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Announcement to ASX
ASX: PGY

23 July 2024

Pilot Energy awarded $6.5m Commonwealth grant to progress Carbon Capture for the Mid West

Pilot Energy Limited (ASX: PGY) ('Pilot' or the 'Company') is pleased to announce it has been awarded a $6.5 million grant to support the Mid West Clean Energy Project ('MWCEP') providing carbon capture services to the Mid West Region of Western Australia.

The grant has been awarded to Pilot under the Commonwealth Department of Climate Change, Energy, the Environment and Water ('DCCEEW') - Carbon Capture Technologies Program (refer to Attachment 1)[1]. The grant funding enables Pilot to progress engineering and technology demonstration activities across three sources of carbon with the initial potential to capture 200,000 – 300,000 tonnes of carbon per annum. This volume represents approximately 50% of the estimated volume required to support Pilot's Cliff Head Carbon Storage Project.

Pilot collaborated with a number of partners to secure the grant funding including:

- Capture6: carbon capture and water processing
- KC8: carbon capture
- Svante: carbon capture
- CarbonCo: carbon capture
- Genesis Energies: carbon supply chain engineering
- Curtin University: carbon supply chain R&D
- Deloitte: Grant application support

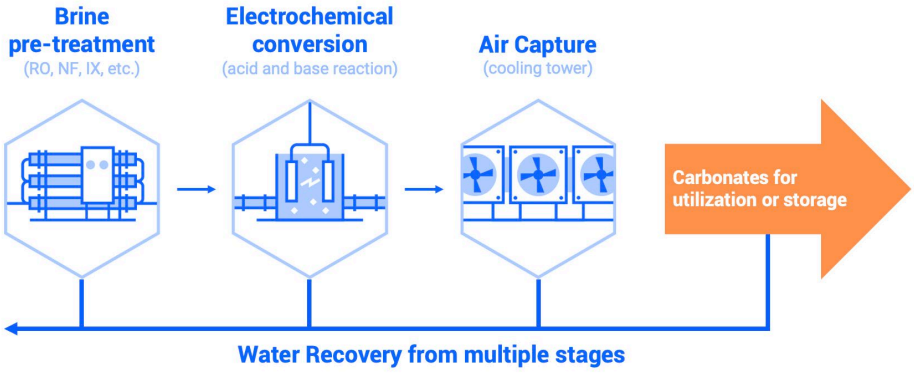
The grant application received additional support from a broad range of industry, commercial and regional stakeholders including Yamatji Water (potential water supplier to the MWCEP).

Two key initiatives will now be progressed with the support of the grant. One is the deployment of a pilot facility to demonstrate the Capture6 water processing and direct air capture (DAC) system. The other is a carbon capture technology assessment and pre-FEED study on the carbon management solution and carbon supply chain for a confidential Mid West WA emitter.

Capture6 is an important partner for Pilot's broader MWCEP as its technology can be used to process water produced by future carbon storage operations for re-use in the proposed blue ammonia production system. Following a successful pilot, the Capture6 carbon removal and water technology has the potential to materially reduce the cost and environmental impact of the MWCEP's water handling system. Sodium hydroxide produced in the first stage of the technology is used in Capture6's DAC system to drawdown carbon emissions from the atmosphere. The process can also potentially generate revenue from the future sale of carbon removal credits and by-products, which may include hydrogen.

[1] https://www.dcceew.gov.au/about/news/carbon-capture-technologies-program-grant-recipients-announced

Capture 6: initial water processing and DAC demonstration facility



The carbon supply chain pre-FEED study (noted above) will assess a carbon management service for the confidential Mid West emitter's facility, from the point source of emissions through to delivery to the MWCEP. Subject to the outcomes of the study, this assessment will provide the parties with a platform to progress commercial negotiations on a carbon management agreement.

Pilot's chairman Brad Lingo said: "*This $6.5 million grant allows Pilot to continue to build momentum in the MWCEP following the recent declaration of storage formation and completion of the pre-FEED study.*"

"We are grateful for the broad support our application received from a range of parties."

"We look forward to working with the DCCEEW and Department of Industry, Science and Resources on the grant and commencing work on this important carbon removal initiative."

Capture6's CEO, Ethan Cohen-Cole adds: *"Capture 6 is thrilled to work on this project with Pilot. The MWCEP is a great example of how Capture6 is working with clients to use our carbon removal and water technology to enable and accelerate the energy transition."*

This announcement has been authorised for release to ASX by the Chairman, Brad Lingo on behalf of the Board of Directors.

Enquiries

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About Pilot: Pilot is a junior oil and gas exploration and production company that is pursuing the diversification and transition to the development of carbon management projects, production of hydrogen and clean ammonia for export to emerging APAC Clean Energy markets. Pilot intends to leverage its existing oil and gas operations and infrastructure to cornerstone these developments. Pilot is proposing to develop Australia's first offshore CO2 Storage Project through the conversion of the Cliff Head Oil field and associated infrastructure from oil production to CO2 Storage as part of the Mid West Clean Energy Project.

Pilot holds a 21.25% interest in the Cliff Head Oil field and Cliff Head Infrastructure (increases

to 100% on completion of the acquisition of Triangle Energy (Global) Pty Limited's interest), and a 100% working interest in exploration permit WA-481-P, located offshore Western Australia.

Attachment 1 Department of Climate Change, Energy, the Environment and Water Grant Announcement

Carbon Capture Technologies Program grant recipients announced

NEWS | CLIMATE CHANGE

23 July 2024

The Australian Government is supporting new ways to capture carbon dioxide and put it to use, to help reduce emissions from hard-to-abate industries and advance Australia's net zero transformation.

Through the Carbon Capture Technologies Program (CCTP), the government is investing $65 million in 7 projects that will use emerging technologies like direct air capture and mineral carbonisation to decarbonise hard-to-abate industrial processes and directly remove carbon dioxide from the atmosphere.

Captured carbon dioxide will be stored in permanent geological storage or used to create products like:

- building materials
- fuel
- inputs for lithium-ion batteries.

Projects supported under this program will cut emissions from critical industries, directly remove climate-changing carbon dioxide from the atmosphere, and use carbon dioxide in new manufactured products.

The $65 million Carbon Capture Technologies Program is providing:

- $15 million to **Calix Ltd** to produce methanol from carbon dioxide released during cement production.
- $14.5 million to **MCi Carbon Pty Ltd** to produce building materials from carbon dioxide released during cement production.
- $11.7 million to **Airthena Technology Development Company Pty Ltd** to demonstrate the feasibility of large-scale direct air capture of carbon dioxide.
- $9.9 million to **Novalith Technologies Pty Ltd** to demonstrate the production of battery-grade lithium carbonate from carbon dioxide captured directly from the atmosphere.
- $6.5 million to **Pilot Energy Limited** to trial the management of multiple carbon dioxide streams from emerging point sources and direct air capture technologies.
- $5.4 million to **KC8 Capture Technologies Ltd** to demonstrate the production of potassium carbonate from carbon dioxide released during cement production.
- $1.6 million to the **University of Melbourne** to trial the conversion of carbon dioxide captured from the atmosphere into travertine, a carbonate rock.

Decarbonising hard-to-abate industries is crucial to achieving net zero and for a Future Made in Australia.

These are exciting opportunities to develop new economic opportunities for Australia.