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# Investor Presentation

August 2016

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Prospective Resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery (GCoS) and a risk of development (chance of a commercial development). Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

# Investment Highlights



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1

Emerging Perth-based oil & gas exploration company, consistently demonstrating an ability to transact on favourable terms

2

Focused on exploration of conventional oil & gas in WA; largest net acreage holder in Perth Basin

3

Six exploration permits, five as Operator with substantial working interests and very significant prospective resources

4

Opportunistic and lean organisation with low cost base

5

Strong balance sheet following recent A\$3.6m cornerstone investment

# Corporate Snapshot



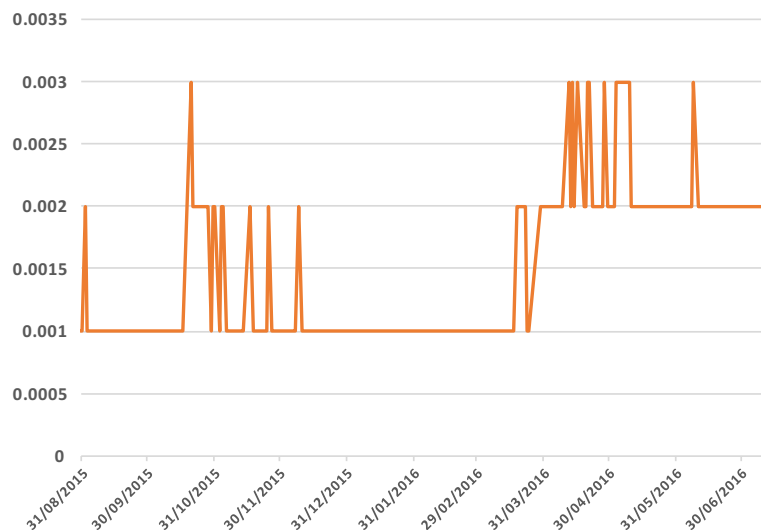
## Capital Structure (ASX: PGY)

Shares on Issue	2,938,816,834
Market Cap (@ 0.2 cents)	\$5.9 MM
Unlisted Options	140,000,000

## Share Register (at 15/7/16)

Shareholders	1,786
Top 20	64%
Board & Management	30%

PGY Share Price History



## Financial Position (at 15/7/16)

Cash/Receivables*	\$2.35 MM
Debt	Nil

\* Includes anticipated R&D rebates



# Cornerstone Investment

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- Raised \$3.6 million through a Share Subscription Agreement with new investors
- Funds raised in two tranches:
  - \$800,000 in Tranche 1, at 0.2 cents per share
  - \$2,800,020 in Tranche 2, at 0.3 cents per share
- New investors own 45.4% of issued shares
- Management team remains in place
- Two new incoming directors and new Board Advisor appointed
- Proceeds enable the Company to fund all current work commitments, plus working capital
- Balance sheet positions the company to pursue further growth opportunities

# Board & Management

- Lean organisation
- Advisory Board provides a cost effective structure to retain appropriate skills
- Strong technical and commercial skills and experience
- Experienced in exploration, production, new ventures and farmouts

## Directors

**Gavin Harper**  
Chairman  
39 yrs experience  
*Sino Gas & Energy*  
*Chevron*

**Iain Smith**  
Managing Director  
27 yrs experience  
*Premier Oil*  
*Woodside Energy*  
*Neon Energy*

**Benson Wong**  
Executive Director/CFO  
14 yrs experience  
*Senior managerial & financial*  
*roles*

**Wilson Xue**  
Non-Executive Director  
25yrs experience  
Entrepreneur with numerous  
business interests

## Advisors

**Rory McGoldrick**  
Board Advisor, Commercial &  
Legal  
15 yrs experience  
*Legal practice*  
*Various directorships*

**Conrad Todd**  
Board Advisor, Technical  
35 yrs experience  
*Occidental*  
*Cooper Energy*

**Xingjin Wang**  
Board Advisor, Technical  
25 yrs experience  
*Arrow Energy*  
*Consulting Services*  
*Professorships*

**David McArthur**  
Company Secretary  
28 yrs experience  
Numerous public listed  
companies

- Build a leading junior E&P company, by developing a diverse portfolio of high quality upstream petroleum assets
- Counter-cyclical investment strategy, building project portfolio at low cost ahead of next industry upturn
- Add value through low cost work, farming out to fund exploration



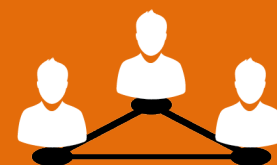
Conventional resources in proven petroleum provinces in Australia



Assume only **achievable** work commitments



Increase asset value through low cost work, before farmout to third parties



Maintain a low corporate cost base, deferring project costs where appropriate



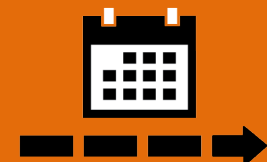
Preference to act as **Operator** in order to **control project timing and expenditure**



Acquire large working interests, providing sufficient project equity to **farm-out** for funding of future work programs



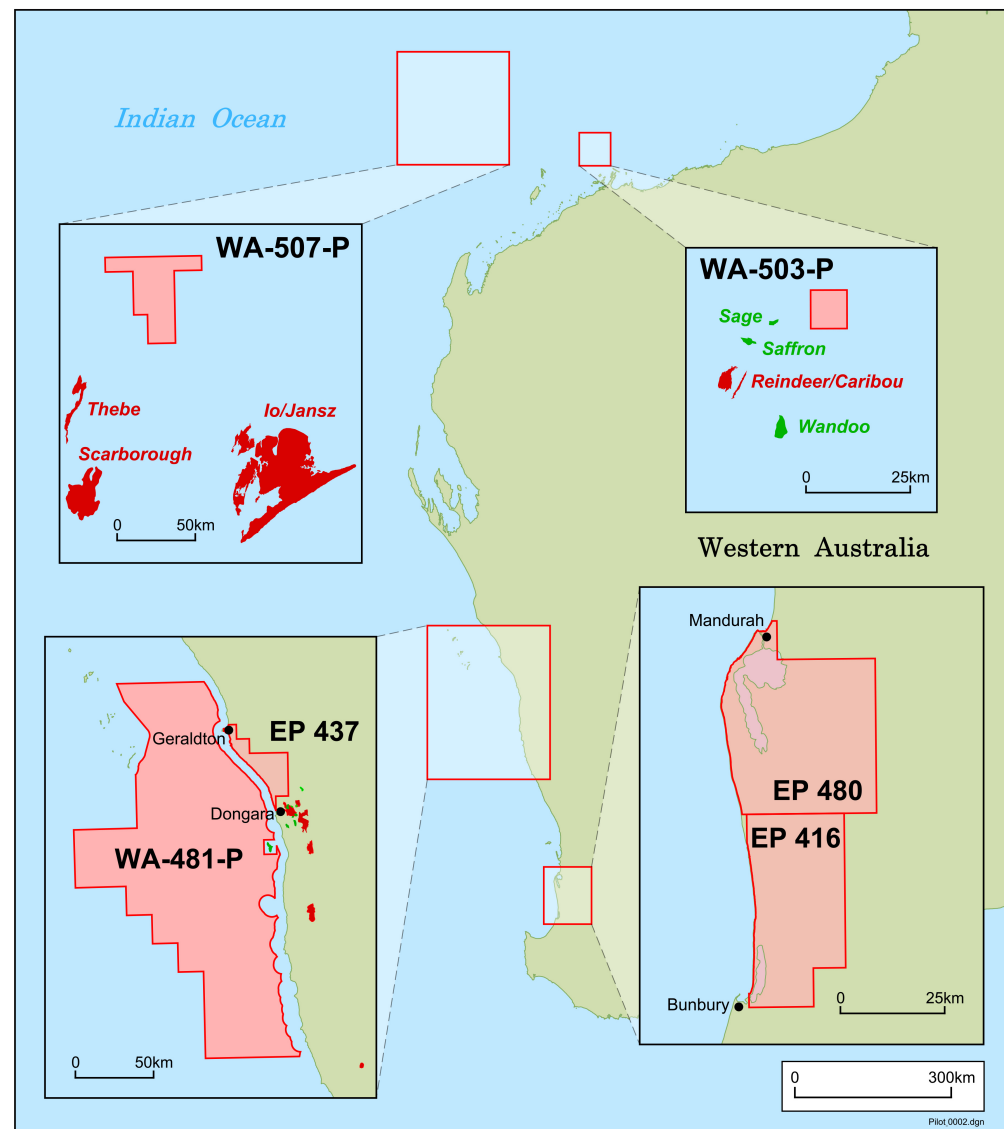
Independent verification of prospective resources forming the basis for attracting farm-in partners



Ensure **sufficient lead-time** for farming out ahead of any major work commitments

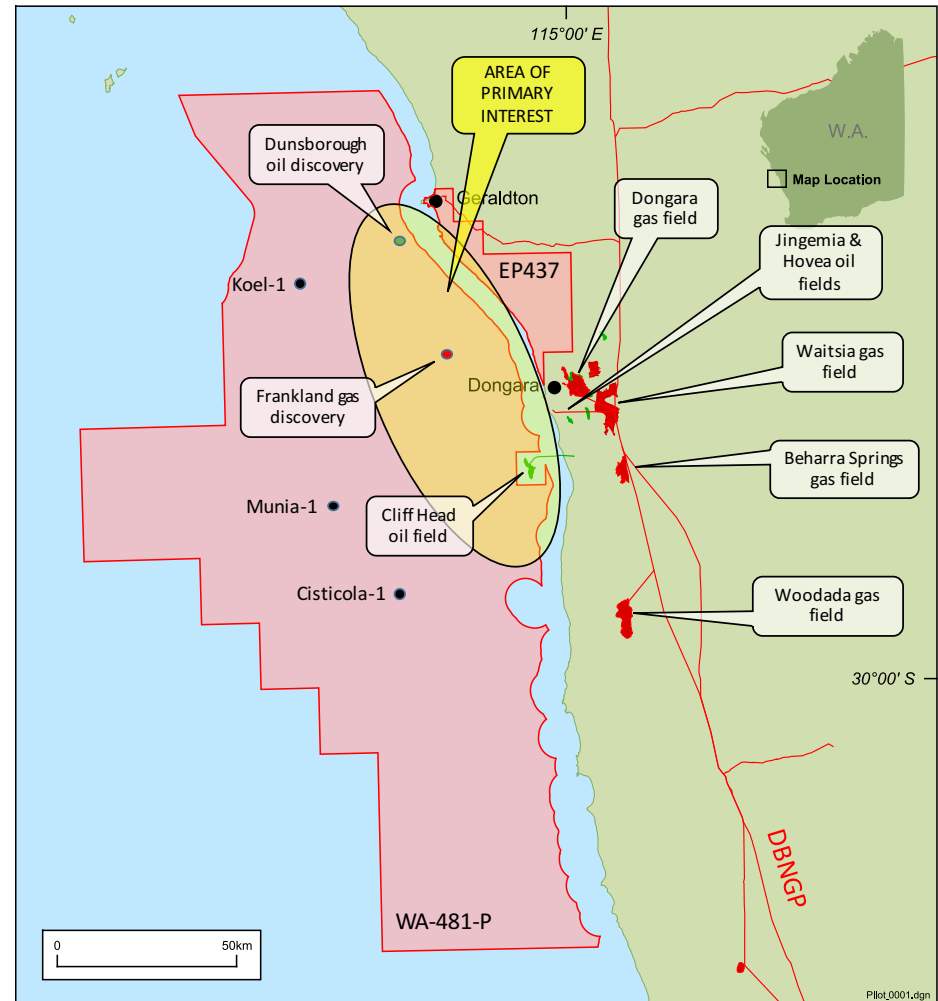
# Asset Portfolio

- 6 permits across 5 projects
- Proven petroleum provinces
- Operator of 5 permits
- Diverse portfolio
  - Oil & Gas
  - Offshore & Onshore
- ✓ Acquisitions achieved via favorable commercial structures
- ✓ Low commitments
- ✓ Company-making prospective resources



# WA-481-P: Offshore North Perth Basin

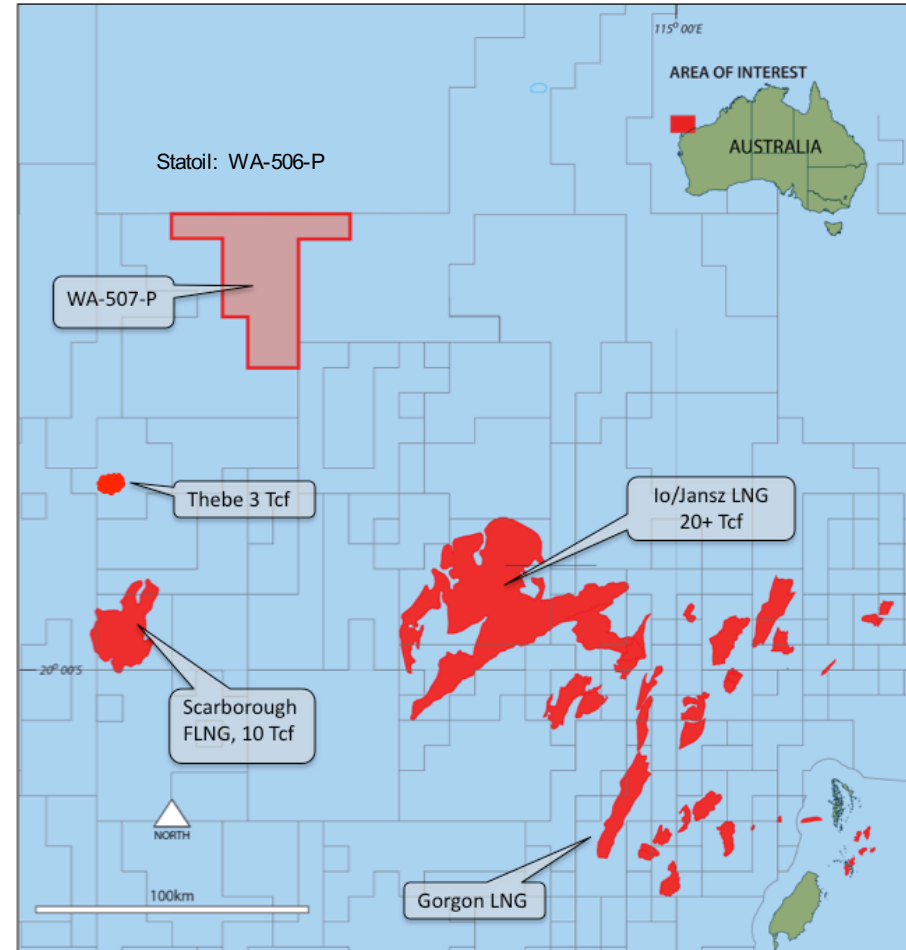
- Operator and 60% working interest
- Acquired late July 2016
- Net Profits Interest payable to previous titleholder on future production
- Shallow water over very large area
- Highly prospective inboard play, on trend with Cliff Head oil field
- Leads already identified on existing 3D seismic data
- Contingent oil and gas resources at Frankland & Dunsborough
- Year 4 commitment of G&G studies



High impact shallow water oil & gas exploration

# WA-507-P: Northern Carnarvon Basin

- Operator and 80% interest
- Large block within prolific Northern Carnarvon Basin gas province
- No significant commitments until “Drill or Drop” decision by November 2019
- Three large gas/oil prospects identified on existing 3D seismic data
- Independently assessed prospective resources, by Gaffney Cline & Associates
- Best case 1.5 Billion Barrels oil, or 10 Tcf gas
- Statoil investing heavily in exploration of adjacent WA-506-P
- Surrounding acreage to be offered in forthcoming gazettals



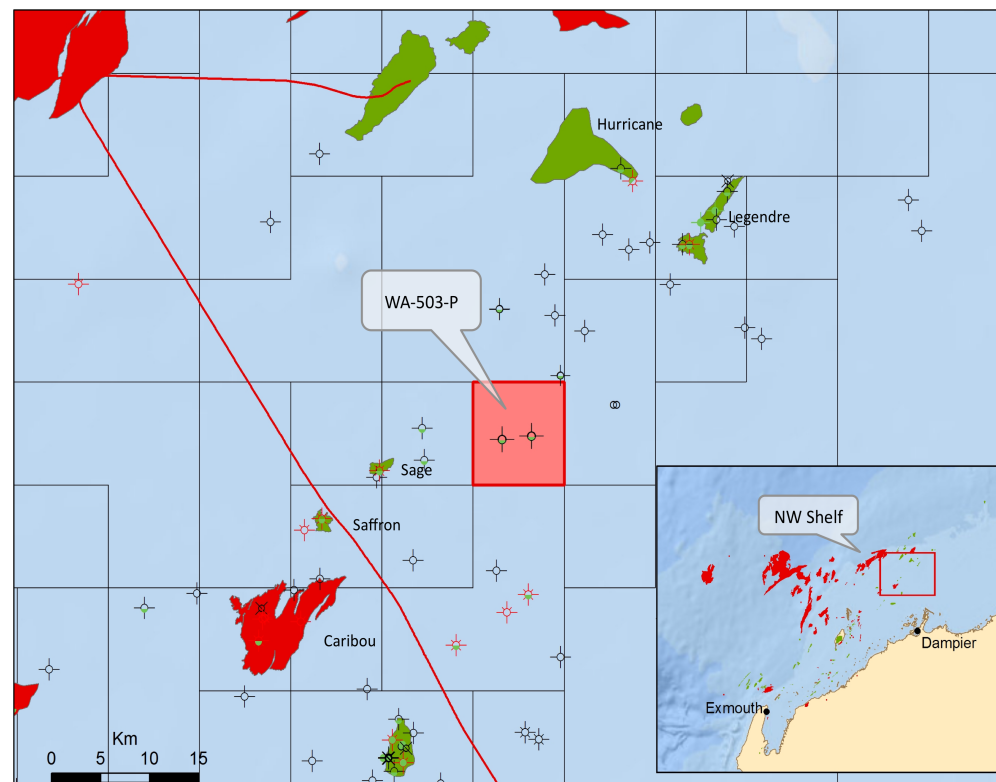
Very high impact deep water oil & gas exploration



# WA-503-P: Inboard North West Shelf

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- Operator and 80% interest
- Located in shallow water on Legendre oil trend
- Three prospects identified on existing 3D seismic data
- Prospective resources independently confirmed by GCA
- Best case 46 MMBbls
- 80km<sup>2</sup> 3D seismic commitment required by May 2017
- Low cost seismic contract in place for acquisition in 2016
- Acquisition timing to be confirmed, subject to vessel availability
- Drilling commitment in (optional) secondary term

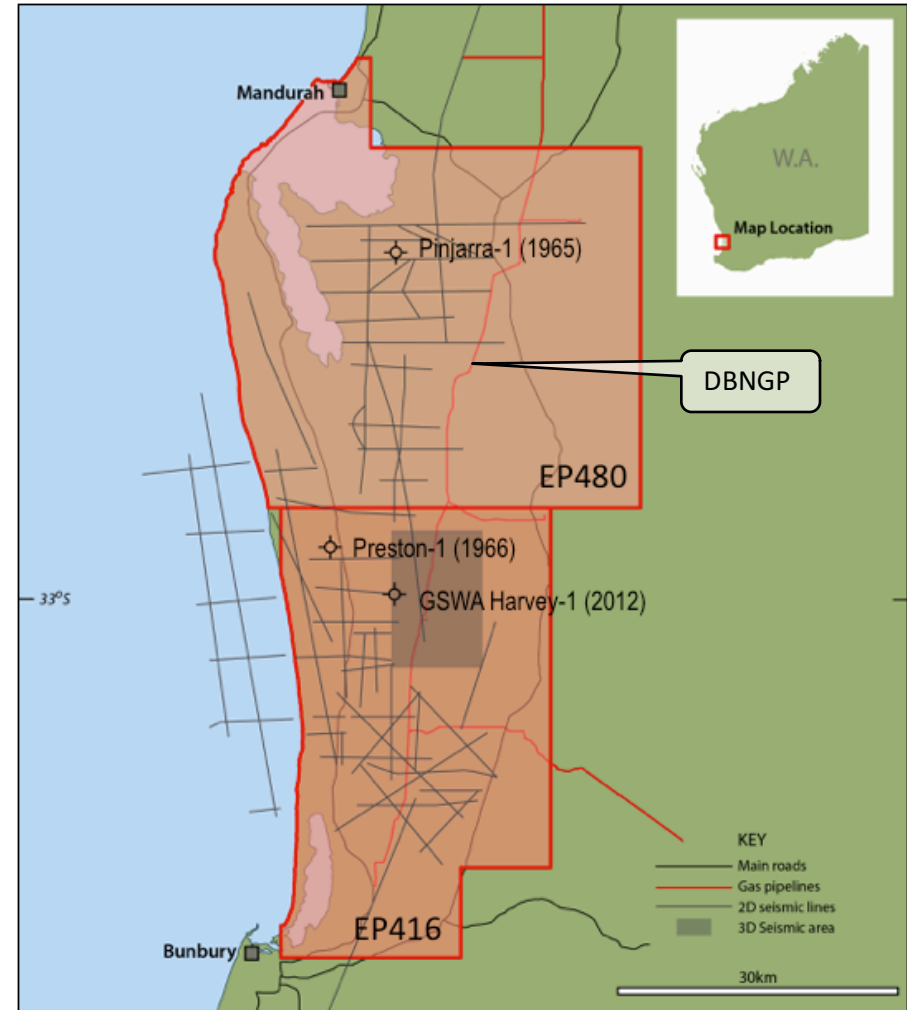


High impact, shallow water oil exploration



# EP416 & EP480: Southern Perth Basin

- Operator and 60% interest
- EP416 subject to current renewal application
- EP480 well commitment recently replaced with desktop studies
- Prospective for gas, in area of significant demand
- DBNGP pipeline crosses permits
- Existing seismic and wells confirm gas play
- 200km<sup>2</sup> Leschenault prospect offers Best Case prospective resources of 270 Bcf gas
- Positive results from recent airborne geophysical survey support prospectivity
- Drilling commitment by March 2019

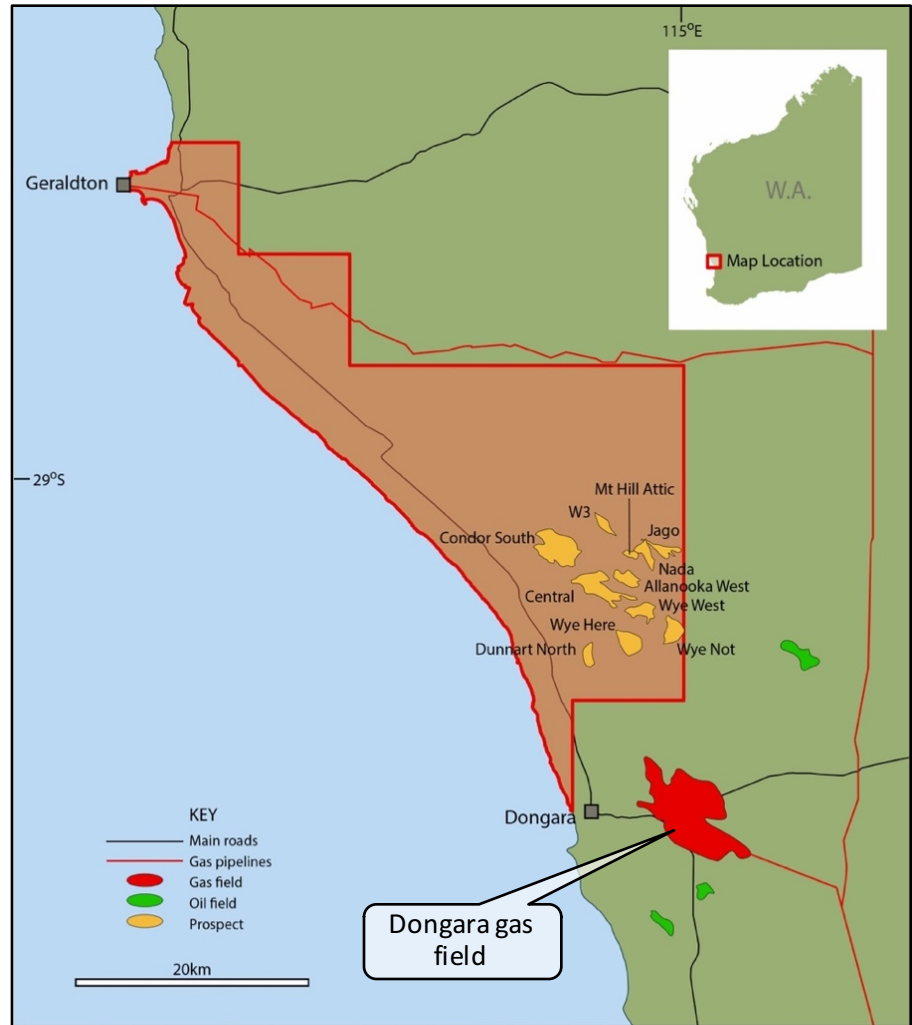


High impact, low cost, onshore gas exploration

# EP437: Northern Perth Basin

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- 13% interest (Operator Key Petroleum)
- On trend with multiple oil & gas discoveries
- Prospective for both oil & gas
- Three prospects identified, all updip from Dunnart-1 & 2 wells
- Proximity to infrastructure enables even small discoveries to be profitable
- Low cost exploration with minimal near-term commitments
- Leading prospect is Wye Knot
- Well planning to commence shortly
- Provides exposure to further opportunities within Perth Basin



Low cost onshore oil & gas exploration

# Cornerstone Investment: Use of Proceeds



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A\$1,140, 000	WA-507-P seismic license fee to TGS Nopec (paid)
A\$650,000	Planned 3D seismic acquisition in WA-503-P
A\$400,000	EP416/480 12 month work program (includes A\$150,000 due to Empire Oil & Gas upon renewal of EP416)
A\$300,000	WA-481-P G&G Studies
A\$40,000	EP437 12 month work program
A\$960,000	Working capital to pursue farmouts and further acquisitions
(+A\$600,000	WA-507-P R&D rebate expected during 2016)

# Prospective Resources<sup>1</sup>

Permit	Oil/Gas	Low Case	Best Case	High Case
WA-507-P <sup>2</sup>	Oil	604 MMBbl	1,581 MMBbl	3,600 MMBbl
WA-507-P <sup>2</sup>	Gas	4,030 Bscf	10,047 Bscf	21,099 Bscf
WA-503-P <sup>3</sup>	Oil	16 MMBbl	46 MMBbl	107 MMBbl
EP416/480 <sup>4</sup>	Gas	90 Bscf	270 Bscf	600 Bscf
EP437 <sup>5</sup>	In progress			
WA-481-P <sup>5</sup>	In progress (possible contingent resources)			

## Notes:

1. All quoted prospective resources are gross (100%) on-block
2. For WA-507-P the quoted prospective resources are the arithmetic sum of the three leads identified by Pilot Energy and. The leads are prospective for oil or gas, or a combination of oil and gas. Refer to Company ASX announcements of 25 February 2015 and 20 October 2015.
3. For WA-503-P the quoted prospective resources are the arithmetic sum of the three leads identified by Pilot Energy, and individually assessed by GCA. Refer to Company ASX announcement of 3 March 2016.
4. For EP416/480 the quoted prospective resources are the arithmetic sum of the two reservoirs within the single lead identified by Pilot Energy, and are an internal estimate by Pilot Energy. Refer to Company ASX announcement of 2 September 2015.
5. For WA-481-P and EP437, Pilot Energy has not yet completed the necessary work to provide a valid internal estimate of the permits' prospective resources, having only recently acquired its interests in the permits.



# Independent Expert's Valuation

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BDO Corporate Valuation	Low Value Cents per share	Preferred Value Cents per share	High Value Cents per share
Value of Pilot Energy following completion of the Transaction (cornerstone investment) on a minority basis	0.38	0.62	0.88

RISC Asset Valuation	Low Value US\$MM	Midpoint Value US\$MM	High Value US\$MM
WA-507-P	3.0	14.5	29.0
WA-503-P	0.6	1.2	13.2
EP416 & EP480	0.3	0.3	0.3
EP437	0.0	0.1	0.2
Total Exploration Permits Value	3.9	16.2	22.7
Pilot Energy's interest in exploration assets on a portfolio basis	<b>9.7</b>	<b>16.2</b>	<b>22.7</b>

Source: BDO Independent Expert's Valuation Report, and associated Independent Technical Specialist Report by RISC (May 2016). **WA-481-P not included as acquired subsequent to completion of report.**

# In Summary

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- Experienced team with solid track record and significant investment in company
- Delivering against a clear growth strategy
- Demonstrated ability to consistently acquire quality assets with minimal cash outlay
- Low cost base
- Well-funded to unlock significant value from existing projects
- Working capital to pursue further acquisitions
- Independently assessed prospective resources and asset valuations demonstrate very significant upside
- Maintaining commercial discipline and keeping control, as Operator
- Poised for continued growth and optimally positioned for industry recovery

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