

Pilot Energy Limited

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Announcement to ASX

ASX: PGY

4 May 2023

PILOT ENTERS BINDING CONVERTIBLE NOTE AGREEMENT TO RAISE \$3.0 MILLION

SYDNEY, Australia: Pilot Energy Limited (**ASX: PGY**) (**Pilot** or **Company**) is pleased to announce that it has executed a binding convertible note agreement (**Convertible Note Agreement**) with a syndicate of sophisticated investors (the **Investor Syndicate**), for an investment in the Company of \$3.0m (before costs).

The Convertible Note Agreement remains subject to and conditional upon (amongst other things) shareholder approval of the issue of the convertible notes under ASX Listing Rule 7.1 (**Shareholder Approval**). If Shareholder Approval is granted, the convertible notes will be issued following the general meeting of Shareholders. The Company will imminently call a general meeting, the notice for which (**Notice of Meeting**) will be dispatched and announced separately.

The key terms of the Convertible Note Agreement are summarised in the attached Appendix. Further details in respect of the Convertible Note Agreement will be set out in the Notice of Meeting.

Proceeds from the issue of the Convertible Note will provide funding towards activities associated with Pilot's projects - the Carbon Capture & Storage (CCS) FEED, pre-FEED preparatory work for the broader Mid West Clean Energy Project (MWCEP) in Western Australia, as well as general working capital for corporate overheads. The recent funding initiatives will provide a runway for the Company to continue the planning stage of the MWCEP whilst partnering arrangements are being concluded.

The Investor Syndicate is being led by Mr Greg Columbus. Mr Columbus has over 30 years of experience in the Energy and Oil & Gas industries including technical, commercial, executive and non-executive roles and is also an experienced investor in listed companies. Until recently, he was also the Chairman and a major shareholder of ASX listed Warrego Energy Limited, a developer of natural gas resources in the Perth Basin, Western Australia, which was taken over by the Hancock Prospecting Group in March 2023.

Tony Strasser, Managing Director of Pilot noted "*the Company is delighted to welcome Greg Columbus and the other Syndicate members as significant investors in Pilot Energy. Greg has a strong understanding of the Australian energy industry and Western Australia in particular. He also has a track record of successful investments in the energy sector over many years and I am confident Pilot will benefit from his strategic knowledge and financial commitment of the Syndicate. The investment shows confidence in Pilot's exciting MWCEP and management to commercialise the developments underway*".

Bridge Street Capital Partners is Lead Manager of the issue of the Convertible Note. Under the terms of its engagement, the Lead Manager will be paid a fee of 5% out of the total funds raised pursuant to the Convertible Note Agreement.

ENDS

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

Enquiries

Cate Friedlander, Company Secretary, email: cfriedlander@pilotenergy.com.au

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 (blue, green and teal) for export to emerging APAC Clean Energy markets and integrated renewable energy. 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 CCS Project through the conversion of the Cliff Head Oil field and associated infrastructure from oil production to CCS 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, and a 100% working interest in WA-481-P and EP416/480 exploration permits, located offshore and onshore Western Australia.

APPENDIX

Face Value	\$3,000,000
Conditions Precedent	It is condition precedent to the completion of the issue of the convertible note that the Company obtains Shareholder Approval for the issue (Condition Precedent)
Completion	<ul style="list-style-type: none"> - 7 days following satisfaction of the Condition Precedent. - At Completion the Investor must pay the face value of the convertible note to the Company (Investment Amount) and the Company will issue the convertible note to the Investor.
Term	24 months from Completion (7 days following satisfaction of the condition precedent).
Coupon Rate	<ul style="list-style-type: none"> - 12% compounding, payable quarterly. - Payable in cash in the first 2 quarters of the Term; thereafter the Investor may elect to receive this payment in cash or via an issue of Shares for value equivalent to the value of the Coupon Rate
Conversion Price	\$0.02
Conversion	<ul style="list-style-type: none"> - Investor may convert the note at any time during the Term. - On conversion, the convertible note will convert into that number of ordinary, fully paid shares in the capital of the Company (Shares) as is determined by dividing the Investment Amount by the Conversion Price. - Conversion prior to the end of the term will be paid in the form of an issue of Shares. - Following expiry of the Term, the Investor may elect to convert the Investment Amount into a cash amount or receive an issue of Shares.
Other terms	<ul style="list-style-type: none"> - The convertible note is unsecured. - The convertible note will not be quoted on ASX. - On conversion the Company will apply to have the Shares quoted on ASX. - The Convertible Note Agreement contains customary investor protections.