

Pilot Energy Limited

ABN 86 115229 984
Level 3, 1060 Hay Street
West Perth, WA 6005
T: +61 8 9480 0470
F: +61 9321 0320

13 February 2018

By email: Madeleine.Green@asx.com.au

Dear Madeleine

Pilot Energy Limited (the Company or PGY): Appendix 5B Query

In response to the questions raised in your letter dated 8 February 2018, the Company confirms as follows:

1. No, PGY does not expect to continue to have negative operating cash flows. The Company has adequate cash balances to meet its commitments for February and March 2018. In the quarter from April until June 2018, the Company is planning to carry out additional capital raising to ensure sufficient funds for 2018.
2. Refer (1) above.
3. Yes, PGY expects to be able to continue its operations and to meet its business objectives. As noted in (1) above, the Company expects to have adequate cash to meet day to day operations for February and March 2018 until the additional capital raising between April and June 2018. The Company has a cash balance of \$547,425.79 as at 12 February 2018.
4. The Company has met all its obligations regarding the exploration permits it holds and expects to be able to do so going forward.
5. Confirmed.
6. The responses to questions (1) – (5) above have been authorised by the Chairman of the Company, Mr Wilson Xue.

Yours sincerely



Lisa Dadswell
Company Secretary
Pilot Energy Ltd
Tel: +61 2 8016 2819
E: Lisa.Dadswell@boardroomlimited.com.au



8 February 2018

Lisa Dadswell
Company Secretary
Pilot Energy Limited
Level 12, Grosvenor Place
225 George Street
SYDNEY NSW 200

By email:

Dear Lisa Dadswell

Pilot Energy Limited (“PGY”): Appendix 5B Query

I refer to PGY’s Appendix 5B quarterly report for the period ended 31 December 2017 lodged with ASX Market Announcements Platform on 25 January 2018 (the “Appendix 5B”).

ASX notes that PGY has reported:

- negative net operating cash flows for the quarter of \$323,000;
- cash at the end of the quarter of \$313,000; and
- estimated cash outflows for the next quarter of \$278,000.

It is possible to conclude, based on the information in the Appendix 5B that if PGY were to continue to expend cash at the rate indicated by the Appendix 5B, PGY may not have sufficient cash to continue funding its operations. In view of that, ASX asks PGY to respond separately to each of the following questions and requests for information:

1. Does PGY expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has PGY taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does PGY expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please provide any other information that PGY considers may be relevant to ASX forming an opinion on whether PGY is in compliance with Listing Rule 12.2 (a listed entity’s financial condition must, in ASX’s opinion, be adequate to warrant the continued quotation of its securities and its continued listing).
5. Please confirm that PGY is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.

6. Please confirm that PGY's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of PGY with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 3pm AWST on Tuesday, 13 February 2018. If we do not have your response by then, ASX will have no choice but to consider suspending trading in PGY's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, PGY's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at TradingHaltsPerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to PGY's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that PGY's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in PGY's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.



You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

[sent electronically without signature]

Madeleine Green
Adviser, Listing Compliance (Perth)