

Announcement to ASX

3 October, 2017

**WA-481-P Update (Pilot Energy Limited 60%; Key Petroleum Limited 40%)**

**HIGHLIGHTS**

- **Xanadu-1 oil discovery immediately adjacent to WA-481-P validates the Joint Venture’s view on hydrocarbon prospectivity and exploration strategy;**
- **Quality Irwin River reservoir sands interpreted from wireline logs;**
- **Supports long distance migration from western fetch area of Cliff Head, therefore de-risking a number of large oil prospects in WA-481-P; and**
- **The WA-481-P Joint Venture is making positive steps towards de-risking analogue structures representing >80% of the identified prospects in the permit.**

The WA-481-P Joint Venture (Pilot Energy 60%, Key Energy 40%) notes with keen interest the discovery of oil in reservoir quality sands of the Irwin River Coal Measures (IRCM) by the Xanadu-1 well in TP/15, as announced by the Norwest Energy NL on 25 September.

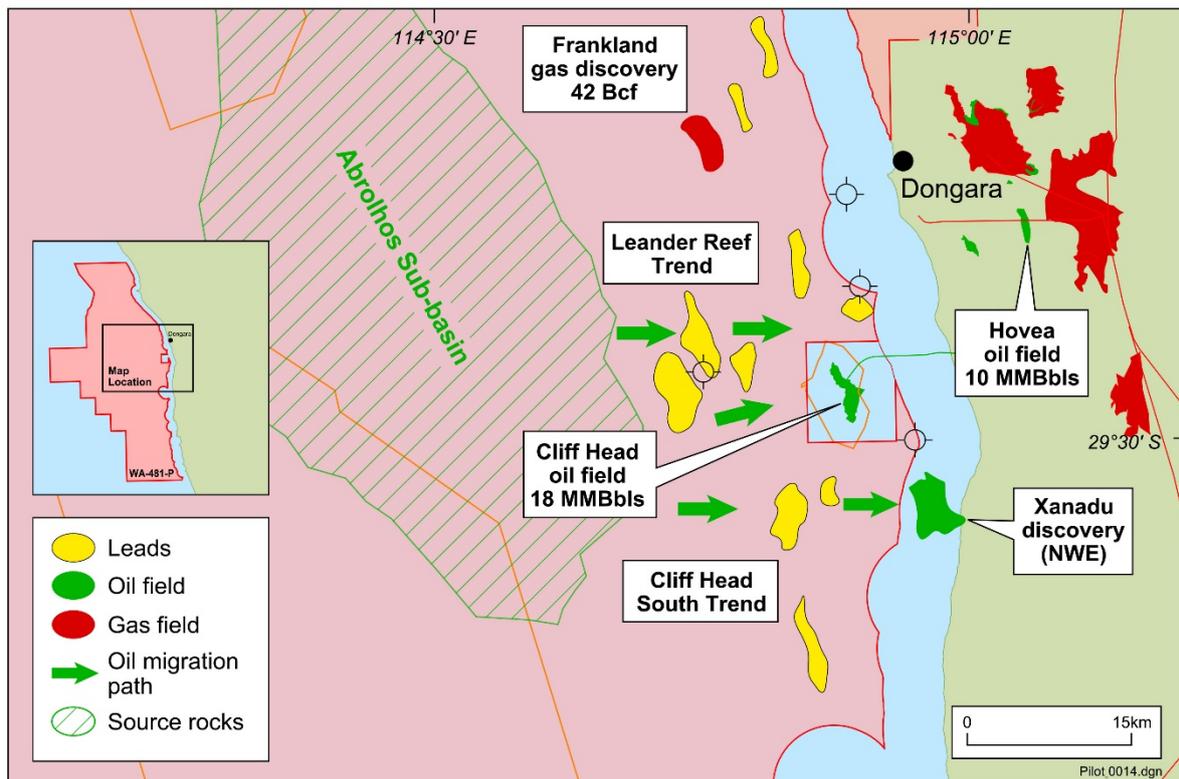


Figure: WA-481-P Discoveries and Leads Map with interpreted oil migration pathways and the Xanadu oil discovery.

The discovery is significant for Pilot Energy Limited and Key Petroleum Limited as it appears to validate the interpreted oil migration pathways from the known oil sources of the Kockatea Shale and the IRCM in the Abrolhos Sub-Basin in the central portion of WA-481-P. Oil from

the source kitchen is interpreted to have migrated up-dip through the southern portion of WA-481-P into the Cliff Head and now into the Xanadu structure located in the adjacent permit to the east.

The Xanadu-1 technical success has reduced a key risk of migration for both the Cliff Head South Oil Trend and the Leander Reef Trend. Together the Cliff Head South and Leander Reef Trends comprise over 80% of the currently assessed 247.8 MMbbl best case (148.7 MMbbl net Pilot Energy, 99.1 MMbbl net Key Petroleum) prospective resources for the permit.

The current exploration permit commitments for WA-481-P comprise seismic data reprocessing and geological/geophysical studies. As announced on 3 July 2017, these studies are designed to address the primary geological risks associated with each of the various prospects and leads, such that a prioritised inventory of drill-ready prospects can be finalised to facilitate joint venture participation in a drilling program.

The Joint Venture is currently seeking quotes for seismic reprocessing (pre-stack depth migration, or PSDM) of the existing seismic data to improve the chance of success of future drilling activities. The reprocessing work is likely to take 6 to 9 months to complete and the Joint Venture are working cooperatively to ensure a quality reprocessing product and subsequent interpretation are undertaken to support additional joint venture participation and drilling activities as soon as is practicable.

**Competent Person Statement:** This announcement contains information on conventional petroleum resources which is based on and fairly represents information and supporting documentation reviewed by Dr Xingjin Wang, a Petroleum Engineer with over 30 years experience and a Master in petroleum engineering from the University of New South Wales and a PhD in applied Geology from the University of New South Wales. Dr Wang is an active member of the SPE and PESA, and is qualified in accordance with ASX listing rule 5.1. He is an Executive Director of Pilot Energy Ltd, and has consented to the inclusion of this information in the form and context to which it appears.

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