming Perth Basin drilling programme".

ENDS

This joint announcement has been authorised for release to the ASX by Conrad Todd (Managing Director, Triangle Energy (Global) Limited), and Tony Strasser (Managing Director, Pilot Energy Limited).



About Triangle Energy (Global) Limited

Triangle Energy (Global) Ltd (ASX:TEG) is an ASX listed oil producer and explorer based in Perth, Western Australia. The Company has a 78.75% interest in, and is Operator of, the producing Cliff Head Oil Field, which includes the Arrowsmith Stabilisation Plant. Triangle also has a 50% share of the Mt Horner L7 production licence and a 50% share of the EP 437 exploration licence. Joint Venture, both located in the Perth Basin. Triangle also has a substantial equity interest in State Gas Ltd (ASX:GAS), which has an 100% operating interest in the Reids Dome production licence (PL 231) in Queensland. The Company continues to assess acquisition prospects to expand its portfolio of assets.

Enquiries

Henko Vos, Company Secretary | info@triangleenergy.com.au | www.triangleenergy.com.au

About Pilot Energy Limited

Pilot is currently a junior oil and gas exploration and production company that is aggressively pursuing the diversification and transition to the development of carbon management projects, hydrogen and integrated renewable energy, 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 100% interest in WA-481-P exploration permit both located offshore Western Australia, which form foundation assets for the potential development of clean energy projects in Western Australia.

Enquiries

Cate Friedlander, Company Secretary | cfriedlander@pilotenergy.com.au | www.pilotenergy.com.au

Cliff Head Joint Venture

The Cliff Head Oil Field is located 10km off the coast of Western Australia at a water depth of 15-20 metres. The Production Licence WA-31-L covers 72km² and the oil field covers 6km². It was the first commercial oil discovery developed in the offshore Perth Basin. The development cost of the field was A\$327 million with first oil production commencing in May 2006.

Production is from five ESP production wells and produced water is reinjected into three injection wells. Produced crude oil is trucked to the Port of Geraldton for export.

The Cliff Head facilities are the only offshore infrastructure in the Perth Basin and are therefore important for any development in the surrounding area. An unmanned platform with a 14km pipeline carries the crude oil to a dedicated stabilisation processing plant at Arrowsmith, with a production capacity of 15,000 bopd.

The field has the capacity to produce approximately 1000 bopd from five production wells (3 horizontal and 2 deviated). The production from the field is supported by a water flood with 3 water injection wells (1 horizontal and 2 deviated). An additional unused well slot is available on the platform for future drilling activities.