



**PILOT ENERGY LIMITED
ABN 86 115 229 984**

NOTICE OF GENERAL MEETING

**EXPLANATORY MEMORANDUM
AND
PROXY FORM**

Date of Meeting: Thursday, 10 December 2020

Time of Meeting: 11:00am (AEDT)

Place of Meeting: To be held virtually via Lumi Online Platform

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting (**GM** or **Meeting**) of shareholders of Pilot Energy Limited (**Company**) will be held at 11:00am (AEDT) on Thursday, 10 December 2020.

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the GM. The Explanatory Memorandum and the Proxy Form are part of this Notice of Meeting.

Terms and abbreviations used in this Notice of Meeting and/or the Explanatory Memorandum will, unless the context otherwise requires, have the same meaning given to them in the Definitions contained in the back of the Explanatory Memorandum.

The Directors have determined under Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders of the Company at 7:00pm (AEDT) on Tuesday, 8 December 2020.

ATTENDING THE GM VIRTUALLY

Due to the current circumstances relating to COVID-19 and the associated restrictions on travel and public gatherings, the Commonwealth Treasurer has introduced temporary modifications to the *Corporations Act 2001* (Cth) to allow the Notice of Meeting and other information regarding the GM to be provided electronically and to allow Shareholders to participate in the GM using the online facility which facilitates direct voting and questions. As such, the Company has elected to host the GM virtually, through the Lumi online platform (Lumi), to ensure all Shareholders are still able to attend and participate in the Meeting.

Shareholders will be able to view the meeting presentations and listen to the meeting live, submit questions to the Chairman in real time and vote on Resolutions through Lumi.

Shareholders who wish to participate in the GM online may do so:

- a. From their computer, by entering the URL into their browser
<https://web.lumiagm.com/354854529>
- b. From their mobile device by either entering the URL in their browser:
<https://web.lumiagm.com/354854529> or by using the Lumi app, which is available by downloading the app from the Apple App Store or Google Play Store.

If you choose to participate in the Meeting online or through the app, you can log in to the meeting by entering:

1. Your username, which is your Voting Access Code (VAC), which can be located on the first page of your proxy form or Notice of Meeting email.
2. Your password, which is the postcode registered to your holding if you are an Australian shareholder. Overseas shareholders should refer to the user guide for their password details.
3. If you have been nominated as a third party proxy, please contact Boardroom on 1300 737 760.

Attending the meeting online enables Shareholders to view the Meeting live and to also ask questions and cast direct votes at the appropriate times whilst the meeting is in progress.

More information regarding participating in the GM online can be found at the end of this document.

Resolution 1 – Ratification of Tranche 1 Placement Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue by the Company of 15,909,097 Shares (**Tranche 1 Placement Shares**) under either Listing Rules 7.1 or 7.1A at an issue price of \$0.033 per Share issued under the Placement on or about 1 October 2020, to those recipients set out in and otherwise on the terms and conditions as more fully described in the Explanatory Memorandum.*

See the Explanatory Memorandum accompanying this Notice for further information about this Resolution.

A Voting Exclusion Statement for Resolutions 1, 6 and 7 is set out below.

Resolution 2 – Issue of Tranche 2 Placement Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*That for the purposes of Listing Rule 7.1 and all other purposes, approval is given for the Company to issue up to 59,848,479 Shares (**Tranche 2 Placement Shares**) at an issue price of \$0.033 per Share to those recipients set out in and otherwise on the terms and conditions as more fully described in the Explanatory Memorandum.*

See the Explanatory Memorandum accompanying this Notice for further information about this Resolution.

A Voting Exclusion Statement for Resolutions 2, 3, 4, 5, 8, 10, 11 is set out below.

Resolution 3 – Approval of Free-Attaching Placement Options (Tranche 1 and Tranche 2)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

That, for the purposes of Listing Rule 7.1 and all other purposes, approval is given for the Company to issue up to 37,878,783 free-attaching unlisted New Options exercisable before the Option Expiry Date as set out below, to those recipients set out in and on the terms and conditions as more fully described in the Explanatory Memorandum:

- (a) 7,954,545 New Options free-attaching to the Tranche 1 Placement Shares on a 2:1 basis; and
- (b) 29,924,238 New Options free-attaching to the Tranche 2 Placement Shares on a 2:1 basis, (the **Attaching Placement Options**).

See the Explanatory Memorandum accompanying this Notice for further information about this Resolution.

A Voting Exclusion Statement for Resolutions 2, 3, 4, 5, 8, 10, 11 is set out below.

Resolution 4 – Approval of Advisor Options – Bridge Street Capital Partners

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

That, for the purposes of Listing Rule 7.1 and all other purposes, approval is given for the Company to issue 10,000,000 unlisted New Options with an exercise price of \$0.066, exercisable on or before the Option Expiry Date, on the terms and conditions as more fully described in the Explanatory Memorandum, to Bridge Street Capital Partners or its nominees.

See the Explanatory Memorandum accompanying this Notice for further information about this Resolution.

A Voting Exclusion Statement for Resolutions 2, 3, 4, 5, 8, 10, 11 is set out below.

Resolution 5 – Approval of Free-Attaching Share Purchase Plan Options

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

That, for the purposes of Listing Rule 7.1 and all other purposes, approval is given for the Company to issue up to 7,575,757 free-attaching unlisted New Options, with an exercise price of \$0.066, exercisable on or before the Option Expiry Date to those recipients, on the terms and conditions as more fully described in the Explanatory Memorandum.

See the Explanatory Memorandum accompanying this Notice for further information about this Resolution.

A Voting Exclusion Statement for Resolutions 2, 3, 4, 5, 8, 10, 11 is set out below.

Resolution 6 – Ratification of issue of 5,000,000 Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

That, for the purpose of Listing Rule 7.4 and all other purposes, Shareholders ratify the issue of 5,000,000 Shares at an issue price of \$0.02 per Share issued under ASX Listing Rule 7.1 on 2 June 2020 to the recipient set out and more fully described in the Explanatory Memorandum accompanying and forming part of this Notice of Meeting.

See the Explanatory Memorandum accompanying this Notice for further information about this Resolution.

A Voting Exclusion Statement for Resolutions 1, 6 and 7 is set out below.

Resolution 7 – Ratification of Tranche 1 Shares to Key

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*That, subject to execution by the Company and Key Petroleum Limited of the WA-481-P Sale and Purchase Agreement, for the purposes of Listing Rule 7.4 and all other purposes, Shareholders approve and ratify the prior issue by the Company of 4,276,703 Shares (**Tranche 1 Key Consideration Shares**) to Key Petroleum Limited pursuant to the terms of the WA-481-P Sale and Purchase Agreement and as more fully described in the Explanatory Memorandum.*

See the Explanatory Memorandum accompanying this Notice for further information about this Resolution.

A Voting Exclusion Statement for Resolutions 1, 6 and 7 is set out below.

Resolution 8 – Issue of Tranche 2 Shares to Key

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*That, subject to completion by the Company and Key Petroleum Limited of the WA-481-P Sale and Purchase Agreement for the purposes of Listing Rule 7.1 and all other purposes, approval is given for the Company to issue 16,723,297 Shares (**Tranche 2 Key Consideration Shares**) to Key Petroleum Limited pursuant to the terms of the WA481P Sale and Purchase Agreement and as more fully described in the Explanatory Memorandum.*

See the Explanatory Memorandum accompanying this Notice for further information about this Resolution.

A Voting Exclusion Statement for Resolutions 2, 3, 4, 5, 8, 10, 11 is set out below.

Resolution 9 – Adoption of Pilot Energy Limited Incentive Scheme

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

That, for the purposes of Listing Rule 7.2 (exception 13(b)) and for all other purposes, approval is given for the adoption of the Pilot Energy Limited Incentive Scheme, and otherwise on the terms and conditions set out in the Explanatory Memorandum.

See the Explanatory Memorandum accompanying this Notice for further information about this Resolution.

A Voting Exclusion Statement for Resolution 9 is set out below.

Resolution 10 – Approval of Issue of Shares to Contractor – Castle Rock Energy Pty Ltd

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

That, for the purposes of Listing Rule 7.1 and for all other purposes, the Shareholders of the Company approve the issue of 4,123,485 Shares at an issue price of \$0.033 per Share in lieu of a portion of remuneration to Castle Rock Energy Pty Ltd (or its nominee) of up to \$136,075, a contractor of the Company, and otherwise on the terms and conditions set out in the Explanatory Memorandum.

See the Explanatory Memorandum accompanying this Notice for further information about this Resolution.

A Voting Exclusion Statement for Resolutions 2, 3, 4, 5, 8, 10, 11 is set out below.

Resolution 11 – Approval of Issue of Options under Executive Service Agreement to Director – Bradley Lingo

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

That, for the purposes of Listing Rule 10.11 and for all other purposes, approval be and is hereby given for the issue of up to 10,000,000 unlisted New Options with an exercise price of \$0.07, exercisable on or before 4 November 2025 to Bradley Lingo (or his nominee), a director of the Company, and otherwise on the terms and conditions as more fully described in the Explanatory Memorandum.

See the Explanatory Memorandum accompanying this Notice for further information about this Resolution.

A Voting Exclusion Statement for Resolutions 2, 3, 4, 5, 8, 10, 11 is set out below.

VOTING EXCLUSION STATEMENT

Resolutions 1, 6 and 7

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of Resolutions 1, 6 and 7 by:

- a person who participated in the issue being approved by the relevant Resolution (being Resolutions 1, 6 and 7 as the case may be); and
- any associate of those recipients.

However, this does not apply to a vote cast in favour of the relevant Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the relevant Resolution, in accordance with directions given to the proxy or attorney to vote on the relevant Resolution in that way; or
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the relevant Resolution, in accordance with a direction given to the chair to vote on the relevant Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of the person excluded from voting, on the relevant Resolution; and
 - the holder votes on the relevant Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolutions 2, 3, 4, 5, 8, 10, 11

In accordance with Listing Rule 14.11 the Company will disregard any votes cast in favour of Resolutions 2, 3, 4, 5, 8, 10, 11 by:

- a person who is to receive or is expected to receive the securities the subject of the relevant Resolution, and any other person who will receive a material benefit as a result of the proposed issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company); and
- any associate of those recipients or person who will receive a material benefit as a result of the proposed issue of the securities.

However, this does not apply to a vote cast in favour of the relevant Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the relevant Resolution, in accordance with directions given to the proxy or attorney to vote on the relevant Resolution in that way; or
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the relevant Resolution, in accordance with a direction given to the chair to vote on the relevant Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of the person excluded from voting, on the relevant Resolution; and
 - the holder votes on the relevant Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 9

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of Resolution 9 by or on behalf of:

- a person who is eligible to participate in the Pilot Energy Limited Incentive Scheme ; or
- an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the relevant Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the relevant Resolution, in accordance with directions given to the proxy or attorney to vote on the relevant Resolution in that way; or
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the relevant Resolution, in accordance with a direction given to the chair to vote on the relevant Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of the person excluded from voting, on the relevant Resolution; and
 - the holder votes on the relevant Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

By Order of the Board



Lisa Dadswell
Company Secretary
Dated: 10 November 2020

ENTITLEMENT TO ATTEND AND VOTE

The Company may specify a time, not more than 48 hours before the Meeting, at which a “snap-shot” of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the GM. The Company’s Directors have determined that all Shares of the Company that are quoted on ASX at 7:00pm (AEDT) on Tuesday, 8 December 2020 shall, for the purposes of determining voting entitlements at the GM, be taken to be held by the persons registered as holding the Shares at that time.

VOTING IN PERSON

To vote in person, attend the Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- (a) each Shareholder has a right to appoint a proxy;
- (b) the proxy need not be a member of the Company; and
- (c) a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member’s votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

CORPORATE REPRESENTATIVE

Body corporate Members may attend and vote during the meeting via corporate representative by using the Lumi website or the Lumi app using the Voting Access Code found on the Proxy Form. Only one login per body corporate with voting rights will be permitted and any other people from the body corporate wishing to attend should register as guests to attend the meeting. By entering the body corporate’s Voting Access Code you will be taken to have certified pursuant to section 250D of the Corporations Act that you have been validly appointed as the body corporate’s representative to exercise all or any of the powers the body corporate may exercise at the AGM.

ENQUIRIES

Shareholders are invited to contact the Company Secretary, Lisa Dadswell on +61 2 8016 2819 if they have any queries in respect of the matters set out in this document.

PILOT ENERGY LIMITED

ABN 86 115 229 984

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice.

The Directors recommend Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

The Meeting will be held virtually via the Lumi online platform.

1. PROPOSED TRANSACTIONS

1.1 Background

Pilot Energy Limited (**Company**) is an ASX listed company engaged in the exploration and production of oil and gas. The Company holds interests in five oil and gas exploration permits located offshore and onshore in Western Australia. The Company is the majority owner and operator of 4 of the 5 exploration permits.

The Company is currently the 60% owner and operator of offshore Exploration Permit WA-481-P (**WA-481-P**). As announced by the Company on ASX on 6 October 2020, Pilot and Key entered into a sale and purchase agreement. As part of this agreement, Key will acquire the remaining 40% interest in WA-481-P (**WA-481-P Sale and Purchase Agreement**). Subject to completion of the WA-481-P Sale and Purchase Agreement between the Company and Key, the Company will hold 100% of WA-481-P.

WA-481-P Offshore Exploration Permit has recently been renewed by NOPTA for an additional 5-year term. Following completion of the WA-481-P Sale and Purchase Agreement, the Company will be responsible for funding the minimum work commitments under the permit over the first 3-years of the permit renewal term of approximately \$5.75 million.

The Company announced to ASX an updated Board endorsed strategy on 13 May 2020. This strategy involves leveraging management's extensive energy experience and its existing assets to supply firm energy into the Australian market from an expanding and diversified portfolio of oil and gas exploration and production, energy storage and renewable projects.

The Company further announced to the ASX on 17 August 2020 that, in addition to the renewal of WA-481-P, the Company was considering a number of corporate transactions and organic growth opportunities leveraging existing asset positions. Accordingly, as announced by the Company on ASX on 25 September 2020, the Company has entered into the Royal Share Sale Agreement in respect of the Royal Acquisition as outlined in section 1.2 below.

1.2 Information about the Mid West Wind and Solar Project

On 4 September 2020, the Company announced that it was also commencing a detailed feasibility study to pursue the development of an offshore wind and onshore wind and solar power project to be located along the offshore/onshore coast of the Mid West Region of Western Australia (the **Mid West Wind and Solar Project**). For more information about the Mid West Wind and Solar Project, see the Company's announcement to ASX on 4 September 2020.

ASX Listing Rule 11.1 requires a listed company to obtain shareholder approval in relation to the change in the nature or scale of its activities. The company, in proceeding with the Mid West Wind and Solar Project and assessing the feasibility of it, is not changing the nature and scale of the Company's activities, the ASX has confirmed. This confirmation is subject to the following conditions:

- Pilot must continue to fund its existing oil and gas projects and the Royal oil and gas projects in accordance with the information previously provided by the Company to ASX.
- Until 30 September 2022, Pilot must disclose in each quarterly activities report the proportion of total expenditure incurred in relation to exploration and evaluation on the oil and gas projects, and the Mid West Wind and Solar Project.

- Pilot must disclose, as separate line items in each quarterly cash flow report until 30 September 2022, expenditure incurred in relation to the exploration and evaluation expenditure on the oil and gas projects and the Mid West Wind and Solar Project.

In addition, ASX have advised that proceeding beyond the feasibility study stage of the Mid West Wind and Solar Project (or incurring expenditure in excess of the \$1,200,000 in relation to the Mid West Wind and Solar Project) constitutes a change in the nature and scale of Pilot's activities in terms of ASX Listing Rule 11.1. ASX have further confirmed that Pilot will be required under ASX Listing Rule 11.1.3 to comply with all of the requirements of Chapters 1 and 2 of the ASX Listing Rules before it proceeds beyond the feasibility study or incurs expenditure in excess of the \$1,200,000 on the Mid West Wind and Solar Project.

1.3 Information about Royal and the proposed Royal Acquisition

In line with its stated objectives, on 25 September 2020 the Company entered into a share sale agreement (**Royal Share Sale Agreement**) with the Royal Vendors to acquire 100% of the issued share capital of Royal Energy Pty Limited (ACN 606 335 282) (**Royal**) in exchange for the issue of 143,939,394 Shares (**Royal Acquisition**). Of that, 136,363,636 Shares are to be issued to Royal Vendors and a further 7,575,758 Shares issued to the corporate advisers for the transaction, RFC Ambrian Royal.

Royal Energy Overview

Royal is a private and independent oil and gas company with its head office in Sydney, Australia. Royal's principal business is investment in minority, non-operated positions in oil and gas production and exploration joint ventures and companies. Royal has three principal assets:

- a strategic 21.25% indirect interest in the producing Cliff Head Offshore Oil Field in the Perth Basin (Cliff Head Oil Field). This is held through its 50% equity interest in Triangle Energy (Operations) Pty Ltd (**TEO**) (see organization chart below);
- a minority (approximately 1.4%) shareholding of 5,208,488 shares with an approximate value of \$0.31 million in Vintage Energy Limited (**VEN**), an ASX-listed oil and gas company with a current market capitalisation of \$24.1 million (as at 20 October 2020, \$0.06 per VEN share); and
- cash of approximately \$1.0 million as at the date of this Notice. (Refer section 1.5 sources and uses table)

Under the terms of the Royal Acquisition, the Company valued Royal at \$4,250,000 inclusive of the value of the cash and the minority shareholding in VEN placing a value of approximately \$2.9 million on the indirect interest in Cliff Head and the strategic joint operating control stake in that asset through the ownership through TEO. The total acquisition cost of \$4,750,000 includes \$500,000 of transaction costs.

The Directors are currently preparing a Directors Report in relation to the Royal Acquisition and it is anticipated that Shareholder approval will be sought following completion of that report and dispatch of the Notice of Extraordinary General Meeting. At that meeting, Shareholders will be asked to consider and seek approval for the Royal Acquisition and the corresponding Royal Resolutions.

Key terms of the Royal Share Sale Agreement

The key terms of the Royal Share Sale Agreement are set out below:

- in consideration for acquiring 100% of the issued share capital of Royal, the Company will issue 136,363,636 Shares (**Consideration Shares**) to the Royal Vendors (pro rata to their respective shareholdings in Royal). An additional 7,575,758 Shares will be issued to RFC Ambrian, Royal's corporate advisors (**Advisor Shares**);
- completion is subject to the satisfaction of waiver of certain conditions, including:
 - the Company and Royal obtaining all necessary regulatory approvals;
 - the Company undertaking a capital raising of \$3 million which will settle prior to First Completion;
 - the Company obtaining all necessary Shareholder approvals;
 - each Royal Option holder entering into an agreement pursuant to which their Royal Energy options are cancelled in exchange for Royal Energy shares, on or before First Completion; and
 - each of Anthony Strasser and Bradley Lingo and the Company duly executing their respective executive services agreement.

- With effect from First Completion:
 - existing directors Michael Nicholas Lonergan, Youqing Li and Guoping Bai will resign as directors of the Company; and
 - proposed directors Anthony James Strasser and Bruce Gordon will be appointed as directors of the Company.
- The agreement is otherwise on terms and conditions considered standard for agreements of this nature, including warranties and indemnities given by the Royal Vendors in favour of the Company.

As set out above, the Directors are currently preparing a Notice of Extraordinary General Meeting in relation to the Royal Acquisition and a separate meeting will be held. At that meeting, Shareholders will be asked to consider and seek approval for the Royal Acquisition and the corresponding Royal Resolutions.

1.4 Acquisition of 40% interest in WA-481-P

As announced to ASX on 8 September 2020, the Company and Key agreed to rationalise the ownership of WA-481-P with the Company to acquire the remaining 40% interest in Offshore Exploration License WA-481-P (**Key Acquisition**).

As further announced by the Company on ASX on 6 October 2020, Pilot and Key executed the WA-481-P Sale and Purchase Agreement. Subject to completion of the WA-481-P Sale and Purchase Agreement between the Company and Key, the Company will hold 100% of WA-481-P.

Further details about WA-481-P are included in section 1.1 and in the Company's announcement to the ASX on 8 September 2020.

Key Terms of the WA-481-P Sale and Purchase Agreement

The Company will issue 21,000,000 Shares to Key in two tranches as consideration for the 40% interest in WA-481-P, following which the Company will become the 100% owner/operator of WA-481-P. The first tranche of 4,276,703 Shares was issued to Key on 7 October 2020 (**Tranche 1 Key Consideration Shares**) and the Company now seeks Shareholder approval to ratify that Share issue and for the issue of the second tranche of 16,723,297 Shares to Key (**Tranche 2 Key Consideration Shares**).

The Key Acquisition is conditional on Pilot Shareholder approval for the issue of the Tranche 2 Key Consideration Shares to Key's subsidiary.

In 2016 Murphy Australia WA-481-P Oil Pty Ltd (**Murphy Oil**) sold its interest in WA-481-P to the Company in return for the Company entering into a Net Profit Interest Deed under which Murphy Oil is paid 10% of the Net Profits generated from the sale of hydrocarbons within WA-481-P. The Company subsequently sold a 40% interest to Key in WA 481-P in a separate transaction. Murphy Oil has consented in writing to the transfer of the Title in accordance with the Net Profit Interest Deed.

Post-completion of the Key Acquisition the Company is required to obtain approval and registration of the transfer of WA-481-P from NOPTA, however prior to registration on title Key will transfer (on completion) its entire beneficial interest in WA-481-P to Pilot.

Risk and possession of WA-481-P pass to Pilot on the date of completion of the Key Acquisition and title passes on the date of registration by NOPTA. The WA-481-P Sale and Purchase Agreement otherwise contains the usual warranties and indemnities as to ownership, legal standing and ability to transact.

1.5 Capital Raising

The Company is also undertaking a capital raising of up to approximately \$3.0 million (before costs) to support and provide sufficient working capital for the combined Pilot/Royal Energy focus on Mid West Wind and Solar Project, WA-481-P and the Cliff Head Oil Field.

The equity raising proceeds will be used to finance the feasibility study in relation to the Mid West Wind and Solar Project and provide sufficient working capital to cover corporate costs. In addition, some investment will be made in production enhancement of the Cliff Head Joint Venture.

The \$3.0 million equity raising comprises:

- a two-tranche placement to sophisticated, professional and institutional investors of 75,757,576 new

Shares to raise \$2.5 million (**Placement**);

- the issue of 37,878,783 free-attaching new unlisted Options, being one Option for every two new Shares acquired under the Placement exercisable at \$0.066 on or before the Option Expiry Date on the terms and conditions set out in Schedule 2 (**Attaching Placement Options**);
- the issue of approximately 15,151,515 new Shares to existing eligible shareholders (**SPP Shares**) in a non-underwritten securities purchase plan to raise approximately up to \$500,000 (**SPP**); and
- the issue of approximately 7,575,757 free-attaching new unlisted Options, being one Option for every two SPP Shares acquired under the SPP exercisable at \$0.066 on or before the Option Expiry Date (**SPP Options**),

(together, the Placement, Attaching Placement Options, SPP and SPP Options being the **Capital Raising**).

The Placement portion of the Capital Raising will be through the issue of new Shares across two tranches of \$2.5 million, comprising of the following:

- 15,909,097 Shares were issued at a price of \$0.033 which raised \$0.5 million that were issued using the Company's ASX Listing Rule 7.1 and 7.1A placement capacity on 1 October 2020 (the **Tranche 1 Placement**); and
- 59,848,479 Shares at an issue price of \$0.033 to raise approximately \$2 million, the issue of which are subject to Shareholder approval (the **Tranche 2 Placement**).

The Company appointed Bridge Street Capital to act as lead managers in respect of the Capital Raising, under the terms and conditions set out in an engagement dated on or around 15 July 2020.

Assuming \$2.5 million is raised under the Placement, the proceeds of the Capital Raising will be used to finance further investment in the Cliff Head project, the Company's tenements work program commitments, the feasibility study for the Mid West Wind and Solar Project and to provide sufficient working capital to cover corporate costs (includes corporate office expenses such as lease and insurance payments and employee/contractor payments). These sources are intended to be applied as follows:

Sources & Uses			
Sources of funds		Uses of Funds	
Pilot Capital Raise	\$2.5m	Wind and Solar Project Feasibility	\$1.2m
Royal Energy cash/equivalents	\$1.4m	Cliff Head Oil Project Extension Capex	\$1.0m
		Pilot permit work program commitments	\$0.5m
		Pilot corporate cost	\$1.2m
Total Sources	\$3.9m	Total Uses	\$3.9m

RESOLUTION 1 – RATIFICATION OF TRANCHE 1 PLACEMENT SHARES

General

As part of the Capital Raising and as outlined in section 1.5, on 1 October 2020, the Company completed the Tranche 1 Placement by issuing a total of 15,909,097 Shares (**Tranche 1 Placement Shares**) to raise a total of \$0.5 million (before costs).

In addition, the Placement also comprises free-attaching new Options in the Company on a 2:1 basis (**Attaching Placement Options**) exercisable at \$0.066 on or before the Option Expiry Date on the terms and conditions set out in Schedule 2, subject to Shareholder approval.

For the Tranche 1 Placement Shares, 15,909,097 Shares were issued pursuant to the Company's placement capacity under ASX Listing Rule 7.1 and ASX Listing Rule 7.1A which was approved by Shareholders at the Annual General Meeting held on 28 February 2020.

Resolution 1 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of Tranche 1 Placement Shares.

Purpose and Use of Funds

The purpose and use of funds for the Placement as set out in section 1.5 of the Notice.

ASX Listing Rules 7.1 and 7.1A

This Resolution proposes that Shareholders of the Company approve and ratify the prior issue and allotment of 15,909,097 Tranche 1 Placement Shares, which were issued on 1 October 2020 (**Tranche 1 Placement Issue Date**).

5,816,200 Placement Shares were issued under Listing Rule 7.1 and 10,092,897 Placement Shares were issued under Listing Rule 7.1A.

Broadly speaking, ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

At the last Annual General Meeting, the Company sought and obtained approval of its Shareholders under Listing Rule 7.1A to increase this 15% limit by an extra 10% to 25%.

The issue of the Tranche 1 Placement Shares did not fit within any of the exceptions (to Listing Rules 7.1 and 7.1A) and, as it has not been approved by the Company's Shareholders, it effectively uses up part of the expanded 25% limit in Listing Rule 7.1 and 7.1A, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 and 7.1A for the 12 month period following the Issue Date (noting that the extra 10% under Listing Rule 7.1A will expire unless re-approved by the Company's Shareholders on an annual basis).

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in a general meeting subsequently approves the previous issue of securities made pursuant to ASX Listing Rule 7.1 or 7.1A (and provided that the previous issue did not breach ASX Listing Rule 7.1 or 7.1A) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By approving this issue, the Tranche 1 Placement Shares will be excluded in calculating the Company's 15% limit in ASX Listing Rule 7.1 and the Company's 10% limit in ASX Listing Rule 7.1A, allowing the Company to issue a higher number of securities without prior Shareholder approval over the 12-month period following the issue of the Tranche 1 Placement Shares.

Accordingly, the Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

To this end, this Resolution seeks Shareholder approval to subsequently approve the issue of the Tranche 1 Placement Shares for the purposes of ASX Listing Rule 7.4.

If this Resolution is passed, the issue of Tranche 1 Placement Shares will be excluded in calculating the Company's 25% capacity to issue equity securities under Listing Rules 7.1 (15%) and 7.1A (10%) without Shareholder approval over the 12 month period following the Tranche 1 Placement Issue Date.

If this Resolution is not passed, the issue of Tranche 1 Placement Shares will be included in calculating the Company's 25% capacity to issue equity securities under Listing Rules 7.1 (15%) and 7.1A (10%) without Shareholder approval over the 12 month period following the Tranche 1 Placement Issue Date.

Information required by ASX Listing Rule 7.5

The following information is provided to Shareholders for the purposes of Listing Rule 7.5.

- (a) The Tranche 1 Placement Shares were issued to sophisticated and institutional investors.
- (b) The Company issued 15,909,097 Tranche 1 Placement Shares.
- (c) The Tranche 1 Placement Shares issued were all fully paid and ranked equally in all respects with all existing ordinary shares in the capital of the Company.
- (d) The Tranche 1 Placement Shares were issued on 1 October 2020.
- (e) Each of the Tranche 1 Placement Shares were issued at an issue price of \$0.033 per Tranche 1 Placement Share, which raised a total of \$0.5 million (before costs).
- (f) The purpose of this issue and the intended use of the funds raised is as set out above and in Section 1.5.
- (g) The issue of the Tranche 1 Placement Shares were not issued pursuant to any agreement.
- (h) A voting exclusion statement for Resolution 1 is included in the Notice of Meeting preceding this Explanatory Memorandum.

Directors' Recommendation

The Board of Directors recommend that the Shareholders vote in favour of this Resolution.

RESOLUTION 2 – ISSUE OF TRANCHE 2 PLACEMENT SHARES

General

Further to the issue of the Tranche 1 Placement Shares and as part of the Capital raising as outlined in Section 1.5, Resolution 3 seeks Shareholder approval for the issue of the Placement's remaining 59,848,479 Tranche 2 Placement Shares at an issue price of \$0.033 per Share to raise \$2.0 million (before costs).

ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The issue of the Tranche 2 Placement Shares does not fit within any of the exceptions to ASX Listing Rule 7.1 and such an issue would otherwise exceed the Company's ASX Listing Rule 7.1 and 7.1A capacity.

If Resolution 2 is passed, it will permit the Directors to complete the issue of the Tranche 2 Placement Shares no later than 3 months after the date of the Meeting (or such longer period as allowed by ASX). Unless otherwise waived by the placees, the issue and allotment of the Tranche 2 Placement Shares is conditional on the Royal Acquisition and Royal Resolutions being approved by Shareholders at a general meeting of the Company or those conditions being waived by the placees. In addition, the issue of the Tranche 2 Placement Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under ASX Listing Rule 7.1.

If Resolution 2 is not passed, the Company will not be able to proceed with the issue of the Tranche 2 Placement Shares. The Company may in the future be able to proceed with the issue of the Tranche 2 Placement Shares as capacity becomes available with the passage of time under ASX Listing Rule 7.1 and 7.1A, if required, without the need to obtain shareholder approval.

Information required by ASX Listing Rule 7.3

The following additional information is provided pursuant to the requirements of ASX Listing Rule 7.3:

- (a) The Tranche 2 Placement Shares were issued to clients of Bridge Street Capital and some of the Royal Vendors who are sophisticated and professional investors exempt under section 708 of the Corporations Act.
- (b) The maximum number of Shares that the Company may issue under the Tranche 2 Placement is 59,848,479.
- (c) The Tranche 2 Placement Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (d) The Tranche 2 Placement Shares will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by ASX) and it is intended that the issue of the Tranche 2 Placement Shares will occur on the same date as the next general meeting where Shareholder approval is sought in relation to the Royal Acquisition and Royal Resolutions (or an earlier date if the places waive that approval).
- (e) The Tranche 2 Placement Shares will be issued at an issue price of \$0.033 each to raise \$2.0 million (before costs).
- (f) The purpose of this issue and the intended use of the funds raised is as set out above and in Section 1.5.
- (g) The Tranche 2 Placement Shares will not be issued pursuant to any agreement.
- (h) The Tranche 2 Placement Shares are not being issued under or to fund a reverse takeover.
- (i) A voting exclusion statement for Resolution 2 is included in the Notice of Meeting preceding this Explanatory Memorandum.

Directors' Recommendation

The Board of Directors recommend that the Shareholders vote in favour of this Resolution.

RESOLUTION 3 – APPROVAL OF FREE-ATTACHING PLACEMENT OPTIONS (TRANCHE 1 AND TRANCHE 2)

General

Resolution 3 seeks Shareholder approval for the issue of 37,878,783 New Options, being options exercisable at \$0.066 per option on or before the Option Expiry Date free attaching to the Tranche 1 Placement Shares and Tranche 2 Placement Shares to unrelated parties on a 2:1 basis, as set out in general information for Resolution 1 above (**Attaching Placement Options**).

The Company seeks to issue the Attaching Placement Options with prior Shareholder approval, as such an issue would otherwise exceed the Company's ASX Listing Rule 7.1 and 7.1A capacity.

ASX Listing Rule 7.1

An explanation of ASX Listing Rule 7.1 is set out in the Explanatory Memorandum on Resolution 1 above. The proposed issue of the Attaching Placement Options does not fall within any of the exceptions to ASX Listing Rule 7.1 and such an issue would otherwise exceed the Company's ASX Listing Rule 7.1 and 7.1A capacity. It therefore requires the approval of Shareholders under ASX Listing Rule 7.1.

If Resolution 3 is passed, and subject to Shareholders approving Resolution 1 and 2, the Company will be able to proceed to issue the 37,878,783 Attaching Placement Options. In addition, the Attaching Placement Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under ASX Listing Rule 7.1.

If Resolution 3 is not passed, the Company will not be able to proceed with the issue of the Attaching Placement Options. The Company may in the future be able to proceed with the issue of the Attaching Placement Options as capacity becomes available with the passage of time under ASX Listing Rule 7.1 and 7.1A, if required, without the need to obtain shareholder approval.

Information required by ASX Listing Rule 7.3

The following additional information is provided pursuant to the requirements of ASX Listing Rule 7.3:

- (a) The Attaching Placement Options will be issued to the participants in the Placement (see Resolutions 1 and 2 above);
- (b) The maximum number of Attaching Placement Options to be issued is 37,878,783.
- (c) The terms and conditions of the Attaching Placement Options are set out in Schedule 1.
- (d) The Attaching Placement Options will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by ASX) and it is intended that the issue of the Attaching Placement Options will occur on the same date.
- (e) The Attaching Placement Options will be issued at nil issue price as they are free-attaching to the Shares issued under the Placement on a 2 for 1 basis.
- (f) The purpose of the issue of the Attaching Placement Options is to encourage participation in the Placement and provide a potential increase in funds to the Company (should the Attaching Placement Options be exercised).
- (g) The Attaching Placement Options will not be issued pursuant to any agreement.
- (h) The Attaching Placement Options are not being issued under or to fund a reverse takeover.
- (i) A voting exclusion statement for Resolution 3 is included in the Notice of Meeting preceding this Explanatory Memorandum.

Directors' Recommendation

The Board of Directors recommend that the Shareholders vote in favour of this Resolution.

RESOLUTION 4 – APPROVAL OF ADVISOR OPTIONS

General

The Company appointed Bridge Street Capital Partners Pty Limited (**Bridge Street Capital**) to act as Corporate Advisor to Pilot in relation to the Royal Acquisition and Lead Manager of the Placement, under the terms and conditions set out in an engagement dated 15 July 2020 (**Lead Manager Mandate**).

In consideration for the provision of services by Bridge Street Capital, the Company has agreed to allot and issue to Bridge Street Capital (or its nominees) 10,000,000 New Options in the Company to provide long term support to the Company, with an exercise price of \$0.066 each, expiring 24 months from the date of issue, and otherwise on the terms and conditions set out in Schedule 1 (**Advisor Options**). The Directors determined that the exercise price of the Advisor Options would be consistent with the Placement Options.

The Company seeks to issue the Advisor Options with prior Shareholder approval, as such an issue would otherwise exceed the Company's ASX Listing Rule 7.1 and 7.1A capacity.

ASX Listing Rule 7.1

An explanation of Listing Rule 7.1 is set out in the Explanatory Memorandum on Resolution 1 above. The proposed issue of the Advisor Options does not fall within any of the exceptions to ASX Listing Rule 7.1 and such an issue would otherwise exceed the Company's ASX Listing Rule 7.1 and 7.1A capacity. It therefore requires the approval of Shareholders under ASX Listing Rule 7.1.

If Resolution 4 is passed, the Company will be able to proceed to issue the Advisor Options. In addition, the Advisor Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under ASX Listing Rule 7.1.

If Resolution 4 is not passed, the Company will not be able to proceed with the Advisor Options. The Company may in the future be able to proceed with the issue of the Advisor Options to Bridge Street Capital as capacity becomes available with the passage of time under ASX Listing Rule 7.1 or 7.1A, if required, without the need to obtain shareholder approval.

Information required by ASX Listing Rule 7.3

The following additional information is provided pursuant to the requirements of ASX Listing Rule 7.3:

- (a) The Advisor Options will be issued and allotted to Bridge Street Capital or its nominees.
- (b) The maximum number of Advisor Options to be issued is 10,000,000.
- (c) The terms and conditions of the Advisor Options are set out in Schedule 1.
- (d) The Advisor Options will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by ASX) and it is intended that the issue of the Advisor Options will occur on the same date.
- (e) The Advisor Options will be issued at nil issue price. The Company will not receive any other consideration for the issue of the Advisor Options (other than in respect of any funds received on exercise of the Advisor Options).
- (f) The purpose of this issue of the Advisor Options is to satisfy the Company's obligations under the Lead Manager Mandate.
- (g) The Advisor Options are being issued to Bridge Street Capital or its nominee under the Lead Manager Mandate. The Company is also to pay Bridge Street Capital \$42,500.00 upon completion of the Royal Acquisition, a management fee of 2% and a placement fee of 4% of the total amount raised under the Placement and the SPP. The terms of the engagement with Bridge Street capital is considered by Pilot to be on market standard terms.
- (h) The Advisor Options are not being issued under or to fund a reverse takeover.
- (i) A voting exclusion statement for Resolution 4 is included in the Notice of Meeting preceding this Explanatory Memorandum.

Directors' Recommendation

The Board of Directors recommend that the Shareholders vote in favour of this Resolution.

RESOLUTION 5 – APPROVAL OF FREE-ATTACHING SPP OPTIONS

General

Resolution 5 seeks Shareholder approval for the issue of 7,575,757 New Options, being options exercisable at \$0.066 per option on or before the Option Expiry Date free attaching to the SPP Shares to unrelated parties on a 2:1 basis, as set out in section 1.5 above (**SPP Options**).

The Company seeks to issue the SPP Options with prior Shareholder approval, as such an issue would otherwise exceed the Company's ASX Listing Rule 7.1 and 7.1A capacity.

Resolution 5 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of those SPP Options.

ASX Listing Rule 7.1

An explanation of ASX Listing Rule 7.1 is set out in Resolution 1 above. The proposed issue of the SPP Options does not fall within any of the exceptions to ASX Listing Rule 7.1 and such an issue would otherwise exceed the Company's ASX Listing Rule 7.1 and 7.1A capacity. It therefore requires the approval of Shareholders under ASX Listing Rule 7.1.

If Resolution 5 is passed, the Company will be able to proceed to issue the 7,575,757 SPP Options as free-attaching to the SPP Shares. In addition, the SPP Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 5 is not passed, the Company will not be able to proceed with the SPP Options. The Company may in the future be able to proceed with the issue of the SPP Options as capacity becomes available with the passage of time under ASX Listing Rule 7.1 or 7.1A, if required, without the need to obtain shareholder approval.

Information required by ASX Listing Rule 7.3

The following additional information is provided pursuant to the requirements of ASX Listing Rule 7.3:

- (a) The SPP Options will be issued to the eligible participants in the SPP (see Section 1.5 above).
- (b) The maximum number of SPP Options to be issued is 7,575,757.
- (c) The terms and conditions of the SPP Options are set out in Schedule 1. The SPP Options will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by ASX) and it is intended that the issue of the SPP Options will occur on the same date;
- (d) The issue price is nil per New Options as they are free-attaching to the Shares issued under the SPP. The Company will not receive any other consideration for the issue of the SPP Options (other than in respect of any funds received on exercise of the SPP Options and the subscription of the Shares under the SPP).
- (e) The purpose of this issue and the intended use of the funds raised is as set out above and in Section 1.5, no funds are being raised from the issue of the SPP Options as they are free-attaching to the SPP Shares.
- (f) The SPP Options will not be issued pursuant to any agreement.
- (g) The SPP Options are not being issued under or to fund a reverse takeover.
- (h) A voting exclusion statement for Resolution 5 is included in the Notice of Meeting preceding this Explanatory Memorandum.

Directors' Recommendation

The Board of Directors recommend that the Shareholders vote in favour of this Resolution.

RESOLUTION 6 – RATIFICATION OF ISSUE OF 5,000,000 SHARES

General

On 2 June 2020, the Company issued 5,000,000 Shares to professional and sophisticated investors at an issue price of \$0.02 to raise \$100,000 that were issued using the Company's ASX Listing Rule 7.1 placement capacity (**June Placement Shares**).

This Resolution proposes that Shareholders of the Company approve and ratify the prior issue and allotment of the June Placement Shares, which were issued on 2 June 2020 (**June Placement Shares Issue Date**).

ASX Listing Rule 7.1

A summary of ASX Listing Rules 7.1 and 7.4 is set out in the Explanatory Memorandum on Resolution 1 above.

By approving this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Accordingly, the Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval for such issues under ASX Listing Rule 7.1.

To this end, this Resolution seeks Shareholder approval to subsequently approve the issue of the June Placement Shares for the purposes of Listing Rule 7.4.

If this Resolution is passed, the issue of June Placement Shares will be excluded in calculating the Company's 15% capacity to issue equity securities under ASX Listing Rules 7.1 without Shareholder approval over the 12 month period following the June Placement Issue Date.

If this resolution is not passed, the issue of June Placement Shares will be included in calculating the Company's 15% capacity to issue equity securities under ASX Listing Rules 7.1 without Shareholder approval over the 12 month period following the June Placement Issue Date.

Information required by ASX Listing Rule 7.5

The following information is provided to Shareholders for the purposes of ASX Listing Rule 7.5:

- (a) The June Placement Shares were issued to sophisticated and institutional investors.
- (b) The Company issued 5,000,000 June Placement Shares.
- (c) The June Placement Shares issued were all fully paid and ranked equally in all respects with all existing ordinary shares in the capital of the Company.
- (d) The June Placement Shares were issued on 2 June 2020.
- (e) Each of the June Placement Shares were issued at an issue price of \$0.02 per June Placement Share, which raised a total of \$100,000 (before costs).
- (f) Funds raised from the issue of the June Placement Shares have been and will be used to support a number of growth opportunities and inorganic growth opportunities.
- (g) The June Placement Shares were not issued pursuant to any agreement.
- (h) A voting exclusion statement for Resolution 6 is included in the Notice of Meeting preceding this Explanatory Memorandum.

Directors' Recommendation

The Board of Directors recommend that the Shareholders vote in favour of this Resolution.

RESOLUTION 7 – RATIFICATION OF TRANCHE 1 SHARES TO KEY PETROLEUM

General

On 7 October 2020, the Company issued the first tranche of 4,276,703 Shares (**Tranche 1 Key Consideration Shares**) to Key under the Key Acquisition.

Further details about WA-481-P and the Key Transaction are included in Section 1.1, Section 1.4 and in the Company's announcement to the ASX on 8 September 2020.

This Resolution proposes that Shareholders of the Company approve and ratify the prior issue and allotment of the Tranche 1 Key Consideration Shares, which were issued on 7 October 2020 (**Tranche 1 Key Consideration Shares Issue Date**).

ASX Listing Rule 7.1

The Tranche 1 Key Consideration Shares were issued under ASX Listing Rule 7.1.

A summary of ASX Listing Rules 7.1 and 7.4 is set out in the Explanatory Memorandum on Resolution 1 above.

By approving this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Accordingly, the Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval for such issues under ASX Listing Rule 7.1.

To this end, this Resolution seeks Shareholder approval to subsequently approve the issue of the Tranche 1 Key Consideration Shares for the purposes of ASX Listing Rule 7.4.

If this Resolution is passed, the issue of Tranche 1 Key Consideration Shares will be excluded in calculating the Company's 15% capacity to issue equity securities under ASX Listing Rules 7.1 without Shareholder approval over the 12 month period following the Tranche 1 Key Consideration Shares Issue Date.

If this Resolution is not passed, the issue of Tranche 1 Key Consideration Shares will be included in calculating the Company's 15% capacity to issue equity securities under ASX Listing Rules 7.1 without Shareholder approval over the 12 month period following the Tranche 1 Key Consideration Shares Issue Date.

Information required by ASX Listing Rule 7.5

The following information is provided to Shareholders for the purposes of ASX Listing Rule 7.5:

- (a) The Tranche 1 Key Consideration Shares were issued to Key.
- (b) The Company issued 4,276,703 Tranche 1 Key Consideration Shares.
- (c) The Key Consideration Shares issued were all fully paid and ranked equally in all respects with all existing ordinary shares in the capital of the Company.
- (d) The Key Consideration Shares were issued on 7 October 2020.
- (e) The Tranche 1 Key Consideration Shares were issued for nil cash consideration in part satisfaction of the consideration for the Key Acquisition.
- (f) No funds raised will be raised from the issue of the Tranche 1 Key Consideration Shares.
- (g) The Tranche 1 Key Consideration Shares were issued pursuant to the WA-481-P Sale and Purchase Agreement.
- (h) The Tranche 1 Key Consideration Shares are not being issued under or to fund a reverse takeover.
- (i) A voting exclusion statement for Resolution 7 is included in the Notice of Meeting preceding this Explanatory Memorandum.

Directors' Recommendation

The Board of Directors recommend that the Shareholders vote in favour of this Resolution.

RESOLUTION 8 – ISSUE OF TRANCHE 2 SHARES TO KEY PETROLEUM

General

Resolution 8 seeks Shareholder approval for the issue of the second tranche of 16,723,297 Shares to Key under the Key Transaction (**Tranche 2 Key Consideration Shares**).

Further details about WA-481-P and the Key Acquisition are included in section 1.1, section 1.4 and in the Company's announcement to the ASX on 8 September 2020.

ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in the Explanatory Memorandum on Resolution 1 above.

The proposed issue of the Tranche 2 Key Consideration Shares does not fit within any of the exceptions to ASX Listing Rule 7.1 and such an issue would otherwise exceed the Company's ASX Listing Rule 7.1 and 7.1A capacity. It therefore requires the approval of Shareholders under ASX Listing Rule 7.1.

If this Resolution is passed, the Company will be able to proceed to issue of the Tranche 2 Key Consideration Shares. In addition, the Tranche 2 Key Consideration Shares will be excluded in calculating the Company's 15% limit in ASX Listing Rule 7.1 to issue equity securities without Shareholder approval over the 12 month period following the date on which the Tranche 2 Key Consideration Shares are issued.

If this Resolution is not passed, the Company will not be able to proceed with the issue of the Tranche 2 Key Consideration Shares. The Company may in the future be able to proceed with the issue of the Tranche 2 Key Consideration Shares as capacity becomes available with the passage of time under ASX Listing Rule 7.1 or 7.1A, if required, without the need to obtain Shareholder approval.

Information required by ASX Listing Rule 7.3

The following information in relation to these Tranche 2 Key Consideration Shares is provided to Shareholders for the purposes of ASX Listing Rule 7.3:

- (a) The Tranche 2 Key Consideration Shares will be issued to Key.
- (b) The maximum number of Shares that the Company may issue under the Tranche 2 Key Consideration Shares is 16,723,297.
- (c) The Tranche 2 Key Consideration Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (d) The Tranche 2 Key Consideration Shares will be issued for nil cash consideration in part satisfaction of the consideration for the Key Acquisition.
- (e) The Tranche 2 Key Consideration Shares will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by ASX in the exercise of their discretion) and it is intended that the issue of the Tranche 2 Key Consideration Shares will occur on the same date.
- (f) No funds raised will be raised from the issue of the Tranche 2 Key Consideration Shares.
- (g) The Tranche 2 Key Consideration Shares will be issued pursuant to the WA-481-P Sale and Purchase Agreement.
- (h) The Tranche 2 Key Consideration Shares are not being issued under or to fund a reverse takeover.
- (i) A voting exclusion statement for Resolution 8 is included in the Notice of Meeting preceding this Explanatory Memorandum.

Directors' Recommendation

The Board of Directors recommend that the Shareholders vote in favour of this Resolution.

RESOLUTION 9 – ADOPTION OF PILOT ENERGY LIMITED INCENTIVE SCHEME

General

This Resolution seeks Shareholder approval to adopt an incentive scheme entitled “Pilot Energy Limited Incentive Scheme” (**Incentive Scheme**).

The Incentive Scheme will enable the Company to provide variable remuneration that is performance focused and linked to long-term value creation for Shareholders, to employees whose behaviour and performance have a direct impact on the Company’s long term performance. The issue of securities under the Incentive Scheme to eligible recipients will create alignment between the interests of recipients (including employees) and Shareholders.

If Shareholders approve this Resolution, any issue securities of under the Incentive Scheme within the three year period from the date of the Meeting will be treated as having been made with the approval of Shareholders for the purposes of ASX Listing Rule 7.2 and, consequently, the issue of those securities will be excluded from the calculation of the maximum number of new equity securities that can be issued by the Company without Shareholder approval for the purposes of ASX Listing Rule 7.1.

A summary of the key terms of the Incentive Scheme is set out in Schedule 3, and a copy of the rules of the Incentive Scheme is available upon request from the Company.

Information required by ASX Listing Rule 7.2

Broadly speaking, and subject to a number of exceptions, ASX Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

If this Resolution is approved by Shareholders for all purposes under the Corporations Act and the ASX Listing Rules, including ASX Listing Rule 7.2 (exception 13(b)), it will have the effect of enabling the securities issued by the Company under the Incentive Scheme to be automatically excluded from the formula to calculate the number of securities which the Company may issue in any 12 month period using ASX Listing Rule 7.1 (15% capacity) during the next three year period.

The Company advises that Shareholder approval for the Incentive Scheme has not been previously sought from Shareholders under ASX Listing Rule 7.2 (exception 13(b)). Accordingly, this would be the first time that the Company has sought Shareholder approval for the Incentive Scheme for the purposes of ASX Listing Rule 7.2 (exception 13(b)).

If this Resolution is approved by Shareholders, the Company may issue up to a maximum of 12,611,477 securities under the Incentive Scheme during the three year period following approval which represents 10% (10 percent) of the total number of issued capital of the Company as at the date of this Notice of Meeting in reliance on ASX Listing Rule 7.2 (exception 13(b)). This maximum number of securities which may be issued under the Incentive Scheme over the next 3 years and is not intended to be a prediction of the actual number of securities to be issued under the Incentive Scheme, rather it is intended to be a ceiling on the number of securities approved to be issued under the Incentive Scheme and for the purposes of exception 13(b) of ASX Listing Rule 7.2. Once that number is reached, any additional issues of securities under the Incentive Scheme would not have the benefit of exception 13 without further Shareholder approval.

A voting exclusion statement for Resolution 9 is included in the Notice of Meeting preceding this Explanatory Memorandum.

Directors’ Recommendation

The Board of Directors recommend that the Shareholders vote in favour of this Resolution.

RESOLUTION 10 – APPROVAL OF ISSUE OF SHARES TO CONTRACTOR – CASTLE ROCK ENERGY PTY LTD

General

The Company engaged Castle Rock Energy Pty Ltd (or its nominees) (**Castle Rock Energy**) to provide ongoing corporate development services in relation to the development of its corporate development initiatives, including the Royal Acquisition and Key Acquisition, under the terms and conditions specified in an engagement letter dated 31 July 2019 as amended (**Contractor Mandate**).

In consideration for the provision of the services by Castle Rock Energy, the Company has agreed to allot and issue to Castle Rock Energy (or its nominees) 4,123,485 Shares at a deemed issue price per Share of \$0.033 being an amount of \$136,075 (**Contractor Shares**). Castle Rock Energy is not a related party of the Company.

The Company seeks to issue the Contractor Shares with prior Shareholder approval, as such an issue would otherwise exceed the Company's ASX Listing Rule 7.1 and 7.1A capacity.

ASX Listing Rule 7.1

An explanation of ASX Listing Rule 7.1 is set out in the Explanatory Memorandum on Resolution 1 above.

The proposed issue of the Contractor Shares does not fall within any of the exceptions to ASX Listing Rule 7.1 and such an issue would otherwise exceed the Company's ASX Listing Rule 7.1 and 7.1A capacity. It therefore requires the approval of Shareholders under ASX Listing Rule 7.1.

If this Resolution is passed, the Company will be able to proceed to issue the Contractor Shares. In addition, the Contractor Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1 to issue equity securities without Shareholder approval over the 12 month period following the date on which the Contractor Shares are issued.

If this Resolution is not passed, then the Company will not be able to issue the Contractor Shares. The Company may in the future be able to proceed with the issue of the Contractor Shares as capacity becomes available with the passage of time under ASX Listing Rule 7.1 or 7.1A, if required, without the need to obtain shareholder approval.

Information required by ASX Listing Rule 7.3

The following additional information is provided pursuant to the requirements of ASX Listing Rule 7.3:

- (a) The Contractor Shares will be issued and allotted to the Castle Rock Energy (or its nominee).
- (b) The maximum number of Contractor Shares to be issued is 4,123,485 Shares at a deemed issue price per Share of \$0.033 being an amount of \$136,075.
- (c) The Contractor Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (d) The purpose of the issue of the Contractor Shares is to satisfy the Company's obligations under the Contractor Mandate. Accordingly, no funds will be raised from the issue of the Contractor Shares as the issue is to be made in lieu of cash fees for services rendered.
- (e) The Contractor Shares will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by ASX) and it is intended that the issue of the Contractor Shares will occur on the same date.
- (f) The Contractor Shares are being issued to Castle Rock Energy under the Contractor Mandate. The terms of the Contractor Mandate is considered by Pilot to be on standard terms.
- (g) The Contractor Shares are not being issued under or to fund a reverse takeover.
- (h) A voting exclusion statement for Resolution 10 is included in the Notice of Meeting preceding this Explanatory Memorandum.

Directors' Recommendation

The Board of Directors recommend that the Shareholders vote in favour of this Resolution.

RESOLUTION 11 – APPROVAL OF ISSUE OF OPTIONS TO DIRECTOR UNDER EXECUTIVE SERVICE AGREEMENT – BRADLEY LINGO

General

The Company appointed Bradley Lingo as Chairman of the Company under the terms and conditions set out in an executive service agreement dated 26 November 2019 (**Executive Service Agreement**). Under the terms of the Executive Service Agreement, the Company has agreed to allot and issue to Bradley Lingo 10,000,000 New Options in the Company (**Director Options**).

Resolution 11 seeks Shareholder approval under ASX Listing Rule 10.11 to issue the Director Options.

The purpose of the grant of Director Options is to both remunerate and incentivise Bradley Lingo by aligning his remuneration with the medium to long-term performance of the Company and to the delivery of long-term value creation for Shareholders. It is the Board's view that the proposed grant of options supports these objectives.

If Resolution 11 is not passed by Shareholders, the Company will not be able to proceed with the issue of Director Options and will seek Shareholder approval again at the Company's 2020 Annual General Meeting to be held later in the year.

Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Director Options constitutes giving a financial benefit and Bradley Lingo is a related party of the Company by virtue of being a Director.

The Directors (other than Bradley Lingo who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Resolution because the Director Options are to be issued as part of the Company's remuneration package for the Chairman, and the remuneration package is reasonable in the circumstances of the Company and the individual concerned. Accordingly, the "reasonable remuneration" exception in section 211 of the Corporations Act applies.

ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities (including options) to a related party. As a director of the Company, Bradley Lingo is a related party of the Company.

Specific information required by Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided:

- (a) The Director Options will be issued to Bradley Lingo (or his respective nominee), who is a related party by virtue of him being a Director of the Company.
- (b) The maximum number of Director Options to be issued is 10,000,000.
- (c) The Director Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).
- (d) The terms of the Director Options are as follows:
 - (i) the Director Options are to be granted for nil consideration as part of his remuneration;
 - (ii) the Director Options will expire on 4 November 2025; and
 - (iii) the Director Options exercise price per options of \$0.07 per option; and
 - (iv) otherwise where they do not differ on the same terms as set out in Schedule 2.

- (e) The Director Options will be issued at nil issue price. The Company will not receive any other consideration for the issue of the Director Options (other than in respect of any funds received on exercise of the Director Options).
- (f) The purpose of the issue of the Director Options is to satisfy the Company's obligations under the Executive Services Agreement. Accordingly, no funds will be raised from the issue of the Director Options as the issue is to be made in lieu of cash fees for services rendered (other than in respect of any funds received on exercise of the Director Options).
- (g) Bradley Lingo's current remuneration package with the Company, effective from 15 September 2020, is an annual base salary is \$276,000 or \$23,000 per month, plus statutory superannuation contributions. Bradley Lingo is also entitled to an annual bonus of \$100,000 subject to agreed performance criteria, and the Director Options. The Company is also obliged to pay to Bradley Lingo a \$50,000 success fee for services rendered in relation to the Company's new corporate development strategy and the Company securing approximately \$1.5 million in new capital commitments. In lieu of the Success Fee, the Company has agreed to grant an overriding royalty interest of 2% in the Mid West Wind and Solar Project.
- (h) A voting exclusion statement for Resolution 11 is included in the Notice of Meeting preceding this Explanatory Memorandum.

Directors' Recommendation

The Board of Directors (other than Mr Bradley Lingo) recommend that shareholders vote in favour of this resolution.

Definitions

Advisor Options means 10,000,000 unlisted Options with an exercise price of \$0.066 expiring on expiry Date and otherwise on the terms set out in Schedule 2 to be issued to Bridge Street Capital or its nominees.

Advisor Shares means 7,575,758 Shares to be issued to RFC Ambrian.

AEDT means Australian Eastern Daylight Time (Sydney, Western Australia).

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Associate has the meaning given to that term in the Listing Rules.

Attaching Placement Options means the issue of 37,878,783 free-attaching new unlisted Options, being one Option for every two new Shares acquired under the Placement exercisable at \$0.066 on or before the Option Expiry Date on the terms and conditions set out in Schedule 2.

Bridge Street Capital means Bridge Street Capital Partners Pty Ltd ABN 32 164 702 005.

Capital Raising means the Placement, Attaching Placement Options, SPP and SPP Options.

Cliff Head means Cliff Head Offshore Oil Field in the Perth Basin.

Company means Pilot Energy Limited ABN 86 115 229 984.

Consideration Shares means the 136,363,636 Shares to be issued to the Royal Vendors under the Royal Acquisition.

Contractor Shares means those shares as set out in Resolution 14 proposed to be issued to Castle Rock Energy Pty Ltd ABN 41 619 648 869 (or its nominee), a contractor of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Memorandum means this explanatory memorandum accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by this Notice.

First Completion means the completion of the sale and purchase of each First Completion Vendor's Shares.

First Completion Vendor means a Royal Vendor.

Key means Key Petroleum Limited (ACN 120 580 618).

Key Acquisition means the acquisition by the Company of the remaining 40% interest in WA-481-P following which the Company will become the 100% owner/operator of WA-481-P.

Mid West Wind and Solar Project means the offshore wind and onshore wind and solar power project to be located along the offshore/onshore coast of the Mid West Region of Western Australia.

Notice or **Notice of Meeting** or **Notice of General Meeting** means this notice of General Meeting including the Explanatory Memorandum and the Proxy Form.

New Option means an option over a Share on the terms and conditions as set out in Schedule 2.

Option Expiry Date means the date that is 24 months from the date of issue of the option.

Placement means both of the Tranche 1 Placement and Tranche 2 Placement for the issue of a total of 75,757,576 new Shares to raise approximately \$2.5 million.

Proxy Form means the Proxy Form accompanying the Notice.

Relevant Interest has the meaning given in the Corporations Act.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Royal means Royal Energy Pty Limited (ACN 606 335 282).

Royal Acquisition means the acquisition by the Company of 100% of the issued share capital of Royal Energy Pty Limited ACN 606 335 282.

Royal Resolutions means Shareholder Approval for the election of the Proposed Directors and for the approval by Shareholders for the issue and allotment of the Advisor Shares.

Royal Share Sale Agreement means share sale agreement entered into between the Royal Vendors and the Company on 25 September 2020 in respect of the Royal Acquisition.

Royal Vendors means the shareholders of Royal Energy Pty Limited as at the date of this Notice.

Royal Vendors Shares includes the shares of the Royal Vendors as set out in Schedule 1.

Share or Ordinary Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Share Sale Agreement means the share sale agreement between the Company and the Royal Vendors dated 24 September 2020.

SPP means the issue of approximately 15,151,515 SPP Shares in a non-underwritten securities purchase plan to raise approximately up to \$0.5 million.

SPP Options means the issue of approximately 7,575,757 free-attaching new unlisted Options, being one Option for every two SPP Shares acquired under the SPP exercisable at \$0.066 on or before the Option Expiry Date.

SPP Shares means 15,151,515 new Shares to existing eligible Shareholders under the SPP.

Tranche 1 Key Consideration Shares means the first tranche of 4,276,703 Shares issued to Key on 7 October 2020 in consideration for the Key Acquisition.

Tranche 1 Placement means 15,909,097 Shares that were issued by the Company to sophisticated, professional and institutional investors on 1 October 2020 at an issue price of \$0.033 that raised \$0.5 million and were issued using the Company's ASX Listing Rule 7.1 and 7.1A placement capacity.

Tranche 2 Key Consideration Shares means the second tranche of 16,723,297 Shares to be issued to Key subject to Shareholder approval in consideration for the Key Acquisition.

Tranche 2 Placement means 59,848,479 Shares at an issue price of \$0.033 to raise approximately \$2.0 million, the issue of which are subject to shareholder approval.

Voting Power has the meaning given in the Corporations Act.

WA-481-P means offshore Exploration Permit WA-481-P.

WA-481-P Sale and Purchase Agreement means the sale and purchase agreement entered into between Pilot and Key on 6 October 2020 in respect of the Key Acquisition.

Instructions for Completing 'Appointment of Proxy' Form

1. **Appointing a Proxy:** A member with two or more votes entitled to attend and vote at the GM is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **Proxy vote if appointment specifies way to vote:** Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**
 - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
 - (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution - the proxy must not vote on a show of hands;
 - (c) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
 - (d) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).
3. **Transfer of non-chair proxy to chair in certain circumstances:** Section 250BC of the Corporations Act provides that, if:
 - (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
 - (b) the appointed proxy is not the chair of the meeting;
 - (c) at the meeting, a poll is duly demanded on the resolution; and
 - (d) either of the following applies:
 - (i) the proxy is not recorded as attending the meeting; or
 - (ii) the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.
4. **Signing Instructions:**
 - (a) **Individual:** Where the holding is in one name, the member must sign.
 - (b) **Joint Holding:** Where the holding is in more than one name, all of the members should sign.
 - (c) **Power of Attorney:** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
 - (d) **Companies:** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
5. **Attending the Meeting:** Completion of a Proxy Form will not prevent individual members from attending the GM in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the GM in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the GM.
6. **Voting in person:**
 - (a) A Shareholder that is an individual may attend and vote in person at the Meeting. If you wish to attend the Meeting, please bring the attached proxy form to the Meeting to

assist in registering your attendance and number of votes. Please arrive 15 minutes prior to the start of the Meeting to facilitate this registration process.

- (b) A Shareholder that is a corporation may appoint an individual to act as its representative to vote at the Meeting in accordance with Section 250D of the Corporations Act. The appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the Certificate is enclosed with this Notice of Meeting

7. **Return of Proxy Form:** To vote by proxy, please complete and sign the enclosed Proxy Form and return the Proxy Form (and any Power of Attorney under which it is signed):

- (a) By mail to Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001, Australia.
- (b) By fax to +61 2 9290 9655.

so that it is received by 11:00am (AEDT) on Tuesday, 8 December 2020. Proxy Forms received later than this time will be invalid.

Schedule 1 – New Options Terms and Conditions

- (a) **Entitlement:** Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **Exercise Price:** Subject to paragraph (a), the amount payable upon exercise of each Option will be \$0.066 (**Exercise Price**).
- (c) **Expiry Date:** Each Option will expire at 5:00pm (EST) on 24 months from the date of issue of each Option (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) **Exercise Period:** The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).
- (e) **Notice of Exercise:** The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (f) **Exercise Date:** A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).
- (g) **Timing of issue of Shares on exercise:** Within 15 Business Days after the Exercise Date, the Company will:
 - (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
 - (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
 - (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.
- (h) **Quotation of Options:** The Company will not seek quotation of the Options and the Options will remain unlisted.
- (i) **Shares issued on exercise:** Shares issued on exercise of the Options rank equally with the then issued shares of the Company.
- (j) **Reconstruction of capital:** If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (k) **Participation in new issues:** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (l) **Change in exercise price:** An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.
- (m) **Transferability:** The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

Schedule 2 – Key Terms of the Incentive Scheme Plan

The Company intends to adopt the employee incentive scheme entitled “Pilot Energy Limited Incentive Scheme Plan” (**Incentive Plan Rules**), to assist in the reward, retention and motivation of the Company's Directors, senior management, and other key employees (including contractors) (**Eligible Persons**).

The terms and conditions of the Incentive Plan Rules are set out in comprehensive rules. A summary of the rules of the Incentive Plan Rules is set out below:

- The Incentive Scheme Plan is open to Directors, senior management, contractors and any other employees of the Company, as determined by the Board.
- may be paid in the form of cash or equity (which may include performance rights or options) to Eligible Persons. Each option represents a right to acquire a Share for a fixed exercise price per option following the vesting date and prior to the expiry date of the option. Each performance right represents a right to have a Share issued to the holder of the performance right on the vesting date.
- Shares may be subject to disposal restrictions or vesting conditions determined by the Board at the time of the invitation. Subject to the terms of the invitation, the Company may issue new shares or arrange a transfer or purchase of existing shares.
- Awards do not attract dividends or distributions and voting rights in respect of Shares, until the award vests and Shares are allocated to the holder upon vesting.
- A grant of Awards under the Plan is subject to both the Plan rules and the terms of the specific grant.
- An award will lapse:
 - in respect of an option, on the expiry date; or
 - the date the applicable vesting conditions are not met and are no longer able to be met.
- An award will vest at the time when the vesting conditions are satisfied or waived by the Board in its absolute discretion.
- On exercise of an award, the Board may determine in its absolute discretion whether to deliver the value of the Award in the form of Shares (either through a new issue or on market acquisition), cash or a combination of Shares and cash.
- No Shares acquired by participants on exercise may be disposed of if to do so would breach the Company's share trading policy or insider trading prohibitions. In addition, Shares allocated on vesting of an award may be subject to specified disposal restrictions (as set out in the terms of the relevant award) which prevent the acquired Share being disposed of for a specified period following acquisition.
- The Board will have discretion to determine that a participant's awards will undergo an acceleration of vesting where the participant is a good leaver. A good leaver is a person who ceases to be a director, officer, employee, contractor or consultant by any reason other than as a bad leaver.
- In the case of other capital reorganisations, the Board may make such adjustments to the awards as it considers necessary to comply with the ASX Listing Rules.
- In the event of a change of control, the Board, in its absolute discretion, may determine that some or all of the awards granted under the Plan vest.
- The Board may amend the Incentive Plan Rules at any time provided that the rights of participants to awards earned prior to the amendment or termination are not affected, unless otherwise agreed in writing by the participants.

Online Voting User Guide

Getting Started

In order to participate in the meeting, you will need to download the App onto your smartphone device. This can be downloaded from the Google Play Store™ or the Apple® App Store by searching by app name “**Lumi AGM**”.

Alternatively, **Lumi AGM** can be accessed using any web browser on a PC, tablet or smartphone device. To use this method, please go to <https://web.lumiagm.com>.

To log in to the portal, you will need the following information:

Meeting ID: 354-854-529

Australian Residents

Username - Voting Access Code (VAC*) and **Password** (postcode of your registered address) *Voting Access Code (VAC) can be located on the first page of your proxy form or on your notice of meeting email)

Overseas Residents

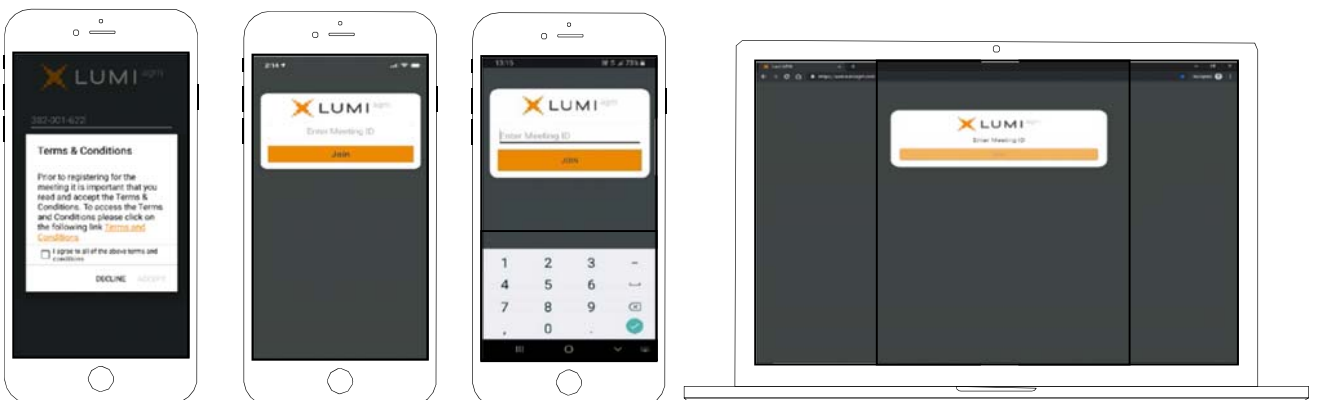
Username - Voting Access Code (VAC*) and **Password** (three character country code e.g. New Zealand – NZL. A full list of country codes can be found at the end of this guide.)

*Voting Access Code (VAC) can be located on the first page of your proxy form or on your notice of meeting email). A full list of country codes can be found at the end of this guide.

Appointed Proxy

To receive your Username and Password, please contact our share registry, Boardroom Pty Ltd on **1300 737 760** or **+61 2 9290 9600** between 8:30am to 5:30pm (Sydney Time) Monday to Friday the day before the meeting.

To join the meeting, you will be required to enter the above unique 9 digit meeting ID and select ‘Join’. To proceed to registration, you will be asked to read and accept the terms and conditions.



If you are a **Shareholder**, select 'I have a login' and enter your Username VAC (Voting Access Code) and Password (postcode or country code). If you are a **Proxyholder** you will need to enter the unique Username and Password provided by Boardroom and select 'Login'.

If you are not a Shareholder, select 'I am a guest'. You will be asked to enter your name and email details, then select 'Enter'. Please note, guests are not able to ask questions at the meeting.



Navigating

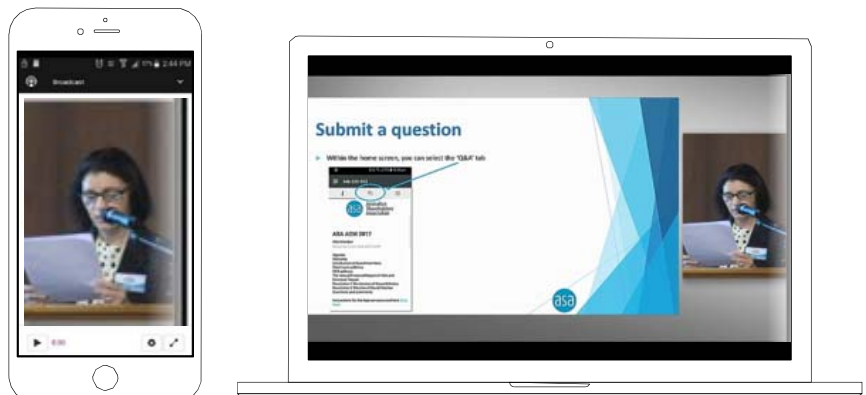
Once you have registered, you will be taken to the **homepage** which displays your name and meeting information.



To **activate the webcast**, please click on the **Broadcast bar** at the bottom of the screen. If prompted you may have to click the play button in the window to initiate the broadcast.

Once you select to view the webcast from a smartphone it can take up to approximately 30 seconds for the live feed to appear on some devices. If you attempt to log into the app before the Meeting commences, a dialog box will appear.

NOTE: We recommend once you have logged in, you keep your browser open for the duration of the meeting. If you close your browser you will be asked to repeat the log in process.

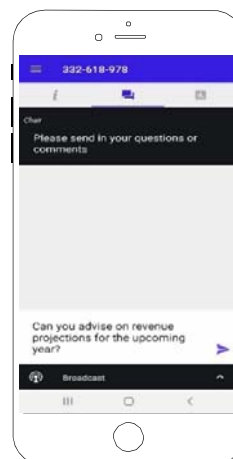


To ask a Question

If you would like to ask a question:

1. Select the question icon 
2. Compose your question.
3. Select the send icon 
4. You will receive confirmation that your question has been received.

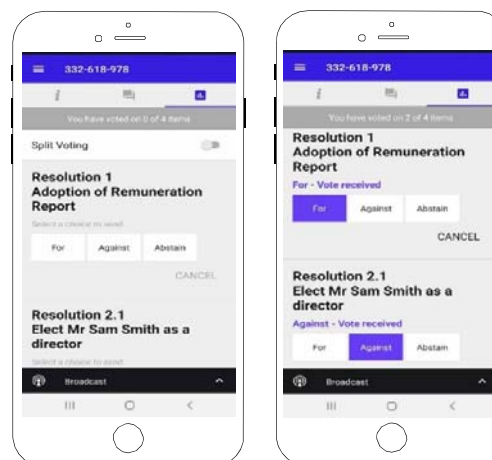
The Chair will give all Shareholders a reasonable opportunity to ask questions and will endeavor to answer all questions at the Meeting.



To Vote

If you would like to cast a vote:

1. When the Chair declares the polls open, the resolutions and voting choices will appear.
2. Press the option corresponding with the way in which you wish to vote.
3. Once the option has been selected, the vote will appear in blue.
4. If you change your mind and wish to change your vote, you can simply press the new vote or cancel your vote at any time before the Chair closes the polls.
5. Upon conclusion of the meeting the home screen will be updated to state that the meeting is now closed.



Need help? If you require any help using this system prior to or during the Meeting, please call **1300 737 760** or **+61 2 9290 9600** so we can assist you

Country Codes

For overseas shareholders, select your country code from the list below and enter it into the password field.

ABW	Aruba
AFG	Afghanistan
AGO	Angola
AIA	Anguilla
ALA	Aland Islands
ALB	Albania
AND	Andorra
ANT	Netherlands Antilles
ARE	United Arab Emirates
ARG	Argentina
ARM	Armenia
ASM	American Samoa
ATA	Antarctica
ATF	French Southern
ATG	Antigua & Barbuda
AUS	Australia
AUT	Austria
AZE	Azerbaijan
BDI	Burundi
BEL	Belgium
BEN	Benin
BFA	Burkina Faso
BGD	Bangladesh
BGR	Bulgaria
BHR	Bahrain
BHS	Bahamas
BIH	Bosnia & Herzegovina
BLM	St Barthelemy
BLR	Belarus
BLZ	Belize
BMU	Bermuda
BOL	Bolivia
BRA	Brazil
BRB	Barbados
BRN	Brunei Darussalam
BTN	Btn
BUR	Burma
BVT	Bouvet Island
BWA	Botswana
CAF	Central African Republic
CAN	Canada
CCK	Cocos (Keeling) Islands
CHE	Switzerland
CHL	Chile
CHN	China
CIV	Cote D'ivoire
CMR	Cameroon
COD	Democratic Republic of Congo
COK	Cook Islands
COL	Colombia
COM	Comoros
CPV	Cape Verde
CRI	Costa Rica
CUB	Cuba
CYM	Cayman Islands
CYP	Cyprus
CXR	Christmas Island
CZE	Czech Republic
DEU	Germany
DJI	Djibouti
DMA	Dominica
DNK	Denmark
DOM	Dominican Republic

DZA	Algeria
ECU	Ecuador
EGY	Egypt
ERI	Eritrea
ESH	Western Sahara
ESP	Spain
EST	Estonia
ETH	Ethiopia
FIN	Finland
FJI	Fiji
FLK	Falkland Islands (Malvinas)
FRA	France
FRO	Faroe Islands
FSM	Micronesia
GAB	Gabon
GBR	United Kingdom
GEO	Georgia
GGY	Guernsey
GHA	Ghana
GIB	Gibraltar
GIN	Guinea
GLP	Guadeloupe
GMB	Gambia
GNB	Guinea-Bissau
GNQ	Equatorial Guinea
GRC	Greece
GRD	Grenada
GRL	Greenland
GTM	Guatemala
GUF	French Guiana
GUM	Guam
GUY	Guyana
HKG	Hong Kong
HMD	Heard & Mcdonald Islands
HND	Honduras
HRV	Croatia
HTI	Haiti
HUN	Hungary
IDN	Indonesia
IMN	Isle Of Man
IND	India
IOT	British Indian Ocean Territory
IRL	Ireland
IRN	Iran Islamic Republic of
IRQ	Iraq
ISM	British Isles
ISL	Iceland
ISR	Israel
ITA	Italy
JAM	Jamaica
JEY	Jersey
JOR	Jordan
JPN	Japan
KAZ	Kazakhstan
KEN	Kenya
KGZ	Kyrgyzstan
KHM	Cambodia
KIR	Kiribati
KNA	St Kitts And Nevis
KOR	Korea Republic of
KWT	Kuwait
LAO	Lao Pdr
LBN	Lebanon

LBR	Liberia
LBY	Libyan Arab Jamahiriya
LCA	St Lucia
LIE	Liechtenstein
LKA	Sri Lanka
LSO	Lesotho
LTU	Lithuania
LUX	Luxembourg
LVA	Latvia
MAC	Macao
MAF	St Martin
MAR	Morocco
MCO	Monaco
MDA	Republic Of Moldova
MDG	Madagascar
MDV	Maldives
MEX	Mexico
MHL	Marshall Islands
MKD	Macedonia Former Yugoslav Rep
MLI	Mali
MLT	Mauritania
MMR	Myanmar
MNE	Montenegro
MNG	Mongolia
MNP	Northern Mariana Islands
MOZ	Mozambique
MRT	Mauritania
MSR	Montserrat
MTQ	Martinique
MUS	Mauritius
MWI	Malawi
MYS	Malaysia
MYT	Mayotte
NAM	Namibia
NCL	New Caledonia
NER	Niger
NFK	Norfolk Island
NGA	Nigeria
NIC	Nicaragua
NIU	Niue
NLD	Netherlands
NOR	Norway Montenegro
NPL	Nepal
NRU	Nauru
NZL	New Zealand
OMN	Oman
PAK	Pakistan
PAN	Panama
PCN	Pitcairn Islands
PER	Peru
PHL	Philippines
PLW	Palau
PNG	Papua New Guinea
POL	Poland
PRI	Puerto Rico
PRK	Korea Dem Peoples Republic of
PRT	Portugal
PRY	Paraguay
PSE	Palestinian Territory Occupied
PYF	French Polynesia
QAT	Qatar Re
REU	Reunion

ROU	Romania
RUS	Russian Federation
RWA	Rwanda
SAU	Saudi Arabia Kingdom Of
SDN	Sudan
SEN	Senegal
SGP	Singapore
SGS	Sth Georgia & Sth Sandwich Isl
SHN	St Helena
SJM	Svalbard & Jan Mayen
SLB	Solomon Islands
SCG	Serbia & Outlying
SLE	Sierra Leone
SLV	El Salvador
SMR	San Marino
SOM	Somalia
SPM	St Pierre And Miquelon
SRB	Serbia
STP	Sao Tome And Principe
SUR	Suriname
SVK	Slovakia
SVN	Slovenia
SWE	Sweden
SWZ	Swaziland
SYC	Seychelles
SYR	Syrian Arab Republic
TCA	Turks & Caicos Islands
TCD	Chad
TGO	Togo
THA	Thailand
TJK	Tajikistan
TKL	Tokelau
TKM	Turkmenistan
TLS	East Timor
TMP	East Timor
TON	Tonga
TTO	Trinidad & Tobago
TUN	Tunisia
TUR	Turkey
TUV	Tuvalu
TWN	Taiwan
TZA	Tanzania United Republic of
UGA	Uganda
UKR	Ukraine
UMI	United States Minor
URY	Uruguay
USA	United States of America
UZB	Uzbekistan
VNM	Vietnam
VUT	Vanuatu
WLF	Wallis & Futuna
WSM	Samoa
YEM	Yemen
YMD	Yemen Democratic
YUG	Yugoslavia Socialist Fed Rep
ZAF	South Africa
ZAR	Zaire
ZMB	Zambia
ZWE	Zimbabwe



All Correspondence to:

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

To attend the AGM online, please visit:	https://web.lumiagm.com/354854529
Voting Access Code (VAC):	

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11:00am (AEDT) on Tuesday 8 December 2020.**

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11:00am (AEDT) on Tuesday 8 December 2020.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

👤 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Pilot Energy Limited

ABN 86 115 229 984

☐

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Pilot Energy Limited** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting** (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the General Meeting of the Company to be held as a virtual meeting via <https://web.lumiagm.com/354854529> on **Thursday, 10 December 2020 at 11:00am (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting intends to vote undirected proxies in favour of each of the items of business.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		FOR	AGAINST	ABSTAIN*			FOR	AGAINST	ABSTAIN*
Res 1	Ratification of Tranche 1 Placement Shares	☐	☐	☐	Res 7	Ratification of Tranche 1 Shares to Key	☐	☐	☐
Res 2	Issue of Tranche 2 Placement Shares	☐	☐	☐	Res 8	Issue of Tranche 2 Shares to Key	☐	☐	☐
Res 3	Approval of Free-Attaching Placement Options (Tranche 1 and Tranche 2)	☐	☐	☐	Res 9	Adoption of Pilot Energy Limited Incentive Scheme	☐	☐	☐
Res 4	Approval of Advisor Options – Bridge Street Capital Partners	☐	☐	☐	Res 10	Approval of Issue of Shares to Contractor – Castle Rock Energy Pty Ltd	☐	☐	☐
Res 5	Approval of Free - Attaching Share Purchase Plan Options	☐	☐	☐	Res 11	Approval of Issue of Options under Executive Service Agreement to Director – Bradley Lingo	☐	☐	☐
Res 6	Ratification of issue of 5,000,000 Shares	☐	☐	☐					

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2020