



PILOT ENERGY LIMITED

ABN 86 115 229 984

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

AND

PROXY FORM

Date of Meeting

Friday 28 February 2020

Time of Meeting

10.00am (AEDT)

Place of Meeting

**Suite 1302, Tower A, The Zenith,
821 Pacific Highway, Chatswood, NSW, 2067**

PILOT ENERGY LIMITED

ABN 86 115 229 984

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of shareholders of Pilot Energy Limited ("Company") will be held at 10.00am (AEDT) on Friday, 28 February 2020 at Suite 1302, Tower A, The Zenith, 821 Pacific Highway, Chatswood, NSW 2067.

In order to determine voting entitlements, the register of Shareholders will be closed at 7:00pm (AEDT) on Wednesday, 26 February 2020.

An Explanatory Statement containing information in relation to each of the Resolutions to be put to the Meeting accompanies this Notice.

AGENDA

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the annual financial report for the Company for the financial year ended 30 September 2019 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

Resolution 1: Adoption of the Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report contained within the Company's annual financial report for the financial year ended 30 September 2019."

Note 1: the vote on this resolution is advisory only and does not bind the Directors of the Company.

Note 2: If 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director and CEO) must stand for re-election.

Voting Prohibition Statement:

The Company will disregard any votes cast on Resolution 1 by or on behalf of:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) an associate or Closely Related Party of a member of the Key Management Personnel.

However, this does not apply to a vote cast on Resolution 1 by:

- (i) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (ii) the Chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (iii) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- a. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
- b. the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 2: Election of Director – Dr Guoping Bai

To consider, and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That Dr Guoping Bai, a Director who, having been appointed a director since the last AGM, retires in accordance with clause 36.2 of the Company's constitution, ASX Listing Rule 14.4 and for all other purposes, and being eligible is elected as a Director."

Resolution 3: Re-Election of Director – Mr Michael Lonergan

To consider, and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That Mr Michael Lonergan, a Non-Executive Director who retires in accordance with clause 38.1 of the Company's constitution and for all other purposes and being eligible, is re-elected as a Director."

Resolution 4: Approval of Convertible Note Issue

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of Ordinary Shares to West Energy Pty Ltd on conversion of a Convertible Note, on the terms and conditions and in the manner set out in the Explanatory Memorandum."

Voting Exclusion:

The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of West Energy Pty Ltd or an associate of West Energy Pty Ltd.

However, this does not apply to a vote cast in favour of Resolution 4 by:

- (i) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (ii) the Chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (iii) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - a. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - b. the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 5: Approval of 10% Placement Capacity

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totaling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion:

The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of any person who, if the Resolution is passed, is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons.

However, this does not apply to a vote cast in favour of Resolution 5 by:

- (i) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (ii) the Chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (iii) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - a. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - b. the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Important note: The proposed recipients of any Equity Securities under the 10% Placement Capacity are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the 10% Placement Capacity), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

Resolution 6: Repeal and Replacement of Company Constitution

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, for the purposes of section 136(1)(b) of the Corporations Act 2001 and for all other purposes, the constitution comprising the document tabled at the Meeting and signed by the Chairman of the Meeting for the purposes of identification, be approved and adopted as the constitution of the Company in substitution for and to the exclusion of the existing constitution which is repealed in its entirety."

By Order of the Board



Lisa Dadswell
Company Secretary

Dated: 29 January 2020

ENTITLEMENT TO ATTEND AND VOTE

The Company may specify a time, not more than 48 hours before the Meeting, at which a “snap-shot” of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Annual General Meeting.

The Company's Directors have determined that all Shares of the Company that are quoted on ASX at 7:00pm (AEDT) on Wednesday, 26 February 2020 shall, for the purposes of determining voting entitlements at the Annual General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

VOTING IN PERSON

To vote in person, attend the Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- (a) each Shareholder has a right to appoint a proxy;
- (b) the proxy need not be a member of the Company; and
- (c) a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

CORPORATE REPRESENTATIVE

A Shareholder that is a corporation may appoint an individual to act as its corporate representative to vote at the Meeting in accordance with section 250D of the Corporations Act. Any corporation wishing to appoint an individual to act as its representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or Share Registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative. A 'Certificate of Appointment of Corporate Representative' is enclosed if required.

ENQUIRIES

Shareholders are invited to contact the Company Secretary, Lisa Dadswell on +61 2 8016 2819 if they have any queries in respect of the matters set out in this document.

PILOT ENERGY LIMITED

ABN 86 115 229 984

EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of the Company.

The Directors recommend Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

The following information should be noted in respect of the various matters contained in the accompanying Notice.

FINANCIAL STATEMENTS AND REPORTS

The business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 September 2019, together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

A copy of the Company's 2019 Annual Report is available on the Company's ASX platform (ASX: PGY) and on the website www.pilotenergy.com.au. Alternatively, a hard copy will be made available upon request.

At the Annual General Meeting, Shareholders will have the opportunity to ask the Company's auditor, MNSA Pty Ltd, questions in relation to the conduct of the audit, the Auditor's Report, the Company's accounting policies, and the independence of the auditor.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or to the Company's auditor about:

- (a) the preparation and content of the auditor's report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the Annual Financial Statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than five business days before the meeting date to the Company Secretary.

RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the Remuneration Report be adopted must be put to the Shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' Report contained in the annual financial report of the Company for a financial year.

The chair of the Meeting must allow a reasonable opportunity for its shareholders to ask questions about, or make comments on, the Remuneration Report at the Annual General Meeting.

Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (Spill Resolution) if, at two consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (Spill Meeting) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

Proxy restrictions

Shareholders appointing a proxy for Resolution 1 should note the following:

- (a) ***If you appoint a member of the Key Management Personnel (other than the Chair) as your proxy***

If you elect to appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of that member, ***you must direct the proxy how they are to vote***. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

- (b) ***If you appoint the Chair as your proxy***

If you elect to appoint the Chair where he/she is also a member of the Key Management Personnel whose remunerations details are included in the Remuneration Report, or a Closely Related Party of such a member, ***you must direct the Chair how they are to vote***. Undirected proxies granted to these persons will be voted in favour of all Resolutions.

- (c) ***If you appoint any other person as your proxy***

You **do not** need to direct your proxy how to vote, and you **do not** need to tick any further acknowledgement on the Proxy Form. Undirected proxies granted to these persons will be voted at their discretion.

RESOLUTION 2: ELECTION OF DIRECTOR – DR GUOPING BAI

ASX Listing Rule 14.4 provides that a director elected since the last annual general meeting of a company must retire and seek election at the next annual general meeting of the company.

Clause 36.2 of the Company's Constitution also requires that any Director appointed since the last annual general meeting retire and seek election at the next annual general meeting.

Dr Bai was appointed to the Board on 14 June 2019. As the appointment was after the last annual general meeting, Dr Bai is required to retire and seek election at the Meeting.

Information about Dr Bai is set out in the Company's 2019 Annual Report.

RESOLUTION 3: ELECTION OF DIRECTOR – MR MICHAEL LONERGAN

Clause 38.1 of the Company's Constitution requires that one-third of the Directors, excluding any Director appointed since the last AGM, retire and seek election at each AGM. If the number of Directors is not a multiple of three then the greater of one or the number nearest to but not exceeding one-third must seek re-election.

Information about Mr Lonergan is set out in the Company's 2019 Annual Report.

RESOLUTION 4: APPROVAL OF CONVERTIBLE NOTE ISSUE

On 29 April 2019, the Company announced that it had issued one convertible note (**Note**) having an aggregate face value of \$309,000 (**AFV**) to West Energy Pty Ltd pursuant to a convertible note deed (**Note Deed**). The Note has a maturity date of 29 April 2020 (**Maturity Date**). The funds raised from the issue of the Note were used for working capital.

Pursuant to the terms and conditions of the Note Deed (which are summarised in Annexure A), the Company may elect to convert the Note into ordinary shares at any time during the 20 business days after the Maturity Date (**Conversion Period**). Failing which, the Company must redeem the Note and pay the AFV to West Energy Pty Ltd. During the Conversion Period, the Company intends to elect to convert the Note into Ordinary Shares.

Resolution 4 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of Ordinary Shares on conversion of the Note to West Energy Pty Ltd.

If Shareholders approve Resolution 4, the number of Ordinary Shares that will be issued to West Energy Pty Ltd will be calculated in accordance with the following formula:

$$OS = AFV/CP$$

Where:

OS = the number of ordinary shares to be issued to West Energy Pty Ltd;

AFV = the AFV of the Note being \$309,000; and

CP = the Conversion Price, being the five-day volume weighted average market price of shares in the Company, based on the five-trading days prior to the date the Note is converted into Ordinary Shares (**Conversion Date**).

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which includes shares) that exceed 15% of the total number of fully paid ordinary securities on issue in any 12-month period, unless approval is obtained from the holders of the company's ordinary securities. If Shareholders approve Resolution 4, the issue of ordinary shares to West Energy Pty Ltd in accordance with the above formula will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

In accordance with Listing Rule 7.3, the following details are provided in relation to Resolution 4:

- a) *The names of the persons to whom the entity will issue the securities or the basis upon which those persons were or will be identified or selected.*
West Energy Pty Ltd, or its nominee/s.

- b) *The number of and class of securities the entity will issue.*

The class of shares is fully paid ordinary shares. The number of shares will be calculated in accordance with the formula:

$$OS = AFV/CP$$

Where:

OS = the number of ordinary shares to be issued to West Energy Pty Ltd;

AFV = the AFV of the Note, being \$309,000; and

CP = the Conversion Price, being the five-day volume weighted average market price of shares in the Company, based on the five trading days prior to the date the Note is converted into ordinary shares (**Conversion Date**).

- c) *If the securities are not fully paid ordinary securities, a summary of the material terms of the securities.*
Not applicable.

- d) *The date or dates by which the entity will issue the securities.*

Subject to variations agreed by the parties, the Company may elect to convert the Note into Ordinary Shares at any time during the 20 business days after 29 April 2020 (**Conversion Period**) and the Company then has no later than 14 days after it makes the election to convert the Note into shares to West Energy Pty Ltd. The shares will be issued no later than 3 months following the date of the AGM.

- e) *The price or other consideration the entity will receive for the securities.*

The AFV is calculated under the terms of the Note, refer to the formula in b) above.

- f) *The purpose of the issue, including the intended use of any funds raised by the issue.*

The funds received via the Note issue were used as follows:

- (i) For fees payable in connection with the Note; and
(ii) Working capital generally.

- g) *If the securities are being issued under, or to fund, a reverse takeover, information about the reverse takeover.*

Not applicable.

- h) *A voting exclusion statement*

A voting exclusion statement applies to this item of business, as set out in the Notice.

Material terms

The material terms of the Note are detailed in Annexure A.

Dilution

As the price at which the Note converts is not fixed but determined in accordance with the formula in paragraph (b) above, the number of shares into which the Note may convert is not known at that date of this Notice. The maximum number of shares that may be issued upon conversion of the Note, if Shareholders approve Resolution 4, based on the current market price, twice the current market price and half the current market price, and the dilution effect on the issue of that number of shares, is set out below.

Market price	Total shares on issue before conversion	Number of shares into which the Note may be converted	Total shares on issue after conversion	Dilution effect
\$0.021 (Current)	79,470,642	14,714,285	94,184,927	18.5%
\$0.042 (50% increase)	79,470,642	7,357,142	86,827,784	9.3%
0.0105 (50% decrease)	79,470,642	29,428,571	108,899,213	37.0%

The table above uses the following assumptions:

- (a) The current shares on issue are the Shares on issue as at 21 January 2020.
- (b) The market prices set out above are based on the closing price of the Shares on the ASX on 21 January 2020.
- (c) Shareholders should note that there is a risk that:
 - (i) there is no floor on the Conversion Price; and
 - (ii) the issue could be highly dilutive to existing Shareholders if the market price of Shares falls substantially over the period from when the Convertible Note was issued until they are converted.

Effect if Resolution Not Passed

If Resolution 4 is not passed by Shareholders, the Company may choose to issue the Shares using its share issue capacity under Listing Rule 7.1 and (subject to shareholder approval of Resolution 5 under this notice) Listing Rule 7.1A. The Company may alternatively choose to repay the amount of \$309,000 to West Energy Pty Limited in cash.

RESOLUTION 5: APPROVAL OF 10% PLACEMENT CAPACITY

General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the annual general meeting (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 5, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out below).

The effect of Resolution 5 will be to allow the Directors to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 5 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 5 for it to be passed.

ASX Listing Rule 7.1A

ASX Listing Rule 7.1A enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300 million.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately \$1.67 million.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has one class of quoted Equity Securities on issue, being the Shares (ASX Code PGY).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times B) - C$$

Where:

- A is the number of Shares on issue 12 months before the date of issue or agreement:
 - (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4; and
 - (iv) less the number of Shares cancelled in the previous 12 months.

- B is 10%.

C

C is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rules 7.1 or 7.4.

Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 5:

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 10 ASX trading days of the date above, the date on which the Equity Securities are issued.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting;
- (ii) the date of the Company's next Annual General Meeting; and
- (iii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking).

(c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 5 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below. The table below shows the dilution of existing Shareholders calculated on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Variable 'A' in listing Rule 7.1A.2		Dilution		
		\$0.0105	\$0.021	\$0.42
		(50% decrease in Issue Price)	(Issue Price)	(100% increase in Issue Price)
79,470,642 (Current Variable A)	10% Voting Dilution	7,947,064 Shares	7,947,064 Shares	7,947,064 Shares
	Funds Raised	\$83,444	\$166,888	\$333,777
119,205,963 (50% increase in current Variable A)	10% Voting Dilution	11,920,596 Shares	11,920,596 Shares	11,920,596 Shares
	Funds Raised	\$125,166	\$250,333	\$500,665
158,941,284 (100% increase in current Variable A)	10% Voting Dilution	15,894,128 Shares	15,894,128 Shares	15,894,128 Shares
	Funds Raised	\$166,888	\$333,777	\$667553

* The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

- (a) The current shares on issue are the Shares on issue as at 21 January 2020.
- (b) No options are exercised into Shares before the date of issue of the Equity Securities.
- (c) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. That is why the voting dilution is shown in each example as 10%.
- (d) The issue price set out above is the closing price of the Shares on the ASX on 21 January 2020.
- (e) The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- (f) The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- (g) This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
- (h) Shareholders should note that there is a risk that:
 - (iii) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
 - (iv) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) Purpose of Issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes as cash consideration in which case the Company may use funds raised for the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's current assets and general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) Allocation under the 10% Placement Capacity

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) Previous Approval under ASX Listing Rule 7.1A

The Company obtained approval under Listing Rule 7.1A on 28 February 2019. The Company has not issued or agreed to issue any Equity Securities pursuant to Listing Rule 7.1A in the 12 months preceding the date of the Annual General Meeting.

(g) Effect if Resolution Not Passed

If Resolution 5 is not passed, the Company will be limited to the 15% placement capacity under the Listing Rules.

(h) Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 5.

RESOLUTION 6: REPEAL AND REPLACEMENT OF COMPANY CONSTITUTION

There have been certain changes in applicable laws and regulations since the Company's current constitution was adopted, and accordingly the Company seeks to repeal its existing constitution and replace it with an updated constitution that is consistent with current applicable laws, regulations and corporate governance practices.

A copy of the proposed new constitution will be sent to any Shareholder on written request made to:

The Company Secretary, Pilot Energy Limited
Boardroom Pty Limited, Level 12, 225 George Street, Sydney NSW 2000
E: company.secretary@boardroomlimited.com.au

A copy will also be available for inspection at the Annual General Meeting.

For a summary of the rights and liabilities attaching to Shares and other material provisions of the proposed new constitution, refer to Annexure B.

Resolution 6 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 6 for it to be passed.

GLOSSARY

10% Placement Capacity has the meaning given in Resolution 5 of the Explanatory Statement.

AEDT means Australian Eastern Daylight Time (Sydney, Australia).

Annual General Meeting or **Meeting** means the meeting convened by this Notice.

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Pilot Energy Limited ABN 86 115 229 984.

Constitution means the Company's constitution.

Directors means the current directors of the Company.

Eligible Entity means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice or Notice of Meeting or Notice of Annual General Meeting means this notice of Annual General Meeting including the Explanatory Statement and the Proxy Form.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

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

Shareholder means a holder of a Share.

Instructions for Completing ‘Appointment of Proxy’ Form

1. **Appointing a Proxy:** A member with two or more votes entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member’s voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **Proxy vote if appointment specifies way to vote:** Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**
 - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
 - (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution - the proxy must not vote on a show of hands;
 - (c) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
 - (d) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).
3. **Transfer of non-chair proxy to chair in certain circumstances:** Section 250BC of the Corporations Act provides that, if:
 - (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company’s members;
 - (b) the appointed proxy is not the chair of the meeting;
 - (c) at the meeting, a poll is duly demanded on the resolution; and
 - (d) either of the following applies:
 - (i) the proxy is not recorded as attending the meeting;
 - (ii) the proxy does not vote on the resolution,the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.
4. **Signing Instructions:**
 - (a) **Individual:** Where the holding is in one name, the member must sign.
 - (b) **Joint Holding:** Where the holding is in more than one name, all of the members should sign.
 - (c) **Power of Attorney:** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
 - (d) **Companies:** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
5. **Attending the Meeting:** Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy’s authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.

6. **Voting in person:**
 - (a) A Shareholder that is an individual may attend and vote in person at the Meeting. If you wish to attend the Meeting, please bring the attached proxy form to the Meeting to assist in registering your attendance and number of votes. Please arrive 15 minutes prior to the start of the Meeting to facilitate this registration process.
 - (b) A Shareholder that is a corporation may appoint an individual to act as its representative to vote at the Meeting in accordance with Section 250D of the Corporations Act. The appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the Certificate is enclosed with this Notice of Meeting
7. **Return of Proxy Form:** To vote by proxy, please complete and sign the enclosed Proxy Form and return the Proxy Form (and any Power of Attorney under which it is signed):
 - (a) By mail to Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001, Australia.
 - (a) By fax to +61 2 9290 9655.

so that it is received by 10.00am (AEDT) on 26 February 2020. Proxy Forms received later than this time will be invalid.

ANNEXURE A – NOTE DEED TERMS

The following is a summary of the rights, privileges and restrictions attaching to the Note. The summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the noteholder, West Energy Pty Ltd (**Noteholder**), or of the terms and conditions of the NoteDeed.

(a) Date of Issue

29 April 2019

(b) Term

The Note has a maturity date of 12 months from the date of its issue (**Maturity Date**).

(c) Face Value

\$300,000.00

(d) Interest Rate

3% per annum simple interest calculated at the Interest Rate on the Face Value.

(e) Aggregate Face Value (AFV)

\$309,000 being the Face Value and the interest payable on the same at the Interest Rate.

(f) Conversion

The Company may convert the Note into ordinary shares during the period commencing on the Maturity Date and ending on the date this is 20 Business Days after the Maturity Date (**Conversion Period**) by giving a conversion notice to the Noteholder. There are no conditions that must be met before the Note can be converted. A conversion notice is irrevocable.

The number of ordinary shares to be issued upon conversion of the Note will be determined in accordance with the following formula:

$$OS = AFV/CP$$

Where:

OS = the number of ordinary shares to be issued to the Noteholder;

AFV = the AFV of the Note, being \$309,000; and

CP = the Conversion Price, being the five-day volume weighted average market price of shares in the Company, based on the five trading days prior to the date the Note is converted into ordinary shares (Conversion Date).

Each Share issued upon conversion of the Note will have all of the following features:

- (i) Be allotted within 14 days after the date the conversion notice is issued by the Company;
- (ii) Be fully paid up; and
- (iii) Rank equally with, and have all the rights, benefits and obligations identical with, all other ordinary shares.

(g) Redemption

If the Note has not been converted by the Company on the day immediately following the last day of the Conversion Period, then the Company must redeem the Note and pay to the Noteholder the AFV. The Note must be redeemed in whole and not in part.

(h) Security

The Note is unsecured.

(i) Transfer

The Note may not be transferred if the transfer would result in:

- (a) The Company having to issue a disclosure document such as a prospectus under Chapter 6D of the Corporations Act (including in connection with the issue of ordinary shares to the relevant transferee on conversion by the transferee in the future); or
- (b) the Company being subject to the takeover provisions set out in Chapter 6 of the Corporations Act.

Subject to the foregoing, the Noteholder may transfer the Note to another person domiciled in Australia with the prior written consent of the Company (not to be unreasonably withheld or delayed where the Company is reasonably satisfied as to the capacity of any assignee or transferee to fulfil its obligations under the Note Deed).

(j) Other terms and conditions

The Note Deed contains other terms and conditions, include representations and warranties by the Company, as would ordinarily be found in an agreement of its type.

ANNEXURE B – TERMS OF NEW CONSTITUTION

A summary of the key terms of the new constitution which the Company proposes to adopt pursuant to the passing of Resolution 6 (New Constitution) is set out below. The provisions of the New Constitution outlined below must be read subject to the Corporations Act and the ASX Listing Rules. This summary is not intended to be exhaustive and does not constitute a definitive statement of all the rights, liabilities and obligations set out in the New Constitution.

Issue	Details of New Constitution
Rights and liabilities attaching to shares	<p>The rights attaching to Shares are:</p> <ul style="list-style-type: none">• Set out in the Constitution; and• In certain circumstances, regulated by the Corporations Act, Listing Rules, ASX Settlement Operating Rules and the general law. <p>A summary of the significant rights attaching to the Shares and a description of other material provisions of the Constitution are set out below. The summary is not exhaustive, nor does it constitute a definitive statement of the rights and liabilities of Shareholders.</p>
Voting at a general meeting	At a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each Share held.
Meetings of members	Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act and Listing Rules.
Dividends	The Board may from time to time resolve to pay dividends to Shareholders and fix the amount of the dividend, the time for determining entitlements to the dividend and the timing and method of payment
Transfer of shares	Subject to the Constitution, Shares may be transferred by a proper transfer effected in accordance with ASX Settlement Operating Rules, by a written instrument of transfer that complies with the Constitution or by any other method permitted by the Corporations Act, Listing Rules or ASX Settlement Operating Rules. The Board may refuse to register a transfer of Shares where the transfer is not in registrable form, the Company has a lien over any of the Shares transferred, and where otherwise permitted to do so under the Corporations Act, Listing Rules or ASX Settlement Operating Rules. The Board must refuse to register a transfer of Shares when required by the Corporations Act, Listing Rules or ASX Settlement Operating Rules.
Issue of further shares	Subject to the Corporations Act, Listing Rules and ASX Settlement Operating Rules and any rights and restrictions attached to a class of shares, the Company may issue, or grant options in respect of further Shares on such terms and conditions as the Board resolves.
Winding up	If the Company is wound up, then subject to any rights or restrictions attached to a class of Shares, any surplus must be divided among the Company's members in proportion to the number of Shares held by them. The amount

unpaid on Shares held by a member is to be deducted from the amount that would otherwise be distributed to that member

Unmarketable parcels

Subject to the Corporations Act, Listing Rules and ASX Settlement Operating Rules, the Company may sell the Shares of a Shareholder who holds less than a marketable parcel of Shares.

Share buy backs

Subject to the Corporations Act, Listing Rules and ASX Settlement Operating Rules, the Company may buy back Shares in itself on terms and at times determined by the Board.

Variation of class rights

At present, the Company' only class of shares on issue is ordinary Shares. Subject to the Corporations Act and the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or cancelled:

- With the consent in writing of the holders of 75% of the issued shares included in that class; or
- By a special resolution passed at a separate meeting of the holders of those shares.

Directors – appointment and removal

Under the Constitution, the minimum number of Directors that may comprise the Board is three. Directors are elected at annual general meetings of the Company. Retirement will occur on a rotational basis so that no Director (excluding any managing director) holds office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected. The Directors may also appoint a Director to fill a casual vacancy on the Board up to the minimum number of Directors, until the next annual general meeting of the Company.

Directors – voting

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution where the number of directors voting is more than two, the chairperson of the meeting does not have a casting vote and the matter is decided in the negative.

Directors – remuneration

The Constitution provides that Non-Executive Directors are entitled to such remuneration as determined by the Board, but which must not exceed in aggregate the maximum amount determined by Shareholders at a general meeting.

Variation of the Constitution

The Constitution can only be amended by special resolution passed by at least 75% of Shareholders present (in person or by proxy) and entitled to vote on the resolution at a general meeting of the Company. the Company must give at least 28 days' written notice of a general meeting of the Company members.

All Correspondence to:

- | | | |
|--------------------------|------------------|------------------------------------------------------------------------------|
| <input type="checkbox"/> | By Mail | Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia |
| <input type="checkbox"/> | By Fax: | +61 2 9290 9655 |
| <input type="checkbox"/> | Online: | www.boardroomlimited.com.au |
| <input type="checkbox"/> | By Phone: | (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600 |

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10.00am (AEDT) on Wednesday, 26 February 2020.**

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

(a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

(b) return both forms together in the same envelope.

STEP 3 SIGN THE FORM

The form must be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore **by 10.00am (AEDT) on Wednesday, 26 February 2020.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- | | | |
|--------------------------|------------------|------------------------------------------------------------------------------------|
| <input type="checkbox"/> | By Fax | + 61 2 9290 9655 |
| <input type="checkbox"/> | By Mail | Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia |
| <input type="checkbox"/> | In Person | Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia |

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.



Your Address

This is your address as it appears on the company's share register.
If this is incorrect, please mark the box with an "X" and make the
correction in the space to the left. Securityholders sponsored by a
broker should advise their broker of any changes.

**Please note, you cannot change ownership of your securities
using this form.**

PROXY FORM

STEP 1 APPPOINT A PROXY

I/We being a member/s of **Pilot Energy Limited** (Company) and entitled to attend and vote hereby appoint:



the Chair of the Meeting (mark box)

OR if you are NOT appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at **Suite 1302, Tower A, The Zenith, 821 Pacific Highway, Chatswood, NSW 2067 on Friday, 28 February 2020 at 10.00am (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1 or 6, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 1 and 6 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1 and 6). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Election of Director – Dr Guoping Bai	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-Election of Director – Mr Michael Lonergan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of Convertible Notes Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Repeal and Replacement of Company Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2020