

Pilot Energy Limited

ABN 86 115229 984
Level 12, 225 George Street
Sydney, NSW 2000
T: +61 8 9480 0470
F: +61 9321 0320



Announcement to ASX

1 August 2019

Amended June 2019 Quarterly Activities Report & Appendix 5B

Pilot Energy Limited (ASX: PGY) ("**Pilot Energy**", or the "**Company**") advises that, due to an administrative oversight, the Appendix 5B was omitted from the June 2019 Quarterly Activities Report that was lodged on 31 July 2019.

An updated Quarterly Activities Report with the Appendix 5B appended is attached to this announcement.

Enquiries

Lisa Dadswell, Company Secretary, email: 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 and gas exploration assets. The Company's aggressive new ventures program has rapidly resulted in acquisition of material working interests in the 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. Key to Pilot Energy's strategy is minimisation of project entry cost and work commitments, while allowing sufficient time to add value through desktop studies prior to seeking farming partners to fund seismic and/or drilling. Pilot Energy works closely with industry partners such as seismic contractors in order to develop creative pricing models for services that help to reduce the Company's upfront cash investment.

For personal use only

Announcement to ASX

31 July, 2019

JUNE 2019 QUARTERLY ACTIVITIES REPORT & APPENDIX 5B

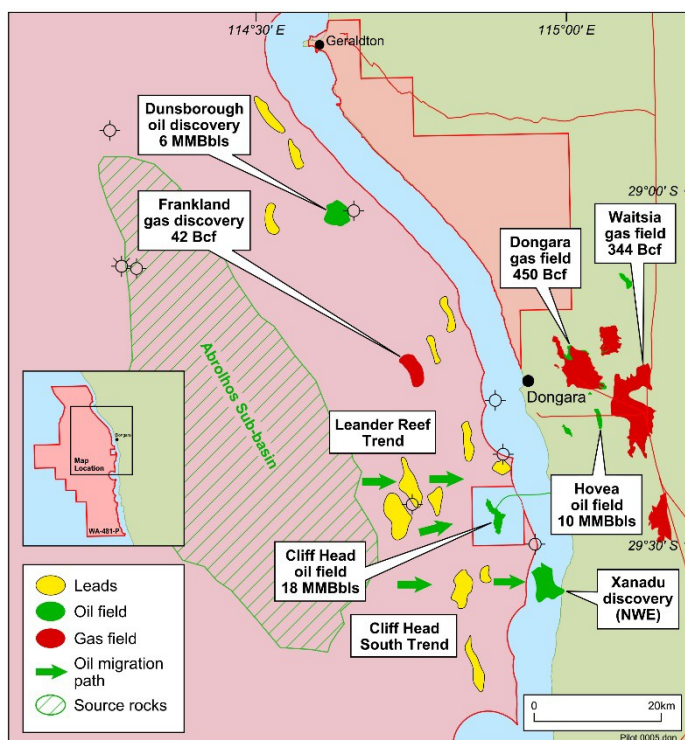
WA-481-P (Operator, 60%)

During the quarter, interpretation and mapping of the 2D and 3D seismic reprocessing continued. This work will allow more accurate quantification of the assessed resources and independent resource assessment and certification. Completion of this work has taken longer than planned and is now expected in 3Q 2019. Further de-risking of identified prospects and leads will be pursued via seismic inversion work, anticipated for late 3Q and 4Q 2019, allowing the Joint Venture to decide on the next phase of exploration activity and prepare for Permit renewal.

The application to suspend and extend the permit work program referred to in the March quarter report was granted on 6th June. The additional time will enable the JV to complete the year 6 work program and prepare the necessary work plans and applications for permit renewal.

WA-481-P is located adjacent to existing oil and gas infrastructure, within shallow waters to the west of numerous oil and gas fields, including the offshore Cliff Head oil field and the onshore Waitsia gas discovery. The 17,475 km² permit covers a major portion of the offshore extension of the north Perth basin. The primary petroleum plays are for oil and/or gas within the Dongara Sandstone and the Irwin River Coal Measures (IRCM). Both oil and gas are proven within the permit, with the Frankland gas and the Dunsborough oil discoveries representing contingent resources of up to 59 Bcf gas and 9.8 MMbbls oil, respectively.

The permit is extensively covered by 2D and 3D seismic data, which confirms the presence of thirteen structural prospects in four distinct areas. Individual prospects offer potential for up to 78 MMbbls of oil, and three of the areas are substantially de-risked by prior discoveries on-block at Cliff Head, Dunsborough and Frankland.



Additional information regarding the proceptivity of WA-481-P is included in a Permit Datasheet attached to the 31 August 2018 announcement.

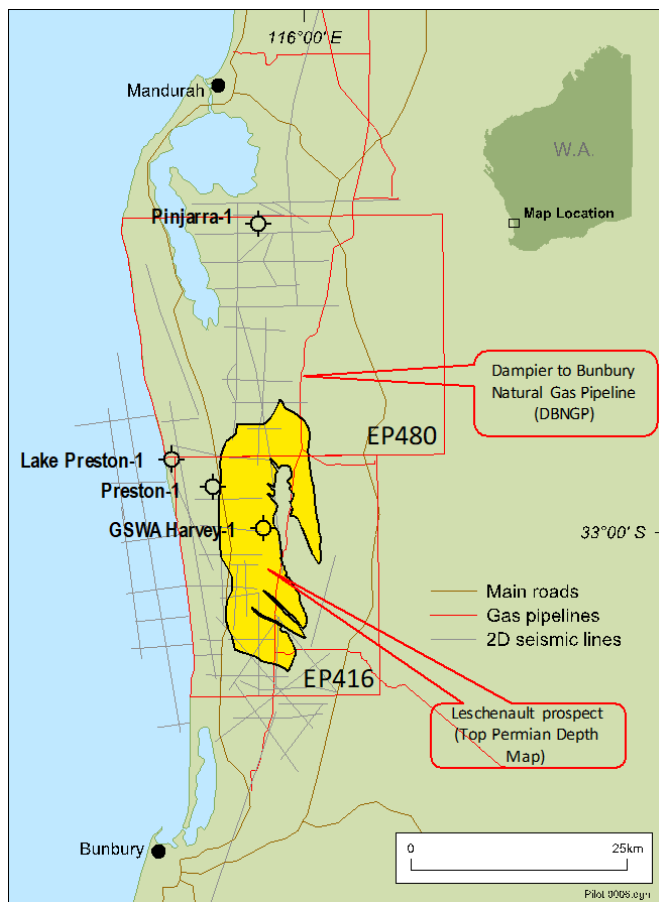
For personal use only

EP416 & EP480 Exploration Permits (Operator, 60%)

Early in 2018, Pilot Energy attempted to commence a geochemical survey over the Leschenault conventional gas prospect, however difficulty with land access prevented this activity over key areas of the prospect. The State government's announcement in September last year of a ban on fracking in the region and the placing of a moratorium on the use of fracking throughout the rest of WA has impacted land owner sentiment contributing to this further delay.

A 24-month suspension and extension granted to both permits to allow for resolution of the land access issues has allowed Pilot to commence an evaluation of other less intrusive exploration methods which will allow the JV to progress exploration in the permits. The possibility of drilling the Leschenault prospect without further de-risking is also under consideration.

Leschenault is a "three-way dip" feature that relies on closure to the west by a bounding fault. The well-defined structure has two structural culminations, either of which is a potential drilling location for a vertical well to test the two conventional reservoir targets, being the Permian Sue Sandstone and the Triassic Lesueur Sandstone.



The main geological risk associated with Leschenault is one of cross-fault seal, i.e. whether the western bounding fault has sealing capacity to retain hydrocarbon gas migrating in to the structure. To address this risk a non-invasive geochemical survey is planned over the coming months, with results expected in this year. The aim of the survey is to identify anomalies due to micro-seepage of hydrocarbon gas components from depth, that are broadly conformable to the prospect's area of structural closure. This would suggest that either or both reservoir targets are gas-bearing, de-risking the prospect for future drilling.

As announced on 7 November 2016, RISC completed an independent assessment of prospective resources for the two main reservoir target intervals at Leschenault, confirming the potential for very significant volumes of gas, as follows:

Reservoir	Gross (100%) Bcf		
	Low	Best	High
Lesueur Sandstone	150	435	970
Sue Sandstone	120	290	625
Total	270	725	1,595

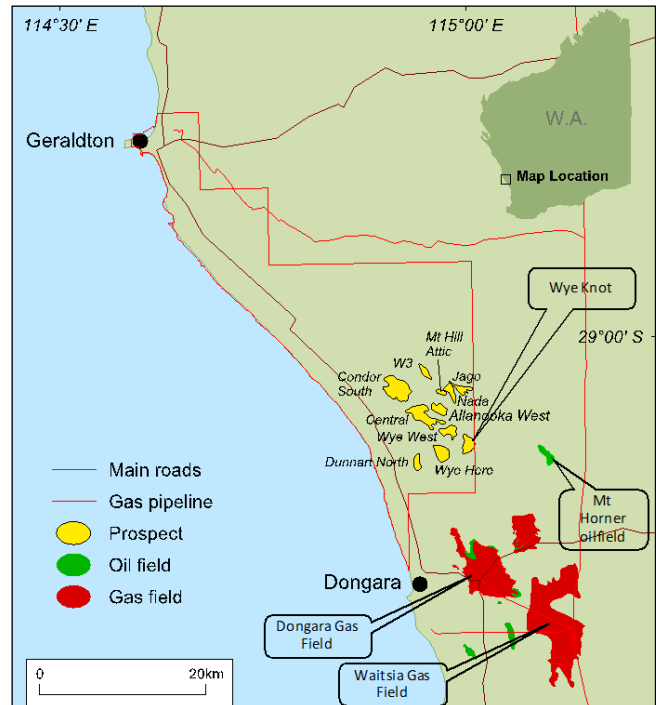
For personal use only

EP437 Exploration Permit (13.058%)

Preparations to drill the Wye Knot-1 exploration well in EP437 (Operator: Key Petroleum) have continued this quarter. The Operator has secured access to a significant amount of long lead items that could potentially be deployed to an EP 437 work programme of drilling. A non-binding letter of intent has been executed with Drilling Contractors Australia to secure an option to take up DCA Rig 7 for a period of 6 months from 1 July 2019 to 31 December 2019.. The drilling of a commitment well is currently required by 27 November 2019. The preferred location of Wye Knot-1 has not changed and the Operator has advised that the compensation agreement with the landholder for the drilling of the well is expected to be executed this quarter.

The Wye Knot oil prospect is located down-dip from the Wye-1 gas discovery, drilled in 1996 at the crest of a four-way-dip-closed structure that benefits from additional closure via faulting to the northeast and northwest.

The Operator has also identified the additional Parce prospect which is a fault independent closure and Wye Knot lookalike that offers the joint venture attractive resource potential comparable to the Wye Knot Prospect nearby to the north. Parce forms part of the Becos Trend, a structural trend that, in the event of success, could be tied back to Mount Horner as part of a fast-tracked series of developments due to its proximity to infrastructure.



The Operator's estimate of the Gross Un-risked Prospective Resource Range estimates for the Triassic plays in EP 437 have been probabilistically estimated as follows:

Reservoir	Gross (100%) MMbbls			Net to Pilot (13%) MMbbls		
	Low	Best	High	Low	Best	High
Triassic (Bookara & Arranoo)	1.94	7.82	15.82	0.25	1.02	2.06

WA-503-P Exploration Permit (Operator, 80%)

Since termination of the sale agreement with Black Swan on 18 December 2018, Pilot has continued to work with Black Swan as joint venture partners in the Permit.

The application for suspension and extension of the Permit referred to in the March quarter report was granted on 4th June 2019. This extension will allow additional time to satisfy the minimum work program obligation for the Permit year.

Corporate

Issue of Convertible Note

As announced on 29 April 2019, the company issued a convertible note to Orient (Surat Basin) Pty Ltd. The principle terms of the Convertible Note are:

- Election: The Company may elect to repay the Convertible Note in either cash or by way of the issue of fully paid ordinary shares.

- Shareholder approval: Conversion to shares is subject to shareholder approval.
- Maturity Date: 12 months from the Issue Date.
- Face Value: \$300,000
- Interest: 3% per annum
- Conversion Price: is to be calculated based on the five-day VWAP on the five (5) trading days prior to the Conversion Date.

The Noteholder is a significant shareholder and a related party of a former Director of the Company. The Company therefore intends to seek relevant shareholder approvals at the Company's next Annual General Meeting to convert the loan to shares, pursuant to the above terms

The funds raised will enable the Company to fund working capital and exploration activities to support future drilling in its permits. The funds raised by this Convertible Note Issue were received during the quarter.

Financial

Attached is the Appendix 5B Consolidated Statement of Cash Flows for the period from 1 April 2019 to 30 June 2019.

ASX Listing Rule 5.3.3: Tenement Details

Tenement reference and location	Interest at beginning of quarter	Interest at end of quarter
WA-481-P Western Australia	60%	60%
WA-503-P Western Australia	80%	80%
EP416 & EP480 Western Australia	60%	60%
EP437 Western Australia	13.058%	13.058%

Competent Person Statement: This announcement contains information on conventional petroleum resources which is based on and fairly represents information and supporting documentation reviewed by Dr Xingjin Wang, a Petroleum Engineer with over 30 years experience and a Master in petroleum engineering from the University of New South Wales and a PhD in applied Geology from the University of New South Wales. Dr Wang is an active member of the SPE and PESA, and is qualified in accordance with ASX listing rule 5.1. He is an Executive Director of Pilot Energy Ltd, and has consented to the inclusion of this information in the form and context to which it appears.

Enquiries

Pilot Energy Limited: Lisa Dadswell, Company Secretary, email: lisa.dadswell@boardroomlimited.com.au

For personal use only

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

PILOT ENERGY LIMITED

ABN

86 115 229 984

Quarter ended ("current quarter")

30 June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(113)	(492)
(b) development	-	-
(c) production	-	-
(d) staff costs	(19)	(94)
(e) administration and corporate costs	(69)	(121)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(201)	(706)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

For personal use only

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	300	300
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	300	300
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	97	602
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(201)	(706)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	300	300
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	196	196

For personal use only

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	196	97
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	196	97

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	20
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

6.1 – Includes salaries and consultancy fees paid to directors as well as superannuation paid on behalf of directors.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

For personal use only

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

--

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	95
9.2 Development	-
9.3 Production	-
9.4 Staff costs	45
9.5 Administration and corporate costs	88
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	228

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	NA			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	NA			

For personal use only

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Company secretary)

Date: 31/07/2019

Print name: Lisa Dadswell

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.