



Operational Review

Financial Year Ending 30 September 2015

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Prospective Resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery (GCoS) and a risk of development (chance of a commercial development). Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

This presentation contains information on conventional petroleum resources which is based on and fairly represents information and supporting documentation reviewed by Mr Conrad Todd, a Petroleum Geologist with over 30 years experience and a BSc in Geology from the University of London and a MSc in Stratigraphy from the University of London. Mr Todd is a member of the AAPG, PESA, SEAPEX, PESGB, and is qualified in accordance with ASX listing rule 5.1. He is a Non-executive Director of Pilot Energy Ltd. Mr Todd has consented to the inclusion of this information in the form and context to which it appears.

- Milestones for Financial Year 2015
- Market Conditions
- Company Strategy
- Asset Portfolio
 - WA-507-P
 - WA-503-P
 - EP416 & EP480
 - EP437
- Prospective Resources
- Alaskan Exit
- Corporate
- Summary

Milestones FY 2015



End FY 2014

- Single project, subject to commercial dispute
- High debt
- High corporate overheads
- Part-time management

October '14

November '14

December '14

Acquired WA-507-P

Royale Energy commenced legal proceedings

Counterclaim against Royale Energy

January '15

February '15

March '15

April '15

Filed for US\$3.7mm Alaskan NOL Credit

Major gas potential confirmed WA-507-P

Acquired WA-503-P

Relocated HQ to Perth

May '15

June '15

July '15

August '15

Reduced corporate overheads

Underwritten Rights Issue

Received US\$3.1mm Alaskan Exploration Tax Credit

Alaskan litigation suspended

Change of Company name

Received US\$3.7mm Alaskan NOL Credit. Debt free

WA-503-P Transitional Work Program Variation approved

September '15

October '15

November '15

Present

Acquired EP416/480

Settlement with Royale Energy

Major oil potential confirmed WA-507-P

US\$150,000 initial payment from Royale

Acquired EP437

Sale of Western Block by Royale triggers remaining US\$350,000 payable

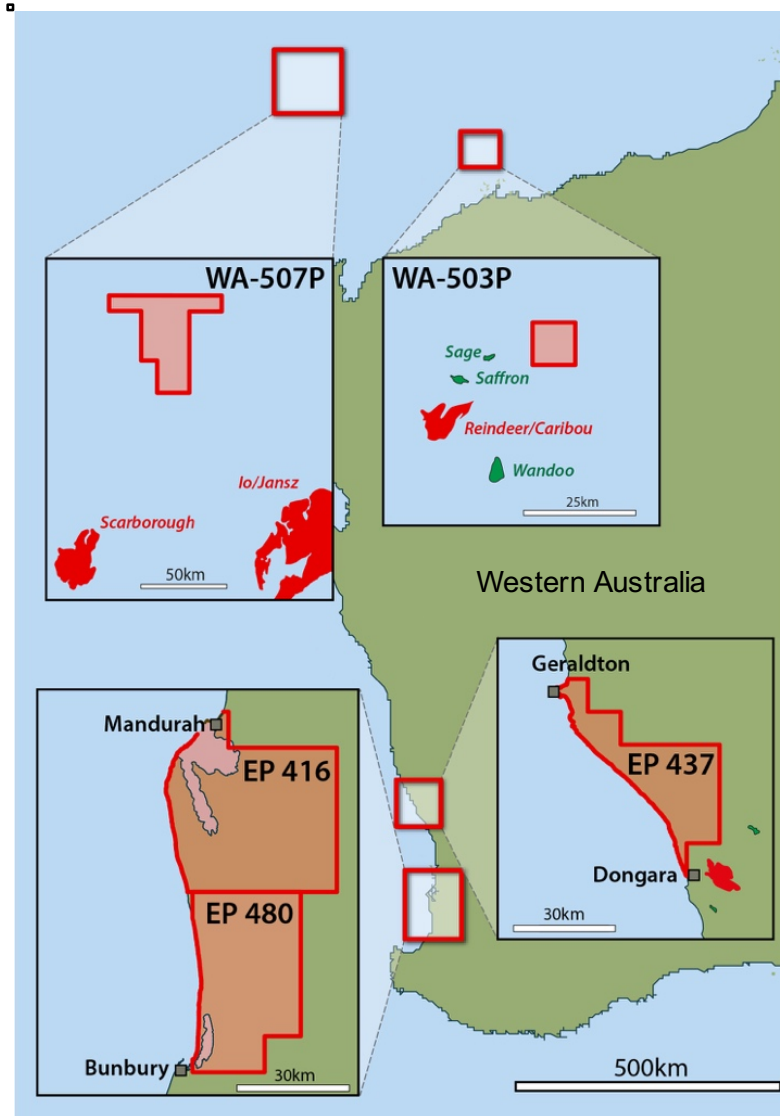
- Diverse asset portfolio
- Litigation resolved
- Zero debt
- Clear strategy
- Substantially reduced overheads
- Full-time management

- Prevailing market conditions present significant challenges for junior exploration companies
- Market conditions **do however** provide a rare opportunity to employ a counter-cyclical investment strategy
- Within the past 12 months Pilot Energy has acquired an entirely new portfolio of five exploration permits
- Acquisitions achieved on very favorable commercial terms
- It is essential that Pilot Energy maintains a low cost approach to its business
 - Substantially reduced corporate overheads
 - Creative commercial structures with industry partners and suppliers
- Maintaining a high degree of cost control, as Operator
- Positioning for industry recovery

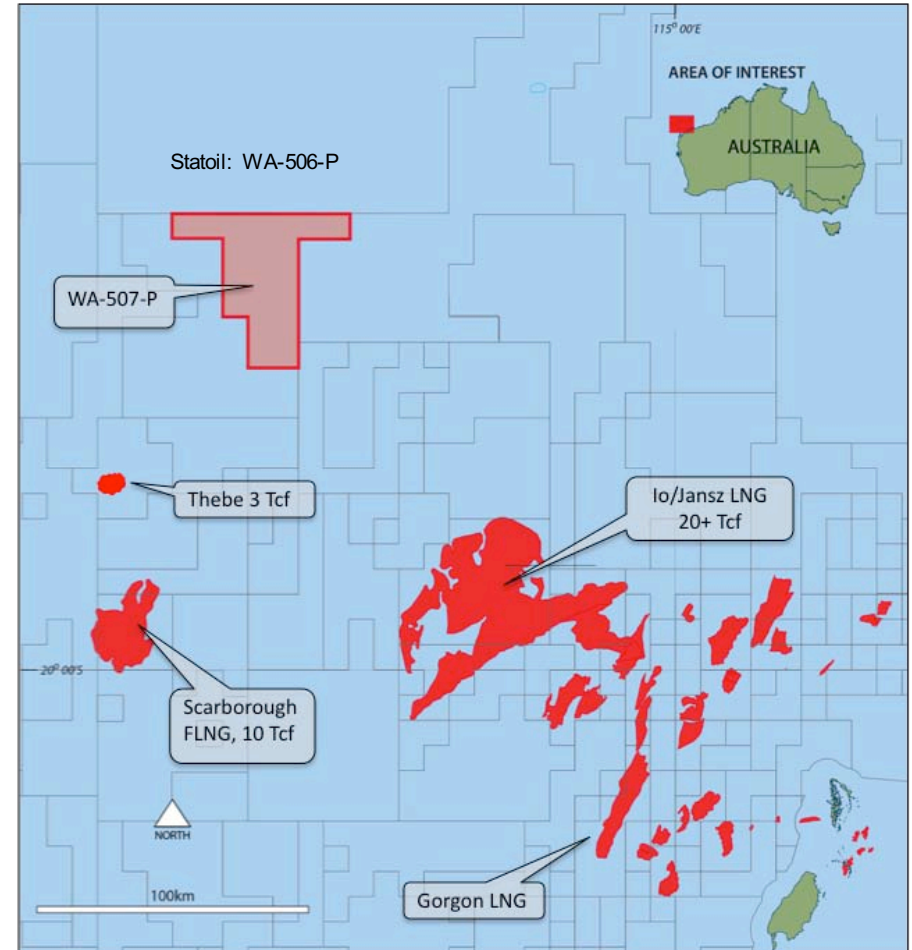
- Build a leading junior E&P company, by developing a diverse portfolio of high quality exploration assets
- Focus on conventional resources within proven petroleum provinces
- Mix of onshore & offshore, oil & gas
- Maintain low and achievable work commitments
- Maintain a low corporate cost structure
- Act as Operator wherever possible
- Generally acquire large working interests, thereby providing sufficient project equity to farmout for funding of future work programs
- Gain independent verification of prospective resources as the basis for attracting quality farmin partners
- Ensure sufficient lead-time for farming out ahead of any major work commitments

Asset Portfolio

- Company has rapidly acquired interests in 5 permits across 4 projects
- All projects located in proven petroleum provinces within Western Australia
- Achieved portfolio diversity, e.g. onshore gas vs deepwater oil
- Acquisitions achieved with minimal cash outlay
- Favorable commercial structures
- Pilot Energy is Operator of all projects except EP437
- Low commitments
- Very significant prospective resources

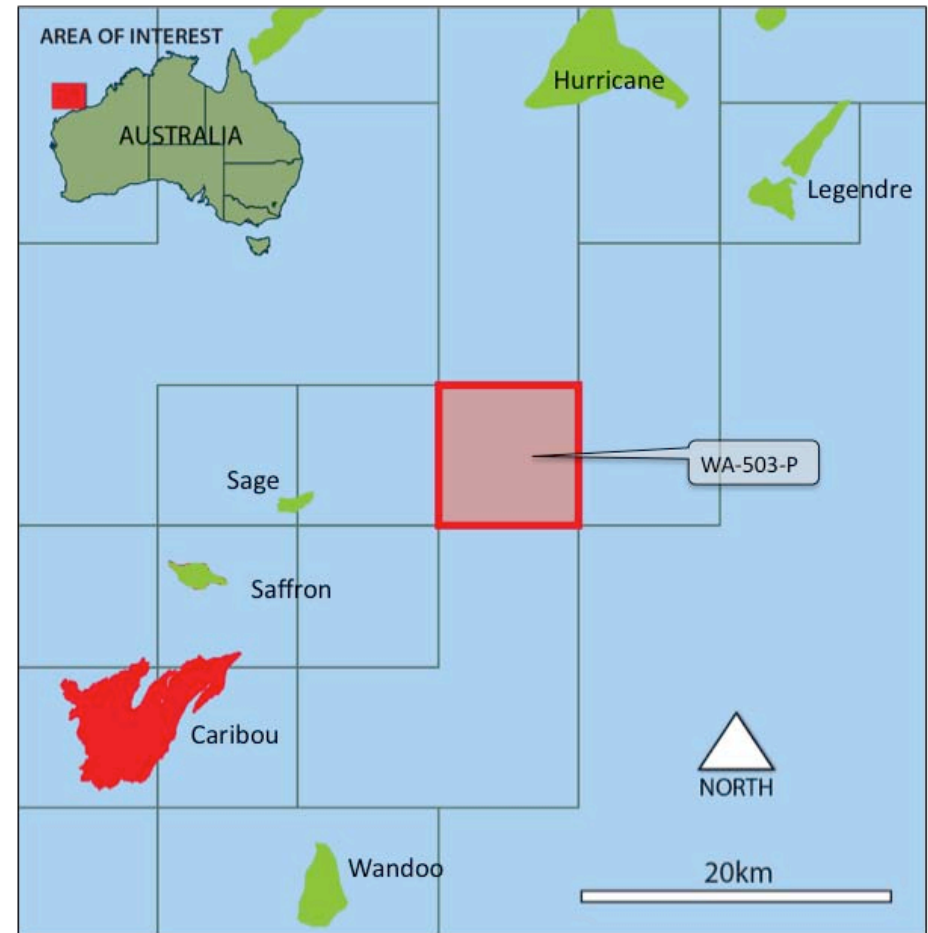


- Acquired 80% operated interest in November 2014
- Excellent address on Exmouth Plateau
- Established big gas play, on trend with discoveries
- Emerging oil play attracting considerable industry interest
- Major commitment by Statoil in WA-506-P
- Existing high quality 3D seismic data licensed by Pilot Energy
- Three large prospects identified
- Very significant prospective oil & gas resources, independently verified by Gaffney Cline & Associates (GCA)
- No current drilling commitment



Very high impact deep water oil & gas exploration

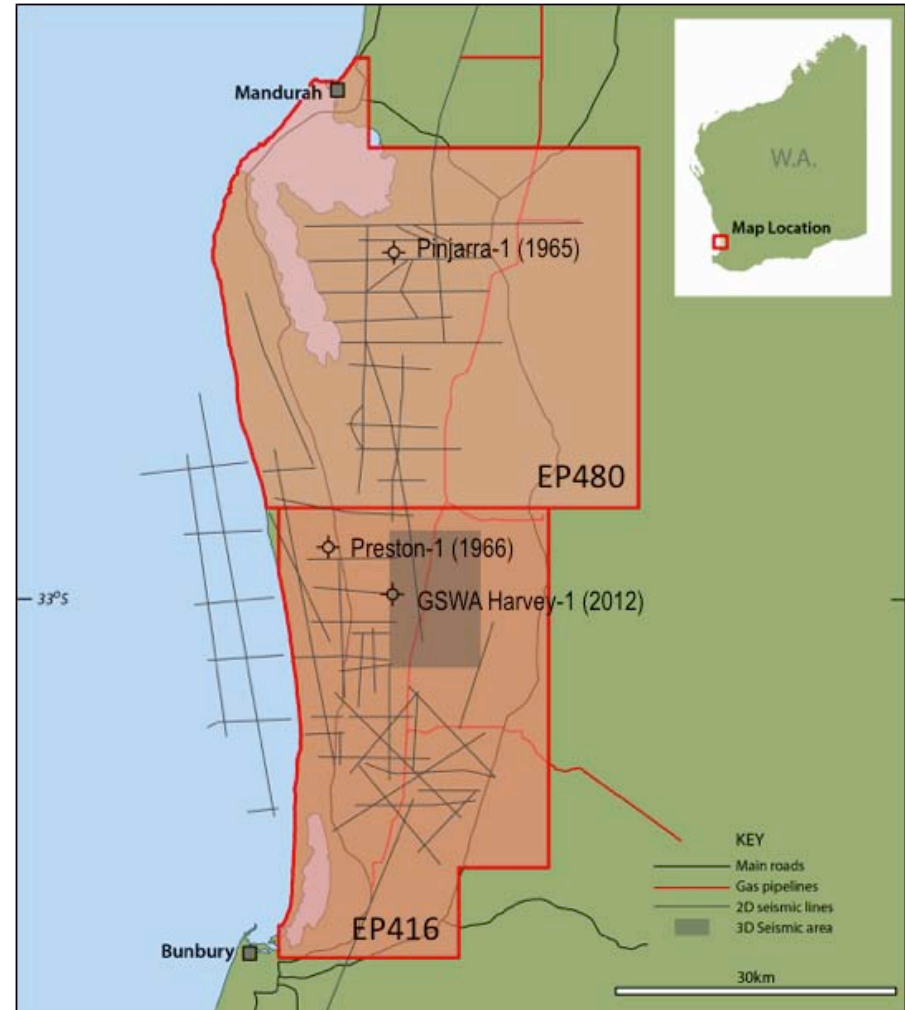
- Acquired 80% operated interest in March 2015
- Shallow water; jack-up drilling rig territory
- Prospective for oil, located on Legendre oil trend
- Existing 3D seismic data available
- Three prospects identified
- Significant prospective resources, currently being independently assessed by GCA
- Commitment to acquire 80 km² new broadband 3D seismic data
- Primary term commitments to be fulfilled by May 2017
- No current drilling commitment



High impact shallow water oil exploration

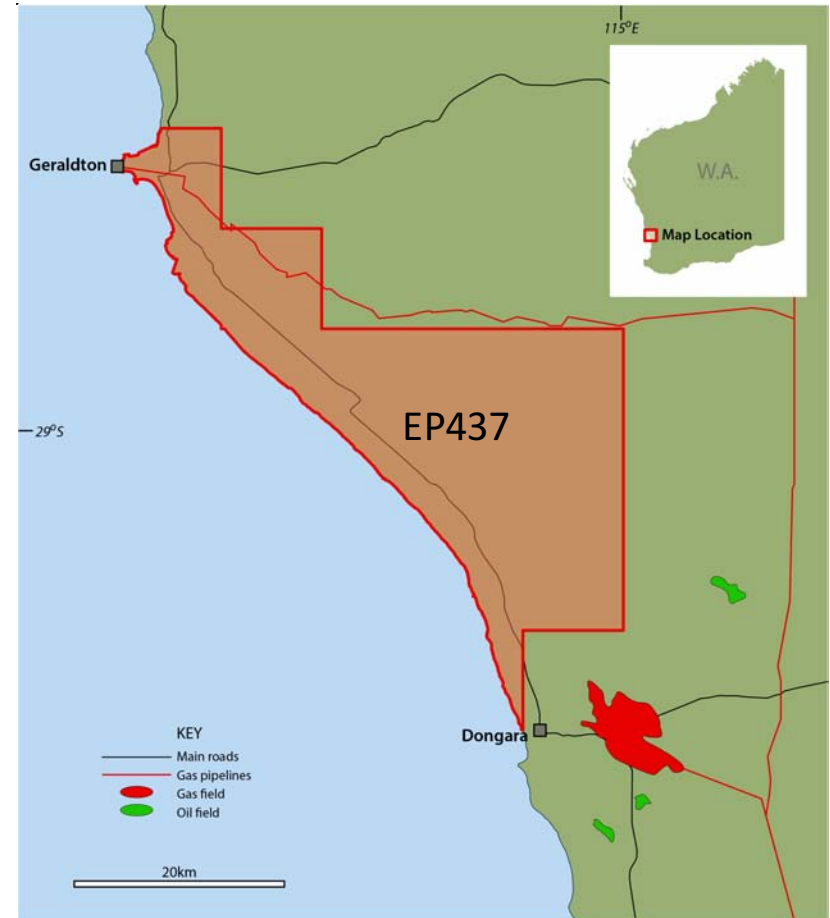
EP416 & EP480

- Earning 60% operated interest from Empire Oil & Gas
- Permits located in southern Perth Basin
- Prospective for gas, in area of significant demand
- Large area with existing seismic data and three wells
- Wells confirm analogous gas play to that present in north of Perth Basin
- Large prospect identified, with up to 200km² structural closure
- Significant prospective resources
- Interpretation of Empire's airborne geophysical survey near completion
- Results will influence future work program



High impact low cost onshore gas exploration

- Acquired ~13% interest in November 2015
- Located in northern Perth Basin, on trend with multiple oil & gas discoveries
- Prospective for both oil & gas
- Three prospects identified, all updip from Dunnart-1 & 2 wells
- Proximity to infrastructure enables even small discoveries to be monetised
- Low cost exploration with minimal near-term commitments



Low cost onshore oil & gas exploration

Prospective Resources



Permit	Oil/Gas	Low Case	Best Case	High Case
WA-507-P	Oil	604 MMBbl	1,581 MMBbl	3,600 MMBbl
WA-507-P	Gas	4,030 Bscf	10,047 Bscf	21,099 Bscf
WA-503-P	Oil	25 MMBbl	68 MMBbl	180 MMBbl
EP416/480	Gas	90 Bcf	270 Bcf	600 Bcf
EP437		In progress		

Notes:

1. All quoted prospective resources are gross (100%) on-block
2. For WA-507-P the quoted prospective resources are the arithmetic sum of the three leads identified by Pilot Energy and individually assessed by GCA. The leads are prospective for oil or gas, or a combination of oil and gas. Refer to Company ASX announcements of 25 February 2015 and 20 October 2015.
3. For WA-503-P the quoted prospective resources are the arithmetic sum of the three leads identified by Pilot Energy, and are the current internal estimates of Pilot Energy. The prospective resources are being assessed by GCA and results will be released to the ASX in due course.
4. For EP416/480 the quoted prospective resources are the arithmetic sum of the two reservoirs within the single lead identified by Pilot Energy, and are an internal estimate by Pilot Energy. Refer to Company ASX announcement of 2 September 2015.
5. For EP437, Pilot Energy has not yet completed the necessary work to provide a valid internal estimate of the permit's prospective resources, having only recently acquired its interest in the permit.

- ACES debt facility paid off in August 2015, through Alaskan exploration tax rebates
- Pilot Energy now free of debt
- Legal dispute with Royale Energy settled in September 2015
- Pilot Energy and Royale Energy have released each other from all current and future claims pertaining to their dispute
- Pilot Energy's interest in the Western Block leases is being transferred to Royale Energy
- Pilot Energy has received an US\$150,000 initial payment
- Pilot Energy will receive a further US\$350,000 further to the recent sale by Royale Energy of its entire Western Block interests to an undisclosed third party

- Pilot Energy has “cleared the decks” over the past 12 months
- Litigation with Royale Energy resolved
- Company is free of debt
- Established an experienced and dedicated Board of Directors, with “skin in the game”
- Raised funds via an underwritten Rights Issue, underwritten by directors to tune of \$200,000
- Fixed corporate overheads reduced by ~\$500k per annum
 - Moved HQ from Adelaide to serviced office premises in Perth
 - Terminated various third party service agreements
 - Back-office function outsourced
 - MD appointed with a reduced fixed remuneration component

- The Company has resolved its legacy issues
- Clear strategy in place, led by motivated Board of Directors with experience of new ventures and farmouts
- Appropriate organisational structure established
- Substantially reduced corporate overheads
- Acted in an entrepreneurial fashion to rapidly build a diverse asset portfolio within the past 12 months, with minimal cash outlay
- Portfolio offers very significant prospective oil & gas resources
- Low commitments and favorable commercial structures
- Obtaining independently verified prospective resources for assets, as basis for farming out
- Very well positioned for industry recovery

END