

PILOT ENERGY LIMITED

ACN 115 229 984

Options Prospectus

For the offer of up to 10,000 New Options at nil consideration per New Option (**Offer**). Each New Option has an exercise price of \$0.033, an expiry date of 25 August 2025 and upon its exercise, will entitle the holder to one fully paid ordinary share in the capital of the Company. The New Options will otherwise be issued on equivalent terms to the Existing Options.

The Offer is only made to and capable of acceptance by invitees determined by the Company. The Offer closes at 5.00pm (AEDT) on 29 February 2024.

This Prospectus has been prepared primarily for the purposes of section 708A(11) of the Corporations Act to facilitate the secondary trading of the Existing Options.

IMPORTANT NOTICE

This Prospectus is a transaction specific prospectus issued in accordance with section 713 of the Corporations Act. This is an important document that should be read in its entirety. It does not, itself, contain all the information that is generally required to be set out in a full prospectus, but refers to other documents, the information of which is deemed to be incorporated into this Prospectus. You should read this Prospectus in its entirety before deciding whether to take up New Options under the Offer.

If after reading this Prospectus you have any questions about the New Options being offered under this Prospectus or any other related matter, then you should consult your stockbroker, accountant or other professional adviser without delay.

The New Options being offered under this Prospectus should be considered highly speculative. The general advice provided in this Prospectus has been prepared without taking into account the specific personal circumstances of investors.

IMPORTANT INFORMATION

General

This Prospectus is dated 1 March 2024 and was lodged with the ASIC on that date. ASIC, ASX and their respective officers do not take any responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

The Offer

The Offer closes at 5.00pm (AEDT) on 1 March 2024. Subject to the Corporations Act, the Listing Rules and other applicable laws, the Company reserves the right to close the Offer early, to extend the Closing Date, or not to proceed with the Offer.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The Company intends to apply to ASX for quotation of the New Options on ASX.

Disclosure

This Prospectus is a transaction specific prospectus for an offer of convertible securities to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act.

Section 713 allows the issue of a more concise prospectus in relation to an offer of continuously quoted securities. It does not contain the same level of disclosure as an initial public offering prospectus and is only required to contain certain information in relation to the effect of the issue of the New Options by the Company, and the rights and liabilities attaching to the New Options and the Shares which will be issued upon the exercise of the New Options. The Prospectus does not need to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the Company.

This Prospectus incorporates by reference information contained in documents lodged with ASIC. A document incorporated by reference in this Prospectus may be obtained free of charge from the Company during the application period.

Representations contained in this Prospectus are made taking into account that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters are publicly available information or may reasonably be expected to be known to investors and professional advisers whom prospective investors may consult.

No person is authorised to give information or to make any representation in connection with this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

Continuous disclosure obligations

In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Securities.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest. Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

This Prospectus has also been prepared for the purposes of section 708A(11) of the Corporations Act to facilitate the secondary trading of the Existing Options.

Please refer to **Section 6.1** for further details.

Application by invitation only

The Company will only distribute this Prospectus to those specific investors invited by the Directors to subscribe for the New Options pursuant to this Prospectus. Accordingly, if you have not been invited by the Directors to subscribe for the New Options pursuant to this Prospectus, you cannot subscribe for New Options pursuant to this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The New Options being offered by this Prospectus should be considered as highly speculative.

Applications for New Options offered pursuant to this Prospectus can only be made by an original Application Form. The right to participate in the Offer is not transferable. Please carefully read and follow the instructions in this Prospectus and on the accompanying Application Form when subscribing for New Options.

Conditional Offer

The making of the Offer is conditional upon the ASX having agreed to list the Existing Options for quotation.

Electronic Prospectus

This Prospectus will be made available in electronic form. Persons having received a copy of this Prospectus in its electronic form may obtain an additional copy of this Prospectus (free of charge) by contacting the Company. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. The Company will not accept a completed Application Form if it has reason to believe that the applicant has not received a complete and unaltered copy of the Prospectus and any relevant supplementary or replacement

prospectus or any of those documents were incomplete or altered.

Target market determination

In accordance with the design and distribution obligations under the Corporations Act, the Company has determined the target market for the offer of New Options under this Prospectus. The Company will only distribute this Prospectus to those investors who fall within the target market determination as set out on the Company's website at <https://www.pilotenergy.com.au/>.

Company website

No document or other information available on the Company's website is incorporated into this Prospectus by reference.

No Investment Advice

The information contained in this Prospectus is not financial product advice or investment advice and does not take into account your financial or investment objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding to subscribe for New Options under this Prospectus to determine whether it meets your objectives, financial situation and needs.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management. The Company cannot and does not give any assurance that the results, performance or

achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in **Section 4**.

The past performance of the price of the Company's Securities provides no guidance or indication as to how the price of the New Options will perform in the future.

Offer restrictions

The Offer is not made to persons or in places to which, or in which, it would not be lawful to make such an offer of New Options. No action has been taken to register the Offer or otherwise permit the Offer to be made in any jurisdiction outside Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law in those jurisdictions and therefore persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws.

Definitions and Time

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in **Section 7**. All references on time in this Prospectus are references to Australian Eastern Daylight Time.

Privacy statement

If you complete an Application Form, you will be providing personal information to the Company.

The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus. Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

For further details on how the Company collects, stores, uses and discloses your personal information, please read the Company's privacy policy available at <https://www.pilotenergy.com.au/sites/pilotenergy.com.au/files/files/PILOT%20ENERGY%20LIMITED%20Privacy%20Policy%20July%202021.pdf>.

For further details, including how to access and correct your personal information, and on the share registry's privacy complaints handling procedure, please contact the share registry's Privacy Officer at privacyofficer@boardroomlimited.com.au or see its Privacy Policy at <https://boardroomlimited.com.au/corp/privacy-policy/>.

Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offer or how to accept the Offer please email the Company Secretary on cfriedlander@pilotenergy.com.au.

CORPORATE DIRECTORY

Directors

Brad Lingo (Executive Chairman)
Tony Strasser (Managing Director)
Daniel Chen (Non-executive Director)
Bruce Gordon (Non-executive Director)

Company Secretary

Cate Friedlander

Registered Office

Suite 301, 35 Spring Street,
Bondi Junction NSW 2022

Share Registry*

Boardroom Pty Limited
Level 8
210 George Street
Sydney NSW 2000

Legal Advisers

MinterEllison
Level 40, Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Auditor*

MNSA Pty Ltd
Level 1, 283 George Street
Sydney NSW 2000

ASX Code

PGY

Website

www.pilotenergy.com.au

*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

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1. KEY OFFER INFORMATION

1.1 Timetable

Event	Date*
Lodgement of Prospectus with ASIC	Friday 1 March 2024
Lodgement of Appendix 2A and Prospectus with ASX	Friday 1 March 2024 (before midday)
Opening Date	9.00am on Friday 1 March 2024
Closing Date	5.00pm on Friday 1 March 2024
Official quotation of Options	Monday 4 March 2024
Dispatch holding statement	Tuesday, 5 March 2024

* The above dates are stated in AEDT, indicative only and may be subject to change. The Company retains the discretion, subject to the ASX Listing Rules and the Corporations Act, to alter any or all of these key dates at its discretion (generally or in particular cases), without prior notice, including extending the Closing Date or to withdraw the Offer without prior notice. Applicants are encouraged to submit their Application Forms (if applicable) as soon as possible. No cooling-off rights apply to applications submitted under the Offer. The commencement of quotation of the Options is subject to confirmation from ASX.

1.2 About the Offer

The following summary provides only a limited overview of the Offer being made by the Company. Further detail is set out in this Prospectus. Please read and consider this Prospectus in full before making any decision regarding applying for New Options, exercising any Existing Options, exercising any Options which are on issue as at the date of this Prospectus other than Existing Options, or investing in Shares.

Topic	Summary	Where to find more information
What is the Offer?	An offer of up to 10,000 New Options to subscribe for Shares at nil consideration per New Option to be made to invitees determined by the Company.	Section 2
Is the Offer underwritten?	No, the Offer is not underwritten.	Section 2.3
How and when will I know if my application is successful?	Holding statements confirming the issue of New Options (if any) are anticipated to be dispatched on or about Tuesday, 5 March 2024.	Section 2.4
Is the Offer subject to any conditions?	Yes, the making of the Offer is conditional upon the ASX having agreed to list the Existing Options for quotation.	Section 2.5
What is the purpose of the Offer?	Since issuing the Existing Options, the Company has received a number of queries from holders as to whether the Company would be prepared to obtain quotation on ASX of the Existing Options to provide liquidity to an otherwise illiquid security. The purpose of the Offer is to facilitate the secondary trading of Options on ASX.	Section 2.6
What are the terms of the New Options?	Each New Option has an exercise price of \$0.033, expiry date of 25 August 2025 and, upon exercise, will entitle the holder to one Share. Full terms of the New Options are set out in Section 5.1 and are equivalent in all respects to the terms of the Existing Options.	Section 5.1
Are there any risks associated with	There are risks associated with investment in the Company. These include risks relating to the Offer and the New	Section 4

Topic	Summary	Where to find more information
investments in the Company?	Options, risks associated with financial investment generally. Please carefully consider the risks and the information contained in this Prospectus in conjunction with any specific matters which have or may be referred to in the Company's ASX announcements before deciding to apply for or acquire New Options or otherwise making an investment in the Company.	
Are there any taxation implications of participating in the Offer?	Taxation implications will vary depending upon the specific circumstances of the investor. You should obtain professional advice as to the taxation treatment applicable to you.	Section 4.3(d)
Where can I find more information about the Company?	For more information on the Company, please see the Company's website (www.pilotenergy.com.au) or refer to the Company's ASX announcements (available on the ASX's website www2.asx.com.au , search code "PGY").	See the Important Information section above for further information.
What if I have any further questions about the Offer or how to apply?	You may contact the Company Secretary via email at cfriedlander@pilotenergy.com.au .	See the Important Information section above for further information.

1.3 Key risk factors

Prospective investors should be aware that subscribing for securities issued by the Company involves a number of risks and an investment in the Company should be considered as highly speculative. The future performance of the Company and the value of any securities issued by it (including the New Options) may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are set out in **Section 4**.

2. DETAILS OF THE OFFER

2.1 The Offer

The Company offers up to 10,000 New Options at nil consideration per New Option (**Offer**). The Offer is only made to and capable of acceptance by those investors determined by the Company who receive from the Company directly, a personalised Application Form to participate in the Offer (**Invitees**).

Each New Option has an exercise price of \$0.033, expiry date of 25 August 2025 and, upon exercise, will entitle the holder to one Share.

Full terms of the New Options are set out in **Section 5.1** and are equivalent in all respects to the terms of the Existing Options.

The rights and liabilities of Shareholders are identified in **Section 5.2**.

2.2 Minimum subscription

There is no minimum subscription for New Options under the Offer.

2.3 No underwriting

The Offer is not underwritten.

2.4 Applications

An Application under the Offer may only be made by persons on invitation from the Directors and must be made using the personalised Application Form accompanying this Prospectus. The Company may, in its discretion, determine whether to accept any or all Application Form.

Completed Application Forms must be delivered on or before the Closing Date to the Share Registry at Level 8, 210 George Street, Sydney, NSW 2000.

Completed Application Forms must reach the address set out above no later than the Closing Date.

2.5 The Offer is conditional

The Offer is conditional on quotation of the Existing Options being granted by the ASX.

The Company intends to apply for quotation of the New Options to be issued (if any) and the Existing Options. The Company has lodged, or will lodge, an Appendix 2A applying for quotation of any New Options to be issued (if any) and the Existing Options on the date of this Prospectus.

The New Options and Existing Options have common terms as set out in **Section 5.1**.

The Existing Options will remain unquoted (unlisted), and the New Options (if any) will not be issued, until such time as the ASX has notified the Company that the Existing Options will be quoted.

The quotation requirements in respect of the Existing Options under Listing Rule 2.5, include:

- (a) there being at least 100,000 Existing Options on issue;
- (b) the Existing Options are held by at least 50 holders each with a marketable parcel (being if all options held by a holder exercised in full, the underlying Shares would be a parcel of not less than \$500 based on the trading price of Shares); and
- (c) the terms of issue of the Existing Options meeting the requirements of Chapter 6 of the Listing Rules.

The Company believes that as at the date of this Prospectus the above requirements have been met in respect of the Existing Options.

If quotation is not granted, the New Options will not be issued. The Existing Options are already on issue and are currently unlisted. The fact that ASX may grant Official Quotation of the New Options to be issued (if any) and/or the Existing Options is not to be taken in any way as an indication of the merits of the Company or of the New Options to be issued (if any) and/or the Existing Options.

If the ASX grants quotation of the Existing Options, the New Options will be issued as soon as practicable after the Closing Date. No Securities will be issued on the basis of this Prospectus later than thirteen (13) months after the date of this Prospectus.

2.6 Existing Options

The Company currently has 154,958,330 unlisted options on issue with an exercise price of \$0.033 and expiry date of 25 August 2025, having ASX security code and description 'PGYAQ: OPTION EXPIRING 25-AUG-2025 EX \$0.033' (**Existing Options**). The terms of the Existing Options are otherwise equivalent to the terms of New Options described in **Section 5.1**.

In response to queries from holders of the Existing Options as to whether the Company would be prepared to obtain quotation on ASX of the Existing Options to provide liquidity to an otherwise illiquid security, the Company sought, and obtained, Shareholder approval pursuant to Listing

Rule 6.23.4 to change the terms of the Existing Options to permit their quotation on ASX at its Annual General Meeting held on 6 February 2024.

2.7 Overseas investors

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or to extend such an invitation. No action has been taken to register this Prospectus or otherwise to permit an offering of New Options in any jurisdiction outside Australia. It is the responsibility of non-Australian resident investors to obtain all necessary approvals and comply with all relevant regulations for the issue to them of the New Options offered pursuant to this Prospectus. Return of a duly completed Application Form will constitute a representation and warranty that there has been no breach of such regulations.

2.8 Taxation

It is the responsibility of an investor to satisfy itself of the particular taxation treatment that applies to it in relation to the Offer, by consulting its professional tax advisors. The Company and the Directors do not accept any liability or responsibility in respect of the taxation consequences of the matters referred to in this Prospectus.

2.9 Enquiries

This document is important and should be read in its entirety. Persons who are in any doubt as to the course of action to be followed should consult their stockbroker, solicitor, accountant or other professional advisor without delay. Questions relating to the Offer can be directed to the Company Secretary at cfriedlander@pilotenergy.com.au.

3. PURPOSE AND EFFECT OF THE OFFER

3.1 Purpose of the Offer (and the issue of this Prospectus)

The purposes of this Prospectus and the Offer made under it are to comply with section 708A(11) of the Corporations Act to qualify the New Options (if any), and the Existing Options for secondary trading, such that the New Options (if any) and Existing Options can be offered for sale within 12 months of issue.

If securities are issued to an investor without a disclosure document, then the on-sale of those securities is generally restricted pursuant to the Corporations Act, unless an exemption applies (such as those under section 708A of the Corporations Act). If the Company does not fall within one of those exemptions, any securities issued to an exempt investor in accordance with section 708 of the Corporations Act may be restricted from on-sale for the first 12 months from the date of issue unless the investor (to whom the securities may be on-sold) also falls within one of the exemptions.

Relevantly, section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- the relevant securities are in a class of securities of the company that are already quoted on the ASX (section 708A(11)(a));
- a prospectus is lodged with ASIC either:
 - on or after the day on which the relevant securities were issued but before the day on which the sale offer is made (section 708A(11)(b)(i)); or

- before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued (section 708A(b)(ii)); and
- the prospectus is for an offer of securities issued by the company that are in the same class of securities as the relevant securities.

In light of the above, this Prospectus has been lodged after the issue of the Existing Options but before the day on which a relevant sale offer is made. Accordingly, the Existing Options will be exempt from the on-sale restrictions under the Corporations Act that would have otherwise attached to them (see the second bullet point above).

The Company is not seeking to raise capital under this Prospectus.

3.2 Financial effect of the Offer

The Offer will have no effect on the financial position of the Company as the New Options will be issued from nil consideration and consequently the Company will receive no subscription monies upon the issue. As referred to above, the Prospectus has been prepared for the purposes of qualifying the Existing Options for secondary trading and not to raise capital.

The anticipated costs of the Offer are set out in the table below:

Anticipated cost	Amount
Legal fees	\$25,000
ASIC and ASX fees*	\$19,000
Total	\$44,000

* Includes anticipated quotation costs of the maximum number of New Options that may be issued under this Prospectus, the 154,958,330 Existing Options, and the lodgement fee payable in connection with lodging this Prospectus with ASIC.

3.3 The effect of the Offer on the capital structure

The Offer will have a negligible effect on the capital structure of the Company as only 10,000 New Options may be issued under this Prospectus. The rights of the holders of Existing Options to exercise those Existing Options will not be impacted by the Offer or any subsequent quotation of the New Options or the Existing Options on the ASX.

(a) Securities on issue before the Offer

Prior to the issue of any New Options, the capital structure of the Company is as set out in the following table:

Security on issue	Number on issue
Shares currently on issue	1,189,174,986
Existing Options*	154,958,330
Options other than Existing Options (detailed in the table below in Section 3.3(c) *)	170,385,369
Convertible Notes (detailed below in Section 3.3(d) **)	16
Total number of Shares that would be on issue assuming that all of the Existing Options and other unlisted Options and Convertible Notes were exercised	1,781,185,352

* Upon (and assuming) their exercise, each Option will convert into one Share, and the total of Shares on issue will increase accordingly.

** Upon (and assuming) their conversion, the Convertible Notes will convert into a maximum of 266,666,667 Shares, and the total of Shares on issue will increase accordingly.

(b) **Securities on issue following the Offer (assuming full take-up of the Offer)**

Following the issue of the New Options, the capital structure of the Company will be as set out in the following table:

Security on issue	Number on issue
Shares currently on issue	1,189,174,986
Existing Options*	154,958,330
New Options*	10,000
Options other than Existing Options and New Options (detailed in the table below in Section 3.3(c))*	170,385,369
Convertible Notes (detailed below in Section 3.3(d) **)	16
Total number of Shares that would be on issue assuming that all of the Existing Options and other unlisted Options and Convertible Notes were exercised	1,781,195,352

* Upon (and assuming) their exercise, each Option will convert into one Share, and the total of Shares on issue will increase accordingly.

** Upon (and assuming) their conversion, the Convertible Notes will convert into a maximum of 266,666,667 Shares, and the total of Shares on issue will increase accordingly.

(c) **Options other than Existing Options**

The Company currently has the following Options on issue (excluding the Existing Options):

Description of Options	Number on issue
PGYAP: Option expiring 18 March 2025 (ex \$0.10)	17,500,000
PGYAD: Option expiring 4 November 2025 (ex \$0.07)	10,000,000
PGYAF: Option expiring 2 November 2024 (ex \$0.08)	13,333,334
PGYAR: Option expiring 7 November 2024 (ex \$0.033)	14,705,882
PGYAH: Option expiring 30 April 2026 (ex \$0.02)	88,846,153
PGYAS: Option expiring 1 November 2026 (ex \$0.05)	6,000,000
PGYAT: Option expiring 7 February 2027 (ex \$0.0405)	20,000,000
Total Options on issue (excluding the Existing Options and New Options)	170,385,369

(d) **Convertible Notes**

The Company has 16 Convertible Notes on issue to a syndicate of investors led by Discovery Investments Pty Ltd, the full terms of which are set out in the Company's announcements to the ASX on 4 May 2023 and 15 December 2023.

The Convertible Notes have a term of two years from the date of their issue and are convertible at the election of each noteholder at any time during the term (excluding in the first five months after the date of issue of the Convertible Notes). The Company has previously issued tranches of Convertible Notes with:

- (i) an aggregate face value of \$3,000,000 and conversion price of \$0.02; and

- (ii) an aggregate face value of \$3,500,000 and conversion price of \$0.03.

The number of Shares which the Company must issue upon conversion of the Convertible Notes is equal to the aggregate face value of the Convertible Notes divided by the conversion price. Therefore, the maximum number of Shares that will be issued assuming conversion of the Convertible Notes in full is 266,666,667.

3.4 Effect of the Offer on control

The issue of New Options under this Prospectus is not expected to have any material effect on the control of the Company.

3.5 Dilution risk

Given the nominal number of New Options offered under this Prospectus, there will be minimal dilution impact to existing Shareholders as a consequence of the Offer.

The percentage shareholding in the Company of existing Shareholders will not be diluted through the issue of New Options. Existing Shareholders will however be diluted through the issue of Shares upon exercise of any Existing Options, New Options or other unlisted Options. The dilutive effect of the potential issue of Shares on exercise of 50% and 100% of all Options (assuming that 10,000 New Options are issued and exercised) is illustrated in the table below.

The table below is indicative and provided for informational purposes only and is not to be taken as a representation that a certain number of Options will be exercised, if any. The table also does not take into account the dilutive effect of the conversion of the Convertible Notes, if any.

Shareholder (example)	Number of Shares held (example)	Percentage of current total fully paid ordinary share capital on issue (1,189,174,986)	Percentage of total Shares assuming 50% of Options are exercised	Percentages of total Shares assuming 100% of Options are exercised
A	50,000,000	4.20%	3.70%	3.30%
B	75,000,000	6.31%	5.55%	4.95%
C	100,000,000	8.41%	7.40%	6.60%
D	150,000,000	12.61%	11.10%	9.90%
E	200,000,000	16.82%	14.79%	13.21%

4. RISK FACTORS

4.1 Introduction

The New Options offered under this Prospectus should be considered highly speculative. As with any investment in Securities, there are risks associated with an investment in the Company. The numerous risk factors are both of a specific and a general nature. Some can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. This **Section 4** identifies the major areas of risk associated with an investment in the Company but should not be taken as an exhaustive list of the risk factors to which the Company and its Shareholders are exposed. Potential investors should read the entire Prospectus and consult their professional advisor before deciding whether to apply for New Options the subject of this Offer. Neither the New Options, the Existing Options nor any Shares issued on the exercise carry any guarantee with respect to the payment of dividends, the return of capital or the market value of those Securities.

Additional risks and uncertainties that the Company is unaware of, or that it currently does not consider to be material, may also become important factors that may have an adverse effect on the Company's future financial performance, financial position and prospects.

There can be no guarantee that the Company will achieve its stated objective or that forward-looking statements will be realised.

4.2 Specific risks

(a) Additional requirements for capital

The funding of any further ongoing capital requirements will depend upon a number of factors, including the extent of the Company's ability to generate income from activities which the Company cannot forecast with any certainty. Any additional equity financing will be dilutive to shareholders, and debt financing, if available, may involve restrictions on financing and operating activities.

If the Company is unable to obtain additional funding as needed, it may not be able to take advantage of opportunities or develop projects. Further, the Company may be required to reduce the scope of its operations or anticipated expansion and it may affect the Company's ability to continue as a going concern.

(b) Exploration, operations and activities risk

There is no assurance that any exploration or feasibility assessment on current or future interests will result in the discovery of an economic energy project. Even if an apparently viable resource is identified, there is no guarantee that it can be economically developed. The future profitability of the Company and the value of its Securities are directly related to the results of exploration, development and production activities.

The operations of the Company and the operator of the assets in which it has or may have interests may be affected by various factors, including failure to achieve predicted volumes in exploration and drilling, operational and technical difficulties encountered in drilling, poor data acquisition, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated problems which may affect extraction or resource capture costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment.

Additionally, the Company's activities carry risk as such activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortages or delays in the delivery of equipment, the effects of geographical remoteness and current and new regulatory requirements.

(c) Occupational health and safety

Exploration and production of oil and gas and more broadly the development of energy projects may expose the Company's staff and contractors to potentially dangerous working environments. If any of the Company's employees or contractors suffered injury or death, compensation payments or fines may be payable and such circumstances could result in the loss of a licence or permit required to carry on the business. Such an incident may also have an adverse effect on the Company's business and reputation.

(d) Environmental matters

The Company's operations are subject to environmental risks that are inherent in the energy industry. The Company is subject to environmental laws and regulations in connection with any operations that it may pursue. The Company conducts all its activities in an environmentally responsible manner and in accordance with all relevant

laws. However, accidents, breaches, non-compliance, unforeseen circumstances or changes to the laws and regulations could result in the Company facing penalties, revocation of permits or extensive liabilities for damages, clean-up costs and / or penalties relating to environmental damage.

Climate change risk is becoming increasingly relevant to the energy industry including new or changing regulation, introduction of carbon taxes, consumer, investor and community action. Climate change may also cause physical and environmental risks that cannot be predicted such as increased severity of weather patterns and incidents of extreme weather events. The Company is not able to accurately predict the effect of changes to environmental laws and regulations and the effect they would have on the cost of doing business.

(e) **Commodity and currency price risks**

The profitability of the Company's operations is directly related to the market price of the commodities. The demand for, and price of oil, gas and energy generally is highly dependent on a variety of factors, including international supply and demand, the level of consumer product demand, actions taken by governments and major petroleum corporations, global economic and political developments and other factors all of which are beyond the control of the Company.

International petroleum prices fluctuate and at times the fluctuations can be quite wide. A material decline in the price of oil and gas may have a material adverse effect on the economic viability of a project. Examples of such uncontrollable factors that can affect oil prices are unrest and political instability in countries that have increased concern over supply. As oil is principally sold throughout the world in US dollars, any significant and / or sustained fluctuations in the exchange rate between the Australian dollar and the US dollar, could have a materially adverse effect on the Company's operations.

(f) **Reliance on key management**

The ability of the Company to achieve its objectives depends on the engagement of key employees, directors and external contractors that provide management and technical expertise.

If the Company cannot secure external technical expertise, or if the services of the present management or technical team cease to be available to the Company, this may affect the Company's ability to achieve its objectives either fully or within the timeframes and budget that it has forecast. Additionally, industrial disruptions, work stoppages and accidents in the course of operations may adversely affect the Company's performance.

(g) **Regulatory risk**

The Company's project interests are governed by Commonwealth and Western Australian acts and regulations that apply to the oil, gas and energy industries, and are evidenced by the granting of approvals, licences or leases. If these approvals, licenses or leases are revoked, then the Company may be unable to fulfil its operational objectives which will likely have a material adverse effect.

There is also the risk that projects which the Company may undertake from to time do not have a legislative regime which provides operational and legal certainty for the Company in relation to the development of future projects.

The Company's licenses or leases may be subject to ongoing obligations to satisfy minimum activities and expenditure obligations. If these obligations are not satisfied, the relevant license or lease may expire or be forfeited, which would result in a loss of the reserves and resources that may be attributable to the Company's interest in the licenses or leases areas.

(h) **Project development**

Production risks associated with marketability and commerciality of oil, gas and energy to be produced include but are not limited to, reservoir characteristics, market fluctuations, proximity and capacity of infrastructure and process equipment, government regulations and the market price of oil, gas and energy.

Decreases of production or stoppages may result from fluctuations in permeability and flowrates, impurities in the product, facility shut-downs, natural decline, mechanical and technical failures, subsurface complications or other unforeseeable events outside the control of the Company.

(i) **Government policy changes**

The activities of the Company are subject to various federal, state and local laws governing prospecting, development, production, taxes, labour standards and occupational health and safety, and other matters.

Policy and legislation may affect the viability and profitability of the Company, and the value of its Shares. Amongst other things, taxation including carbon taxes, permitting and licenses, environmental laws, and labour laws are all affected by legislation and regulation and may have an adverse impact.

(j) **Joint venture operations**

The Company is exposed to the financial risk of its joint venture partners on its projects. Failure of agreement or alignment with joint venture partners could have a material effect on the Company's business. The failure of joint venture partners to meet funding commitments may result in increased costs to the Company. The Company is unable to predict the risk or financial failure of joint venture partners.

4.3 General risks

(a) **Investment risk**

The New Options to be issued pursuant to this Prospectus should be considered highly speculative. The New Options carry no guarantee as to payment of dividends, return of capital or the market value of the Securities. Prospective investors must make their own assessment of the likely risks and determine whether an investment in the Company is appropriate to their own circumstances.

(b) **Share market**

Share market conditions may affect the value of Securities regardless of the Company's operating performance. Share market conditions are affected by many factors including, but not limited to, the following:

- (i) general economic outlook in both Australia and internationally;
- (ii) introduction of tax reform or other new legislation, regulation, or policy;
- (iii) interest rates and inflation rates;
- (iv) changes in exchange rates, interest rates and inflation rates;
- (v) changes in investor sentiment toward particular market sectors;
- (vi) the demand for, and supply of, capital;

(vii) the global security situation and the possibility of terrorist disturbances or other hostilities; and

(viii) other factors beyond the control of the Company.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Economic and government risks**

The future viability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the technology industry including, but not limited to, the following:

(i) general economic conditions in jurisdictions in which the Company operates;

(ii) changes in government policies, taxation and other laws in jurisdictions in which the Company operates;

(iii) the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the technology sector;

(iv) movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and

(v) natural disasters, social upheaval or war in jurisdictions in which the Company operates.

(d) **Taxation**

The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation point of view and generally.

To the extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for the New Options under this Prospectus.

(e) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(f) **Speculative investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may materially affect the financial performance of the Company and the value of Securities.

(g) **Dilution risk**

No immediate dilution will occur as a result of the issue of New Options under this Prospectus. Subsequent exercise of any or all of the New Options will result in negligible dilution.

However, subsequent exercise or vesting of all of the Options and Convertible Notes will result in some dilution of existing Shareholders. See **Section 3.4** for further information. It is not possible to predict what the value of the Company, a Share or an Option will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

(h) **Legal proceedings**

Legal proceedings may arise from time to time in the course of the business of the Company. Legal proceedings brought by third parties including but not limited to customers, business partners or employees could negatively impact the business in the case where the impact of such litigation is greater than or outside the scope of the Company's insurance. As at the date of this Prospectus, there are no material legal proceedings affecting the Company and the Directors are not aware of any legal proceedings pending or threatened against or affecting the Company.

The risks set out in this **Section 4** are not to be taken as an exhaustive list of the risk faced by the Company. There may be other risks of which the Directors are unaware at the time of issuing this Prospectus which may impact on the Company and its operations, and on the valuation and performance of Securities.

5. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

5.1 Rights and liabilities attaching to New Options and Existing Options

The terms of the New Options being offered pursuant to this Prospectus and the terms of the Existing Options are as set out below. For the purposes of **Sections 5.1** and **5.2**, references to "Options" means both Existing Options and New Options as the case may be, unless the context requires otherwise.

- (a) **Entitlement:** Each Option entitles the holder to subscribe for one Share upon exercise of the Option and each Option is immediately exercisable.
- (b) **Exercise Price:** Subject to paragraph (a), the amount payable upon exercise of each Option will be \$0.033 (**Exercise Price**).
- (c) **Expiry Date:** Each Option will expire at 5:00pm (EST) on 25 August 2025 (**Expiry Date**). Any 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) **Shares issued on exercise:** Shares issued on exercise of the Options rank equally with the then issued shares of the Company.
- (i) **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 Listing Rules at the time of the reconstruction.
- (j) **Participation in new issues:** There are no participation rights or entitlement 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.
- (k) **Change in exercise price:** A option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Options can be exercised.
- (l) **Transferability:** The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities law.

5.2 Rights and liabilities attaching to Shares

Shares issued upon exercise of the Options will be fully paid ordinary shares in the capital of the Company, which will rank equally with, and will have the same voting and other rights as existing Shares. The rights attaching to the Shares are set out in the Company's constitution, the Listing Rules and the Corporations Act. The Company's constitution has been lodged with ASIC. The Company's constitution contains provisions of the kind common for public companies in Australia and are taken to be included in this Prospectus by operation of section 712 of the Corporations Act. Any person may request a copy of the Company's constitution during the application period of the Prospectus, which the Company will provide free of charge.

6. ADDITIONAL INFORMATION

6.1 Continuous disclosure obligations

As set out in the **Important Information** at the beginning of this Prospectus, the Company is a disclosing entity for the purposes of section 713 of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. Specifically, the Company is required, under the Listing Rules (subject to certain limited exceptions), to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of the Securities.

Price sensitive information is publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants

is also managed through disclosure to ASX. In addition, the Company posts information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

By virtue of section 713 of the Corporations Act, the Company is entitled to issue a “transaction-specific” prospectus in respect of the Offer.

In general terms, a “transaction-specific prospectus” is only required to contain information in relation to the effect of the issue of securities on the Company and the rights and liabilities attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position and performance, profits and losses or prospects of the issuing company.

As a disclosing entity under the Corporations Act, the Company states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC; and
 - (ii) any continuous disclosure documents given by the Company to ASX in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in **Section 6.1(c)(i)** and before the lodgement of this Prospectus with the ASIC.

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules that investors or their professional advisers:

- (a) would reasonably require for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (ii) the rights and liabilities attaching to the securities the subject of this Prospectus; and
- (b) would reasonably expect to find in this Prospectus.

This Prospectus contains information specific to the Offer.

6.2 Availability of other documents

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

ASX maintains records of company announcements for all companies listed on ASX. The Company’s announcements may be viewed on the ASX website (<https://www2.asx.com.au/markets/company/pgy>).

If investors require further information in relation to the Company, they are recommended to inspect or obtain copies of the documents referred to above.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before lodgement of this Prospectus with the ASIC are set out in the table below.

Date	ASX announcement
19 December 2024	PGY 2023 Corporate Governance Statement & 4G
22 December 2024	Cliff Head Production Update
5 January 2024	Notice of Annual General Meeting/Proxy Form
5 January 2024	Notice of Annual General Meeting - Access Letter
5 January 2024	Proposed issue of securities – PGY
29 January 2024	Alteration to Notice of Meeting
30 January 2024	Quarterly Activities/Appendix 5B Cash Flow Report
2 February 2024	Notification of cessation of securities – PGY
2 February 2024	Proposed issue of securities – PGY
2 February 2024	Proposed issue of securities – PGY
6 February 2024	Chair's Address to Shareholders
6 February 2024	Results of Meeting
8 February 2024	Application for quotation of securities – PGY
8 February 2024	Application for quotation of securities – PGY
8 February 2024	Application for quotation of securities – PGY
8 February 2024	Notification regarding unquoted securities – PGY
8 February 2024	Notification regarding unquoted securities – PGY
8 February 2024	Change of Director's Interest Notice- Chen, Gordon, Strasser
8 February 2024	PGY - Cleansing Notice
9 February 2024	Application for quotation of securities - PGY
19 February 2024	Notification regarding unquoted securities- PGY
20 February 2024	Notification regarding unquoted securities-PGY
20 February 2024	PGY – Cleansing Notice
21 February 2024	Application for quotation of securities – PGY
21 February 2024	PGY – Cleansing Notice
27 February 2024	PGY- Con Note Completed and Receipt of R&D Tax Refund

6.3 Design and distribution obligations

The product design and distributions obligations under the Corporations Act (**DDO Obligations**) took effect from 5 October 2021. The DDO Obligations are intended to help consumers obtain appropriate financial products by requiring issuers and distributors to have a consumer-centric product. The DDO Obligations require product issuers to make publicly available a target market determination that explains the target market for certain securities, any distribution conditions and any information related to reviewing and monitoring conduct in relation to the target market determination.

The Company has prepared a target market determination in respect of the New Options which is available on the Company's website at <https://www.pilotenergy.com.au/>.

6.4 Details of substantial holders

Based on the Company's knowledge as at the date of this Prospectus, there are no Shareholders with a substantial shareholding in the Company, being Shareholders with a relevant interest in 5% or more of the Shares.

In the event that the Offer is fully subscribed, there will be no change to the substantial holders on completion of the Offer.

6.5 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the Business Day prior to the date of lodgement of this Prospectus with the ASIC and the respective dates of those sale were:

	Price	Date
Highest	\$0.036	15 and 20 February 2024
Lowest	\$0.021	13-18 December 2023 and 17-23 January 2024
Last	\$0.029	27 February 2024

6.6 Interests of Directors, experts and advisors

(a) Other than as set out below or elsewhere in this Prospectus, no:

- (i) Director or proposed director;
- (ii) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (iii) promoter of the Company; or
- (iv) financial services licensee named in this Prospectus as a financial services licensee involved the Offer,

holds, or has held within two years before the date of this Prospectus, any interest in the Offer or in the formation or promotion of, or in any property acquired or proposed to be acquired by, the Company in connection with its formation or promotion or the Offer.

(b) Other than as set out in **Section 6.7** or elsewhere in the Prospectus, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (i) to a Director or proposed director to induce them to become, or to qualify them as, a director of the Company; or
- (ii) for services provided in connection with the formation or promotion of the Company or the Offer by any Director or proposed Director, any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, any promoter of the Company, or any underwriter or financial services licensee named in this Prospectus as an underwriter or financial services licensee involved in the Offer.

6.7 Details of interests

(a) Directors' security holdings

The relevant interest of each of the Directors in Securities as at the date of this Prospectus, together with the New Options, is:

Director / Shareholder (and/or associate(s))	Shares	Options
Bradley Lingo (Executive Chairman)	N/A	10,000,000 options expiring 4 November 2025 3,500,000 options expiring 18 March 2025
Anthony Strasser (Managing Director)	25,766,376 ordinary shares	3,500,000 options expiring 18 March 2025 1,125,000 options expiring 25 August 2025 750,000 options expiring 30 April 2026
Daniel Chen (Non-executive Director)	8,600,000 ordinary shares	2,000,000 options expiring 18 March 2025 1,150,000 options expiring 25 August 2025 500,000 options expiring 30 April 2026
Bruce Gordon (Non-executive Director)	6,500,000 ordinary shares	2,000,000 options expiring 18 March 2025 450,000 options expiring 25 August 2025 250,000 options expiring 30 April 2026

(b) Directors' remuneration

The Constitution provides that Directors are entitled to be paid for their services as directors but the aggregate of their remuneration shall not exceed the amount approved by the Company in general meeting. The aggregate amount currently approved for the Non-Executive Director fees is \$340,000. A Director may also be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the Directors determine where a Director performs duties or provides services outside the scope of their normal duties. A Director may be reimbursed for out of pocket expenses incurred by them in or about the performance of their duties as Directors.

The table below sets out the cash remuneration (exclusive of superannuation) of each Director as at 1 January 2024.

Director	Remuneration
Bradley Lingo (Executive Chairman)	\$500,000
Anthony Strasser (Managing Director)	\$410,066
Daniel Chen (Non-executive Director)	\$100,000
Bruce Gordon (Non-executive Director)	\$100,000

(c) Related-party arrangements

As part of the employment services contracts for Mr Brad Lingo (Executive Chairman), Mr Anthony Strasser (Managing Director) and Mr Nick Watson (General Manager Corporate Development), there are over-riding royalty interests (**ORRI**) granted over Pilot's anticipated clean energy projects. In September 2022, the Board approved the ORRI agreement which provides for a 2% royalty of the gross revenue from all sale agreements with Greenslate Energy Pty Ltd (a related entity of Mr Lingo) relating to the Mid West Clean Energy Project. On 20 December 2023, the Board approved ORRI agreements (on the same terms as those contained in the agreement entered into with Greenslate Energy Pty Ltd.) with: (i) Mr Strasser and his nominee, Mandaton Holdings Pty Ltd as trustee for Gadz Investment Trust, providing for a 1% royalty; and (ii) Mr Watson and his nominee, Castle Rock Energy Pty Ltd, providing for a 0.5% royalty, over the gross revenue from all sale agreements relating to the Mid West Clean Energy Project.

(d) **Interests of advisers**

Other than as set out below or elsewhere in this Prospectus, no adviser involved in the preparation of this Prospectus (nor any firm in which any adviser is a partner, associate or consultant), has held at any time in the past two years any Shares or other Securities.

In addition, other than as set out below, no amounts (whether in cash, Shares, Options or otherwise) have been paid or agreed to be paid and no benefits have been given or agreed to be given to any adviser (or any firm in which the adviser is a partner, associate or consultant) for services rendered by the adviser, or the adviser's firm in connection with the promotion or formation of the Company or in connection with the Offer (or any component of it).

MinterEllison has acted as Australian legal adviser to the Company in relation to this Prospectus and the Offer. In aggregate, the Company estimates that it will pay approximately \$25,000 (plus GST and disbursements) for these services to the date of this Prospectus. Further amounts may be paid to MinterEllison in accordance with their usual time based charge out rates.

6.8 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the securities), the Directors, the persons named in the Prospectus with their consent as proposed directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statement made in it.

Each of the parties referred to in this **Section 6.8**:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this **Section 6.8**;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this **Section 6.8**; and
- (c) has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

MinterEllison has given its written consent to being named as the solicitors to the Company in this Prospectus.

Each of the Directors has given their written consent to being named in the Prospectus in the context in which they are named. Each of the Directors has not withdrawn their consent before the lodgement of this Prospectus with ASIC.

6.9 Expenses of the Offers

The total expenses of the Offer including legal fees, ASX and ASIC fees and other miscellaneous expenses are estimated to be \$44,000.

6.10 Litigation

As at the date of this Prospectus, the Company is not involved in any material legal proceedings and the Directors are not aware of any material legal proceedings pending or threatened against the Company.

6.11 Governing law

The information in this Prospectus, the Offer, and the contracts formed on acceptance of the Offer are governed by the law applicable in New South Wales, Australia. Any person who applies for New Options the subject of this Offer submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

6.12 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the New Options.

6.13 CHES

The Company participates in the Clearing House Electronic Subregister System, known as CHES. ASX Settlement Pty Limited, a wholly owned subsidiary of ASX, operates CHES in accordance with the Listing Rules and the ASX Settlement Operating Rules.

The Company will not issue certificates to security holders. Rather, holding statements (similar to bank statements) will be dispatched to security holders as soon as practicable after issue.

Holding statement will be sent either by CHES (for security holder who elect to hold Securities on the CHES sub-register) or by the Company's share registry (for security holder who elect to hold their Securities on the issuer sponsored sub-register). The statements will set out the number of Securities issued under this Prospectus and the Holder Identification Number (for security holders who elect to hold Securities on the CHES sub register) or Shareholder Reference Number (for security holders who elect to hold their Securities on the issuer sponsored sub-register). Updated holding statements will also be sent to each security holder following the month in which the balance of their security holding changes, and also as required by the Listing Rules and the Corporations Act.

6.14 Directors' authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Signed for and on behalf of the Company:

Brad Lingo
Executive Chairman



7. GLOSSARY

Definitions used in this Prospectus are as follows:

AEDT means Australian Eastern Daylight Time.

Application Form means a personalised New Options application form in the form provided to Invitees.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited or the financial market operated by it as the context requires.

ASX Listing Rules or **Listing Rules** means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors unless the context requires otherwise.

Business Day means Monday to Friday inclusive, except public holidays in the state the Company operates and any other day the ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at **Section 1.1** (unless extended).

Company means Pilot Energy Limited ACN 115 229 984.

Constitution means the constitution of the Company as at the date of this Prospectus.

Convertible Note means a convertible note issued by the Company, as described in **Section 3.3(d)**.

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

Directors means the directors of the Company as at the date of this Prospectus.

Existing Option has the meaning given to it in **Section 2.6**.

Exercise Price means the exercise price of the New Options being \$0.033.

Invitees has the meaning given to it in **Section 2.1**.

New Option means an Option issued on the terms set out in **Section 5.1**.

Offer means the offer to issue the New Options as set out in **Section 2** of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share and includes New Options and Existing Options.

Option Holder means a holder of an Option.

Prospectus means this prospectus.

quotation means quotation of the class of securities in accordance with Chapter 2 of the Listing Rules.

Related Party has the meaning given to that term in the Corporations Act.

Securities means Shares and/or Options as the context requires.

Section means a numbered sections of this Prospectus.

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

Shareholder means a holder of Share.