

Announcement to ASX

10 March 2017

LESS THAN MARKETABLE PARCEL SHARE SALE FACILITY

Pilot Energy Ltd (**Pilot** or **Company**, ASX: PGY) is pleased to announce the establishment of a share sale facility ("**Facility**") for holders of less than a marketable parcel of the Company's shares ("**Less Than Marketable Parcel**").

Under the Listing Rules of the Australian Securities Exchange, any shareholding valued at less than \$500 is considered to be a Less Than Marketable Parcel". The Record Date for the purpose of establishing holders of Less Than Marketable Parcels has been set at 5pm (AEST) on 9 March, 2017. The sale price is set at \$0.002 with the shares to be offered to third parties at that price. Those third parties may include directors of Pilot Energy.

As such, a Less Than Marketable Parcel of Pilot Energy shares will be any registered shareholding of 250,000 shares or less. Shareholders who own 250,001 shares or more will not be eligible to participate in the Facility. Of the Company's approximately 1,741 shareholders, 1,090 hold Less Than Marketable Parcels.

Pilot Energy values all shareholders and is offering this Facility to enable eligible shareholders to realise the value of their shares without incurring brokerage and other expenses. The Company will pay for all costs related to the Facility and anticipates a reduction in administrative costs associated with maintaining a large number of small holdings.

A summary of the key dates in relation to the Facility is as follows:

Unmarketable Parcels Record Date – 9 March 2017 at 5.00pm (AEST).

Letters sent to shareholders holding Unmarketable Parcels – 17 March 2017

Closing Date for receipt of Share Retention Forms – 28 April 2017 at 5.00pm (AEST).

Unmarketable Parcels Payment date – expected to be on or about 12 May 2017

Attached is a copy of the Notice of Intention to Sell and the Share Retention Form which are being sent to all shareholders holding Less Than Marketable Parcel of shares on the Record Date.

Those who wish to retain their shares must complete and sign the Retention Form and forward it to Computershare by 5pm (AEST) on 28 April 2017.

Enquiries

David McArthur, Company Secretary, Tel: +61 8 94233200, email: davidm@broadwaymgt.com.au

About Pilot Energy: Pilot Energy Ltd is an emerging junior oil and gas exploration company that is implementing a low-cost, counter-cyclical strategy to develop a portfolio of high quality oil and gas exploration assets. The Company's aggressive new ventures program has rapidly resulted in acquisition of material working interests in the WA-481-P, WA-507-P, WA-503-P and EP416/480 exploration permits, located offshore and onshore Western Australia, in addition to a minor working interest in the EP437 permit. Key to Pilot Energy's strategy is minimisation of project entry cost and work commitments, while allowing sufficient time to add value through desktop studies prior to seeking farming partners to fund seismic and/or drilling. Pilot Energy works closely with industry partners such as seismic contractors in order to develop creative pricing models for services that help to reduce the Company's upfront cash investment.

Dear Pilot Energy Shareholder,

NOTICE OF INTENTION TO SELL SHARES OF LESS THAN MARKETABLE PARCEL

The Board of Directors of Pilot Energy Limited (**ASX: PGY**) ("**Pilot Energy**" or "**the Company**") are pleased to announce the Company will commence the process for the sale of ordinary shares ("**shares**") for holders who hold less than a "marketable parcel" (defined in the ASX Listing Rules as a parcel of securities of not less than \$500 in value) ("**Less Than Marketable Parcel**") ("**Less Than Marketable Parcel Sale**").

This offer applies to shareholders who at 7:00pm (AEST) on 9 March 2017 ("**Record Date**") were holders of shares in Pilot Energy valued at less than \$500 based on the last closing price of Pilot Energy shares of \$0.002 per share on the Record Date. Our records show that you are the holder of less than a marketable parcel as at the Record Date and accordingly your shareholding is eligible to participate in this share sale facility.

Pilot Energy is offering this facility as it provides the following benefits:

- Holders of less than a marketable parcel have the opportunity to sell their shares without incurring any brokerage or handling costs which, in proportion to the value of their holding, may otherwise render a sale unattractive or uneconomical; and
- The expense and administration involved in maintaining shareholders with less than a marketable parcel is reduced.

The Company has approximately 1,741 shareholders of which approximately 1,090 hold less than a marketable parcel of shares that in aggregate represent approximately 1.58% of all issued shares.

You may choose to sell all of your holding or retain your existing holding as explained below.

1. Sell all of your Less Than Marketable Parcel

If you wish to sell your shares without incurring brokerage or handling costs, you do not need to take any action. Pilot Energy is authorised under its Constitution to sell your shares following the Closing Date of 28 April 2017 ("**Closing Date**").

The price you receive for each share sold through this facility will be equal to \$0.002 per share being the highest trading price for the shares in the last 60 days.

All costs associated with the sale of your Shares will be borne by the Company. No brokerage will be payable by you.

If your shares are held in a CHESS holding, Pilot Energy may, after the Closing Date, initiate a holding adjustment to move your shares to the issuer sponsored sub-register for the purpose of this facility.

Any tax consequences arising from the sale or buy-back of your shares will be your responsibility.

2. Retain your existing holding

If you wish to retain your existing holding, then you must either:

- correctly complete, sign and return the enclosed Share Retention Form so that it is received by 5.00pm (AEST) on 28 April 2017, being the Closing Date of this facility; or
- arrange to have multiple holdings consolidated into the one holding which has 250,000 or more shares on the Closing Date; or
- make your own arrangements outside this facility to purchase additional shares so that you are the registered holder of 250,000 or more shares on the Closing Date.

If you successfully take one of these steps, Pilot Energy will not be entitled to sell your shares.

Important information

Pilot Energy reserves the right to vary, delay or terminate this sale facility by notice to the ASX.

The Company will determine whether a shareholder has a less than marketable parcel as at the Record Date. The Company will not have any reference to any increase in the price of shares after the Record Date in determining whose shares may be sold or bought back pursuant to this facility.

If you have a less than marketable parcel as at the Record Date, then unless you take one of the steps outlined in section 2 of this letter, Pilot Energy will be entitled to sell your shares under this facility.

Pilot Energy does not make any recommendation or provide any advice to you regarding whether to sell your holding under this facility or retain your existing holding.

Summary of Key Dates

<i>Unmarketable Parcels Record Date</i>	7:00pm (AEST) on 9 March 2017
<i>Unmarketable Parcels Facility Announcement to ASX</i>	10 March 2017
<i>Letters sent to shareholders holding Unmarketable Parcels</i>	17 March 2017
<i>Closing Date for receipt of Share Retention Form</i>	5:00pm (AEST) on 28 April 2017
<i>Estimated Unmarketable Parcels Payment Date</i>	12 May 2017

If you require advice as to whether to sell your shares, please consult your legal, financial or taxation adviser.

For further information, please contact the Company Secretary, David McArthur, on +61 8 94233200 between the hours of 8.30am and 5.00pm WST Monday to Friday.

Yours faithfully

On behalf of the Board of Pilot Energy Limited
David McArthur
Company Secretary



Pilot Energy

ABN 86 115 229 984

Return your Form to the Company's share registry:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 52
Melbourne Victoria 3001
Australia

For all enquiries:



Phone:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

PGY

MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

S0000001Q001

Share Retention Form

If you wish to retain your shares, your form must be received by 5:00pm (AEST) on 28 April 2017

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

Step 1: Shareholding Details

Use this form if you wish to retain your shares in Pilot Energy Limited. If you have recently bought or sold shares your shareholding may differ from that shown. If you have already sold all your shares in Pilot Energy Limited, do not complete or return this form. If you have more than one shareholding on Pilot Energy Limited's register and you do not wish to sell your shares under the Small Shareholding Buyback, you should consider consolidating them. For further advice on how to do this, contact Computershare Investor Services Pty Limited (CIS) on the number above.

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect.

If you have a CHESS sponsored shareholding, please contact your Controlling Participant to notify a change of address.

Step 2: Signing Instructions

Individual: Where the shareholding is in one name, the shareholder must sign.

Joint Shareholding: Where the shareholding is in more than one name, all of the shareholders must sign.

Power of Attorney: Where signing as Power of Attorney (POA), you must attach an original certified copy of the POA to this form.

Companies: Where the shareholding is in the name of a Company, this form must be signed in accordance with the Corporations Act, either as:

- a Sole Director and Sole Company Secretary **OR** a Sole Director (if no Company Secretary exists), **OR**
- two Directors, **OR**
- a Director and Secretary.

Overseas Companies: Where the shareholding is in the name of an Overseas company (companies incorporated outside Australia) the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate manner.

Deceased Estate: Where the shareholding is in the name of a deceased estate, all executors must sign; and a certified copy or original, of the required documentation must accompany this form. Details of the documentation required can be found by searching "deceased estates" on our website www.computershare.com or by calling Computershare Investor Services Pty Limited on 1300 850 505 or +61 3 9415 4000. If the shareholding is in more than one name the surviving shareholder may sign the form and return it together with a certified copy of the death certificate of the other joint shareholder.

Step 3: Contact Details

Entering contact details is not compulsory, but will assist us if we need to contact you.

Turn over to complete the form ➞



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Share Retention Form

STEP 1 Shareholding Details

 For your security keep your SRN/
HIN confidential.

MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001



Change of address. If incorrect, mark this box and make the correction in the space to the left. Shareholders sponsored by a broker (reference number commences with 'X') should advise their broker of any changes.

Shares held as at 5:00pm (AEST) on 9 March 2017:

STEP 2 Signature of Shareholder(s) *This section must be completed.*

By signing and returning this form, in accordance with the requirements set out in 'Step 2: Signing Instructions' overleaf, I/we confirm that I/we understand that my/our **SHARES WILL NOT BE SOLD** under the Small Shareholding Buyback.

Individual or Shareholder 1

Sole Director and Sole Company Secretary/
Sole Director (cross out titles as applicable)

Shareholder 2

Director

Shareholder 3

Director/Company Secretary
(cross out titles as applicable)

STEP 3 Contact Details

Contact
Name

Contact
Daytime
Telephone

Date / /

Email
Address

Privacy Notice

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited (CIS), as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.



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