

**Pilot Energy Limited**

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5 March 2025

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Dear Damian and Sam

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

Further to our request for an extension to the voluntary suspension of trading in the securities in Pilot Energy Limited (**ASX: PGY**) (**Pilot** or **Company**) until 5 March 2025, and following discussions with ASX, the Company now requests a further extension of the voluntary suspension of trading in its securities effective from the commencement of trading on 5 March 2025 until the first to occur of 5 April 2025 or the Company releasing an announcement to the market regarding the implementation of a capital raise that will enable the Company to complete the acquisition of the Cliff Head project from Triangle 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.

In connection with this request for the extension of the suspension, and in accordance with ASX Listing Rule 17.2, the Company provides the following information.

1. As advised by announcement on ASX:PGY dated 5 February 2025, since entering into the voluntary suspension, the Company has been in discussions, and continues to be in discussions, with existing investors 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 and concurrently undertaking complex negotiations with TEG in connection with the concluding definitive arrangements for the completion of the acquisition of the Cliff Head project. Finalising both these arrangements are closely linked. Consequently, progress of these arrangements has been protracted, and the Company has had continued challenges in finalising arrangements for the capital raising.

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2. The Company expects to be in a position to conclude negotiations with TEG and release an update in relation to the Cliff Head project acquisition to enable the Company to finalise the terms of an equity capital raising (the **Offer**), which it will endeavour to complete by Friday 28 March 2025 (see further in 8. below).

3. As noted in the Company's previous request for an extension of suspension dated 5 February 2025, the Company's financial position has been negatively impacted due to the earlier than expected suspension of oil production and sales and consequent triggering of "Non-Production Phase" compliance obligations under the *Offshore Petroleum & Greenhouse Gas Storage Act 2006*. These challenges have compounded the need for an extended suspension to allow the Company to reach a revised arrangement with TEG in relation to the Cliff Head project and to put into place funding arrangements that will enable the Company to complete the Cliff Head project acquisition and to meet the ongoing compliance and regulatory costs associated with the suspension of production from the Cliff Head project and the transition of that project into a carbon storage opportunity, as detailed in the Company's previous request dated 5 February 2025.

4. As was noted in the Company's 5 February 2025 letter of request for a further extension of the current suspension of its securities, the Pilot Board remains of the view that trading of its securities at this time is likely to materially prejudice the Company's ability to successfully complete the Offer and the negotiations with TEG referred above. Both events are critical to the Company's continued viability and therefore the viability of the transition of the Cliff Head operations into a carbon storage project. Consequently, the Pilot Board has resolved to continue to keep the Company's securities suspended.

5. The Company advises that the Offer will comprise a placement of new ordinary shares in the issued capital of Pilot in the amount of \$7.0 million to \$8.0 million to sophisticated and professional investors. The Company has engaged with Alpine Capital (**Alpine**), a stockbroking firm which was the Joint Lead Manager for the last placement completed by the Company in October 2024. Alpine has provided the Company with an engagement letter dated 28 February 2025 in relation to acting as the Lead Manager of the Offer and has expressed confidence that it can complete the Offer. Given the total amount to be raised via the Offer is likely to be greater than the Company's current placement capacity under ASX Listing Rules 7.1 and 7.1A, the Offer will proceed via a two-tranche placement of shares, with the second tranche subject to shareholder approval at a General Meeting of the Company. It is anticipated that the Offer will be completed, and the first tranche settled by Friday 28 March 2025. As the second tranche will require the approval of shareholders at a general meeting, we anticipate that it will settle in the second half of May 2025.

6. In addition to the Offer of ordinary shares via Alpine, the Company is currently progressing a number of discussions with strategic investors and funds that may result in an injection of capital into the Company. These remain at an early stage as they are contingent on the outcome of negotiations with TEG. However, the Company believes that these represent viable potential alternatives to the Offer via Alpine or could provide additional funds to the Company. At this stage it is too early to provide details of the terms and likely closing dates of these potential transactions.

7. Further to the matter addressed in 6. above, Pilot awaits payment of the \$2.0 million face value of the convertible note to be issued to 1 Stock Limited as announced on 11 December 2024 and approved by shareholders at the AGM on 12 February 2025. The Company has been in continual contact with 1Stock Limited through Powerhouse Advisory, the arranger of this convertible note subscription commitment and 1Stock Limited has consistently confirmed its intent to provide the note subscription funds. 1 Stock Limited has advised the

delay in funding is due to delays in governmental currency control approvals being provided in connection with large denomination international fund transfers. The Company has offered to provide any supporting documentation to 1Stock Limited and its financial institution to expedite the payment of the note subscription funds. Currently, the Company is not aware of the definitive timing for payment of these funds by 1Stock Limited.

8. Further to 2. above, in connection with the Cliff Head project acquisition, the Company advises that the Company and TEG are discussing revised terms for the acquisition of the Cliff Head oil project assets. Under these revised terms, Triangle will provide Pilot with vendor financing in exchange for a secured Note in the amount of ~\$5- 5.3 million dollars. This Note will have a maturity date of the earlier of 30 June 2026 or Pilot having funds available in an amount in excess of the value of the Note resulting from the sale or disposal

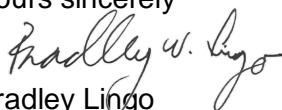
of a material interest (at least a 25% interest) in CH CCS Project to a third party. In addition, if Pilot completes a sale of the Three Springs Solar Project, Pilot will pay an amount up to 30% of the realised sale proceeds up to and not to exceed the amount of the Note. The Note will be interest bearing at 10% per annum. As originally agreed, Pilot will continue to fund 100% of the on-going operating and transition costs of the Cliff Head Oil Field operation. Significantly, under these arrangements, Pilot will have no requirement to make acquisition cost payments to Triangle before 30 June 2026 other than upon the sale of a material interest in the CH CCS Project or upon the sale of an interest in the Three Springs Solar Project. In relation to these discussions, both parties recognise that time is of the essence and the Company expects to be in a position to conclude negotiations with TEG and release an update in relation to the Cliff Head project acquisition as noted in 2. above to enable the completion of the Offer by 28 March 2025.

Under the terms of the sale and purchase deed entered into between TEG and the Company, in the event of a breach of the agreement, the parties have the usual rights of termination and to sue for damages flowing from the breach. Further, under the most recent variation of the sale and purchase deed, this includes the payment of penalty amounts by the Company to TEG (see ASX: PGY announcement 14/10/2024). Should the sale of the TEG interest in Cliff Head not proceed and TEG terminates then Pilot may be able to develop a replacement carbon storage project in its 100% held offshore Perth Basin greenhouse gas assessment licence G-12-AP. Pilot has previously identified and announced contingent and prospective carbon storage resources outside the WA-31L license area within the area of the newly awarded G-12-AP (refer to 28 March 2022 feasibility study results). However, not proceeding with the MWCEP may require the abandonment of the Cliff Head project infrastructure and wells, which may result in a material delay to the commencement of any replacement carbon storage operation and therefore ammonia production operation.

The Company seeks to remain in voluntary suspension until the earlier of 5 April 2025 and the completion of the Offer which, at this stage, is anticipated to occur by 28 March 2025.

This request for a further extension of the Company's voluntary suspension has been authorised by the Board of Pilot.

Yours sincerely

  
Bradley Lingo  
Chair and Managing Director