

## Pilot Energy Limited

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### Announcement to ASX

ASX:PGY

11 July 2022

### Pilot Energy Raises \$2.2 million

#### Highlights

- Commitments received for a placement of \$2.2m (before costs)
- Pilot funded to complete critical milestones in the development of its Mid West Clean Energy Project in WA
- Over the next twelve months Pilot expects to complete all steps to enable final investment decision (FID) on the Cliff Head CCS Project

#### Overview

Pilot Energy Limited (**Pilot** or **Company**) (ASX:PGY) is pleased to announce that it has received commitments for \$2.2 million (before costs) in a two-tranche placement (**Placement**) to new and existing sophisticated, institutional and professional investors. Strong investor interest was shown in the placement along with support for the Company's strategic focus on developing the Mid West Clean Energy Project in Western Australia.

#### Placement Terms

Under the terms of the Placement, the Company will issue 129,411,765 fully paid ordinary shares (**Shares**) to sophisticated and professional investors at an issue price of \$0.017 per Share to raise \$2.2 million before costs.

As part of the Placement, the Company will issue one new call option (**Options**) for every two new Shares issued to investors, resulting in a total of 64,705,882 new Options being issued. The Options will be unlisted, have a three-year term to expiry and an exercise price of \$0.033.

The issue price of \$0.017 per share represents a 17.1% discount to the last closing price of \$0.0205 per Share (6 July 2022) and a 15% discount to the 5-day VWAP.

A total of 98,000,000 Shares (to raise \$1,666,000) will be issued as Tranche 1 of the Placement, under the Company's existing placement capacity. The balance of 31,411,765 Shares (to raise \$534,000) will comprise Tranche 2, subject to Pilot shareholders approving resolutions to be proposed at the Company's General Meeting, to be held on or around 19<sup>th</sup> August 2022 (**GM**). Issue of the Options is also subject to their approval at the GM.

Bridge Street Capital Partners is Lead Manager of the Placement. Under the terms of its engagement, the Lead Manager will be paid a management fee of 2% and a placement fee of 4% of the total funds raised under the Placement.

## Strategic Investor

As previously announced on 30 June 2022, 8 Rivers Capital, LLC (**8 Rivers**) and Company concluded a Memorandum of Understanding (**MOU**) for 8 Rivers to invest in the Mid West Clean Energy Project (**Project**). The MOU contemplates that 8 Rivers' support will take the form of an investment of A\$1 million (split equally in cash and in-kind) for Project costs (the **Investment**) and 8 Rivers will receive an option on offtake of ammonia once the Project is in production.

Pilot Chairman, Brad Lingo commented, *"The Pilot team are looking forward to continuing our strong working relationship with 8 Rivers. Pilot's feasibility studies demonstrated the benefit of combining the Cliff Head CCS resources with the 8 Rivers clean hydrogen solution at our Mid West Clean Energy Project. Given 8 Rivers market-leading expertise in zero carbon solutions, the investment contemplated by the MOU represents a strong endorsement of Pilot's Mid West Clean Energy Project"*.

## Director Participation

Directors of the Company have agreed to acquire 2 million Shares (\$34,000) pursuant to the Placement, subject to approval of shareholders at the Company's GM. The shares and options held by directors and management provide for very strong alignment for all key members of the team to the overall success of Pilot.

## Sources and Uses of Funds

The sources and uses of funds over the next twelve months are as follows:

Oil & Gas Tenement Work Program	\$0.8m
Blue Hydrogen and CCS Project	\$2.2m
Mid-West Renewables Project	\$0.3m
Corporate Expenses and Working Capital	\$1.3m
Capital Raising Costs	\$0.1m
<b>Total</b>	<b>\$4.7m</b>

Funded by:

Existing Cash (30 June 2022)	\$2.0m
PGY share of existing cash retained in Cliff Head Operating Company* <sup>1</sup>	\$1.8m
Capital Raising	\$2.2m
8 Rivers Technical Services ("In Kind")	\$0.5m
<b>Total</b>	<b>6.5\$m</b>

Importantly, Pilot is now funded to complete critical milestones in the development of its Mid West Clean Energy Project in WA. Over the next twelve months Pilot expects to complete all steps to enable final investment decision (FID) on the Cliff Head CCS Project. These steps

<sup>1</sup> Pilot is 50% owner of Cliff Head Operating Company – Triangle Energy Operations Pty Ltd. Following the most recent crude oil sales from the Cliff Head Oil Field to BP announced on 8 June 2022 (see ASX announcement by Pilot and Triangle Energy (Group) Ltd) total crude oil sales of A\$21.3 million were received of which Pilot's share is \$4.5 million. Of these funds received A\$1.4 million was repaid to Pilot, A\$800k was contributed to the workover programme to reinstate oil production from CH-10 and A\$1.8 million was retained in the Cliff Head Operating Company to fund Pilot's share on on-going operating and working capital costs for the Cliff Head Oil Field production operations pending on-going sales from continuing production operations.

include the following:

- Permitting – Engaging with regulators to secure the necessary regulatory approvals;
- Site Acquisition – Completing project site selection and commencing site acquisition;
- Commercial Offtake – Engaging with prospective parties for commercial CCS offtake and secure material foundation customers for the Project;
- EPCM Contractor – Commence engagement with potential EPC contractors and select and document arrangements with preferred EPCM Contractor;
- Pre-FEED – Commence detailed Front-End Engineering & Design (FEED) and costings for CCS and Blue Hydrogen; and
- Capital – Engage with debt and equity providers wishing to finance the CCS and Blue Hydrogen projects.

Brad Lingo commented, *“We thank the placement investors and existing shareholders of Pilot for their ongoing support. Over the last twelve months Pilot has completed feasibility studies in relation to the Mid West Clean Energy Project that clearly demonstrate that the project is attractive, with robust economics. Following the Placement, we now have the runway over the next 12 months to focus on the Cliff Head CCS component of our Project, with the objective of getting this to final investment decision (FID) within that time frame. I am confident that significant value will be created when we achieve this milestone”.*

## ENDS

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

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### Enquiries

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

Pilot holds a 21.25% interest in the Cliff Head Oil field and Cliff Head Infrastructure, 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.