



## **INVESTOR ANNOUNCEMENT**

**New Energy Technology Ltd**

**15 November 2022**

# **NET SECURES CONSULTING AND ROYALTY AGREEMENTS WITH PILOT ENERGY & ACQUIRES EQUITY STAKE**

## **Highlights**

- **NET signs Marketing Agreement with Pilot Energy (ASX:PGY) to assist in securing volume commodity customers for their planned clean ammonia project**
- **NET signs Royalty Agreement with Pilot Energy giving NET a royalty payment from every tonne of clean ammonia sold to customers introduced by NET**
- **NET has acquired a strategic shareholding in Pilot Energy**

New Energy Technology (“**NET**”) is pleased to advise that it has signed two commercial agreements with ASX-listed clean ammonia developer Pilot Energy (ASX:PGY) (“**Pilot**”) and acquired a strategic shareholding in Pilot.

Under the Marketing Agreement NET will provide Pilot with assistance to find and secure long-term volume customers for clean ammonia from Pilot’s planned clean ammonia production project in the Mid-West of Western Australia.

NET has close relationships with a global network of parties actively pursuing participation across the green fuel value chain, including majors seeking to procure millions of tons of clean ammonia.

NET will also use its rare experience structuring commodity contracts in the emerging green hydrogen landscape to assist Pilot and its prospective clean ammonia customers to develop and execute mutually beneficial binding commercial agreements governing the sale and purchase of the clean ammonia.

In exchange, NET will receive recurring monthly revenue and a royalty payment per tonne of any ammonia sold to customers introduced by NET.

NET has originated several of its own clean ammonia projects, in most cases with global majors as partners, undertaking project feasibility and design. NET has capability inhouse to undertake detailed technical and economic assessment of upstream green fuel infrastructure projects. NET has assessed more than 70 potential clean ammonia production projects around the world, concluding that most are not feasible.

NET undertook over two years of detailed due diligence into Pilot’s planned clean ammonia production project and formed the view that it is feasible and could represent one of the first volume producers in Australia.



NET's deep technical and economic assessment of Pilot over two years analysed in detail many complex variables and the interplays between them including, but not limited to:

1. Existing available infrastructure and feasibility of new required infrastructure;
2. access to and appetite from relevant customer markets;
3. innovative use of technology to achieve cheaper commodity through production efficiency gains;
4. capability of executive team to negotiate and secure off-take, develop energy infrastructure, and collaborate with partners to share risk;
5. estimated levelised cost of ammonia commodity for sale (LCOA);
6. estimated forecast costs of inputs including levelised cost of renewable energy;
7. credibility of the claims that the ammonia production will not result in carbon emissions;
8. feasibility of the project being able to effectively and economically execute carbon capture and storage.

In addition, NET directly engaged potential customers in discussions and was able to confirm their appetite for potentially procuring from Pilot's project.

NET formed the view that Pilot was significantly undervalued by the market and following NET's standard rigorous FID process acquired a strategic holding of 10,089,153 shares for \$205,717.

NET Executive Director Rowan Logie said, "NET's experts are routinely shocked at the poor quality of green ammonia project development and modelling in Australia and around the world. We undertook two years of due diligence into Pilot Energy's planned clean ammonia production project. We found the planned project to be highly credible. We got excited.

"This is an unusual space because nobody in the world has built a very large clean ammonia project, and we observed that Pilot brings the right kind of thinking and experience from unconventional oil and gas, infrastructure, renewable energy, and energy technology, and integrates all that using sophisticated feasibility modelling and project planning.

"We're pleased to be working with Pilot as they move towards production of volume clean ammonia, which can help some of our other partners by providing the commodity they need to reduce carbon emissions significantly.

"This helps NET fulfil our mission of accelerating the green fuel value chain by helping a producer secure a bankable offtake, which in turn will unlock project finance, and give comfort to end users on supply and enable them to accelerate downstream infrastructure transition. This can speed up the whole supply chain."

**- ENDS -**



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### **About New Energy Technology**

NET is a diversified hydrogen business led by a global team of green fuel experts. To fulfil its mission of accelerating the green fuel value chain, NET invests in and commercialises critical technologies, originates large scale infrastructure projects, consults to ambitious businesses seeking entry into the landscape, and introduces suppliers with customers.

### **About Pilot Energy**

Pilot is currently a junior oil and gas exploration and production company that is 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 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.