

**Pilot Energy Limited**

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7 October 2020

**Pilot Energy Limited Share Purchase Plan Opens**

Pilot Energy Limited (ASX: PGY) (**Pilot** or **Company**) is pleased to advise that the Pilot Share Purchase Plan (**SPP** or **Offer**) as previously announced by the Company has opened today.

The SPP is offered to holders of ordinary shares in Pilot as at 7:00pm (Sydney time) on Thursday, 24 September 2020 who have a registered address in Australia or New Zealand and who are not in the United States or acting for the account or benefit of any person in the United States or otherwise excluded from participating (**Eligible Holders**).

Eligible Holders will have the opportunity to participate in the SPP and purchase new ordinary shares at an issue price of A\$0.033 per share. The SPP, which is not underwritten, will be targeting to raise A\$500,000.

All new shares issued under the SPP will be issued on the same terms as, and will rank equally with, existing Pilot shares. Full details in respect to the SPP are detailed within the SPP Offer Document, which is attached and forms part of this announcement. Copies of the SPP Offer Document and individualised Application Forms have been mailed to all Eligible Holders.

The amount raised through the SPP remains subject to the Company's absolute discretion to accept oversubscriptions and or to scale back applications.

This notice and its release on the ASX has been authorised by the Board of Directors of the Company.

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**Enquiries**

Lisa Dadswell, Company Secretary, email: [lisa.dadswell@boardroomlimited.com.au](mailto:lisa.dadswell@boardroomlimited.com.au)

**About Pilot Energy:** Pilot Energy Ltd is an emerging junior oil and gas exploration company that is implementing a low-cost, counter-cyclical strategy to develop a portfolio of high quality oil, gas and energy assets. The Company's aggressive new ventures program has resulted in the proposed Mid West Wind and Solar project and material working interests in WA-481-P, WA-503-P and EP416/480 exploration permits, located offshore and onshore Western Australia, in addition to a minor working interest in the EP437 permit.

# **PILOT ENERGY LIMITED**

**ACN 115 229 984**

## **SECURITY PURCHASE PLAN**

**ELIGIBLE HOLDERS MAY SUBSCRIBE FOR UP TO A\$30,000 IN APPLYING  
FOR NEW SHARES IN PILOT ENERGY LIMITED**

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This is an important document.

This document has been prepared by Pilot Energy Limited. The Offer is an initiative that provides Eligible Holders with the opportunity to purchase SPP Shares at a discount to the prevailing market price and without brokerage or other transaction costs.

The Offer does not take into account the individual investment objectives, financial situation or particular needs of each Eligible Holder. Accordingly, before making a decision on whether or not to accept the Offer, you should consult your financial or other professional adviser.

This document is not a prospectus or other disclosure document under the Corporations Act.

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO US PERSONS**

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## LETTER FROM THE CHAIRMAN

Dear Eligible Holder

On behalf of the Board of Directors of Pilot Energy Limited (**Pilot**), I am pleased to offer you the opportunity to apply for new ordinary shares in Pilot (**SPP Shares**) through a Security Purchase Plan (**SPP**). The SPP allows each Eligible Holder the opportunity to subscribe for up to \$30,000 of SPP Shares without incurring brokerage or other transaction costs.

The Pilot Board has determined to cap the size of the SPP at \$500,000, in aggregate. As the SPP is not underwritten, the SPP may raise more or less than this amount. If the SPP raises more than \$500,000, Pilot may decide in its absolute discretion to accept applications (in whole or in part) that result in the SPP raising more than \$500,000.

The SPP follows Pilot's successful institutional placement announced on Friday, 25 September 2020 of 15,909,091 Shares at \$0.033 per Share under Pilot's existing placement capacity and a further 59,848,485 Shares at \$0.033 per share subject to Shareholder approval (with one free-attaching option for every two shares subscribed) (**Placement**) which will raise \$2.5 million before costs of the Placement.

The issue price of New Shares under the SPP will be \$0.033 per SPP Share, being the issue price under the Placement determined via the bookbuild process held on Thursday, 24 September 2020. The issue price represents a:

- 14.7% discount to the VWAP over the 5 trading days up to, and including, 18 September 2020 (\$0.0387);
- 17.5% discount to the last trading day on 18 September 2020 (\$0.04) immediately prior to the announcement of the SPP; and
- 15.4% discount to VWAP since 4 September 2020 (\$0.039), being the date of announcing the Mid-West WSP feasibility study.

Eligible Holders who participate in the SPP will also be offered, subject to Shareholder approval, the opportunity to apply for one free attaching unlisted Option for every two Shares applied for under the SPP exercisable at \$0.033 per option on or before the Expiry Date (**Free-Attaching Option**), for nil consideration.

The offer of the Free-Attaching to Eligible Holders will be made separately to this SPP under a prospectus (**Prospectus**) that will be made available when the offer for the Free-Attaching Options are made. A copy of the Prospectus will be made available online, and sent via email or post (as applicable) to Eligible Holders who have participated in the SPP. Any Eligible Holder who participates in the SPP and wishes to apply for Free-Attaching Options will need to complete the application form that will be in or accompany the Prospectus.

The offer of the Free-Attaching Options is subject to Shareholder approval. Shareholder approval will be sought at a general meeting of the Company's Shareholders around mid-November. If Shareholders do not approve the issue of the Free-Attaching Options, the Company will withdraw the offer the subject of the Prospectus and no Free-Attaching Options will be issued.

It is intended that funds raised under the Placement and SPP will be used by Pilot to fund the feasibility study in relation to the Mid-West Wind and Solar Project, production enhancement activities at the Cliff Head project and provide sufficient working capital to cover corporate costs.

Participation in the SPP is voluntary. Full details of the SPP are set out in the Terms and Conditions contained in this Booklet, which I encourage you to read in full.

### ***Details of the SPP Offer***

The SPP is offered exclusively to holders of fully paid Share in Pilot as at 7.00pm (Sydney time) on Thursday, 24 September 2020 who have a registered address in Australia or New Zealand and who are not Excluded Holders (**Eligible Holders**). Certain Eligible Holders who are Custodians and hold

Shares on behalf of certain beneficiaries are also offered the opportunity to participate in the SPP on behalf of those beneficiaries in accordance with the Terms and Conditions.

Holders in the United States are not eligible to participate in the SPP. Similarly, persons (including Custodians) who hold Shares on behalf of persons in the United States, or who are acting for the account or benefit of persons in the United States, are not eligible to participate in the SPP on behalf of those persons.

The SPP provides Eligible Holders with an opportunity to contribute up to \$30,000 (in set amounts of \$1,000, \$2,500, \$5,000, \$7,500, \$10,000, \$15,000, \$20,000, \$25,000 or \$30,000) in applying for SPP Shares. If Pilot receives applications that exceed the amount it proposes to raise under the SPP, it may decide to scale back applications or raise a higher amount, in its absolute discretion. If a scale back is applied, this means that an Eligible Holder may be allocated fewer SPP Shares than they apply for under the SPP.

If Pilot decides to conduct any scale back of applications, for example because the aggregate amount applied for under the SPP exceeds Pilot's requirements, the scale back will be applied on a pro rata basis, either based on the size of the Eligible Holder's existing holding of Shares or based on the number of SPP Shares that the Eligible Holder has applied for. All Shares issued under the SPP will rank equally with existing Shares and will carry the same voting rights and entitlements to receive dividends from the date of issue.

No brokerage, commissions or other transaction costs apply to purchases under the SPP.

### ***How to accept this Offer***

Please carefully read and follow the instructions set out in this Booklet when applying to participate in the SPP. To apply for SPP Shares, you must, by **5.00pm (Sydney time) on Monday, 2 November 2020**, either:

- (a) **make a payment directly via BPAY®**, which is the fastest and easiest way to apply and is recommended by the Registry in light of delays to postal services caused by the COVID-19 pandemic (if you choose this option you do not need to return an Application Form); or
- (b) **complete and return the personalised paper Application Form enclosed with this Booklet, together with payment by cheque so as to reach the Registry prior to the closing time and date.**

The SPP offer will open at 9.00am (Sydney time) on Wednesday, 7 October 2020 and will close at 5.00pm (Sydney time) on Monday, 2 November 2020.

### ***Further Information***

This Booklet contains important information about the SPP to assist you in deciding whether to participate in the SPP. You should read this Booklet carefully and in its entirety. For further information, you can contact the Pilot Information Line on 1300 737 760 (within Australia) and 02 9290 9600 (outside Australia) between 8.30am and 5.00pm (Sydney time), Monday to Friday.

The SPP offer does not take into account your individual investment objectives, financial or taxation situation or particular needs. If you have any questions in relation to the SPP offer, you should seek professional advice from your stockbroker, solicitor, accountant or other independent and qualified professional adviser.

On behalf of the Board of Pilot, I thank you for your continued support of Pilot.

Yours sincerely



**Bradley Lingo, Chairman  
Pilot Energy Limited**

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## KEY DATES

Event	Description	Date (and time if relevant)
<b>Record Date</b>	The date and time that eligibility to participate in the SPP was determined.	7:00pm (Sydney time) on Thursday, 24 September 2020
<b>Opening Date</b>	SPP opens. Applications can be submitted and BPAY® payments can be made on and from this date.	9:00am (Sydney time) on Wednesday, 7 October 2020
<b>Closing Date</b>	SPP closes. Applications must be received by this time and date.	5:00pm (Sydney time) on Monday, 2 November 2020
<b>SPP Results announcement</b>	The results of the SPP will be announced to ASX (including scale back policy if applicable).	Thursday, 5 November 2020
<b>Issue Date</b>	SPP Shares will be issued on this date.	Monday, 9 November 2020
<b>Commencement of trading and dispatch date</b>	SPP Shares commence trading on ASX. Holding statements will be dispatched to Holders.	Tuesday, 10 November 2020

*This timetable is indicative only and is subject to change. Pilot may alter the dates above, withdraw or vary the SPP, or accept Applications received after the Closing Date, in each case in Pilot's absolute discretion, subject to the ASX Listing Rules and the Corporations Act.*

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## IMPORTANT NOTICES

**This Booklet does not provide financial advice and has been prepared without taking account of any person's investment objectives, financial situation and particular needs. You should consider the appropriateness of participating in the SPP having regard to your investment objectives, financial situation or particular needs.**

**You should seek professional advice from your stockbroker, solicitor, accountant or other independent and qualified professional adviser before making any investment decision in relation to these matters.**

The offer of SPP Shares under the SPP offer is made in accordance with the Corporations Act and ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547, which grants relief from the requirement for Pilot to provide prospectus disclosure in relation to the SPP. This Booklet does not constitute a prospectus or product disclosure statement, and it has not been lodged with ASIC. You must rely on your own knowledge of Pilot and previous disclosure made by Pilot to ASX. You should seek professional advice from your stockbroker, solicitor, accountant or other independent and qualified professional adviser when deciding whether or not to participate in the SPP offer.

Your Application will be irrevocable and unconditional (it cannot be withdrawn or cancelled) even if the market price of SPP Shares changes after you lodge your Application. If you participate in the SPP by submitting an Application, you are accepting the risk that the market price of Shares may change between the date on which you apply for the SPP Shares and the Issue Date. This means it is possible that, between the time you make your Application and up to or after the Issue Date, you may be able to buy Shares on market at a lower price than the Issue Price.

Pilot will not issue SPP Shares under the SPP to an applicant if those securities, either alone or in conjunction with the issue of Shares under other Applications received by Pilot, would contravene any law or the ASX Listing Rules.

Eligible Holders should be aware that an investment in Pilot involves risks.

Defined words and expressions used in this Booklet are capitalised. See the Definitions section at the end of this Booklet for their definition.

Unless otherwise stated, all references in this Booklet to time are to Sydney, Australia time and to amounts are to Australian dollars.

### **Not for Distribution or Release in the United States**

This Booklet does not constitute an offer of securities in any place outside Australia or New Zealand. In particular, this Booklet does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which such an offer would be unlawful. The SPP Shares to be offered and sold under the SPP have not been, and will not be, registered under the US Securities Act of 1933, as amended (the **US Securities Act**), or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States or to any person acting for the account or benefit of a person in the United States unless the SPP Shares have been registered under the US Securities Act or are offered or sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable securities laws of any state or other jurisdiction of the United States.

The SPP Shares to be offered and sold under the SPP will only be offered and sold to Eligible Holders in Australia and New Zealand.

## **Future performance and forward-looking statements**

This Booklet contains certain “forward-looking statements”. The words “expect”, “anticipate”, “estimate”, “intend”, “believe”, “guidance”, “should”, “could”, “may”, “will”, “predict”, “plan” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this Booklet are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of Pilot, its directors and management. This includes statements about market and industry trends, which are based on interpretations of current market conditions.

Investors are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the COVID-19 pandemic. Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which these statements are based. These statements may assume the success of Pilot’s business strategies, the success of which may not be realised within the period for which the forward-looking statement may have been prepared, or at all. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this Booklet. The forward-looking statements are based on information available to Pilot as at the date of this Booklet. Except as required by law or regulation (including the ASX Listing Rules), none of Pilot, its representatives or advisers undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

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## QUESTIONS AND ANSWERS

### 1. What is the SPP?

The SPP is an opportunity for Eligible Holders to purchase up to \$30,000 of additional Shares (**SPP Shares**) without brokerage, commissions or other transaction costs. All SPP Shares issued to an Eligible Holder under the SPP will rank equally with their existing Shares and will carry the same voting rights and other entitlements, including entitlements to receive dividends.

### 2. Why is Pilot conducting the SPP?

It is intended that funds raised under the Placement and SPP will be used by Pilot to fund the feasibility study in relation to the Mid-West Wind and Solar Project, production enhancement activities at the Cliff Head project and provide sufficient working capital to cover corporate costs.

The detail of these initiatives is further explained in Pilot's announcement to the market dated 4 September 2020 and 25 September 2020.

### 3. How long is the SPP open for?

The SPP offer opens at 9.00am (Sydney time) on Wednesday, 7 October 2020 and is scheduled to close at 5.00pm (Sydney time) on Monday, 2 November 2020 (see the Key Dates section of this Booklet).

If you are an Eligible Holder and would like to participate, you should ensure that the Registry receives your Application (including payment) by no later than **5.00pm (Sydney time) on Monday, 2 November 2020**.

### 4. Who may participate in the SPP?

You may participate in the SPP if you are an Eligible Holder. You are an Eligible Holder if you were a registered holder of Shares at 7.00pm (Sydney time) on Thursday, 24 September 2020 with a registered address in Australia or New Zealand and you are not an Excluded Holder.

An Excluded Holder is any Holder (including a Custodian) to the extent that they:

- hold Shares on their own account and reside outside Australia or New Zealand;
- hold Shares on behalf of another person who resides outside Australia or New Zealand; or
- are in the United States, or they hold Shares on behalf of persons in the United

States, or are acting for the account or benefit of persons in the United States (to the extent they are participating in the SPP on behalf of those persons).

The SPP Shares are not being offered or sold to the public within New Zealand other than to existing Holders of Pilot with registered addresses in New Zealand to whom the offer of the SPP Shares is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Certain Eligible Holders who are Custodians holding Shares on behalf of Eligible Beneficiaries are also able to participate in the SPP in accordance with the Terms and Conditions.

### 5. Do I have to participate in the SPP?

No. Participation in the SPP is entirely voluntary. If you do not wish to participate in the SPP, no action is required on your part.

Before you apply for SPP Shares, Pilot recommends that you seek independent financial advice from your stockbroker, solicitor, accountant or other independent and qualified professional adviser, and you monitor the market price of the Shares.

This Booklet does not purport to contain all of the information that you need to make an investment decision. Further details about Pilot, the Placement and the SPP are included in Pilot's ASX announcements released on [www.asx.com.au](http://www.asx.com.au), which you are encouraged to read.

### 6. Can my offer under the SPP be transferred to a third party?

No. Your rights under this SPP offer are personal to you and cannot be transferred to any person.

### 7. What is the Issue Price of the SPP Shares under the SPP?

The Issue Price of SPP Shares will be \$0.033 per SPP Share, being the issue price under the Placement determined via the bookbuild process held on Thursday, 24 September 2020.

There is a risk that the market price of the Shares may rise or fall between the date of this Booklet and the date when SPP Shares are issued or allotted to you under the SPP. This means that the price you pay for the SPP Shares issued to you may be less than or

more than the market price of Shares at the date of this Booklet or the time of issue.

Subject to the Corporations Act, your application is unconditional and may not be withdrawn even if the market price of Shares is less than the Issue Price.

The current Share price can be obtained from ASX under the ASX ticker code "PGY".

### **8. What is the maximum number of SPP Shares that I can apply for through the SPP?**

Eligible Holders cannot apply for more than A\$30,000 of SPP Shares, on the following basis:

- if you have multiple registered holdings, or if a Custodian holds Shares on your behalf, the maximum amount you may apply to invest (or instruct a Custodian to apply for) under the SPP (or any similar arrangement offered by Pilot in the preceding 12 months) in all capacities in aggregate is A\$30,000; and
- this limit applies regardless of the number of Shares you currently hold and regardless of whether you participated in the Placement.

By applying to purchase SPP Shares, you represent and certify (amongst other things) to Pilot that you have not exceeded this \$30,000 limit. Further detail is set out in the Terms and Conditions at terms 3.6 and 3.16.

You give those representations and certifications to Pilot irrespective of how you apply. Custodians may only apply for a maximum of A\$30,000 of SPP Shares in respect of each Eligible Beneficiary and will be required to certify this to Pilot in the Custodian Certificate and as set out in term 3.16(e).

These amounts may be subject to scale back – see Question 13.

### **9. How many SPP Shares can I apply for under the SPP?**

If you are an Eligible Holder and wish to participate in the SPP offer, you will apply for a certain value, rather than a certain number, of SPP Shares. You are entitled to contribute a set amount of A\$1,000, A\$2,500, A\$5,000, A\$7,500, A\$10,000, A\$15,000, A\$20,000, A\$25,000 or A\$30,000 (**Application Amounts**) in applying for SPP Shares, regardless of the number of Shares or other securities you currently hold. These amounts

may be subject to scale back — see Question 13.

If you make a payment for any amount other than one of the prescribed Application Amounts, Pilot may round down to the next available Application Amount and return the balance of your Application monies to you. Alternatively, Pilot may reject your Application in full.

Pilot will determine how many SPP Shares you have applied for by dividing your Application Amount by the Issue Price (described above) in accordance with the Terms and Conditions.

If your nominated Application Amount cannot be divided by the Issue Price to give a whole number of Shares, the number of SPP Shares that you apply for will be rounded down and any remaining balance of your payment will form part of the assets of Pilot. You will not receive a refund for this amount, which will always be less than the price of 1 Share.

### **10. How do I apply for Shares under the SPP?**

To apply for SPP Shares, you must, by 5.00pm (Sydney time) on Monday, 2 November 2020, either:

- make a payment directly via BPAY® by using the unique Reference Number printed on your Application Form, which is the fastest and easiest way to apply and is recommended by the Registry in light of delays to postal services caused by the COVID-19 pandemic (if you choose this option you do not need to return an Application Form); or
- complete and return the personalised paper Application Form enclosed with this Booklet, together with payment by cheque to:

Pilot Energy Limited.  
C/- Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001

Further detail is set out in the Terms and Conditions at term 3.10.

Your Application (including payment) must be received by 5.00pm on Monday, 2 November 2020 (the Closing Date for the SPP).

You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you

should therefore take this into consideration when making payment. You may also have your own limit on the amount that you can pay via BPAY®. It is your responsibility to check that the amount you wish to pay via BPAY® does not exceed your limit.

You should consider postal and cheque clearance timeframes in meeting this deadline, including the possibility that there may be postal delays due to COVID-19 Regulations, reduced frequency of deliveries, or other delay.

Custodians are also required to provide a Custodian Certificate and must comply with the additional requirements set out in the Terms and Conditions. See also Question 16 below.

Your Application will be irrevocable and unconditional (it cannot be withdrawn or cancelled) even if the market price of SPP Shares changes after you lodge your Application.

**11. Can I withdraw my Application (e.g. if the market price of Pilot's Shares changes after I submit my Application)?**

No. Your Application, once made, is unconditional and may not be withdrawn even if the market price of Shares changes after you lodge your Application or is less than the Issue Price. By submitting an Application, you are accepting the risk that the market price of Shares may change between the date on which you apply for the SPP Shares and the Issue Date. This means it is possible that, between the time you make your Application and up to or after the Issue Date, you may be able to buy Shares at a lower price than the Issue Price

**12. What do I do if I receive more than one Application Form?**

Eligible Holders who receive more than one Application Form under the SPP or who are able to participate in the SPP as an underlying beneficial owner of an eligible custodian (e.g. where an Eligible Holder holds Shares in more than one capacity), may apply on different Application Forms for Shares, however the total aggregate amount that is applied for must not exceed A\$30,000.

**13. Do I have a guaranteed allocation of SPP Shares under the SPP?**

No. If you are an Eligible Holder and you make a valid Application in accordance with the Terms and Conditions then, subject to the following, you will receive a Parcel of SPP

Shares valued at the Application Amount specified in your Application Form and issued at the Issue Price (rounded down to the nearest whole number of SPP Shares).

The Pilot Board has determined to cap the size of the SPP at \$500,000, in aggregate. As the SPP is not underwritten, the SPP may raise more or less than this amount. If the SPP raises more than \$500,000, Pilot may decide in its absolute discretion to accept applications (in whole or in part) that result in the SPP raising more than \$500,000.

The Pilot Board has determined the size of the SPP at approximately \$500,000 and in determining the size of the SPP has taken into account the size of the Capital Raising, the allocation between the Placement and the SPP within the Capital Raising and Pilot's requirement for new capital. The SPP of approximately \$500,000 is intended to allow Eligible Holders an opportunity to participate in the Company's requirement for new capital at this time.

If the SPP raises more than \$500,000, Pilot may decide in its absolute discretion to accept applications (in whole or in part) that result in the SPP raising more than \$500,000 or apply a higher cap to the SPP and scale back applications over the higher cap. If Pilot decides to conduct any scale back of applications, for example because the aggregate amount applied for under the SPP exceeds Pilot's requirements, the scale back will be applied on a pro rata basis, either based on the size of the Eligible Holder's existing holding of Shares or based on the number of SPP Shares that the Eligible Holder has applied for. This means you may be allocated fewer SPP Shares than the Parcel of SPP Shares for which you applied. If this happens, you will be refunded the difference in the Application Amount as set out in the Terms and Conditions (without interest payable on funds prior to your refund).

**14. What costs are associated with the SPP?**

There are no brokerage or transaction costs payable by Eligible Holders in relation to the Application for, and the issue of, SPP Shares.

**15. Can I apply for SPP Shares under the SPP if my Shares are held by a Custodian?**

If you are an Eligible Beneficiary of Shares held by a Custodian you will be eligible to participate in the SPP through that Custodian (see the Terms and Conditions below).

## **16. How do Custodians apply for Eligible Beneficiaries?**

Custodians may only distribute documents relating to the SPP to Eligible Beneficiaries. In particular, Custodians must not distribute any documents relating to the SPP to any person in the United States or to any person acting for the account or benefit of a person in the United States (to the extent such person is acting for the account or benefit of a person in the United States), and must not submit an Application or make payment for SPP Shares for any person who is an Excluded Holder.

If you wish to apply as a Custodian under the SPP to receive SPP Shares for one or more Eligible Beneficiaries, you must complete and submit an additional Custodian Certificate that contains further certifications and details (as required under the terms of ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 before your Application will be accepted. Applications by Custodians that are not accompanied by a duly completed Custodian Certificate will be rejected. By applying as a Custodian on behalf of Eligible Beneficiaries to purchase SPP Shares, you certify (amongst other things) that each Eligible Beneficiary has not exceeded the \$30,000 limit (see Question 8).

To request a Custodian Certificate, please contact the Pilot Information Line on 1300 737 760 (within Australia) and 02 9290 9600 (outside Australia) between 8.30am and 5.00pm (Sydney time), Monday to Friday.

A Custodian will be ineligible to participate in the SPP if their participation would be in breach of ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547.

## **17. Where can I obtain further information?**

Further details about Pilot, the Placement and the SPP offer are included in Pilot's ASX announcements, including those released on 25 September 2020, which you are encouraged to read. Pilot is a disclosing entity for the purposes of the Corporations Act and, as a result, is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. Copies of Pilot's ASX announcements may be viewed on the ASX website at [www.asx.com.au](http://www.asx.com.au) (ASX code "PGY").

Information about Pilot, including Pilot's half-yearly and annual financial reports, risks in investing in Pilot, presentations and other investor information, can also be obtained from <https://pilotenergy.com.au>.

Eligible Holders can also visit the contact the Pilot Information Line on 1300 737 760 (within Australia) and 02 9290 9600 (outside Australia) between 8.30am and 5.00pm (Sydney time), Monday to Friday.

If you have any questions about whether participating in the SPP is appropriate for you, please seek professional advice from your stockbroker, solicitor, accountant or other independent and qualified professional adviser.

## **18. What is the Maximum number of SPP Shares to be issued?**

In accordance with ASX Listing Rule 7.2 Exception 5, the total number of SPP Shares under the Offer must not exceed 30% of the number of Shares currently on issue.

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## TERMS AND CONDITIONS

Please read these Terms and Conditions carefully, as you will be bound by them in participating in the SPP.

Eligible Holders accepting the SPP offer will also be bound by the Constitution of Pilot. The previous sections of this Booklet and the Application Form are part of these Terms and Conditions.

### 1 SPP OFFER TIMETABLE

- 1.1 This SPP offer is dated, and taken to be made on, Wednesday, 7 October 2020.
- 1.2 The SPP offer opens at 9.00am (Sydney time) on Wednesday, 7 October 2020 (the **Opening Date**) and closes at 5.00pm (Sydney time) on Monday, 2 November 2020 (the **Closing Date**). Application Forms and cheques or BPAY® payments may not be processed and may not be valid if they have not been received by the Closing Date. You must allow adequate time for Application Forms and cheques forwarded by post to be received by the Registry.
- 1.3 Applications cannot be processed before 9.00am (Sydney time) on Wednesday, 7 October 2020.
- 1.4 The SPP Shares will be issued on the Issue Date. A holding statement is expected to be dispatched to you on or around the Dispatch Date.

### 2 ELIGIBLE HOLDERS

- 2.1 You may participate in the SPP if you are an Eligible Holder.
- 2.2 You are an Eligible Holder if you are a registered holder of Shares on the Record Date with a registered address in Australia or New Zealand and you are not an Excluded Holder. Certain Eligible Holders who are Custodians holding Shares on behalf of Eligible Beneficiaries are also able to participate in the SPP in accordance with these Terms and Conditions.
- 2.3 An **Excluded Holder** is any Holder (including a Custodian) to the extent that they:
  - (a) hold Shares on their own account and reside outside Australia or New Zealand;
  - (b) hold Shares on behalf of another person who resides outside Australia or New Zealand; or
  - (c) are in the United States, or they hold Shares on behalf of persons in the United States, or are acting for the account or benefit of persons in the United States (to the extent that they are participating in the SPP on behalf of those persons).
- 2.4 The SPP Shares to be offered and sold under the SPP have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States or to any person acting for the account or benefit of a person in the United States unless the SPP Shares have been registered under the US Securities Act or are offered or sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable securities laws of any state or other jurisdiction of the United States.
- 2.5 The SPP Shares to be offered and sold under the SPP will only be offered and sold to Eligible Holders in Australia and New Zealand in “offshore transactions” (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S under the US Securities Act.
- 2.6 If you are an Eligible Holder and the only registered holder of a holding of Shares, but you receive more than one offer under the SPP (due to multiple registered holdings), you may only contribute a maximum of A\$30,000 in applying for SPP Shares.

- 2.7 If two or more persons are recorded in Pilot's Share Register as jointly holding Shares, they are taken to be a single registered holder of Shares for the purposes of the SPP and, if they are Eligible Holders, they are entitled to participate in the SPP in respect of that single holding only. If as joint holders you are Eligible Holders and receive more than one offer under the SPP due to multiple identical holdings, you may still only contribute a maximum of \$30,000 in applying for SPP Shares. An agreement, representation, acknowledgement or certification given by any joint holder of Shares is taken to be an agreement, representation, acknowledgement or certification given by all joint holders.
- 2.8 If you are an Eligible Holder, your rights under this offer are personal to you and non-renounceable, so you may not transfer them.
- 2.9 The offer under the SPP is made on the same terms and conditions to each Eligible Holder (whether you are a Custodian or hold Shares on your own account).
- 2.10 Participation in the SPP is entirely optional. If you are an Eligible Holder, you can choose whether or not to participate. If you are a Custodian, you can choose whether to extend the offer to your beneficiaries that are Eligible Beneficiaries.
- 2.11 A Custodian may not participate in the SPP on behalf of, nor distribute this Booklet or any other document relating to the SPP to, any person in the United States or any person acting for the account or benefit of a person in the United States (to the extent such person is acting for the account or benefit of a person in the United States).

### **3 APPLICATIONS FOR SPP SHARES**

- 3.1 You may not apply for, and will not be allotted, SPP Shares worth more than A\$30,000.
- 3.2 Pilot can reject any Application for SPP Shares, in whole or in part, if Pilot believes you have not complied with this condition. Term 3.1 applies irrespective of the number of Shares you hold on the Record Date or whether you participated in the Placement.

#### ***Limitations on Applications - General***

- 3.3 If you are an Eligible Holder, you may apply under the SPP to purchase a parcel of SPP Shares valued at a prescribed Application Amount, being one of A\$1,000, A\$2,500, A\$5,000, A\$7,500, A\$10,000, A\$15,000, A\$20,000, A\$25,000 or A\$30,000 (**Parcel**).
- 3.4 This Parcel may be subject to a scale back and rounding.
- 3.5 Unless you are applying as a Custodian, the maximum amount of A\$30,000 applies even if you receive more than one Application Form or if you hold Shares in more than one capacity (for example, if you are both a sole and joint holder of Shares – see term 2 above) and irrespective of the number of Shares you hold on the Record Date.
- 3.6 Unless you are a Custodian, by submitting an Application you represent to Pilot that the aggregate Application price for the following does not exceed A\$30,000:
- (a) the SPP Shares you are applying for in your Application;
  - (b) any other Shares you are applying for under the SPP, or Shares or interests in the class issued under a similar arrangement in the 12 months before the Application;
  - (c) any other Shares or interests in the class which you have instructed a Custodian to acquire on your behalf under the SPP; and
  - (d) any other Shares or interests in the class issued to a Custodian under an arrangement similar to the SPP in the 12 months before your Application under the SPP, as a result of you instructing the Custodian or another Custodian, which resulted in you holding a beneficial interest in the Shares or interests.

- 3.7 If you are an Eligible Holder and also hold Shares through a Custodian, you may still only contribute a maximum of A\$30,000 in applying for New Shares (including those you apply for directly and those you instruct a Custodian to apply for).

#### **Limitations on Applications - Custodians**

- 3.8 If you are a Custodian, you may contribute a maximum of A\$30,000 in applying for SPP Shares for each participating Eligible Beneficiary on whose behalf you or a downstream custodian holds Shares (but joint holders are taken to be a single holder).
- 3.9 If you are a Custodian, you must provide Pilot with a Custodian Certificate which sets out the matters required in term 3.16(e). This certificate can be obtained by contacting the Pilot Information Line on 1300 737 760 (within Australia) and 02 9290 9600 (outside Australia) between 8.30am and 5.00pm (Sydney time), Monday to Friday.

#### **Applying for SPP Shares**

- 3.10 If you are an Eligible Holder and wish to participate in the SPP, you can apply for SPP Shares in the following ways:

- (a) **Option 1 – BPAY®:** Apply for SPP Shares by making a payment for your nominated Application Amount using the BPAY® facility provided by your bank as per the instructions in the Application Form. If you received a printed copy of this Booklet with a personalised Application Form, instructions about how to make that BPAY® payment (including your unique BPAY® reference number) are set out in the Application Form. If you make a payment by BPAY®, you do not need to return an Application Form but you will be taken to have made the statements and certifications that are set out in the Application Form.
- (b) **Option 2 – cheque:** If you received a printed copy of this Booklet with a personalised Application Form, follow the instructions set out in your personalised Application Form enclosed.

You must post your completed Application Form to the Registry at the following address, enclosing your cheque:

Pilot Energy Limited.

C/- Boardroom Pty Limited

GPO Box 3993

Sydney NSW 2001

Due to current delays with postage, you are encouraged to make any postal applications as soon as possible and well in advance of the Closing Date.

The cheque must be for your nominated Application Amount, drawn on an Australian branch of a financial institution in Australian currency, made payable to "Pilot Energy Limited" and crossed "Not Negotiable".

- 3.11 If you make a payment for any amount other than one of the Application Amounts, Pilot reserves the right to reject your Application in whole or in part (including by rounding down to the nearest valid Application Amount). If your Application is rejected, the portion of your Application monies that relates to the rejected portion of your Application will be returned to you under term 12. Payment must be received by 5.00pm (Sydney time) on the Closing Date. Your Application will only be valid when your payment is received.
- 3.12 Custodians must also provide a Custodian Certificate in accordance with term 3.16(e).

#### **Pilot's discretions regarding Applications**

- 3.13 Pilot has a broad discretion to accept or reject your Application to purchase SPP Shares under the SPP, including if:

- (a) your Application Form is incorrectly completed, incomplete or otherwise determined by Pilot to be invalid;
- (b) your payment is not for an Application Amount;
- (c) your payment by BPAY® is not received or is incomplete or invalid;
- (d) your cheque is dishonoured, has not cleared by the Closing Date or has not been completed correctly;
- (e) the cheque that you enclose with your Application Form is not made out for the exact amount as indicated on the Application Form;
- (f) unless you are applying as a Custodian, it appears that you are applying to buy more than A\$30,000 (in aggregate) of SPP Shares under the SPP (including as a result of Shares you hold directly, or through a Custodian arrangement);
- (g) you are a Custodian, Pilot is not satisfied with your certification for any reason, or if you have not provided a Custodian Certificate;
- (h) your Application or payment is not received until after the Closing Date. While Pilot has the discretion to accept late Applications or payments (subject to any legal requirements), there is no assurance that Pilot will do so. If not accepted, late Applications and payments will be returned to you in accordance with term 12; or
- (i) Pilot has reason to believe that you are not an Eligible Holder (subject to compliance with any applicable ASIC or ASX requirements).

***Pilot's discretion to undertake a scale back***

3.14 Pilot may decide (in its absolute discretion) to scale back Applications for SPP Shares to the extent and in the manner that Pilot thinks fit, subject to the terms of the ASX Class Waiver Decision. If Pilot decides to conduct any scale back, it will apply the scale back on a pro rata basis, either based on the size of the Eligible Holder's existing holding of Shares or based on the number of SPP Shares that the Eligible Holder has applied for, in accordance with the ASX Class Waiver Decision.

3.15 If there is a scale back:

- (a) you may not receive all the SPP Shares for which you have applied;
- (b) if the scale back produces a fractional number of SPP Shares when applied to your Application Amount, the number of SPP Shares you will be allotted will be rounded down; and
- (c) Pilot will return to you the difference between your Application monies and the total Issue Price for the SPP Shares allotted to you, without interest, in accordance with term 12 (provided that you will not receive a refund for an amount which is less than the Issue Price of 1 Share).

***Effect of applying for SPP Shares***

3.16 If you apply to participate in the SPP:

- (a) your Application, on these Terms and Conditions, will be irrevocable and unconditional (it cannot be withdrawn or cancelled);
- (b) you warrant that all the details and statements in your Application are true and complete and not misleading;
- (c) you represent that you are, and each person for whom you are acting is, an Eligible Holder or an Eligible Beneficiary;
- (d) if you are applying on your own behalf (and not as a Custodian), you certify that, even if you have received more than one offer under the SPP or received offers in more than one capacity, the aggregate Application monies paid by you in any capacity (except as Custodian) for:
  - (i) the SPP Shares that you are applying for; and

- (ii) any other Shares that may be, or have been, issued to you or to a Custodian on your behalf and at your instruction, under the SPP or any similar arrangement operated by Pilot in the 12 months before the date Pilot received your Application, is not more than A\$30,000. Pilot will take no responsibility for Applications in excess of A\$30,000;
- (e) if you are a Custodian and are applying for SPP Shares with a total Application price exceeding A\$30,000, you must provide a Custodian Certificate containing details of the participating Eligible Beneficiaries, including their name, address, the number of participating Eligible Beneficiaries, the number of Shares you hold on their behalf, and the amount of SPP Shares you have been instructed to apply for on their behalf. In the Custodian Certificate you provide, you must certify that:
  - (i) you are a “custodian” as that term is defined in ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547;
  - (ii) you held Shares on behalf of the Eligible Beneficiary as at the Record Date who has instructed you to apply for SPP Shares on their behalf under the SPP and that the Eligible Beneficiary has been given a copy of this Booklet;
  - (iii) you are not applying for SPP Shares on behalf of any single Eligible Beneficiary with an Application price of more than \$30,000 under the SPP (or any similar arrangement offered by Pilot in the preceding 12 months); and
  - (iv) the information in the Custodian Certificate submitted with your Application is true, correct and not misleading;
- (f) you agree to these Terms and Conditions and you agree not to do anything which would be contrary to the spirit, intention or purpose of the SPP;
- (g) you authorise Pilot (and its officers and agents) to correct any error in, or omission from, your Application Form and to complete the Application Form by the insertion of any missing details and to do anything necessary on your behalf for SPP Shares to be issued to you in accordance with these Terms and Conditions;
- (h) you agree that Pilot may determine that your Application Form is valid and in accordance with these Terms and Conditions, even if it is incomplete, contains errors or is otherwise defective;
- (i) you agree that your Application is only effective when received by the Registry (including payment in cleared funds) and not when it is posted;
- (j) you accept the risk associated with any return of Application monies (for example, in the event of a rejected Application) or other refunds that may be dispatched to you by cheque to your address shown on Pilot’s Share Register;
- (k) you agree to indemnify Pilot for, and to pay to Pilot within 5 business days of demand, any dishonour fees or other costs Pilot may incur in presenting a cheque for payment which is dishonoured;
- (l) you acknowledge that none of Pilot or the Registry or any of their respective advisers or agents has provided you with investment advice, financial product advice or taxation advice in relation to the SPP or the SPP Shares, and that none of them has any obligation to provide this advice, concerning your decision to apply for and purchase SPP Shares;
- (m) you acknowledge that this Booklet does not purport to contain all of the information that an investor may require to make an investment decision;
- (n) you acknowledge that Pilot and its officers and agents, are not liable for any consequences of the exercise or non-exercise of any discretions by any person referred to in these Terms and Conditions;
- (o) you agree to be bound by the Constitution of Pilot, and the Terms and Conditions;

- (p) you acknowledge that any remaining balance of your payment, due to a rounding down of the number of SPP Shares, will form part of the assets of Pilot (provided that the remaining balance is less than the Issue Price of 1 Share);
- (q) you acknowledge and agree that you are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent that you are acting for the account or benefit of a person in the United States, you are not participating in the SPP in respect of that person);
- (r) you acknowledge and agree that the offer and sale to it of the SPP Shares under the SPP has not been and will not be registered under the US Securities Act, or the securities laws of any state or other jurisdiction of the United States, but rather the issue of the SPP Shares under the SPP will be made in reliance on an exemption from registration contained in Regulation S under the US Securities Act for offers and sales made outside of the US. Therefore, you agree that
  - (i) you may not and will not offer, sell, pledge, transfer or otherwise dispose of any SPP Shares in the United States or for the account or benefit of a US person (as defined in Regulation S of the US Securities Act) (**US Person**) unless and until the SPP Shares are registered under the US Securities Act or offered, sold pledged, transferred or otherwise disposed of in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act or the laws of any state or other jurisdiction in the United States; and
  - (ii) you may not and will not engage in any hedging transactions involving SPP Share unless in compliance with the US Securities Act;
- (s) you acknowledge and agree that the SPP Shares to be offered and sold under the SPP will only be offered and sold to Eligible Holders in Australia and New Zealand in “offshore transactions” (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S under the US Securities Act;
- (t) you represent, warrant and agree that if in the future you decide to sell or otherwise transfer the SPP Shares, you will only do so in standard (regular way) brokered transactions on the ASX, where neither you nor any person acting on your behalf know, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States;
- (u) you acknowledge that you have not, and represent, warrant and agree that you will not, send any materials relating to the SPP to any person in the United States or to any person acting for the account or benefit of a person in the United States;
- (v) you acknowledge that the SPP Shares are not being offered or sold to the public within New Zealand other than to existing Holders of Pilot with registered addresses in New Zealand to whom the offer of SPP Shares is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016;
- (w) you acknowledge that this Booklet has not been registered, filed with or approved by any New Zealand regulatory authority. This Booklet is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain; and
- (x) if you make payment of Application money by BPAY®, you acknowledge that you will be taken to have made all representations, warranties and undertakings set out in the these Terms and Conditions and the Application Form as if you had validly signed and submitted an Application Form.

#### **4 APPLICATION AMOUNT AND NUMBER OF SPP SHARES**

- 4.1 You agree to pay the Issue Price per SPP Share allocated to you in accordance with these Terms and Conditions.

- 4.2 You agree to pay the total price of one of the following prescribed Application Amounts:
- (a) A\$1,000;
  - (b) A\$2,500;
  - (c) A\$5,000;
  - (d) A\$7,500;
  - (e) A\$10,000;
  - (f) A\$15,000;
  - (g) A\$20,000;
  - (h) A\$25,000; or
  - (i) A\$30,000.
- 4.3 If you make a payment for any amount other than one of the amounts set out in term 4.2, your Application may be rejected. If your Application is rejected, your monies will be returned to you.
- 4.4 Subject to Pilot's discretion to scale back Applications for SPP Shares under terms 3.14 and 3.15, Pilot will determine the number of SPP Shares to be issued to each Eligible Holder who applies for a Parcel, by dividing the value of that Parcel by the Issue Price.
- 4.5 If your nominated Application Amount cannot be divided by the Issue Price to give a whole number of Shares, the number of SPP Shares that you apply for will be rounded down and any remaining balance of your payment will form part of the assets of Pilot. You will not receive a refund for this amount, which will always be less than the price of 1 Share.

## **5 ISSUE OF SPP SHARES**

- 5.1 On the Issue Date, Pilot will issue the number of SPP Shares to each Eligible Holder on the basis set out in term 4.4.
- 5.2 SPP Shares issued under the SPP will, at the time of issue, rank equally with, and have the same voting rights, dividend rights and other entitlements as existing Shares.
- 5.3 Pilot will apply for SPP Shares issued under the SPP to be quoted on ASX.

## **6 WAIVER AND TERMINATION**

- 6.1 Pilot reserves the right at any time to:
- (a) amend or vary these Terms and Conditions;
  - (b) waive compliance with any provision of these Terms and Conditions;
  - (c) withdraw the SPP offer or suspend or terminate the SPP;
  - (d) vary the timetable for the SPP, including the Closing Date, and accept late Applications, either generally or in particular cases; and
  - (e) not accept an Application, not issue SPP Shares, or issue SPP Shares to a value less than that applied for by an Eligible Holder, including a Custodian applying on behalf of its Eligible Beneficiaries.
- 6.2 In the event that the SPP is withdrawn or terminated, all Application monies will be returned to you, without interest.

## **7 UNDERWRITING**

The SPP is not underwritten.

## **8 SETTLING DISPUTES**

Pilot may settle in any manner it sees fit, any difficulties, anomalies or disputes which may arise in connection with the operation of the SPP whether generally or in relation to any participant or any Application for SPP Shares. The decision of Pilot is conclusive and binding

on all participants and other persons to whom the determination relates. These rights may be exercised by Pilot, its Board of Directors or any of their delegates.

## **9 PRIVACY**

- 9.1 Chapter 2C of the Corporations Act requires information about Holders (including their name, address and details of the Shares they hold) to be included in the public register of the entity in which they hold Shares. This information must continue to be included in the public register even if they cease to be a Holder.
- 9.2 Pilot and the Registry may collect personal information to process the Application and implement the SPP, and to administer holdings of SPP Shares.
- 9.3 The personal information contained in Pilot's Share Register is also used to facilitate payments and corporate communications (including financial results, annual reports and other information to be communicated to Holders) and to ensure compliance with legal and regulatory requirements, including taxation laws and the Corporations Act.
- 9.4 The personal information Pilot collects in relation to Holders may include the name, address, other contact details, bank account details and details of their holdings of Shares.
- 9.5 Holders who are individuals and the other individuals in respect of whom personal information is collected, as outlined above, have certain rights to access, correct or update the personal information held about them, subject to some exceptions allowed by law. Those individuals should contact the Pilot Information Line on 1300 737 760 (within Australia) and 02 9290 9600 (outside Australia) between 8.30am and 5.00pm (Sydney time), Monday to Friday.
- 9.6 Personal information regarding Holders may be disclosed to joint investors, the Registry, to securities brokers, to third party service providers (including print and mail service providers, technology providers, and professional advisers), to related entities of Pilot and each of their agents and contractors, and to ASX and other regulatory authorities, and in any case, where disclosure is required or allowed by law (which may include disclosures to the Australian Taxation Office and other government or regulatory bodies or where you have consented to the disclosure). In some cases, the types of organisations referred to above to whom Pilot will disclose personal information may be located overseas.
- 9.7 The main consequence of not providing the personal information outlined in terms 9.1 - 9.4 above would be that Pilot may be hindered in, or prevented from, processing Applications, and from conducting and implementing the SPP.
- 9.8 The Registry's privacy policy is available at item 2 on the Registry's website at: [www.boardroomlimited.com.au/corp/privacy-policy/](http://www.boardroomlimited.com.au/corp/privacy-policy/).

## **10 GOVERNING LAW**

- 10.1 These Terms and Conditions are governed by the laws in force in New South Wales, Australia. Any dispute arising out of or in connection with these Terms and Conditions, or the offer of SPP Shares, will be determined by the courts in New South Wales. By accepting the SPP offer, Eligible Holders agree to submit to the exclusive jurisdiction of the courts in New South Wales.
- 10.2 These Terms and Conditions prevail to the extent of any inconsistency with the Application Form.

## **11 ASIC AND ASX RELIEF AND NOTICES**

- 11.1 In accordance with the requirements of ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547, the Company notes that:
- (a) on the last trading day immediately prior to the announcement date of the Offer, the closing price of the Shares traded on ASX was \$0.04 per Share. The Issue Price is a 17.5% discount to that closing price;

- (b) the market price of Shares in the Company may rise and fall between the date of the Offer and the date that any Shares are issued under the Offer;
  - (c) by making an application under this Offer, each Eligible Shareholder will be acknowledging that, although the Issue Price is at a discount to the closing price specified above, Shares are a speculative investment and the price of Shares on ASX may change between the date of the Company announcing its intention to make the Offer and the date of issue of Shares under that Offer and that the value of the Shares received under the Offer may rise or fall accordingly; and
  - (d) the Issue Price is less than the market price of Shares during a 'specified period' in the 30 days before the date of the Offer (such specified period being the 5 days in which trading in Shares occurred before the date of the announcement of the Offer).
- 11.2 In accordance with ASX Listing Rule 7.2 Exception 5, the Issue Price is equal to or greater than 80% of the volume weighted average price for the 5 days in which trading in the Shares occurred before the date of the announcement of the Offer.

## **12 REFUNDING AND RETURNING APPLICATION MONIES**

- 12.1 No interest will be paid on any Application monies returned to you.
- 12.2 Subject to this term 12, Pilot will return or refund the relevant portion of your Application monies to you:
- (a) where your Application Amount did not equate to a whole number of SPP Shares and was rounded down, except that any remaining balance of your Application Amount, due to a rounding down of the number of SPP Shares, will form part of the assets of Pilot (provided that the remaining balance is less than the Issue Price of 1 Share)
  - (b) where Pilot rejects your Application because it is not received before the Closing Date;
  - (c) where your Application or payment was for an amount other than one of the prescribed Application Amounts;
  - (d) where your Application is scaled back;
  - (e) where payment of the Application Amount is not submitted in Australian currency or, if payment is made by cheque, the cheque is not drawn on an Australian branch of a financial institution;
  - (f) where Pilot rejects your Application in whole or in part for any other reason;
  - (g) if Pilot terminates or withdraws the SPP offer; and/ or
  - (h) as otherwise required in accordance with these Terms and Conditions.
- 12.3 It is anticipated that any refund of Application Monies will be paid or mailed by cheque or direct credit on or about Monday, 9 November 2020 based on the current timetable.
- 12.4 Pilot will refund Application monies using one of the following methods at its discretion:
- (a) by direct credit to the bank account that you have previously nominated to Pilot, for the purposes of receiving dividend payments; or
  - (b) by cheque posted to your registered address.

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## GLOSSARY

The following defined terms apply throughout this Booklet unless the context requires otherwise:

<b>\$ or A\$</b>	Australian dollars unless otherwise specified.
<b>Application</b>	An application for SPP Shares under the SPP in accordance with the Terms and Conditions.
<b>Application Amount</b>	A\$1,000, A\$2,500, A\$5,000, A\$7,500, A\$10,000, A\$15,000, A\$20,000, A\$25,000 or A\$30,000.
<b>Application Form</b>	The personalised Application form relating to the SPP that Eligible Holders received with this Booklet, including the instructions. This may include a deemed Application form on the same terms, where a valid BPAY® payment is made.
<b>ASIC</b>	The Australian Securities & Investments Commission.
<b>ASX</b>	ASX Limited (ABN 98 008 624 691) or the market operated by it, as the context requires.
<b>ASX Listing Rules</b>	The listing rules of ASX as amended, varied or waived (whether in respect of Pilot or generally) from time to time.
<b>ASX Class Waiver Decision</b>	The ASX “Class Waiver Decision – Temporary Extra Placement Capacity” dated 23 April 2020.
<b>BPAY®<sup>1</sup></b>	The payment mechanism used to pay Application Monies online.
<b>Booklet</b>	This booklet in relation to the SPP, including the Application Form.
<b>Share Register</b>	The register of all Holders maintained by the Registry.
<b>Closing Date</b>	5.00pm (Sydney time) on Monday, 2 November 2020.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).
<b>Custodian</b>	A custodian, trustee or nominee within the definition of “custodian” in ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547.
<b>Custodian Certificate</b>	A certificate confirming the matters set out in term 3.16(e), which can be requested by contacting the Pilot Information Line on 1300 737 760 (within Australia) and 02 9290 9600 (outside Australia) between 8.30am and 5.00pm (Sydney time), Monday to Friday.
<b>Dispatch Date</b>	The date on which the holding statements are dispatched to participating Eligible Holders, which is expected to be Tuesday, 10 November 2020.
<b>Eligible Beneficiary</b>	A person on whose behalf a Custodian holds Shares on the Record Date, with a registered address in Australia or New Zealand (provided that such person is not an Excluded Holder).
<b>Eligible Holder</b>	A person who, at the Record Date was recorded in Pilot’s Share

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<sup>1</sup> Registered to BPAY Pty Limited ACN 079 137 518.

	Register as being a registered holder of Shares with a registered address in Australia or New Zealand and who is not an Excluded Holder.
<b>Excluded Holder</b>	<p>Any of the following registered holders of Shares (including a Custodian) to the extent they:</p> <p>(a) hold Shares on their own account and reside outside Australia or New Zealand;</p> <p>(b) hold Shares on behalf of another person who resides outside Australia or New Zealand; or</p> <p>(c) are in the United States, or they hold Shares on behalf of a person in the United States, or are acting for the account or benefit of a person in the United States (to the extent they are participating in the SPP on behalf of those persons).</p>
<b>Expiry Date</b>	5:00pm (EST) on 24 months from the date of issue of each Option.
<b>Free-Attaching Option</b>	One free attaching unlisted Option for every two Shares applied for under the SPP exercisable at \$0.033 per option on or before the Expiry Date
<b>Holder</b>	A holder of Shares.
<b>Issue Date</b>	Date of allotment and issue of SPP Shares being Monday, 9 November 2020 (or such other date as Pilot determines in its absolute discretion).
<b>Issue Price</b>	SPP Shares are offered at the issue price paid under the Placement, being \$0.033 per SPP Share.
<b>Opening Date</b>	9.00am (Sydney time) on Wednesday, 7 October 2020 (or such other date as Pilot determines in its absolute discretion).
<b>Option</b>	An option over a Share in the Company.
<b>Parcel</b>	A parcel of SPP Shares in an amount of A\$1,000, A\$2,500, A\$5,000, A\$7,500, A\$10,000, A\$15,000, A\$20,000, A\$25,000 or A\$30,000 (at the Issue Price per SPP Share).
<b>Placement</b>	The placement of Shares to institutional, sophisticated and professional investors as announced on Friday, 25 September 2020.
<b>Record Date</b>	7.00pm (Sydney time) on Thursday, 24 September 2020.
<b>Registry</b>	Boardroom Pty Limited ABN 14 003 209 836
<b>Pilot or the Company</b>	Pilot Energy Limited ACN 115 229 984
<b>Share</b>	A fully paid ordinary share in the Company.
<b>SPP</b>	This Security Purchase Plan.
<b>SPP Share</b>	A new Share issued under the SPP.
<b>Terms and Conditions</b>	The terms and conditions of the SPP set out in this Booklet, including this Glossary and the Application Form.
<b>US Person</b>	Has the meaning given to it in Rule 902(k) under Regulation S of the US

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	Securities Act.
<b>US Securities Act</b>	Securities Act of 1933, as amended to date, and the rules and regulations promulgated thereunder.

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