

Announcement to ASX

ASX: PGY

12 May 2025

PILOT SECURES CONVERTIBLE NOTE FUNDING TO RAISE UP TO \$1.8 MILLION

Pilot Energy Limited (**ASX: PGY**) (**Pilot** or **Company**) is pleased to announce that it has entered into a binding convertible note arrangement (**Agreement**) with a syndicate of sophisticated investors lead by Discovery Investments Pty Ltd (**Investor Syndicate**), for an investment in the Company of up to \$1.8 million (**Face Value**).

The Agreement provides for an issue of convertible notes (**Notes**) to be issued for the Face Value, subject to and conditional upon shareholder approval being obtained for the issue of the Notes under ASX Listing Rule 7.1 (**Condition**). Of the total Face Value to be subscribed for by the Investor Syndicate under the Agreement, \$750,000 has been advanced to the Company with no conversion rights. Subject to satisfaction of the Condition, the corresponding Notes up to the Face Value will be issued to the members of the Investor Syndicate.

This is the fourth convertible note facility that the Company has entered into together with the Discovery Investor Syndicate since May 2023. The terms of this Agreement are the same as the terms of the agreement the Company entered into with Discovery on 11 November 2024 (see announcement ASX: PGY dated 11 December 2024). The key terms of the Notes are summarized in the attached Appendix.

The Investor Syndicate is being led by Mr. Greg Columbus. Mr. Columbus has over 30 years of experience in the Energy and Oil & Gas industries including technical, commercial, executive and non-executive roles and is also an experienced investor in listed companies. Until recently, he was also the Chairman and a major shareholder of ASX listed Warrego Energy Limited, a developer of natural gas resources in the Perth Basin, Western Australia, which was taken over by the Hancock Prospecting Group in March 2023.

The Agreement is also on the same terms as the agreement entered into on 11 December 2024 which included the agreement with 1Stock Limited for the placement of \$1,800,000 in convertible notes arranged by Powerhouse Advisory Australia Pty Ltd (see ASX:PGY 11 December 2024) and which was approved by shareholders at the Company's AGM held on 12 February 2025. To date, 1Stock Limited has failed to fund under that agreement and so the Company has terminated it with immediate effect and now replaces that funding arrangement with this Agreement with the Investor Syndicate.

The funding received pursuant to this convertible note Agreement provides funding for the Company's ongoing work programme and activities associated with transitioning the Cliff Head facilities from oil production to carbon injection and storage as the cornerstone of the Cliff Head Carbon Storage Project which is a key component of the Company's flagship Mid West Clean Energy Project (MWCEP).

ENDS

This announcement has been authorised for release to ASX by the Board of Directors.

Enquiries

Cate Friedlander, Company Secretary, email: cfriedlander@pilotenergy.com.au

About Pilot: Pilot is a junior oil and gas exploration and production company that is pursuing the diversification and transition to the development of carbon management projects, production of hydrogen and clean ammonia for export to emerging APAC Clean Energy markets. Pilot intends to leverage its existing oil and gas operations and infrastructure to cornerstone these developments. Pilot is proposing to develop Australia's first offshore CO2 Storage Project through the conversion of the Cliff Head Oil field and associated infrastructure from oil production to CO2 Storage as part of the Mid West Clean Energy Project.

Pilot holds a 21.25% interest in the Cliff Head Oil field and Cliff Head Infrastructure (increases to 100% on completion of the acquisition of Triangle Energy (Global) Pty Limited's interest), and a 100% working interest in exploration permit WA-481-P, located offshore Western Australia.

APPENDIX A

Investment Amount	<p>\$1,800,000 (Face Value) invested as follows:</p> <p>(a) \$750,000 to be advanced to the Company within 7 Business Days of the execution date of the Convertible Note Terms Sheet (Agreement) with no rights of conversion; and</p> <p>(b) \$1,050,000 to be paid to the Company within 7 days of the Condition (defined below) being satisfied.</p>
Condition Precedent	<p>The issue of all the Notes is conditional upon or shareholders approving the issuance of the Notes. Subject to placement capacity under ASX Listing Rule 7.1 being refreshed following a general meeting of shareholders to be held on 4 June 2025 (GM), the Company anticipates issuing the Notes. If the shareholders do not approve the issue of the Notes at the GM the Company will issue the Notes out of its available capacity under ASX Listing Rule 7.1 following the GM.</p>
Investor Syndicate	<p>Under the Agreement, the Company has agreed that Discovery Investments Pty Ltd (as lead of the Investor Syndicate) may novate a portion of its obligations under the Agreement to members of the Investor Syndicate. All members of the Investor Syndicate are sophisticated investors.</p>
Payment of face value of convertible notes and issue of convertible notes	<ul style="list-style-type: none"> - The applicable Investors will advance \$750,000 to the Company within 7 business days following the execution of the Agreement without any rights of conversion (Advance Funds). The remaining \$1,050,000 will be paid to the Company within 7 days following the satisfaction of the Condition. - Subject to the Company receiving payment of the Face Value, the Company will issue the Notes to the Investors. - In the case of the Investors who contributed the Advanced Funds to the Company upon execution of the Agreement, the amount they advanced will be offset against the subscription amount they are due to pay under the Agreement.
Term	<p>31 December 2028, subject to the Initial Term Redemption Option, exercisable on 31 December 2027.</p>
Coupon Rate	<ul style="list-style-type: none"> - interest will be payable in respect of the Notes at the rate of 12% compounding, payable quarterly. - Interest in respect of the Advanced Funds will be calculated from the date on which such amounts were paid to the Company. - Interest in respect of the Notes will be payable in cash in the first 2 quarters of the Term; thereafter the Investor may elect to receive this payment in cash or via an issue of Shares for value equivalent to the value of the Coupon Rate.

Conversion Price	\$0.02
Conversion	<p>The Notes may not be converted during the six months period commencing on the date of issue. Thereafter the Investors may convert the Notes at any time during the Term.</p> <ul style="list-style-type: none"> - If converted prior to the end of the Term, each Note will convert into that number of ordinary, fully paid shares in the capital of the Company (Shares) as is determined by dividing the face value of the applicable convertible note by the Conversion Price. - Conversion on the expiry of the Term may be (at the Investor's election) by any of the following options: <ul style="list-style-type: none"> (a) cash in the amount of the face value of the Notes; or (b) Shares (in the manner noted above); or (c) (i) a participating interest share in an 0.4% overriding royalty interest in the Cliff Head Carbon Storage Project*; and (ii) a right, subject to shareholder approval in accordance with ASX Listing Rule 7.1, to subscribe for new Shares up to the value of the Notes held by the Investor, for a price of \$0.025 per Share (Subscription Price) at any time during the period commencing on 31 December 2027 and expiring on 31 December 2028. <p>* If the Investor elects (per (c)(i) above) to convert the Notes to acquire the ORRI, the participating interest share in the ORRI that the Investor will receive will be equivalent to the percentage that the value of the Notes held by the Investor represents as a percentage of the value of all Notes issued under the Facility.</p>
Other terms	<ul style="list-style-type: none"> - The Notes are unsecured. - The Notes will not be quoted on ASX. - On conversion the Company will apply to have the Shares quoted on ASX. - The Convertible Note Agreement contains customary investor protections.