

Pilot Energy Limited

Suite 2, Ground Floor, 100 Havelock Street
West Perth, W.A. 6005
info@pilotenergy.com.au
www.pilotenergy.com.au



5 February 2025

Mr James Rowe
Listings Compliance
Perth ASX
Level 40, Central Park
152 – 158 St George's Terrace
Perth, Western Australia 6000

BY EMAIL:

james.rowe@asx.com.au

listingscomplianceperth@asx.com.au

Dear James

REQUEST FOR CONTINUATION OF VOLUNTARY SUSPENSION FOR PILOT ENERGY LIMITED (ASX:PGY) UNDER LISTING RULE 17.2

We refer to our correspondence of 27 December 2024 in which Pilot Energy Limited (ASX: PGY) (**Pilot** or **Company**) requested an extension to the voluntary suspension of the trading of its securities until 3 February 2025. Following discussions with ASX over the last days, the Company now requests a further extension of the voluntary suspension of trading in its securities effective from the commencement of trading on 6 February 2025 until Wednesday 5 March 2025, or until the Company releases an announcement to the market regarding the raising of capital, whichever occurs first.

Reasons for delay to original suspension period and need for extension

Since entering into the voluntary suspension, the Company has been in discussions, and continues to be in discussions, with an existing investor regarding a capitalisation package that will enable the Company to complete the acquisition of the Cliff Head project from Triangle Energy (Global) Limited (**TEG**) and meet the ongoing operating and regulatory compliance costs associated with the suspension of production from the Cliff Head project and the transition of the project into a carbon storage operation.

The capital raise process referred to above involves engaging with a number of parties with a view to maximising the value of the capitalisation package. Bringing in new parties to the negotiations has made for complex and lengthy negotiations. Additionally, progress has been impacted by the lack of availability of key personnel during January 2025.

Consequently, the information relating to the capitalisation package negotiations is remains confidential and not disclosable under ASX Listing Rule 3.1 because, at this time, the negotiations are incomplete and the information is currently insufficiently definite to warrant disclosure.

Proposed timetable for trading in PGY securities to resume trading

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The Company seeks to remain in voluntary suspension until the commencement of trading on Wednesday 5 March 2025 to allow for the orderly conclusion, and execution, of the capitalisation package.

PGY's current financial situation

In connection with this request for an extension of the existing suspension granted to Pilot on 27 December 2024, the Company notes that it released its December 2024 Quarterly Activities Report and Appendix 5B to the market last Friday, 31 January 2025 (**Quarterly Report**) and its Annual Report for the 2024 Financial Year on 20 December 2024. The Company's current cash position can be found in the Appendix 5B released to the market on 31 January 2025 in respect of the last financial quarter.

As noted in the Quarterly Report, since August 2024, Cliff Head production operation and all oil production has been suspended. Therefore, going forward, the costs for Cliff Head in calendar year 2025 will comprise compliance and regulatory costs associated with the suspension, the costs of which, will be consistent with the costs noted below. From 1 August 2025, as announced on ASX:PGY 16 January 2025, it is anticipated that the Company will have executed the Project Development Agreement with the Korean Consortium, under which the Korean Consortium will assume an equity position in the MWCEP and fund the development of the Mid West Clean Energy Project (**MWCEP**), which includes the Cliff Head carbon storage project, in proportion to that position.

In addition to the compliance and regulatory costs associated with Cliff Head, as referred to above, Pilot has material contractual obligations to TEG in connection with the Cliff Head Oil Project under the Cliff Head acquisition agreement (**Transaction**) which was announced on ASX:PGY 23 July 2024.

As announced on ASX:PGY 14 October 2024, Pilot and reached an agreement to vary the terms of that Transaction, to provide the parties additional time to complete the transfer of the first stage of the Transaction. This revised Transaction structure involves Pilot paying for 100% of the Cliff Head joint venture operating costs from 1 August 2024 and making progressive acquisition payments to TEG. The revised payment structure is as set out in the above-referred announcement.

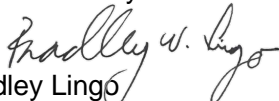
Pilot has complied with the requirement under the Transaction to fund the Cliff Head joint venture costs. Since August 2024, Pilot has provided ~ \$4.2m to fund continued operations including the non-production phase activities required by NOPSEMA, which included \$1.9m during the December quarter. Pilot has also made the initial \$0.4m acquisition payment to TEG associated with the transfer of WA state assets. As noted in Pilot's ASX:PGY announcement 18 December 2024, Pilot continues to prioritise the existing Cliff Head operations ahead of further acquisition payments.

As announced on ASX:PGY 27 December 2024, and as noted above, Pilot is negotiating with existing and new investors to put into place a capitalisation package that will enable the Company to complete the TEG Transaction and to meet the ongoing compliance and regulatory costs associated with the suspension of production from the Cliff Head Project and the transition of the project into a carbon storage opportunity, as detailed above. In the Company's opinion, the continued trading of its securities during the course of these negotiations is likely to be materially prejudicial to its ability to complete the capitalisation transaction, which is critical to its continued financial viability and therefore to the financial viability of the transition of the Cliff Head operations into a carbon storage project.

Further, Pilot is not aware of any reason why the extension of the voluntary suspension should not be granted or of any other information necessary to inform the market about the voluntary suspension.

This extension of voluntary suspension request has been authorised by the Board of Pilot.

Yours sincerely


Bradley Lingo
Chair and Managing Director

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