

# PILOT ENERGY LIMITED

## MARKET DISCLOSURE POLICY

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### **1 Purpose**

- 1.1 The purpose of this policy is to establish procedures for:
- (a) identifying material price-sensitive information
  - (b) reporting such information to the reporting officer for review
  - (c) ensuring Pilot Energy Limited (“Pilot”) achieves best practice in complying with its continuous disclosure obligations under the Corporations Act and stock exchange listing rules
  - (d) ensuring Pilot and its controlled entities (“the Company”), the Board and key senior management do not contravene the Corporations Act or stock exchange listing rules.
- 1.2 The rules set out in this policy are designed to ensure that announcements made by Pilot are:
- (a) made in a timely manner
  - (b) are factual
  - (c) do not omit material information
  - (d) are expressed in concise and clear language that allows shareholders and the market to assess the impact of the information when making investment decisions.
- 1.3 This policy applies to directors, the senior executive and members of senior management who are most likely to be in possession of, or become aware of, the relevant information. All Company staff shall be made aware of the existence of the policy so that they can assist with reporting of potentially sensitive information to the appropriate persons within the Company.

### **2 Commitment to Market Disclosure**

- 2.1 Pilot is committed to:
- (a) complying with the general and continuous disclosure principles contained in the stock exchange listing rules and the Corporations Act
  - (b) preventing the selective or inadvertent disclosure of material price-sensitive information
  - (c) ensuring that shareholders and the market are provided with full and timely information about its activities
  - (d) ensuring that all market participants have equal opportunity to receive externally available information issued by Pilot.
- 2.2 Continuous disclosure shall be included as an agenda item at all meetings of the Board. Any issue that arises which may need to be disclosed is to be immediately reported to the disclosure officer.

### **3 Disclosure Officer**

- 3.1 The Managing Director has been appointed as Pilot's disclosure officer responsible for implementing and administering this policy.
- 3.2 The disclosure officer shall be responsible for all communication with stock exchanges and for making the decisions on what should be disclosed publicly under this policy.
- 3.3 The disclosure officer shall be responsible for developing and maintaining relevant guidelines to help Company employees understand what information may be materially price sensitive.
- 3.4 The disclosure officer shall be responsible for monitoring all Company disclosure practices and for making recommendations to the Board on updating this policy in response to change in internal structure, legislature and regulatory developments and technology developments.
- 3.5 The disclosure officer is authorised to delegate his responsibilities under this market disclosure policy to senior management, consultants and advisors.

### **4 Legal Obligations**

#### **4.1 Introduction**

The Corporations Act and the stock exchange listing rules require Pilot, as a listed company, to comply with continuous disclosure obligations.

#### **4.2 ASX disclosure obligations**

##### **(a) ASX Listing Rule 3.1**

ASX Listing Rule 3.1 requires Pilot to immediately notify ASX of "any information of which Pilot becomes aware, concerning the Company, that a reasonable person would expect to have a material effect on the price or value of the securities issued by Pilot".

##### **(b) Material effect on the price of securities**

A reasonable person is taken to expect information to have a material effect on the price or value of securities if it would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell the securities.

##### **(c) Information in Pilots knowledge**

Pilot becomes aware of information if any of its directors or senior management has or ought reasonably to have come in possession of the information in the course of the performance of his or her duties as a director or senior management of Pilot.

##### **(d) Information that is generally available**

The disclosure obligation does not generally apply where the information is exogenous or generally available. However, the impact of information that is generally available on the Company may be such that it is likely to have a material effect on the price or value of Pilot's securities. If the generally available or exogenous information is likely to have a material

impact on the Company the disclosure obligation will apply and the impact or effect must be disclosed.

- (e) **Information is usually considered to be generally available if**
  - (i) it consists of a readily observable matter
  - (ii) it has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in any of the classes of securities issued by Pilot and a reasonable period for it to be disseminated among such persons has elapsed
  - (iii) it consists of deductions, conclusions or inferences made or drawn from other information that is generally available.

#### 4.3 **Exceptions to ASX disclosure obligations**

Disclosure under ASX Listing Rule 3.1 is not required where **each** of the following conditions is and remains satisfied:

- (a) a reasonable person would not expect the information to be disclosed
- (b) the information is confidential
- (c) one or more of the following conditions apply:
  - (i) it would be a breach of a law to disclose the information
  - (ii) the information concerns an incomplete proposal or negotiation
  - (iii) the information comprises matters of supposition or is insufficiently definite to warrant disclosure
  - (iv) the information is generated solely for the internal management purposes of the Company
  - (v) the information is a trade secret.

As soon as any of these elements are no longer satisfied (for example, the information is reported in the media and is therefore no longer confidential), Pilot must immediately comply with its continuous disclosure obligations. The obligation to disclose the information arises even though two of the above three requirements remain satisfied.

#### 4.4 **False market**

The ASX interprets ASX Listing Rule 3.1 as requiring Pilot to make a clarifying statement or announcement to ASX in circumstances where Pilot becomes aware that speculation or comment is affecting the price or volume of trading in Pilot's securities. Pilot is not required to respond to all media comment and speculation, however, when:

- (a) media comment or speculation becomes reasonably specific
- (b) the market moves in a way that appears to be referable to the comment or speculation

Pilot has a positive obligation to make such disclosure as is necessary in order to prevent a false market in Pilot securities and ensure investors are not trading on false or misleading information. Normally ASX will indicate to Pilot when it believes disclosure is required in these circumstances.

#### 4.5 **Release of information to others**

Pilot must not release material price sensitive information to any person (eg the media) until it has given the information to ASX and has received an acknowledgement that ASX has released the information to the market.

That is, selective disclosure of information cannot be made to brokers, analysts, the media, professional bodies or any other person until the information has been given to (and receipt acknowledged by) ASX.

### **5 Review of Communications for Disclosure**

5.1 The disclosure officer will review all communications to the market to ensure they do not cause any unintended breaches of this policy or Pilot's obligations under the law. Such communications may include:

- (a) Stock exchange announcements
- (b) media release
- (c) analyst, investor, or other presentations
- (d) annual reports and other financial statements
- (e) prospectuses
- (f) other corporate publications.

5.2 Pilot will make public disclosure on any events which are judged to have met the materiality test in paragraph 4.2 above and not to be exempt under paragraph 4.3. Events likely to require disclosure include:

- (a) operational and financial performance and material changes in operational and financial performance or projected operational and financial performance
- (b) changes in relation to directors and senior executives, including in respect of:
  - (i) key terms and conditions of the employment contract for the chief executive officer
  - (ii) the independence of directors (see paragraph 5.3 below)
- (c) mergers, acquisitions/divestments, joint ventures or material changes in assets
- (d) significant developments in new projects or ventures
- (e) material changes to the Company's security position
- (f) material information affecting joint venture partners or non-wholly owned subsidiaries
- (g) media or market speculation
- (h) analyst or media reports based on incorrect or out-of-date information

- (i) industry issues which have, or which may have, a material impact on the Company
- (j) decisions on significant issues affecting the Company by regulatory bodies
- (k) material breaches of banking covenants which have not been waived.

5.3 For the purposes of paragraph 5.2(b)(ii) above, Pilot recognises that ASX has expressed the opinion that any loss of independence of a director (as discussed in the ASX Corporate Governance Council's Corporate Governance Principles and Best Practice Recommendations) is a material matter which requires disclosure.

5.4 The above principles apply to the disclosure of information which arises from any due diligence investigation (for example, from the preparation of a prospectus) or from the preparation of financial statements. In those cases, disclosure must be considered as soon as the information is known – it cannot be delayed until the occurrence of the relevant transaction or the preparation of the financial statements is complete.

5.5 Where there is doubt as to whether an issue might materially affect the price or value of Pilot's securities (including where a request is received from ASX for disclosure to correct or prevent a false market), the disclosure officer will assess the situation with the chief executive officer, the chairman or the Board and, where needed, seek external advice.

5.6 Relevant presentations to analyst or investors will be disclosed to ASX..

## **6 Authorised Spokespersons**

6.1 Pilot's authorised spokespersons are the chairman and the chief executive officer.

6.2 As appropriate, the chief executive officer can authorise other spokespersons, but any comments made must be limited to their area of expertise.

6.3 No employee of the Company or associated party (such as consultants, advisors, lawyers, accountants, auditors, investment banks etc) are permitted to comment publicly on matters confidential to the Company. Any information which is not public should be treated by the employees as confidential until publicly released.

6.4 Authorised spokespersons will liaise with the disclosure officer to ensure all proposed public comments satisfy this disclosure policy.

## **7 Reporting of Disclosable Information**

7.1 Once the requirement to disclose information has been determined, the disclosure officer or appointee will be the only person authorised to release that information to ASX..

7.2 Information to be disclosed must be lodged immediately with ASX. Information which should not be disclosed to ASX must not be released publicly until Pilot has received formal confirmation of its release by ASX.

7.3 All information disclosed to ASX in compliance with this policy must be promptly placed on the Pilot's website following receipt of confirmation from ASX.

- 7.4 If joint disclosure between the Company and a third party is deemed necessary or desirable (for example, under the terms of an agreement), Pilot will endeavour to ensure that relevant parties have the opportunity to review the content of the disclosure before its release, provided that such review does not adversely impact on Pilot's ability to comply with its disclosure obligations. Prior review will also enable Pilot to consider whether a separate announcement to ASX or other stakeholders is required.

## **8 Market Speculation and Rumours**

As a guiding principle, Pilot has a "no comment" policy on market speculation and rumours which must be observed by all employees. However, Pilot will comply with any request by ASX to comment upon a market report or rumour.

## **9 Trading Halts**

- 9.1 Pilot may, in exceptional circumstances, request a trading halt to maintain orderly trading in Pilot's securities and to manage disclosure matters.

- 9.2 Such circumstances may include:

- (a) if confidential price-sensitive information is prematurely or inadvertently made public and where an immediate release cannot be made to fully inform the market
- (b) where it may be necessary to arrange a press conference and briefings in advance of making a formal announcement
- (c) if a reasonable person would expect the information to be disclosed. However, Pilot cannot make an announcement if, for example, the proposed transaction is incomplete and subject to a confidentiality agreement.

- 9.3 No employee of the Company is authorised to seek a trading halt except for the disclosure officer, preferably with the prior consent of the chief executive officer and/or the chairman.

## **10 Meetings and Group Briefings with Investors and Analysts**

- 10.1 The chief executive officer and the corporate development manager are primarily responsible for Pilot's relationships with major and institutional investors and analysts and shall be the primary contacts for those stakeholders.

- 10.2 The corporate development manager is primarily responsible for Pilot's relationships with retail investors and shall be the primary contact for those stakeholders.

- 10.3 The Company will not disclose price-sensitive information in any meeting with investors, stockbroking representatives, analysts or the media before formally disclosing it to the market.

- 10.4 Pilot considers that one-on-one discussions and meetings with investors, stockbroking representatives, analysts or the media are an important part of proactive investor relations. However, Pilot will only discuss previously disclosed information in such meetings. Where necessary, specific disclosure will be made in accordance with paragraph 5.6 above, immediately prior to the meeting.

- 10.5 The disclosure officer must be fully briefed immediately after any meetings with investors stockbroking representatives, analysts or the media in cases where information inadvertently discussed may need to be disclosed.
- 10.6 Any employee or officer of the Company at a meeting or briefing, who considers that price-sensitive information has been raised that previously has not been disclosed, must immediately refer that matter to the disclosure officer for consideration.

## **11 Pre-results Period**

- 11.1 During the time between the end of the financial year or half year and the actual results release, Pilot will not discuss financial performance, broker estimates and forecasts, and particularly any pre-result analysis with stockbroking analysts, investors or the media, unless the information discussed has already been disclosed to ASX.
- 11.2 If the process of preparing financial statements reveals any price-sensitive information not previously disclosed, that information will be disclosed immediately and will not be held back for disclosure in the financial statements.

## **12 Web-based Communication**

- 12.1 Pilot's website shall feature a discrete section for shareholders and investors to ensure that such information can be accessed by all interested parties. Such information shall include:
- (a) annual reports and result announcements
  - (b) all significant announcements made to ASX by Pilot
  - (c) speeches and support material given at investor conferences or presentations
  - (d) Company profile and Company contact details
  - (e) all written information provided to investors or stockbroking analysts
  - (f) briefing material from any Company site visits
  - (g) a section on Pilot's corporate governance policies and practices.
- 12.2 The disclosure officer must review drafts of the above materials before being posted on the website to ensure this policy is complied with.
- 12.3 Significant announcements lodged with ASX will be available on Pilots website as soon as practicable after ASX confirms receipt of that information.
- 12.4 All website information will be regularly reviewed and updated to ensure all information is current, or appropriately dated and archived.
- 12.5 Historical information will be archived and clearly dated to ensure users are aware that it may be out of date.
- 12.6 Shareholders may be offered the option of receiving information via email instead of post. Email messages may provide information directly or advise that Pilot's websites has been updated.

### **13 Analyst Reports and Forecasts**

- 13.1 Stockbroking analysts frequently prepare reports on listed entities that typically detail strategies, performance and financial forecasts. To avoid inadvertent disclosure of information that may affect Pilot's value or share price, Pilot's comment on analyst reports will be restricted to:
- (a) information Pilot has publicly issued
  - (b) other information that is in the public domain.
- 13.2 Given the level of price sensitivity to earnings projections, Pilot will only make comment to correct factual errors in relation to publicly issued information and statements by Pilot.
- 13.3 Pilot will not endorse, or be seen to endorse, analyst reports or the information they contain. Accordingly, the Company will not:
- (a) externally distribute individual analyst projections or reports
  - (b) refer to individual analyst recommendations on the website
  - (c) selectively refer to specific analysts, or publicly comment on individual analyst recommendations or proprietary research.

### **14 Policy Approval**

The Board has approved this Market Disclosure Policy. Pilot shall summarise its key principles in the annual corporate governance statement which is to be prepared in accordance with ASX Listing Rules and shall be set out in Pilot's annual report each year.

### **15 Policy Breaches**

Strict compliance with this policy is a condition of employment. Breaches of this policy shall be subject to disciplinary action which may include termination of employment.

### **16 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.