

Target Market Determination – Option Issue

Made by:	Pilot Energy Limited ACN 115 229 984 (Issuer)
Product:	Options to acquire fully paid ordinary shares in the capital of the Issuer (New Options) to be offered under a transaction specific prospectus dated 1 March 2024 (Prospectus). The New Options are being offered under the Prospectus to qualify existing options with identical terms (Existing Options) for secondary trading on ASX. The Prospectus is a necessary step in the quotation of the Existing Options on ASX.
Effective date:	1 March 2024

1. Background

This target market determination (**TMD**) has been produced by the Issuer in relation to an offer of New Options by the Issuer under the Prospectus prepared in accordance with section 713 of the *Corporations Act 2001* (Cth) (**Act**) and has been designed to help investors understand the class of consumers for whom the offer of New Options is most suitable.

This TMD sets out the class of consumers whose financial objectives would likely be consistent with the distribution conditions and restrictions imposed on the distribution of the New Options, as well as reporting requirements for distributors in accordance with the requirements of section 994B of the Act.

A copy of the Prospectus has been lodged with the Australian Securities and Investments Commission (**ASIC**) and is available on the Issuer's website, www.pilotenergy.com.au and on the ASX announcements platform at <https://www.asx.com.au/markets/trade-our-cash-market/announcements.pgvy>. The offer of New Options will be made under the Prospectus. Any recipient of this TMD should carefully read and consider the Prospectus in full and consult their stockbroker, accountant, solicitor and/or other professional advisers if they have any questions regarding the contents of the Prospectus.

This TMD is not a disclosure document for the purposes of the Act and does not provide a full summary of the product features or terms of the New Options. This TMD is not to be used except for the purpose of a regulated person complying with their obligations under Part 7.8A of the Act. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. This TMD is not intended to provide you with financial advice or take into account your objectives, financial situations or needs. Unless otherwise defined in this TMD, capitalised terms have the meaning given to them in the Prospectus.

2. Product information

The key features of the New Options are as follows:

Offer	An offer of up to 10,000 New Options at nil consideration per New Option (Offer). The Issuer may not issue the maximum number of New Options, or any New Options under the Prospectus.
Eligibility	The Offer will only be made to invitees determined by the Issuer.
Exercise price	Each New Option is offered for nil consideration and has an exercise price of \$0.033 per New Option.
Expiry date	Each New Option will expire on 25 August 2025 (Expiry Date). A New Option not exercised before 5.00pm (EST) on the Expiry Date will automatically lapse at that time.
Exercise period	The New Options are exercisable at any time on or prior to the Expiry Date.
Shares issued on exercise	Shares issued on exercise of the New Options will rank equally in all respects with the then issued fully paid ordinary shares of the Issuer (Shares).
Transferability	The New Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities law and are expected to be quoted on the ASX (subject to meeting the ASX requirements for quoted options).

3. Target market

The objectives, financial situation and needs of investors which are suitable for investment in New Options and an explanation of why those particular financial circumstances are suitable are provided below:

Investment objective	<p>As the New Options may be exercised at any time prior to the Expiry Date, the Issuer expects that an investment in New Options will be suitable to investors who wish to have the right, but not obligation, in the medium to long term, prior to the Expiry Date, to acquire Shares.</p> <p>This product has been designed for individuals who have:</p> <ul style="list-style-type: none"> (a) the financial ability to bear the economic risk of the investment in New Options; (b) adequate means to provide for their current needs and other contingencies and to withstand a loss of the entire investment in the New Options; (c) no need for liquidity with respect to the investment in the New Options; (d) no need to derive income from an investment in the New Options; (e) such knowledge and experience in financial and business matters that they are capable of evaluating the merits and risks of acquiring the New Options; and (f) determined that the New Options are a suitable investment both in the nature and number of New Options being acquired. <p>This product has not been designed for individuals who:</p> <ul style="list-style-type: none"> (g) require an income stream from their investment; and/or (h) cannot bear the consequences of potential losses without material impact on their standard of living.
Investment timeframe	The target market of investors will take a medium to long term outlook in relation to their investment in the Issuer and are in a financial position that is

	sufficient for them to invest their funds over a time period prior to the Expiry Date should they wish to exercise their New Options.
Investor suitability metrics	While the Issuer does not have an established eligibility framework for investors based on metrics such as employment status, income levels, age or an expected return or volatility, it is expected that the target market of investors will be those investors that wish to obtain optionality for exposure to the Issuer's ongoing operations.
Risk	The Issuer considers that an investment in New Options will have a different risk profile to a direct investment in Shares, including due to the fact that there is no obligation to exercise the New Options prior to the Expiry Date. Investors should also have a sufficient level of financial literacy to understand and appreciate the risks of investing in options as an asset class generally and the more specific risks of investing in the Issuer.

The New Options have been designed for investors whose likely objectives, financial situation and needs (as listed below) are aligned with the product (including key attributes). The New Options are for those who:

- (i) are sophisticated and professional investors who are already familiar with or holders of securities in the Issuer;
- (j) wish to engage in secondary trading of quoted Issuer securities, including Shares issued on the exercise of New Options;
- (k) seek leverage to profit from an appreciation in the market price of Shares; and
- (l) are accustomed to participating in speculative investments in the energy sector.

The New Options are not suitable for investors:

- (a) who are not seeking to have the potential to increase their investment in the Issuer; and
- (b) who do not understand and appreciate the risks of investing in options as an asset class generally and the more specific risks of investing in the Issuer.

The Issuer has assessed the New Options and formed the view that the New Options, including the key attributes set out in section 2, are likely to be consistent with the objectives, financial situation and needs of investors in the target market as described above in this section 3.

4. Distribution conditions

The New Options will be subject to the distribution condition that investors will be provided with a copy of the Prospectus and access to this TMD before they apply for or receive any New Options.

The Prospectus will require investors to self-confirm that they meet the eligibility criteria of the expected target market outlined in this TMD.

The Issuer considers that these distribution conditions will ensure that persons who invest in New Options fall within the target market in circumstances where personal advice is not being provided to those persons by the Issuer.

5. Review triggers

The New Options are being offered for a limited offer period set out in the Prospectus, after the conclusion of which New Options will no longer be available for investment through the Issuer. It follows that the TMD will only apply in the period between the commencement of the offer of New

Options under the Prospectus and the Closing Date (**Offer Period**), after which the TMD will be withdrawn.

To allow the Issuer to determine whether circumstances exist that indicate this TMD is no longer appropriate and that distribution of New Options should cease, the following review triggers will apply for the Offer Period:

- (a) there is a material change to the New Options' key attributes that make it no longer consistent with the likely objectives, financial situation and needs of clients in the target market;
- (b) the Issuer lodges with ASIC a supplementary or replacement prospectus in relation to the Prospectus;
- (c) the occurrence of a significant dealing in New Options that is not consistent with this TMD;
- (d) the Issuer identifies a substantial divergence in how the New Options are being distributed and purchased from this TMD;
- (e) an unexpectedly high number of complaints are received from customers that indicate the New Options are not suitable for the target market or the product is not being distributed to the target market; and
- (f) material changes to the regulatory environment that applies to the New Options.

The Issuer may also amend this TMD at any time.

6. Review

If a review trigger occurs during the Offer Period, the Issuer will undertake a review of the TMD in light of the review trigger as soon as reasonably practicable and, in any case, within 10 business days of the review trigger occurring.

Periodic reviews of the TMD will occur regularly during the Offer Period, noting that the Offer Period is likely to be less than 1 week.

7. Reporting requirements

As the Issuer is not appointing external distributors of New Options in respect of investors, the Issuer will consider any of the following matters:

- (a) complaints received by the Issuer in relation to the New Options;
- (b) significant dealings in the New Options which are inconsistent with this TMD;
- (c) any dealings outside the target market (to the extent that the Issuer is aware of such dealings); and
- (d) the conduct of the Issuer under this TMD.

Where relevant, the Issuer will consider any of the above matters and determine appropriate steps that will be taken including, where appropriate, reporting of matters to ASIC.

8. Contact

Questions relating to the Offer or this TMD can be directed to the Company Secretary at cfriedlander@pilotenergy.com.au.

This TMD has been authorised for release by the board of directors of Pilot Energy Limited.