Synopsis

(& Project Update Oct 2024)

Combined Conventional Exploration & large, newly awarded Carbon Storage Opportunity Offshore SW Australia

Perth Basin (Permit WA-481-P & G-12-AP)

Location map of the WA-481-P Permit in Western Australia

- **Opportunity to unlock the underexplored offshore extension of the conventional Perth Basin Permian play, which is proven onshore where it was discovered beneath previously successful Triassic targets.**
- **Lower cost shallow water conventional exploration with access to markets via existing and proximal onshore infrastructure.**
- **Primary Leander Reef Deep Prospect missed by old offshore well which; i) drilled through a fault in the U. Permian & ii) did not penetrate Lower Permian 'Kingia' Play (Est. 450 Bcf rec).**
- **Multiple offshore follow-on conventional gas leads & prospects, including shallow oil prospects on-strike with existing Cliff Head oil field.**
- **Equity can be earned by funding the 400 km^2 3D work commitment (Est. A$ 10 million) under a 'seismic option' before decision to drill a subsequent conventional well (est. US$ 30 mm).**
- **Original Cliff Head 'Carbon Storage' Permit expanded by award of G-12-AP CS Licence in July 2024 overlapping some 7,400km^2 of existing WA-481-P for post-conventional production**

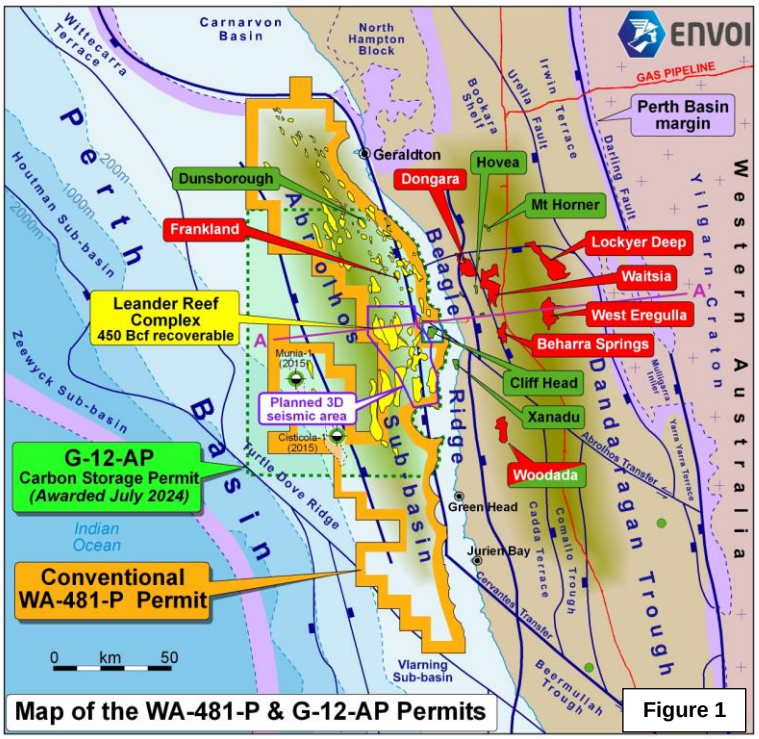
Introduction: Envoi has been engaged by Australia-based ASX-listed Pilot Energy Ltd ("Pilot"), to assist in their search for a partner for their 100% owned and operated conventional WA-481-P permit and the recently awarded overlapping Carbon Storage ("CS") permit G-12-AP, both situated in the northern part of the Perth Basin, offshore Western Australia.

WA-481-P is a large (8,605 km^2) conventional exploration Permit covering the under-explored offshore part of the North Perth Basin, where water depths range from less than 50 metres in the prospective inboard area, to over 1,000 metres on its western boundary. The Permit captures the Abrolhos Sub-basin which lies parallel with, and is analogous to, the productive Dandaragan Trough onshore, with both separated by the Beagle Ridge (Ref: Map - Figure 1).

New CS Potential: The conventional oil and gas opportunity represented by WA-481-P, has been hugely enhanced by the more recent award to Pilot in July 2024 of the large (7,400 km^2) Carbon Storage (CS) permit G-12-AP, which is coincident with the central part of the conventional WA-481-P licence area (Ref: Green dashed outline highlighted in Figure 1). This offers significant new value potential that can leverage off Pilot's highly advanced conversion of the depleted and shut-in Cliff Head oil field to a Carbon Capture and Storage ("CCS") project in adjacent production licence WA-31-L.

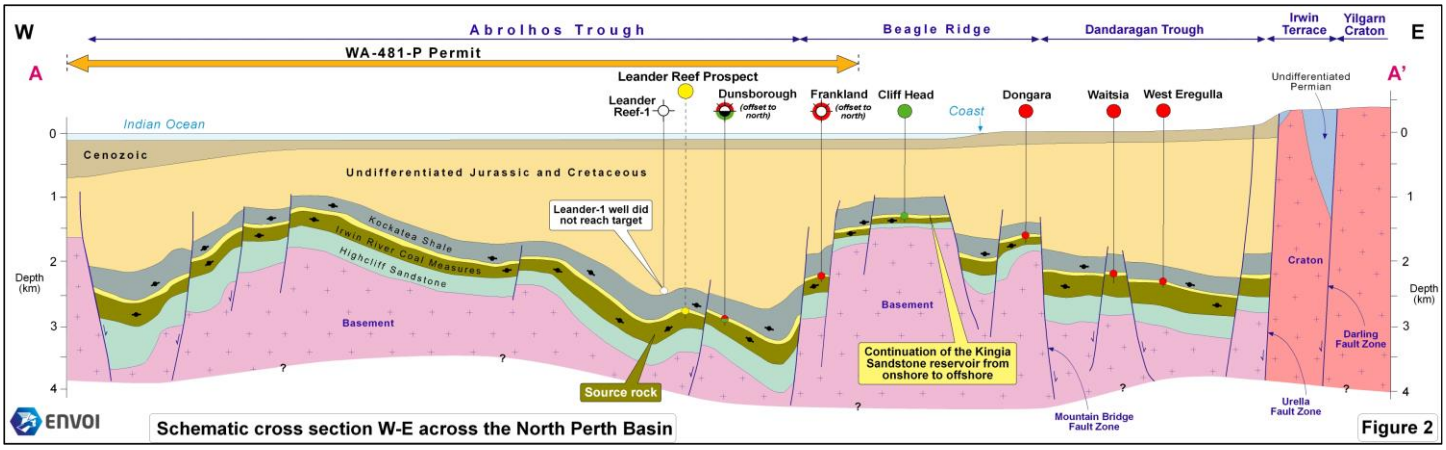
The new CS licence G-12-AP is expected to enhance and complement the conventional potential of the WA-481-P permit, either where successful discoveries of gas accumulations could be used to generate additional revenues both from enhanced recovery and/or new carbon storage opportunities The opportunity for new carbon offset is expected to coincide with the Worlds' demand for transition as deadlines for carbon reduction targets accelerates.

Conventional Potential: The existing offshore wells penetrating the conventional plays in WA-481-P, are both sparse and old, having been drilled in the 1980s and 2000s and all located using old legacy 2D seismic. Significantly, none



Map of the WA-481-P & G-12-AP Permits

Figure 1



of these old offshore wells were designed to penetrate the deeper Lower Permian 'Kingia' sandstone play, which since 2014 has been discovered onshore to contain several large, multi-Tcf gas fields. These onshore wells allayed earlier concerns over reservoir properties at depth in the Lower Permian (i.e. >3,000 m). Core data has since showed that the mineral content of the associated clays deposited in a lagoonal environment during the early Permian have limited the diagenetic effects which commonly destroy reservoir quality, so good porosity gas reservoirs are preserved even at depth.

WA-481-P: Pilot's recent work now shows that the Kingia Play extends offshore where the sandstone porosities and permeabilities are likely to be equally well preserved and similar to those encountered onshore due to similar paleogeographic deposition in WA-481-P, and immediately outboard of the Cliff Head field on the Beagle Ridge (ref: Cross section in Figure 2). Pilot's remapping of the existing 3D and 2D seismic in WA-481-P, integrated with a revised geological framework and well analysis, has highlighted that the Leander Reef-1 well, drilled in 1984, not only missed the Upper Permian closure it was targeting due to a fault, but it also TD'd above a potentially large, Lower Permian 'Kingia' play closure (more detail is provided in the section below on exploration history). This undrilled Lower Permian prospect alone is estimated capable of containing between 450 and 700 Bcf recoverable gas resources (based on sum of 'mean' and 'best estimate' numbers).

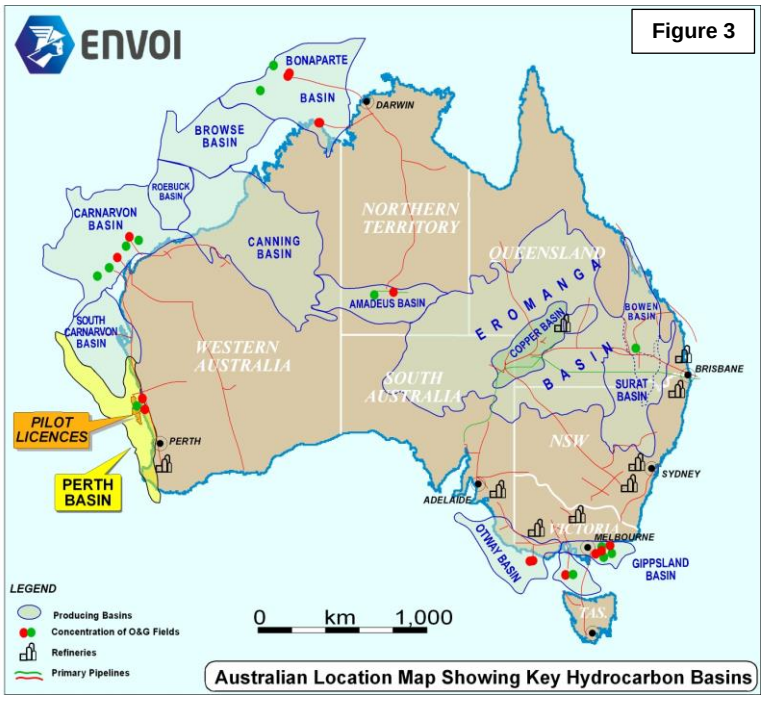
Licence Commitments: As part of the WA-4181-P Permit commitment, Pilot will acquire a new 3D seismic survey (minimum 400 km^2) to enhance the existing 2D seismic interpretation and enable selection of a suitable drilling location to test the primary Leander Reef Deep Permian prospect.

Pilot also wishes to extend the area of planned 3D seismic acquisition to cover the eastern part of the block and improve the imaging of several shallower Upper Permian Irwin River Coal Measure sandstone (IRCM) play targets. These lie immediately to the south and on trend with Cliff Head oil field and are currently only mapped on legacy 2D seismic.

The G-12-AP CS licence has an initial six (6) year term which commenced on 31 July 2024, comprising a guaranteed work programme of G&G studies for Years 1 to 3 and a conditional work programme for years 4 to 6 which will include 3D seismic interpretation, well analysis, static and dynamic plume modelling and drilling one injection test well in year 6 (i.e. 2029/30)

The Opportunity: Pilot is seeking a partner interested in earning equity by funding at least the new 3D seismic survey for the conventional licence (WA-481-P). This is estimated likely to cost around A$ 10 million (~US$ 6.5 million equiv.) with an 'option' to earn a further material interest in the conventional Permit by committing to participate in a subsequent well, estimated to cost A$ 46 million (~US$ 30 million equiv.). The recent award of Pilot's G-12-AP carbon storage permit over part of the same area would also be available as an 'option' for farmin if investors are interested in the combined opportunity.

Australia – A Country of Energy Opportunity: For companies not currently involved in Australia, like many parts of the developed World, the energy transition now forms part of



their future, albeit with an increasingly clear recognition that to achieve that, conventional sources of energy will be required and particularly gas until an achievable and affordable alternative is found. The map of Australia in Figure 3 shows all the major basins with proven plays and the primary production areas and allows anyone less familiar with the country's conventional energy hubs to locate the Perth Basin and see the extensive opportunity which new entrants have to expand both conventional and energy transition projects.

Exploration History: Conventional exploration in the Perth Basin commenced in the late 1940s, mostly in the onshore northern part of the basin where some 20 commercial discoveries have been made to date. The largest is the Dongara Field discovered in 1966, which has produced 690 Bcf and 1.2 MMbbls from a thin oil leg in the Late Permian Dongara sands. This was followed by Beharra Springs gas field in 1990 (134 Bcf) and Woodada gas field in 1980 (80 Bcf). Commercial oil was also discovered at Mt Horner in 1987 (1.9 MMbbls). This was followed by a very active phase of exploration after 2001, when several new oil discoveries were made including the Hovea, Jingemia, and Eremia fields, with a cumulative estimated resource of 13.6 MMbbls.

Onshore Permian Discoveries: A third phase of exploration began in 2014 when the Waitsia gas field was discovered and was responsible for unlocking the new early Permian 'Kingia' Sandstone play potential, which is estimated to contain 320 Bcf (2P) resource potential with an upside of over 480 Bcf recoverable.

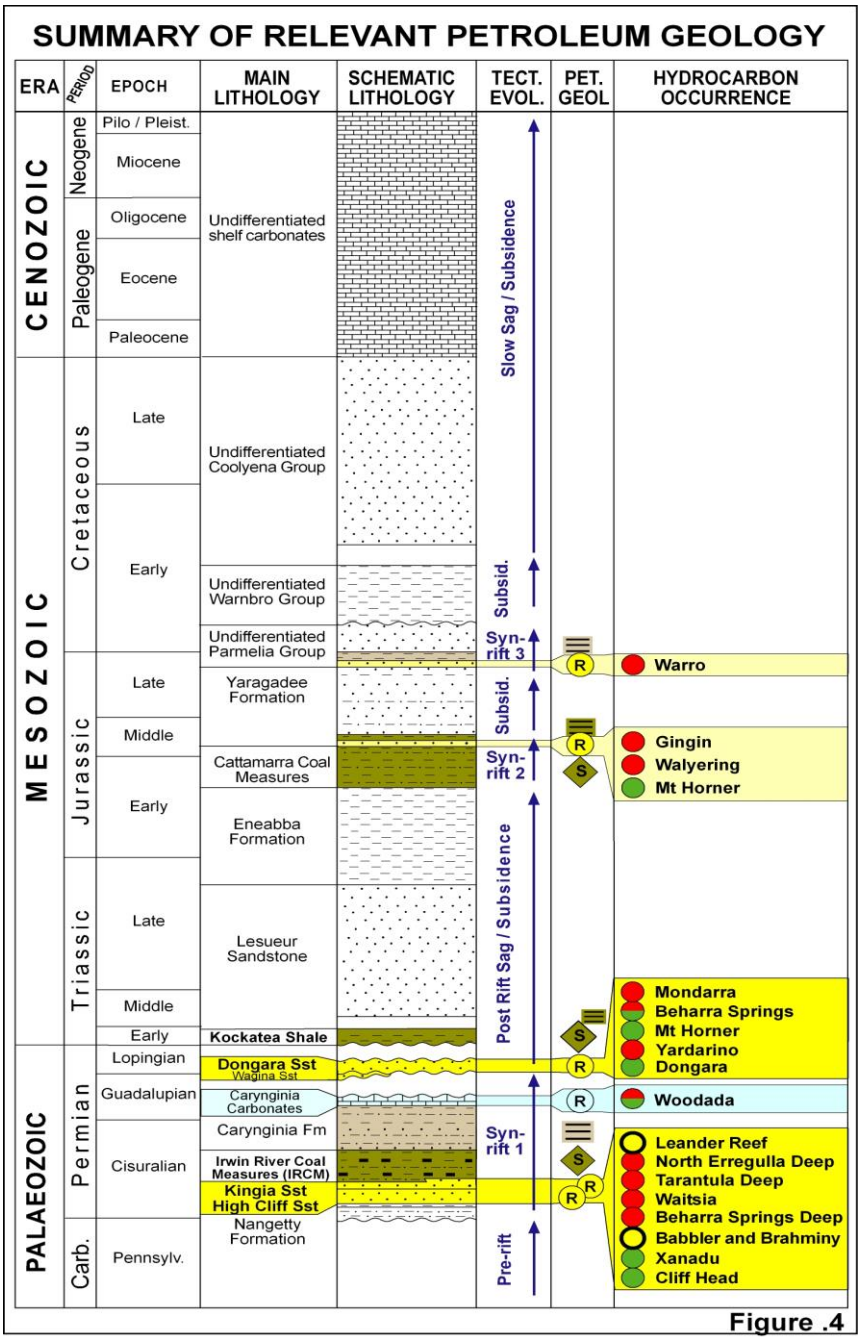
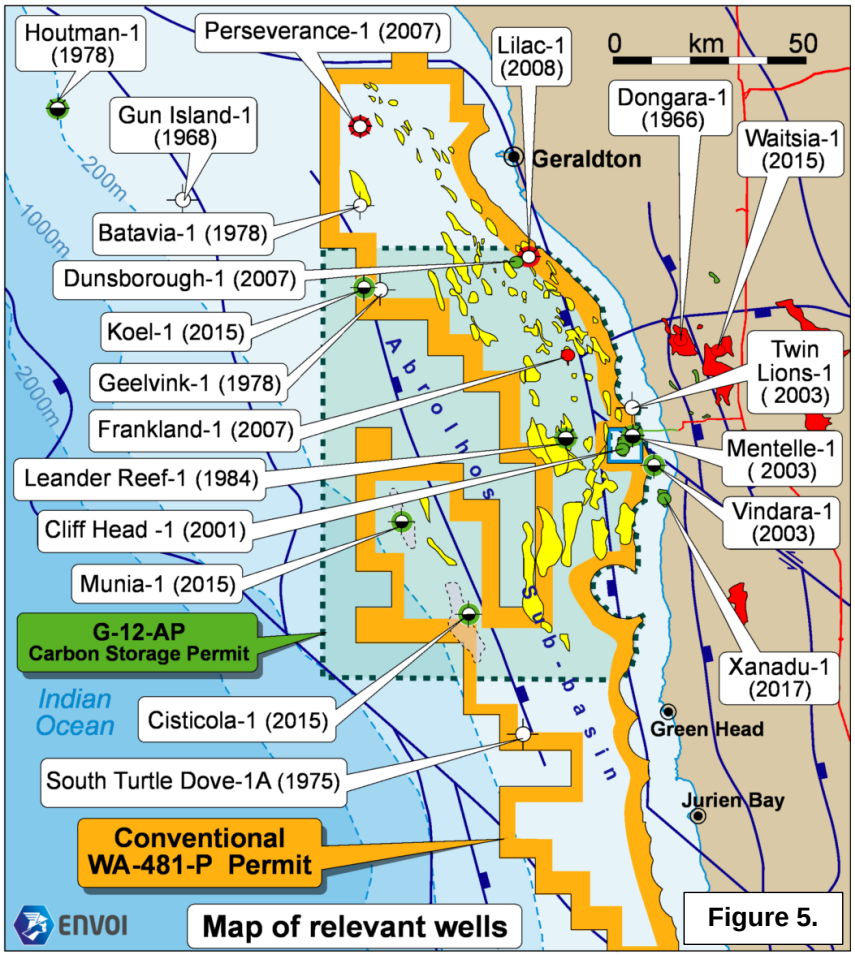


Figure .4

Before discovery of the deeper Kingia Sandstone play onshore, the Lower Permian had been viewed as unprospective due to its depth (i.e. 5,000 m or ~16,000+ ft equiv.), associated reservoir quality and questionable commerciality. However, the large gas discovery at Waitsia, and subsequently wells at West Erregulla, Beharra Springs Deep in addition to other deep Permian fields have since proved the Kingia sandstone to be a very viable reservoir even at significant depth. This is now understood to be due to the sand's paleo-deposition in a tidal estuary setting which led to a clay illite and smectite coating of the sandstone grains that in turn has preserved the porosity-permeabilities by limiting subsequent quartz overgrowth during diagenesis. As a result, this has maintained the Kingia sandstone's intergranular porosity and is responsible for the high flow rates from these deeper onshore discoveries that ensures their high commerciality.

Offshore Exploration: Contemporaneous exploration in the offshore part of the Perth Basin has been far less than onshore, with initial drilling activity limited to a few stratigraphic wells on islands (which lie north of Pilot's acreage) such as the Gun Island-1 well in 1969 (Ref: Figure 5). Interpretation of the 2D seismic data acquired in the 1970s and 1980s defined the location of the South Turtle Dove-1 well drilled by WAPET in 1975, which was followed by Batavia-1 and Geelvink-1 drilled by Esso in 1980. All these early wells are now interpreted to have been unsuccessful primarily due to poor placement limited by the 2D seismic at the time and subsequently shown to have not penetrated valid traps.

Cliff Head Oil Field: The productive potential of the offshore Perth Basin was not realised until 2001 when ROC discovered the Cliff Head oil field reservoired in the Early -Mid Permian IRCM sandstones, where they are trapped on a large horst structure 11 km off the coast.



The Cliff Head field, now at the end of its economic life and shut-in, has produced 16 MMbbls and now represents a CCS (Carbon Capture & Storage) opportunity with which Pilot is well advanced and currently seeking regulatory approval.

Other Offshore Discoveries: Subsequent acquisition of the Cliff Head 3D seismic survey over Cliff Head field in 2003, and the 2007 Diana 3D immediately to the north of Cliff Head in WA-481-P, resulted in three additional, but sub-commercial, hydrocarbon discoveries in that area.

These included the Perseverance-1 well estimated to have defined approximately 20-50 Bcf gas, the Dunsborough-1 discovery estimated to contain 6 MMbbls oil (2C) and the Frankland-1 discovery with an estimated 42 Bcf gas (2C), all drilled in 2007. Although sub-commercial, these discoveries very successfully confirm the existence of a working hydrocarbon system in the offshore northern Perth Basin.

A key point to note is that all of the exploration failures during the earlier periods of exploration, which also included the Vindara-1, Twin Lions-1 and Mentelle-1 wells drilled in 2003 (which all contained shows), pre-dated any 3D seismic where the lack of success can now be clearly attributed to inadequate traps and/or sub optimal penetration of the closures. The exception is the Xanadu-1 well drilled in 2017 on gravity data which discovered 7 MMbbl oil in the same IRCM sands, on-strike with and to the south east of the Cliff Head field.

The Xanadu closure was confirmed post-drill by the Xanadu 3D seismic survey which confirmed additional as yet undrilled potential updip of the well penetration. The location of Cliff Head and Xanadu oil fields on this trend has undoubtedly enhanced the prospectivity of several other undrilled prospects to the south. Pilot's proposed extension of a new WA-481-P 3D seismic survey to the east would enable these undrilled analogue prospects to be matured and made ready for follow-on drilling.

The discovery of gas and oil offshore to the NW in the Frankland-1 well is equally significant, where oil generated from the late Permian Hovea formation has sourced the structure containing the associated Dongara sands. Gas in the deeper IRCM is also proof of the viable early Permian gas-prone petroleum system which can also source any Kingia reservoirs, including the primary Deep Leander Reef-1 prospect (ref: Figure 6 below).

Lower Permian Offshore: This deeper Lower Permian Kingia play has already been encountered in some of the historical wells drilled offshore, but none are interpreted to have tested valid closure where it was penetrated. The wells do, however, confirm the Kingia play presence offshore in addition to confirming mostly very good to good reservoir quality and less deeply buried than at Waitsia and other onshore gas fields.

The Lower Permian Kingia Sandstone reservoir at the Leander Reef structural complex was not penetrated by the 1983 Leander Reef 1 well, drilled in the Abrolhos Sub-basin portion of WA-481-P by Diamond Shamrock Offshore Pty Ltd. The well did encounter gas shows, but the primary target Upper Permian Dongara Sandstone was absent. Operational difficulties, including a cyclone and burst casing, forced the well to be TD'd before penetrating the Kingia sandstone (Ref: Figure 4 below). Subsequent additional 2D seismic across the Leander Reef complex now shows that this well potentially went through a fault at the Upper Permian target level where drilled and explains why the Dongara sands were missing in the existing Leander Reef-1 well (Ref: Figure 6).

Another significant phase of exploration in the offshore Perth Basin began in 2012 when Murphy Australia, acquired 3D seismic over the deeper water portions of WA-481-P, which they operated at that time on behalf of partners KUFPEC and Samsung O&G. The group's work culminated in 2015 when they drilled the Cisticola-1, Koel-1 and Munia-1 wells (Ref: Figure 5) back-to-back in the western part of the licence on the Turtle Dove Ridge. Although these wells successfully encountered the Permian, there was little to no reservoir development encountered. This is now interpreted to be due to their distal position offshore and distance from the predicted sediment source to the east.

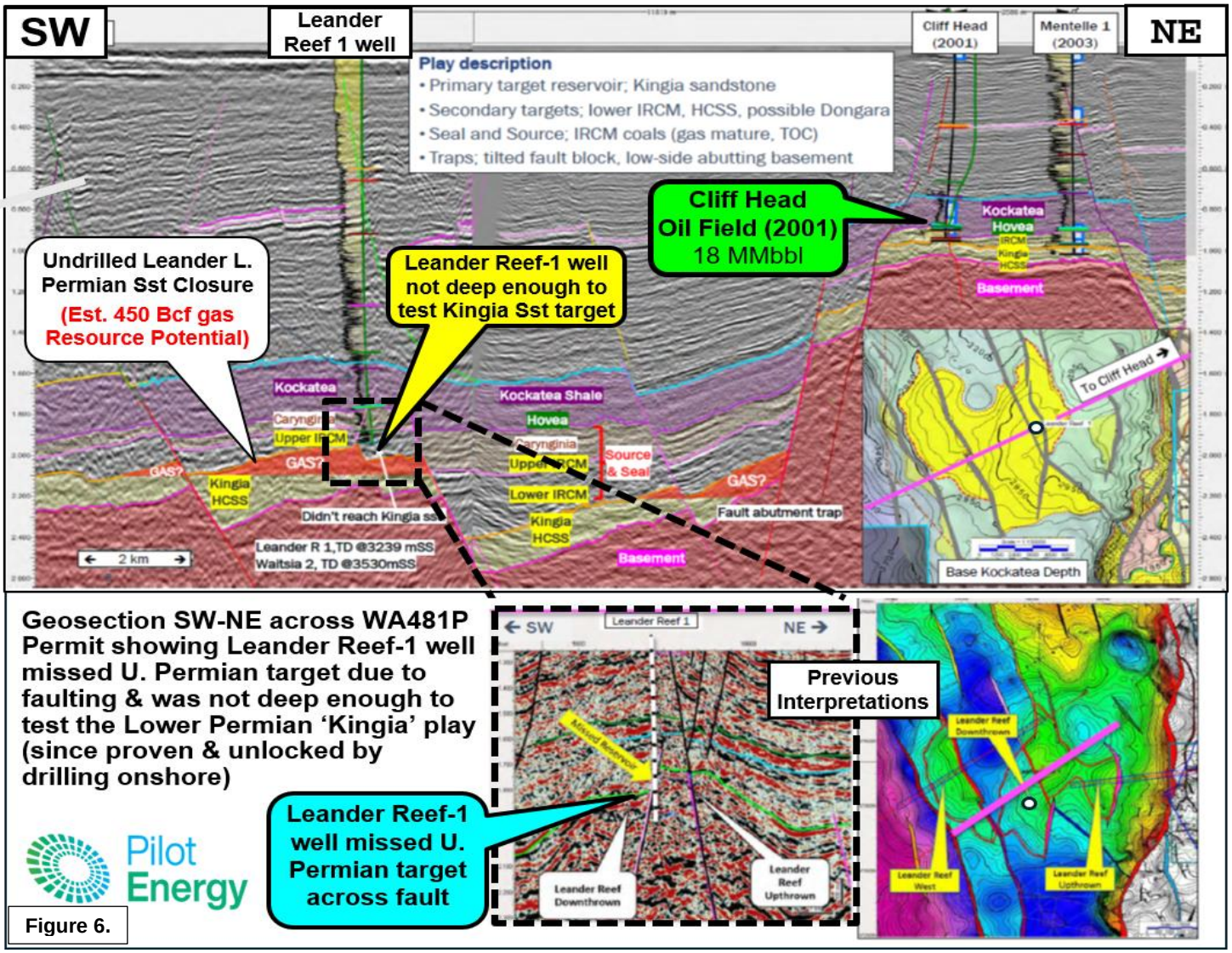


Figure 6.

Pilot's Entry: In 2016, Pilot acquired Murphy Australia's then 100% interest in the WA-418-P Permit in return for a 10% Net Profits Interest in future revenue payable from any discoveries. Pilot is currently in Year 3 of the current five (5) year WA-481-P permit term which ends in August 2027, with the ability to renew the permit for another five (5) year term at that time.

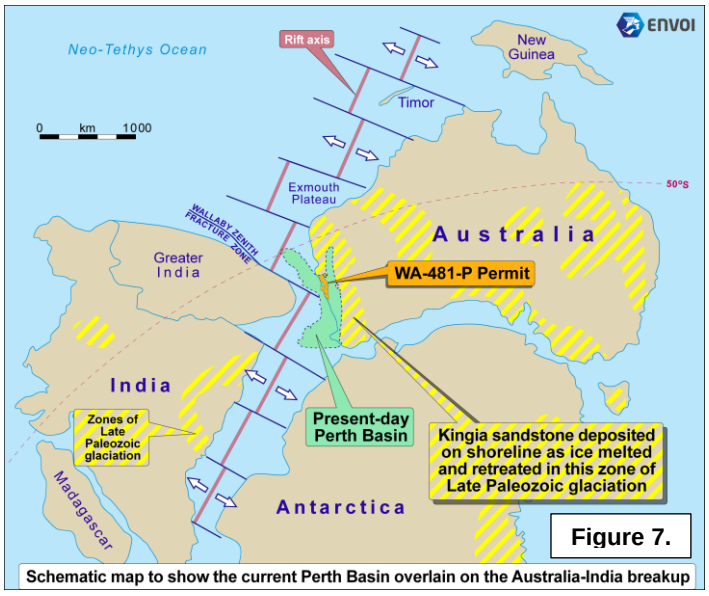
CS Permit (G-12-AP): Now Pilot has been awarded the large G-12-AP carbon storage assessment licence, which is adjacent to the Cliff Head field within production licence WA-31-P, this massively expands the CS potential across the combined licences, especially along the eastern margin of G-12-AP. The central portion of G-12-AP is also interpreted to contain possible prospective stacked CS targets within both the Permian and Triassic stratigraphies, and especially in the vicinity of the Leander Complex. The G-12-AP licence has an initial six (6) year term which commenced with its award on 31st July 2024. Commitments comprise a guaranteed work programme of G&G studies in Years 1 to 3 and a conditional work programme in years 4 to 6, which includes new 3D seismic and interpretation, well analysis, static and dynamic plume modelling and drilling one injection test well in year 6 (i.e. 2029/30)

Regional Setting: Evolution of the Perth Basin in the Upper Palaeozoic involved initial rifting and deposition as part of an intercontinental mobile belt on the eastern part of Gondwanaland. The predominantly Mesoproterozoic-aged sediments from multiple sources, including the Yilgarn Craton and various igneous and metamorphic complexes of the Albany Fraser and Pinjarra Orogens, were supplied northwards into the basin.

This was subsequently uplifted and eroded from Late Palaeozoic and early Mesozoic (Late Permian to Early Cretaceous) times, as what became Australia, split away from what today approximates to the Assam region in India (Ref: Figure 7). This regional hiatus in the sedimentary succession is known as the Breakup Unconformity.

The resulting Perth Basin today extends over a huge 172,300 km^2 area and consists of a series of sub-basins that vary in age and petroleum systems both onshore and offshore along the SW margin of Australia (Ref: Figure 1).

Underlain by Palaeozoic crystalline basement, mostly gneisses, the eastern margin onshore is bounded by the Darling Fault, which separates the basin from the Proterozoic-aged Yilgarn Craton. The basin was subjected to



Schematic map to show the current Perth Basin overlain on the Australia-India breakup

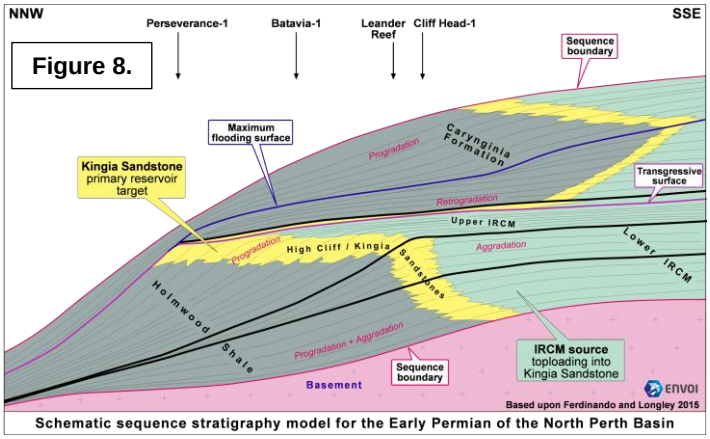
rifting in the Permian and Early Jurassic to Early Cretaceous. The Jurassic rifting reactivated many of the northerly striking faults which form the framework of the basin. This mostly normal faulting is predominantly orientated north-south. The present-day stress regime is compressional, producing sealing faults.

Pilot is currently focused upon the Abrolhos Sub-basin, which underlies the majority of the WA-481-P Permit. The Abrolhos is a Permian age rift, separated from the analogous onshore Dandaragan Trough by an N-S trending intra-basin high, which includes the Beagle Ridge and several structural terraces on which several existing hydrocarbon discoveries have been made to date.

Petroleum Geology: The stratigraphy offshore, close to the coast, has already proven to be very similar to the large proven producing oil and gas fairways onshore to the east of the Beagle Ridge. Basement highs correlated on seismic and aero-magnetics, created the more obvious early drilling targets which led to the inaugural offshore oil discovery of 18 MMbbls at Cliff Head in 2006. This was followed in 2017 by the 7 MMbbl Xanadu oil discovery.

Two main petroleum systems and multiple fluvial to estuarine, marine and rarely lacustrine reservoirs are proven in this part of the basin. These comprise source rocks containing Type III kerogens in the Irwin River Coal Measures (IRCM) and Carynginia shales, which are today, mature for gas generation. These top-load and seal the underlying Kingia and High Cliff Sandstones. The oil charge is derived from Type II kerogens contained in the Hovea Shale which top-loads into the Dongara and IRCM Sandstones. Traps include anticlines and tilted fault blocks.

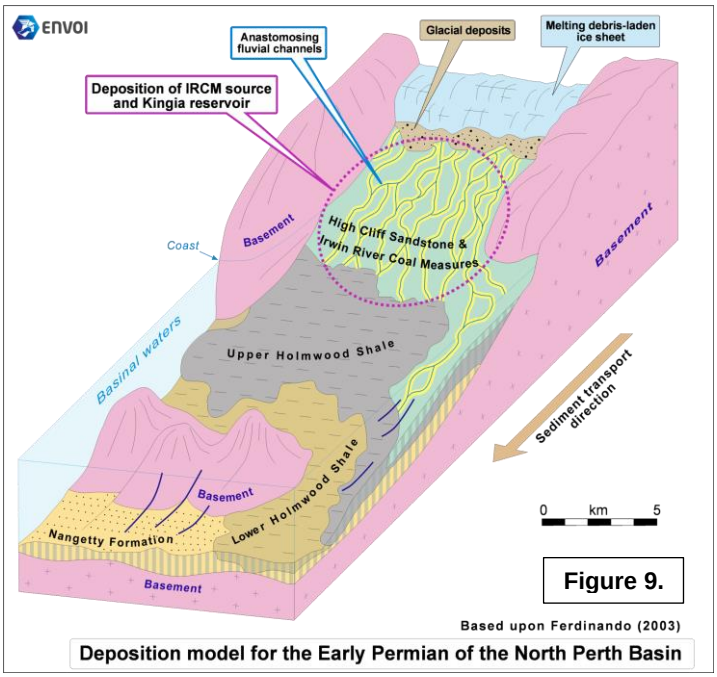
Today the primary play target is the Kingia Sandstone (Ref: Figure 4), which was deposited in an estuarine/beach environment, characterised by thickly bedded quartzose sandstones conformably overlain by the IRCM. The porosity is now known to have been preserved at depth due to their clay coating preventing diagenesis (Reference 1 - See Last Page). There is also potential across the basin for additional prospectivity in Triassic to Early Cretaceous strata, as seen in the onshore Warro and Gingin gas fields, although these are dependent upon localised intra-formational seals, due to the regional seals being less well developed higher in the stratigraphy.



Schematic sequence stratigraphy model for the Early Permian of the North Perth Basin

The Early Permian Irwin River Coal Measures represent a complex mix of conglomerate, sandstone, mudstone and coal, deposited in temperate delta plains during periods of syn-rift activity. This resulted in tide-dominated coastal environments with braided fluvial system deposition (Ref: Figures 8 & 9). This contains rich organic material resulting in TOC values averaging 2% and up to 5.9%.

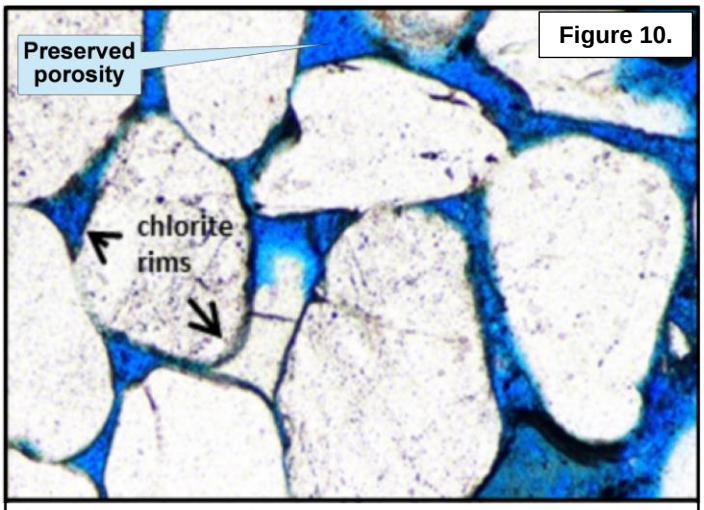
The delta gradually drowned, and the overlying Carynginia Formation deposited. This consists of shallow marine claystones with minor sand bodies and some glacial influence. The TOC of these sediments range between 1% and 4%.



Deposition model for the Early Permian of the North Perth Basin

Prospectivity: Pilot's primary target in WA-481-P is conventional gas in the deep, undrilled Lower Permian portion of the Leander Reef complex, consisting of three structural compartments (Ref: Figure 6). Their combined gas resource potential is estimated to range between 450 Bcf recoverable to 700 Bcf (based on the sum of means and sum best estimates).

Within the Kingia reservoir, anomalously high porosities are present at depth. This is due to diagenetically-formed chlorite clay rims around the sand grains which preserve primary porosity and minimise later quartz overgrowths. These clay rims have also been observed and measured in other Perth basin reservoirs such as the Dongara. The maintenance of this higher-than-expected porosity has allowed the oil and gas to be present in quantities greater than the depth would normally suggest (Ref: Figure 10).



Samples from the Kingia Sandstone in the onshore Waitsia Field show this can give 15% porosity at over 3,000 metres depth (Reference #2, Tupper et al, on last page).

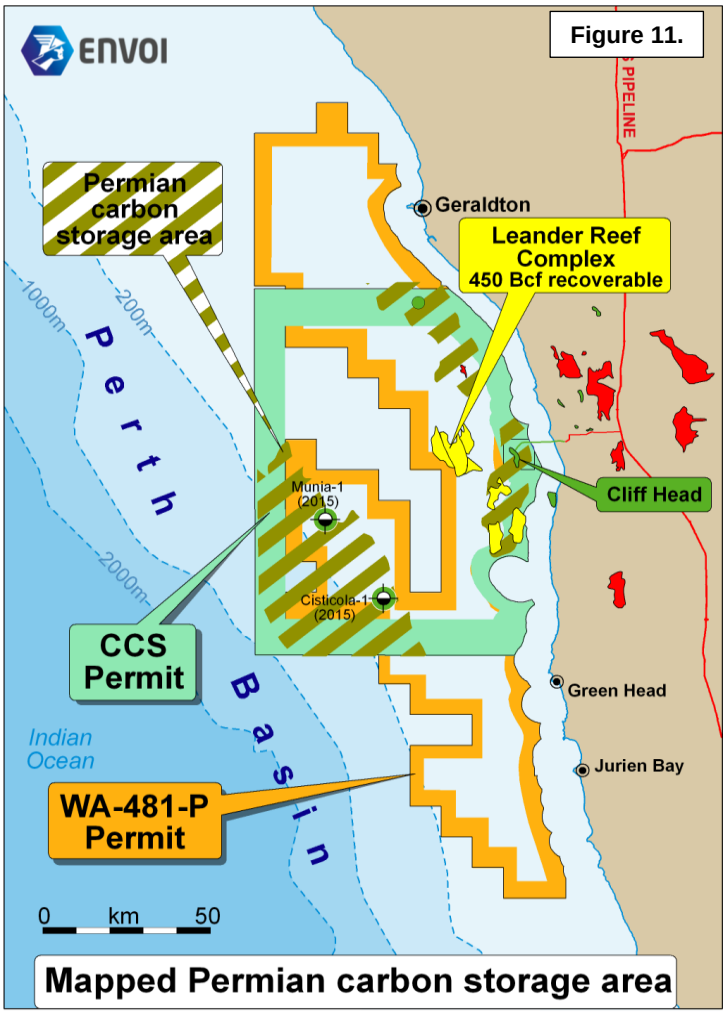
Additionally, three prospects and leads have been mapped in the shallower 'inshore' eastern part of the Permit, where they lie on-strike with the analogous existing Cliff Head and Xanadu oil fields. Mapped on sparse 2D seismic and aeromagnetics, the Cliff Head SW, Babbler and Brahminy prospects are estimated capable of containing a combined 41 MMbbls prospective oil resource potential, needing 3D seismic to mature. Their proximity to the large Geraldton Fault also raises the possibility of a late gas charge from the lower Triassic Kockatea shale similar to the Dongara Field.

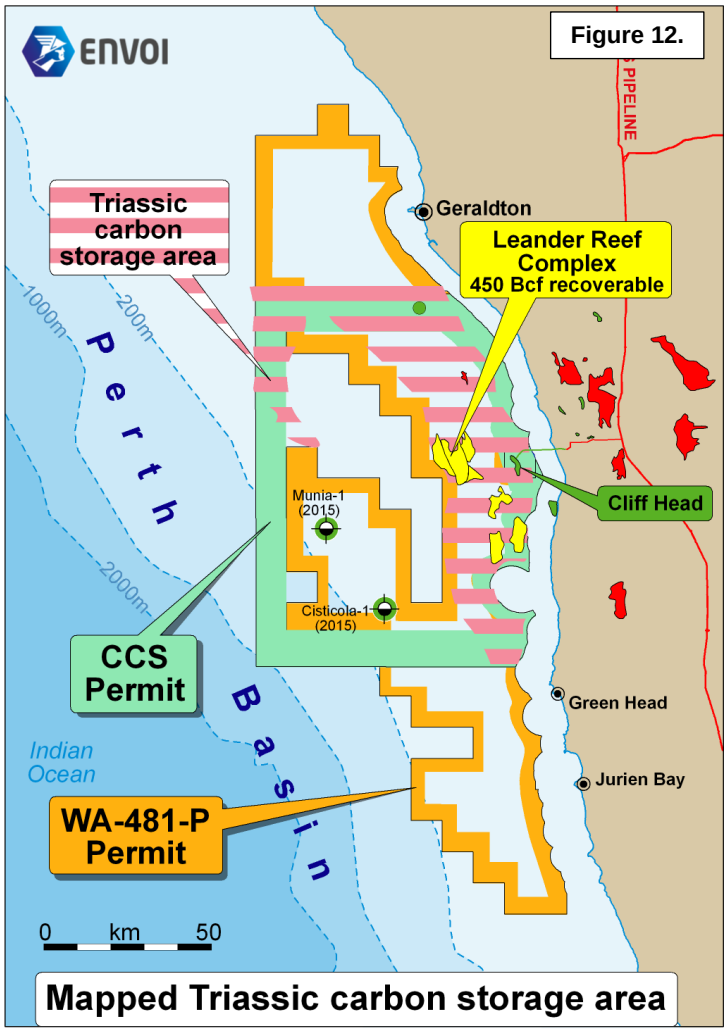
Additional prospectivity in WA-481-P includes several gas-prone leads, providing running-room subsequent to the planned additional 3D seismic acquisition.

CCS Potential: Pilot is leveraging its existing oil and gas operations and infrastructure as the cornerstone of several carbon management projects. This includes Pilot's advanced development of Australia's first offshore carbon Storage Project through the conversion of the depleted and shut-in Cliff Head oil field located in offshore production licence WA-31-L and associated infrastructure from oil production to a CO_2 storage project at the end of its economic field life (2024).

Pilot currently holds a 21.25% interest in the Cliff Head and Cliff Head infrastructure (expected to increasing to 100% on completion of the upcoming acquisition of the other Joint Venture parties' interests) and a 100% working interests in both the surrounding exploration permit WA-481-P and Carbon Storage permit G-12-AP, both located offshore Western Australia, immediately adjacent and to the west of Licence WA-31-L.

Cliff Head CS Conversion: Pilot, on behalf of the WA-31-L joint venture, has undertaken an extensive technical work programme over several years to assess the suitability of the wider offshore Perth basin for both its remaining conventional and longer-term carbon storage (CS) potential.





This has resulted in Pilot's now extensive acreage position in the area (including the WA-31-L production licence, WA 481-P exploration licence and now G-12-AP areas - Ref: Figure 11) and a clear strategic alignment of its conventional oil and gas and longer-term carbon storage activities, leading off with the carbon storage resource at Cliff Head in WA 31-L.

Pilot is therefore now in a leading position to proactively build on this initial project and expand both its conventional and significant new CS storage operation across the offshore Perth Basin area in a timely and cost-effective manner, whilst also proactively contributing to a reduction in domestic carbon emissions.

The carbon capture will include the opportunity for local industry to store carbon generated in its activities as the legal requirement for the capture of CO_2 will soon be in force in Western Australia. The gas will be transported by pipeline from such businesses and providing a local feedstock to a new capture plant which Pilot is also in the process of planning.

This will also enable large-scale Direct Air Capture, which is specially designed to draw down atmospheric CO_2 emissions. A location for the DAC plant onshore has been identified with planning already under way.

The plants by-products of ammonia and hydrogen also have economic potential, in addition to the revenues from CO_2 capture. It is estimated that up to 1 million tonnes of clean ammonia could be produced for sale from the project, with the Korean market as the likely buyer.

The blue hydrogen (generated from natural gas with CO_2 capture) also expected to be produced will be destined for the Western Australia domestic energy market.

CS Capacity: The planned CS project at Cliff Head, will have a storage capacity in excess of 50 million tonnes. This is sufficient for the initial stages of the CS project and proving the concept, which then has the running room of the WA-481-P/G-12-AP permits for later sequential incremental storage after hydrocarbon production ceases in conventional oil or gas field discoveries. Pilot aims to have a capacity for injection of up to 5 million tonnes of carbon annually. Both Permian and Triassic strata are the target reservoirs.

Planned Work Programme: Pilot's successful application to extend the initial three (3) year term of WA-481-P for two years was confirmed in late 2023 and requires the acquisition of a new minimum 400 km^2 3D seismic survey prior to end August 2025.

The 3D has been designed to image the key undrilled conventional gas and oil prospects in the optimum fairway area identified by recent / updated G&G studies.

The cost of acquiring 400 km^2 3D seismic is estimated at A$ 10 million (~US$ 6.5 million equiv.), while an option to acquire a larger 600 km^2 3D survey including the eastern part of the Permit would cost an estimated A$ 14 million (~US$ 9 million equiv.).

The new 3D survey area will mature drilling location(s) on the Leander Reef structure targeting the Kingia sandstone plus secondary objective the Dongara sandstone, and also acquire data relevant to CCS injectivity in the Triassic section. An extended 3D survey area would delineate oil/gas targets on trend with Cliff Head oil field.

The cost of drilling the Leander Reef Deep gas prospect is estimated likely to cost ~ US$ 30 million (~ A$ 46 million equiv.), and the cost of drilling a nearshore oil exploration well is ~US$20 million. The estimates assume these are drilled in a programme shared with Pilot's Cliff Head CS development project wells which will reduce the cost of rig mob/demob, planning and approvals.

The Opportunity: Pilot is offering a material interest in their WA-481-P Permit in return for funding at least the 400 km^2 3D seismic work programme commitment in 2024/25 (estimated cost A$ 10 million).

This will earn an incoming company the 'option' to commit before the end of 2025 to a subsequent exploration period and at least one (1) exploration well, most likely on the Leander Reef Kingia Sandstone gas target, estimated to cost US$ 30 million (~ A$ 46 million equiv.), gross dry hole.

Post Production CS Value: The value of any conventional oil and gas field which may be discovered is also enhanced by a potential revenue stream from carbon storage after the cessation of conventional hydrocarbon production. By way of example, the Cliff Head CS project has an estimated storage capability of over 50 million tonnes of CO_2.

References: The following are useful articles in support of some of the key elements of this opportunity:

1. Ferdinando D.D. , Baker J.C. , Gongora A. Pidgeon B.A. (2007) Illite/Smectite clays preserving porosity at depth in Lower Permian reservoirs, Northern Perth Basin. Australian Energy Producers Journal **47**, 71-89

2. Tupper N.P. et al. (2016) The Waitsia Field, onshore North Perth Basin. APPEA Journal **56**, 29

Further Information: Access to the key data on this opportunity can be made available online after execution of a Confidentiality Agreement (CA).

Seriously interested parties will be invited for a detailed management presentation via remote meeting online followed by access to the available project data. A physical data room would then be required for access to the workstation seismic on the project where physical data rooms can be arranged either in Pilot's office in Australia or at Envoi's office in London, UK.

All expressions of interest and requests for more information, including a copy of the CA, should be made through Envoi.

Contact: Mike Lakin

Envoi Limited,
Old Stables House,
1d Manor Road,
London, W13 0LH,
United Kingdom

T: +44 (0)20 8566 1310

E: deliver@envoi.co.uk

I: www.envoi.co.uk