

Pilot Energy Limited

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**Announcement to ASX****11 August 2021****ASX: PGY****PGY: REINSTATEMENT CONDITIONS - CONFIRMATION OF COMPLETION OF PGY CAPITAL RAISING**

On 16 June 2021, ASX confirmed that the securities in Pilot Energy Limited (ACN 115 229 984) (**ASX:PGY**) should be reinstated to official quotation on ASX subject to the Company satisfying a set of conditions precedent (see Attachment A - Conditions for Reinstatement).

Pilot now provides the following confirmations in satisfaction of the Conditions for Reinstatement of the Company's securities to quotation on ASX.

Satisfaction of the Capital Raising condition

The Company confirms that at a general meeting of shareholders held on 4 August 2021 (**GM**) all resolutions required to affect the proposed capital raising (**Capital Raising**) of at least \$6,300,000 were approved. At the GM, shareholders holding in excess of 60% of all the outstanding shares of the Company approved the completion of the Capital Raising of \$8,000,000 in two tranches: the first raised in reliance on the Company's existing placement capacity and the second, subject to the approval of the Company's shareholders (see Attachment B).

Completion of the Capital Raising

The Company confirms that following the approval of the shareholders at the GM all conditions to the Capital Raising have been satisfied, cleared funds for the complete amount of the issue price of every security to be issued pursuant to the Capital Raising have been received and the Company has issued a total of 133,333,333 ordinary shares in 2 tranches:

- Tranche 1 of 12,500,000 ordinary shares on 1 July 2021, and
- Tranche 2 of 120,833,333 ordinary shares issued on 11 August 2021,

at an issue price of \$0.06 to raise \$8,000,000 (before costs).

The Company confirms that the Capital Raising is now complete.

Working Capital

The Directors are satisfied that now the Capital Raising has been completed, the Company will have sufficient working capital at the time of reinstatement to carry out its activities as specified to shareholders in the notice of the GM (see Attachments C and D).

Capital Structure Following 4 August General Meeting and Completion of Capital Raising

The table set out in Attachment E shows the capital structure of the Company prior to the shareholder resolutions being passed at the GM and upon the completion of the Capital Raising

Financial position following Capital Raising

The pro forma statement of financial position set out in Attachment F shows the financial position of the Company based on actual funds raised under the Capital Raising.

Issue of Cleansing Prospectus

The Company confirms that on 9 August 2021, a cleansing prospectus was issued by the Company in accordance with section 713 *Corporations Act 2001*(CW) and lodged with ASIC and on ASX Online. The purpose of this prospectus is to cleanse all secondary sales of securities issued pursuant to the Capital Raising and all other issues of securities in the Company during the period of suspension.

Confirmation of Application of Chapter 11 to the Wind & Solar Project

The Company accepts and confirms the decision of ASX (provided on 3 September 2020 and confirmed on 9 June 2021) regarding the application of Listing Rule Chapter 11 to the Wind & Solar Project that:

- assessing the feasibility of the Wind & Solar Project does not constitute a change in the nature and scale of PGY's activities in terms of Listing Rule 11.1 subject to the following conditions:
 - PGY must continue to spend funds on its existing Oil & Gas projects and the Royal Oil & Gas projects;
 - PGY must disclose, in each quarterly activities report, the proportion of expenditure incurred in relation to exploration and evaluation on the oil & gas projects, and the Wind & Solar Project;
 - PGY must disclose as separate line items in each quarterly cashflow report expenditure incurred in relation to the exploration and evaluation expenditure on the oil & gas projects, and the Wind & Solar Project; and
- proceeding beyond the feasibility study stage of the Wind & Solar Project (or incurring expenditure in excess of the \$1,200,000 in relation to the Wind & Solar Project) will constitute a change in the nature and scale of PGY's activities in terms of Listing Rule 11.1. and PGY will be required under Listing Rule 11.1.3 to comply with all of the requirements of Chapters 1 and 2 of the Listing Rules and, in particular, Listing Rule 1.1 condition 1, before it proceeds beyond the feasibility study or incurs expenditure in excess of the \$1,200,000 on the Wind & Solar Project.

Compliance with Listing Rules

The Company confirms that it is in compliance with the ASX Listing Rules and, in particular, Listing Rule 3.1.

Responsible Person

The Company confirms that Cate Friedlander, Company Secretary, is the Company's responsible person for the purposes of ASX Listing Rule 1.1 condition 13.

This announcement has been authorised for release to ASX by the Board of Directors of Pilot Energy Limited.

Enquiries

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

About Pilot Energy Limited: Pilot is currently a junior oil and gas exploration and production company that is aggressively pursuing the diversification and transition to the development of integrated renewable energy, hydrogen and carbon management projects by leveraging its existing oil and gas tenements and infrastructure to cornerstone these developments.

Pilots holds a 21.25% interest in the Cliff Head Oil field, material working interests in WA-481-P and EP416/480 exploration permits, located offshore and onshore Western Australia, which form foundation assets for the potential development of clean energy projects in Western Australia.

Attachment A

Conditions for ASX Reinstatement

Conditions for Reinstatement

Based solely on the information provided, ASX can see no reason why the securities of PGY should not be reinstated to official quotation, subject to compliance with the following conditions precedent:

1. PGY's shareholders approving all the resolutions required to effect the proposed Capital Raising to be considered at a general meeting of shareholders ("Meeting").
2. In respect of the Capital Raising, PGY disclosing the proposed use of funds on terms similar to the proposed expenditure on activities detailed in PGY's letter to ASX dated 25 May 2021.
3. PGY releasing a cleansing prospectus in order to effect secondary sales of the proposed Capital Raising securities and prior issues of securities during the period of suspension.
4. Completion of the Capital Raising, including closure of the prospectus.
5. Confirmation in a form acceptable to ASX that PGY has received cleared funds for the complete amount of the issue price of every security issued pursuant to the Capital Raising.
6. PGY demonstrating compliance with Listing Rule 12.2, to the satisfaction of the ASX including
 - 6.1. Providing a 'working capital statement' similar to that required by listing rule 1.3.3(a) to the effect that following completion of the Capital Raising, PGY will have sufficient working capital at the time of reinstatement to carry out its activities; and
 - 6.2. Satisfying the 'working capital test' of at least \$1.5 million pursuant to Listing Rule 1.3.3(c).
7. Lodgement of all outstanding Appendices 2A or 3B with ASX for issues of new securities.
8. Payment of any ASX fees, including listing fees, applicable and outstanding (if any).
9. Provision of the following documents, in a form suitable for release to the market.
 - 9.1. A statement confirming completion of the Capital Raising.
 - 9.2. A statement outlining PGY's pro-forma capital structure following the Meeting.
 - 9.3. PGY's pro forma statement of financial position based on actual funds raised under the Capital Raising.
 - 9.4. PGY's proposed expenditure on activities based on actual funds raised under the Capital Raising.
 - 9.5. Provision of any other information required or requested by ASX including, but not limiting the generality of the foregoing, in relation to any issues that may arise (1) from ASX's review of the prospectus and (2) PGY's notice of meeting.
 - 9.6. A statement confirming ASX's advice provided on 9 June 2021 reconfirming ASX's decision regarding the application of Chapter 11 to the Wind & Solar Project.
 - 9.7. A statement confirming PGY is in compliance with the Listing Rules and in particular listing rule 3.1.

ATTACHMENT B
SHAREHOLDER RESOLUTIONS – APPROVAL OF CAPITAL RAISING

Pilot Energy Limited
GM
Wednesday, 04 August 2021
Results of Meeting

The following information is provided in accordance with section 251AA(2) of the Corporations Act 2001 (Cth) and ASX Listing Rule 3.13.2.

Resolution details		Instructions given to validly appointed proxies (as at proxy close)				Number of votes cast on the poll (where applicable)			Resolution Result
Resolution	Resolution Type	For	Against	Proxy's Discretion	Abstain	For	Against	Abstain*	Carried / Not Carried
1. Ratification of prior issue of Tranche 1 Placement Shares	Ordinary	225,193,969 94.92%	4,000 0.00%	12,055,942 5.08%	120,000	239,681,544 100.00%	4,000 0.00%	120,000	Carried
2. Approval to issue Tranche 2 Placement Shares	Ordinary	247,927,335 95.32%	124,000 0.05%	12,055,942 4.63%	0	262,414,910 99.95%	124,000 0.05%	0	Carried
3. Approval of issue of Tranche 2 Placement Shares to Bruce Gordon	Ordinary	245,760,366 96.87%	164,001 0.06%	7,768,753 3.06%	6,414,157	255,738,530 99.94%	164,001 0.06%	6,414,157	Carried

* Votes cast by a person who abstains on an item are not counted in calculating the required majority on a poll.

ATTACHMENT C – USE OF FUNDS

“Sources and Use of Funds” table p.15 PGY Notice of Meeting held on 4 August 2021 and lodged on ASX Online on 5 July 2021.

Funding Uses (\$M)	\$9.0	Funding Sources (\$M)	\$9.0
Oil and Gas	\$3.2	<i>Cash & liquid assets @ Royal Completion (2.06.2021)</i>	\$0.7
Exploration tenement work program	\$1.2	<i>WA - 481 P sale to Triangle</i>	\$0.3
Cliff Head	\$2.0	June 2021 Placement	\$8.0
Blue Hydrogen	\$2.4		
Cliff Head Feasibility	\$0.6		
South West Feasibility	\$0.5		
Blue H2/Co2 capture technology study	\$1.1		
Regional CCS study	\$0.2		
Renewables	\$1.0		
Mid West WSP Feasibility	\$0.8		
Offshore Wind baseline study	\$0.2		
Corporate	\$2.4		
Corporate expenses /working capital	\$1.5		
ASX – Mid West reporting condition Chapter 11 costs	\$0.4		
Capital raise costs	\$0.5		

ATTACHMENT D – WORKING CAPITAL TEST

PGY satisfies the 'working capital test' of at least \$1.5 million pursuant to Listing Rule 1.3.3©. See Appendix E, 3.1 (Note 3 – Working Capital).

**ATTACHMENT E – PRO FORMA CAPITAL STRUCTURE POST 4 AUGUST 2021
GENERAL MEETING**

Pro forma capital structure

	Placement Amount	Number of Shares	% Ownership
Existing Shares on issue		365,900,937	73.3%
Placement : Tranche 1	\$ 750,000	12,500,000	2.5%
Placement : Tranche 2	\$ 7,250,000	120,833,333	24.2%
Total	\$ 8,000,000	499,234,270	100.0%
Outstanding Options		65,454,526	

ATTACHMENT F – PRO FORMA STATEMENT OF FINANCIAL POSITION

ATTACHMENT F – ASX CONDITION: 9.3

Pro-Forma Financial Information

1. Basis of preparation and presentation

This section sets out the Pro-Forma Financial Information. The basis for preparation and presentation of this information is also set out below.

The Pro-Forma Financial Information has been prepared in accordance with the recognition and measurement criteria of Australian Accounting Standards. The Pro-Forma Financial Information comprises financial information of the Consolidated Group. The Pro-Forma Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures and notes required in an annual financial report prepared in accordance with Australian Accounting Standards and the Corporations Act 2001.

2. Pro-Forma Financial Information

The Pro-Forma Financial Information set out below comprises the unaudited Pro-Forma Statement of Financial Position as at 31 May 2021 of the Consolidated Group showing the effects of a Capital Raise of \$8M at \$0.06 per share anticipated to complete on or around 10th August 2021.

The unaudited Pro-Forma Statement of Financial Position has been derived from the unaudited Statement of Financial Position as at 31 May 2021 of the Consolidated Group adjusted for the following transactions as if they had occurred at 31 May 2021 (“**Pro-Forma Transactions**”):

- Capital Raise of \$8 million at \$0.06 per share
 - Less costs of Capital Raise of \$480,000
- There have been no material transactions from 31 May 2021 to the date of this Pro-Forma Financial Information.

3. Unaudited Pro-Forma Statement of Financial Position of the Consolidated Group as at 31 May 2021

	Note	Pilot Group Statement of Financial Position 31 May 2021	Capital Raise of \$8M	Consolidated Pro-Forma Statement of Financial Position 31 May 2021
		\$	\$	\$
Current Assets				
Cash and cash equivalents	1	444,260	7,520,000	7,964,260
Trade and other receivables		256,845	-	256,845
Available for sale investment	2	312,510	-	312,510
Prepayments		4,616	-	4,616
Total Current Assets		1,018,231	7,520,000	8,538,231
Non-Current Assets				
Trade and other receivables		41,742	-	41,742
Intangible assets		56,385	-	56,385
Investments in associates		420,515	-	420,515
Cliff Head		4,358,504	-	4,358,504
Other		3,499	-	3,499
Total Non-Current Assets		4,880,645	-	4,880,645
Total Assets		5,898,876	7,520,000	13,418,876
Current Liabilities				
Trade and other payables		336,914	-	336,914
Employee benefits		9,833	-	9,833
Financial liabilities		37,274	-	37,274
Total Current Liabilities		384,021	-	384,021
Non-Current Liabilities				
Financial liabilities		11,444	-	11,444
Loans from associates		600,717	-	600,717
Total Non-Current Liabilities		612,161	-	612,161
Total Liabilities		996,182	-	996,182
Net Assets		4,902,694	7,520,000	12,422,694
Equity				
Issued capital	4	52,925,220	7,520,000	60,445,220
Reserves		6,602	-	6,602
Retained earnings		(48,029,128)	-	(48,029,128)
Total Equity		4,902,694	7,520,000	12,422,694

3.1. Notes to and forming part of the Pro-Forma Financial Information

Note 1 Reconciliation of movements in Pro-Forma cash and cash equivalents

	Cash and cash equivalents \$
Pilot Group Consolidated Cash Position as at 31 May 2021	444,260
Completion of \$8 million capital raise*	8,000,000
Costs of capital raise*	(480,000)
Pro-forma Consolidated Cash Position as at 31 May 2021	7,964,260
<i>*anticipated to complete on or around 10th August 2021</i>	

Note 2 Available for Sale Investment

<i>Vintage Energy Limited (ASX:VEN)</i>	31 May 2021
Shares (Number) at the end of the period	5,208,488
Price (\$) at the end of the period	0.060
Market Value	312,510

Note 3 Working Capital

	Working Capital \$
Current Assets of the Consolidated Group as at 31 May 2021	8,538,231
Current Liabilities of the Consolidated Group as at 31 May 2021	(384,021)
Pro-forma Working Capital as at 31 May 2021	8,154,210

Note 4 Reconciliation of Movements in Pro-Forma Contributed Equity

	Number of options #	Number of shares #	Contributed equity \$
Existing Equity @ 31 May 2021	65,454,526	365,900,937	52,925,220
Capital Raise of \$8 million at \$0.06 per share*	-	133,333,333	7,520,000
Pro-forma Equity on issue	65,454,526	499,234,270	60,445,220
<i>*anticipated to complete on or around 10th August 2021</i>			



PILOT ENERGY LIMITED
A.B.N. 86 115 229 984
And its controlled entities

Report on the Pro-Forma Financial Information

We have reviewed the accompanying Pro-Forma Financial Information (the 'Pro-Forma') for Pilot Energy Limited and its controlled entities (Pilot Group), which comprises the Pro-Forma as at 31 May 2021 and supporting notes.

The compilation of the Pro-Forma, (the 'Financial Information') comprises the following information:

- Unaudited statement of financial position as at 31 May 2021 for Pilot Energy Limited
- Unaudited statement of financial position as at 31 May 2021 for Royal Energy Pty Limited
- The proposed capital raising of \$8,000,000 expected to be completed on or around 10th of August 2021

Directors' Responsibility for the Financial Information and Pro-Forma

The directors of the Pilot Group are responsible for the preparation of the Pro-Forma that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the Pro-Forma that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the Pro-Forma based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2405: *Review of Historical Financial Information Other than a Financial Report*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Pro-Forma is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Pilot Group financial position on completion of the proposed transaction.

A review of the Pro-Forma consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures of the compilation of the Pro-Forma. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the compilation of the Pro-Forma of the Pilot Group is not in accordance with the *Corporations Act 2001*, including giving a true and fair view of the Pilot Group's financial position following the completion of the proposed transaction.

MNSA Pty Ltd

Mark Schiliro

Director

Sydney

Dated this 4th day of August 2021