

PILOT ENERGY LIMITED

GUIDELINES FOR APPOINTMENT AND SELECTION OF DIRECTORS

1 Policy

- 1.1 To ensure the Board consists of members with the range of skills and qualities to meet its primary responsibility for promoting the success of Pilot Energy Limited (“Pilot” or “Company”) and its controlled entities (“the Group”) in a way which ensures that the interests of shareholders and stakeholders are promoted and protected.
- 1.2 Retiring directors shall not be automatically re-appointed. Directors shall be generally appointed for a period of three years and then shall be subject to the selection and appointment procedures outlined below.
- 1.3 The Nominations Committee shall consider the composition of the Board, the selection and re-appointment of directors and make recommendations to the Board.

2 Procedure for the Selection and Appointment of a Director to Fill a Casual Vacancy

- 2.1 The procedure for the selection and appointment of a new director to fill a casual vacancy shall be as follows:
 - (a) assess the current Board’s skills and qualities
 - (b) assess the needs of the Company’s business currently and going forward
 - (c) develop the selection criteria for potential Board candidates
 - (d) informal discussion by the Board to generate a list of potential candidates who may fill the standard criteria
 - (e) where considered necessary, use the services of an independent executive search firm to assess the appropriateness of potential candidates or to supplement a candidate list provided by directors
 - (f) measure the final potential candidate(s) against the selection criteria
 - (g) the Board examines the final list of candidate(s) and agrees an order of preference
 - (h) A thorough check of the background of all candidates is carried out
 - (i) the Chairman approaches the desired candidate(s)
 - (j) the candidate is appointed to the Board in accordance with clause the Company’s Constitution.
- 2.2 If determined by the Nominations Committee, a casual vacancy can be created by the chairman approaching an existing director to determine whether that person is prepared to retire as a director prior to the date the director is due to be re-appointed by shareholders.

3 Procedure for Re-appointing Directors

The procedure for re-appointing directors shall be as follows:

- (a) assess the current Board's skills and qualities
- (b) assess the needs of the Company's business currently going forward
- (c) develop criteria required
- (d) measure the retiring director's skills against the criteria
- (e) directors discuss and agree whether the retiring director should stand for re-election at the next annual general meeting
- (f) if recommend for re-appointment, the retiring director shall stand for re-election at the shareholder meeting in accordance with the Constitution, ASX Listing Rules and the Corporations Act. Otherwise the new director selection process commences.
- (g) At any meeting to appoint or re-appoint a director the Company shall provide shareholders with all material information in the Company's possession relevant to a decision on whether or not to elect or re-elect a director.

4 Review of Policy

This policy shall be reviewed by Pilot every 3 years and if required be amended to suit the requirements of the Company and adherence to the law.