

**Pilot Energy Limited**

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# PILOT ENERGY LIMITED

ABN 86 115 229 984

And Controlled Entities

# ANNUAL FINANCIAL REPORT

For the year ended 30 September 2024

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## Corporate Directory

<b>Directors</b>	Bradley Lingo (Executive Chairman)
	Daniel Chen (Non-Executive Director)
	Bruce Gordon (Non-Executive Director)
<b>Company Secretary</b>	Cate Friedlander
<b>Registered and Principal Office</b>	Suite 301, 35 Spring Street Bondi Junction NSW 2022  Website: <a href="http://www.pilotenergy.com.au">www.pilotenergy.com.au</a> Email: info@pilotenergy.com.au
<b>Auditors</b>	MNSA Pty Ltd Level 1, 283 George Street SYDNEY NSW 2000
<b>Legal Advisers</b>	MinterEllison Governor Macquarie Tower 1 Farrer Place, Sydney NSW 2000
<b>Share Registry</b>	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000
<b>ASX Code</b>	ASX: PGY
<b>Legal Form of Entity</b>	Public Company
<b>Country of Incorporation and Domicile</b>	Australia

## **LETTER FROM THE CHAIRMAN**

Dear Shareholder,

On behalf of the Board of Pilot Energy Limited (Pilot, or the Company), I am pleased to present the Annual Report for the 2024 Financial Year (FY24).

FY24 has been a transformative year for Pilot as we continue to progress our clean energy transition strategy. The Mid West Clean Energy Project (MWCEP, or the Project) has been at the forefront of our efforts, achieving significant milestones that position Pilot as a leader in Australia's transition to a low-carbon economy.

### **Transforming Opportunities: The MWCEP**

The MWCEP will leverage existing assets and infrastructure, including the Cliff Head offshore oil project and associated onshore separation plant at Arrowsmith, to develop a large-scale clean energy project. This project integrates permanent Carbon storage with the natural resources in the Mid West region to produce clean ammonia for both domestic and export markets.

### **Key Achievements in FY24**

#### **1. Regulatory Approvals and Resource Upgrades**

In June, we achieved a groundbreaking milestone with the Commonwealth Government's declaration of the Cliff Head Carbon storage site as a 'Greenhouse Gas Storage Formation' (the Declaration). This significant de-risking step enables us to proceed with the next development phase, including stakeholder and traditional owner engagement.

Following this declaration, the contingent carbon storage resource at Cliff Head was materially upgraded from 9.7 million tonnes to over 45 million tonnes. When operating at the initial targeted annual injection capacity of 2.5 million tonnes per annum, the Cliff Head Carbon Storage project will be among the top 10 annual injection capacity projects globally (based on current operations).

#### **2. Grant Funding**

The Commonwealth Department of Climate Change, Energy, the Environment and Water (DCCEEW) awarded a \$6.5 million grant to Pilot under its Carbon Capture Technologies Program. This funding supports engineering and technology demonstration activities critical to advancing the supply of carbon to the project.

#### **3. Strategic Partnerships**

The Cliff Head Carbon storage project provides the foundation for the MWCEP. Having achieved regulatory approvals and funding support in FY24, we were able to progress commercial agreements with potential international project partners.

In July, we secured the support from a consortium of Korean companies (the K-Consortium) which is comprised of Korea's major power generation companies - Korea Southern Power (KOSPO) and Korean East West Power (EWP) and energy companies – Samsung C&T and Approtium. The K-Consortium has formally appointed technical, market, financial and legal advisors and at the time of this report was concluding detailed due diligence to secure a major equity stake in the MWCEP. The K-Consortium has a deep interest in the Project as plans to leverage the recent financial support provide to the project by the Korea Export Import Bank (KEXIM) and KOSPO and Samsung C&T recent award of preferred bidder status under the Korean clean hydrogen Portfolio Standard ('CHPS') subsidy to advance the MWCEP.

#### **4. Renewable Energy Opportunities**

Post period end, we received an offer to acquire the 376MW Three Springs Solar project in Western Australia. The Three Springs Solar project was being developed by Pilot to support the delivery of low carbon ammonia from the MWCEP. Divesting this asset allows us to consider identified opportunities to source renewable generation closer to the proposed ammonia project site.

#### **Development Partners Driving Progress**

To ensure world-class outcomes for the MWCEP, Pilot has engaged leading partners and consultants with proven expertise. Notable contributors in FY24 include:

- **Genesis Energies** – Completion of Pre-FEED studies, setting the stage for FEED to commence early FY25.
- **CO2Tech** – Technical advisor for CO2 storage.
- **Advanced Energy Technologies** – Offshore well construction expertise.
- **Capture6** – Post period end, we entered a binding joint development agreement for the phased integration of Capture6's direct air capture technology.

#### **Corporate Activities**

During FY24, Pilot successfully executed fundraising activities, including share placements (with attaching options), convertible note issues and the establishment of an At-The-Market subscription agreement. These efforts ensure the Company remains capitalised to achieve strategic objectives.

A significant development post period end was a revision to the agreement to acquire Triangle Energy's interest in the Cliff Head Joint Venture. Subject to approval of the transfer of interest, Pilot will become the 100% owner and operator of the Cliff Head Production License, another important step forward for the MWCEP.

On behalf of the Company, I would like to thank shareholders for their support throughout the year along with the advisors who have led these important transactions.

## Looking Ahead

As we enter FY25, Pilot is well-positioned to achieve several key milestones, driving shareholder value and advancing our mission to lead the clean energy transition in Australia and the broader Asian region. Our dedicated team, strong partnerships and innovative MWCEP pipeline provides a strong foundation for continued growth.

In closing, I extend my sincere gratitude to my fellow directors, senior management, employees and advisors for their hard work and commitment during the year. I would also like to thank our loyal shareholders for their continued support and look forward to updating you on our progress in FY25.

Yours sincerely,

A handwritten signature in black ink that reads "Bradley W. Lingo". The signature is written in a cursive, flowing style.

Brad Lingo  
*Chairman*

For and on behalf of the Board

## CORPORATE AND OPERATIONS REVIEW

### CORPORATE ACTIVITIES

#### **Capital Raising**

Since the release of the 2023 Annual Report and up until the 2024 Annual Report, the Company has raised the following amounts:

- In June 2024, a placement raising \$4.0 million at \$0.022 per share;
- In October 2024, a placement raising \$3.855 million at \$0.018 per share;
- In November 2024, the issue of \$3 million by way of Convertible Notes to a syndicate of sophisticated investors;
- In December 2024, the issue of \$2 million by of a Convertible Note to a sophisticated investor;

The equity placements were to sophisticated and professional investors and all equity raisings were oversubscribed.

The November 2024 Convertible Notes were arranged by an investor Syndicate led by Mr Greg Columbus. Mr Columbus has over 30 years of experience in the Energy and Oil & Gas industries including technical, commercial, executive and non-executive roles and is also an experienced investor in listed companies. Mr Columbus was previously Non-executive Chairman of ASX listed Talon Energy and previously, he was also the Non-executive Chairman of ASX listed Warrego Energy Limited, both developers of natural gas resources in the Perth Basin, Western Australia.

In addition to the capital raising activities outlined, in August 2024, the Company entered into an At-The-Market Subscription Agreement (ATM) with Dolphin Corporate Investments. The ATM provides Pilot with up to \$7,500,000 of standby equity capital over the next three years. To date, \$0.2 million has been raised through this agreement.

#### **Shares and Options Issued**

A summary of all shares and options issued during the year is set out in the Notes to the Financial Statements.

#### **Corporate Governance**

The Board is committed to operating in accordance with the highest standards of corporate governance. To the extent appropriate for the Company, given its size and stage of development, the Company has adopted the fourth edition of the Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council on 27 February 2019. The

Company’s corporate governance statement for the financial year ending 30 September 2024 was approved and adopted by the Board on 13 December 2023. This document sets out in summary the Company’s governance policies and the extent to which it has met the Corporate Governance Council’s Principles and Recommendations and, where they have not been met, explains why. The Corporate Governance Statement is available on Pilot’s website, under the “Company” heading.

## **Environmental, Social and Corporate Governance (ESG)**

Pilot is committed to the principles of ESG as the most effective means of creating long-term enterprise value and addressing the societal priorities enshrined in the United Nations’ Sustainable Development Goals. In November 2023, the Company made a commitment to commence reporting on the Environmental, Social, and Governance (ESG) disclosures of the Stakeholder Capitalism Metrics (SCM) of the World Economic Forum (WEF). The Company is in the process of making ESG disclosures in the form of a set of universal, comparable ESG metrics focused on people, planet, prosperity and principles of governance that organisations can report on regardless of industry or region. By integrating ESG metrics into the Company’s governance, business strategy, and performance management process, Pilot diligently consider all pertinent risks and opportunities in running its business. Pilot continues to look for opportunities for further transparency on the topics which are material to its business. The Company has entered into an agreement with Socialsuite, to utilise Socialsuite’s ESG reporting disclosure platform. This platform will enable Pilot to demonstrate its ongoing commitment to ESG by providing a dedicated solution to track, report, and share its ESG disclosures..

## **REVIEW OF OPERATIONS**

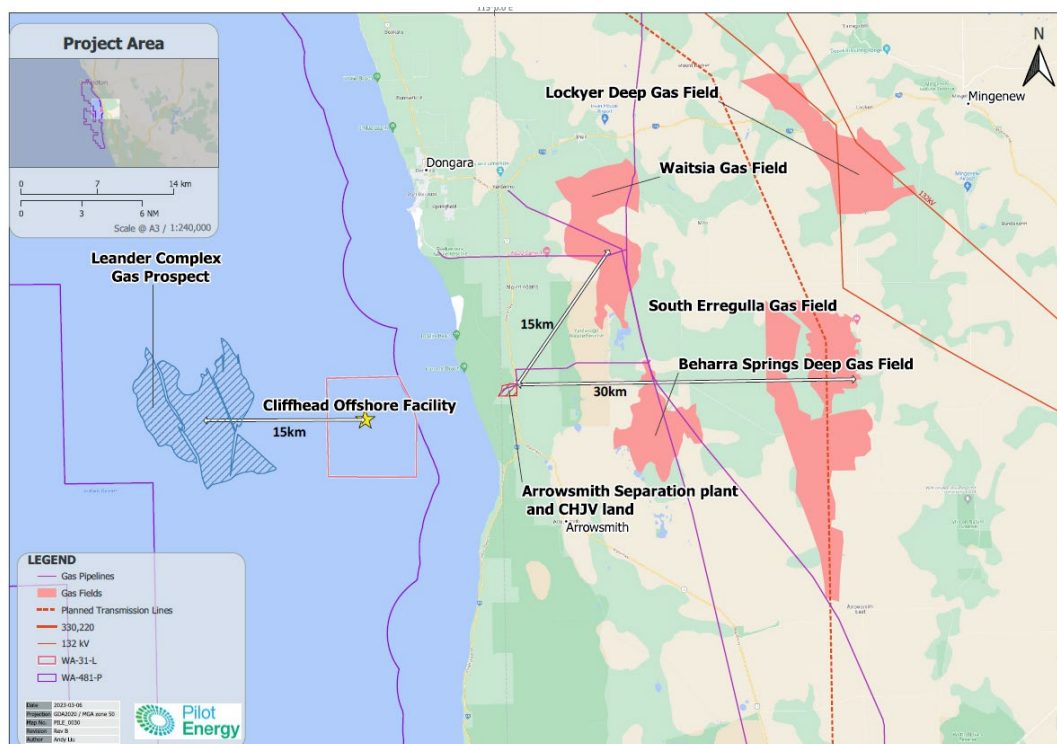


Figure 1: Overview of Pilot’s Mid West operations



## **Mid West Clean Energy Project (MWCEP)**

The Project is located approximately 350 km north of Perth near the regional industrial and iron export port of Geraldton and is centred on Pilot's 100%<sup>1</sup> owned and operated Cliff Head offshore oil project infrastructure and onshore Arrowsmith Oil separation facility.

### **Project Overview**

The MWCEP is a unique “blue” ammonia plant as the only such development with fully integrated, owned and operated carbon storage combined with full powering from a behind-the-meter, firm renewable power source. Through this combination of fully integrated, owned and operated carbon storage and supporting renewable power and the potential Australian Commonwealth Government direct and indirect subsidies, the MWCEP is able to produce a globally competitive, ultra-low carbon-intensity ammonia product for export with full plant emissions intensity of less than 0.60 kg CO<sub>2</sub>/kg H<sub>2</sub>.

Pilot initiated the MWCEP to leverage the existing Mid West operational asset base (comprising the Cliff Head offshore oil production facility and onshore Arrowsmith separation plant) into the production of clean energy. The project includes a permanent Carbon Storage reservoir created from the conversion of the operating Cliff Head offshore oil field, which will be able to store carbon generated by third parties and from the clean Ammonia Project.

The Project is essentially comprised of two main developments – the **Cliff Head Carbon Storage Facility** and the **Arrowsmith Clean Ammonia Plant**.

The MWCEP involves a comprehensive repurposing of the offshore and onshore production infrastructure, plant and equipment into the **Cliff Head Carbon Storage Facility** to provide cost competitive carbon storage but also utilizes the existing onshore Arrowsmith Oil Production Plant to provide a brownfield, industrial site for the construction and operation of the **Arrowsmith Clean Ammonia Plant** and associated ammonia storage and export terminal facilities.

This brown field development will minimise land clearing or other environmental impacts or community disturbance by utilising existing disturbed areas not available to similar green field developments simplifying and reducing risks associated with the regulatory approval pathways for the Project.

The Project also sits in an ideal location for renewable wind and solar power generation and Pilot is progressing accumulating a portfolio of sites in close to immediate proximity to the Arrowsmith Clean Ammonia Plant site to support the installation of a renewable power micro-grid to power the Ammonia Plant, the Carbon Storage Facilities and all balance of plant and ancillary utility services required.

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<sup>1</sup> Subject to completion of the acquisition of the remaining Cliff Head interests from Triangle Energy (Global) Limited, Pilot will hold a 100% interest in the Cliff Head oil project and proposed Cliff Head Carbon Storage project. Prior to completion, Pilot holds a 21.25% interest in the projects.

During the financial year, Pilot progressed development activities for the MWCEP with a continued focus on the project's foundational elements, including; 1) securing key regulatory and environmental approvals, 2) completing pre-FEED studies to enable FEED entry, and 3) engaging with potential equity participants and offtake customers for both Clean Ammonia and Carbon Storage.

As of September 2024, Pilot has completed Pre-FEED for all elements of the MWCEP and is in the process of making the final technology selection and basis of design for the Project with the view to commencing FEED in the first half of 2025.

### **Commercializing the MWCEP – securing project partner and ammonia offtake**

The MWCEP product marketing covers the Project's clean energy ecosystem and is seeking customers across both the carbon storage and the supply of low carbon ammonia. Throughout the year, Pilot has continued active market engagement to secure firm commercial arrangements for offtake for both clean ammonia production and providing carbon management and storage service.

Ammonia marketing is currently managed as part of the MWCEP partnering process. The MWCEP Ammonia offtake strategy allows project partners to secure a priority right to their participating interest share of ammonia. Significant progress has been made in securing firm commercial offtake arrangements for clean ammonia production through direct equity participation in the MWCEP

In October 2023, Pilot entered into a non-binding, conditional Memorandum of Understanding (**MOU**) with Samsung C&T Corporation Engineering & Construction Group (**Samsung C&T**) in relation to the development of the MWCEP. Under the terms of this MOU, Pilot and Samsung C&T agreed to jointly progress and fund the development of the Mid West Clean Energy Project, based on each Party's respective participating interest. Pursuant to this MOU, Samsung C&T sought to acquire a 20% participation interest in the MWCEP; has rights to act as the EPC contractor for the Clean Ammonia Project; and will use its best endeavours to arrange for clean ammonia offtake for export to Korea.

Following, entering into these arrangements, Pilot has also entered into a non-binding, conditional MOU with Korea Southern Power Co., Ltd. (KOSPO), and Approtium, the largest industrial producer and supplier of Hydrogen in Korea.

Having received the Declaration of Greenhouse Gas Storage Formation for the Cliff Head Carbon Storage Project (see further information below), a consortium of Korean companies comprised of Korea's major power generation companies and energy companies (**Energycos**) – including KOSPO, Korean East West Power, Samsung C&T and Approtium - formed a formal consortium to seek equity participation in the MWCEP and secure long-term clean ammonia offtake from the Project.

In July 2024, the Company announced the formation of this consortium (the **K-Consortium**) and their deep interest in the Project as they look to secure ammonia offtake to respond to the Korean hydrogen power generation auction market. Since the completion of Pre-FEED for the MWCEP in August 2024, the Company has been negotiating a project development agreement with the K-Consortium to facilitate their formal commitment to, equity participation in and contribution to the overall funding of the Project from Pre-FEED to FID. Pursuant to these negotiations, the K-Consortium is seeking equity participation in both the Cliff Head Carbon Storage Project and the Arrowsmith Clean Ammonia Plant seeking a 60% and 80% in each, respectively.

Following, the end of the financial year, the Company announced that it had been approved as a clean ammonia supplier by the Korean Energy Economics Institute (KEEI) under the Korean Government's CHPS scheme (refer to announcement ASX:PGY 30 October 2024). Following this announcement, KOSPO was awarded funding from Korea Export-Import Bank to support their evaluation of participation in the MWCEP.

Upon the award of this funding, KOSPO formally announced (refer to announcement ASX:PGY 15 November 2024) the composition of the K-Consortium and that as a government owned Energy company, it would actively implement the Korean Government's policy to open the world's first clean hydrogen bidding market in alignment with the CHPS.

In their media release, KOSPO further stated that it was their intention to establish themselves as a First Mover in the carbon-free energy era and to contribute to the achievement of the 2030 national greenhouse gas reduction target and the 2050 carbon neutrality goal while pioneering the frontier of carbon-free energy. Following these announcements, it has been widely reported in Korea, that KOSPO is the only company that has been successful in the clean hydrogen and ammonia bidding scheme.

The progress made with the K Consortium reflects the maturity of the Korean market, however during the financial year, Pilot has also continued its broad engagement outside of the K-Consortium with both Australian and international counter parties. As a market leading project, the Company continues to receive interest from potential partners and customers for the Carbon Storage and Ammonia projects. Separately, the team are actively engaging with Australian and international emitters on a range of carbon management solutions. Pilot is currently finalising two carbon storage management terms sheets with potential customers, with the initial assessment of the opportunity to capture and store carbon from a confidential Mid West emitter supported by the recent Commonwealth \$6.5m grant (see commentary below).

### **Carbon Storage Developments and Operations**

#### **Cliff Head Carbon Storage Project**

The Cliff Head Carbon Storage Facility includes onshore carbon capture and aggregation facilities, and offshore injection facilities to provide permanent storage in the depleted Cliff Head offshore oil field. The Company is targeting commencement of carbon storage operations by CY 2028. It will be the first offshore carbon injection and permanent storage development in Western Australia's Mid West and one of the first carbon storage projects to be implemented in Australia. The Cliff Head Carbon Storage Project has a potential carbon injection capacity of five million tonnes per annum.

#### **Receipt of First Commonwealth Approval of Greenhouse Gas Storage Formation**

In January 2024, Commonwealth regulators the National Offshore Petroleum Titles Administrator ('NOPTA') and the National Offshore Petroleum Safety and Environmental Management Authority ('NOPSEMA') concluded the Cliff Head storage formation satisfies the suitability determinates under the relevant legislation, and therefore recommended the Cliff Head storage formation be declared as a greenhouse gas storage formation. In June 2024, the Company announced the WA-31-L joint venture's application to Declare a Greenhouse Gas Storage Formation) over the WA-31-L licence area was approved by the Commonwealth Minister for Resources and Minister for Northern Australia, the

Hon Madeleine King MP (refer ASX: PGY 14 June 2024). This key approval follows the application to the NOPTA in November 2022 and represents a material advancement in the development of Pilot’s MWCEP and Australia’s need to accelerate progress to a net zero future.

The Declaration is one of the first of its kind for an offshore CO2 storage project in Australia and provides confidence in the Australian regulatory regime further de-risking the MWCEP for potential international project partners.

### Material Carbon Storage Resource Upgrade

Following receipt of the Declaration, the Company announced a material carbon storage resource upgrade (refer announcement ASX:PGY on 1 July 2024). While the Declaration application process was pending, the Company continued to progress the definition of the carbon storage resource potential and development plan for the Cliff Head Carbon Storage Project. Based on this on-going work, the Company’s independent technical consultant completed an updated resource assessment resulting in a material 370% upgrade to the Carbon Storage Resources across the WA-31-L licence area.

The 2C contingent resource for WA-31-L licence area has increased from 9.7 million tonnes<sup>2</sup> to 45.6 million tonnes (100% basis) with the assessment completed in accordance with Society of Petroleum Engineers Storage Resource Management System. With the Declaration approved, the Contingent Storage Resource has been classified as Development Pending, the highest level of maturity for a contingent resource.

See table below above for detailed table of the carbon storage resources for the Cliff Head Carbon Storage Project.

<b>WA 31L Carbon Storage Resources (31 March 2024, 100% basis) *</b>					
Classification	Structure	Reservoir	Storage Resource (Mt of CO <sub>2</sub> Equivalent)		
			1C   P90	2C   P50	3C   P10
Contingent Resource (Development Pending)	Cliff Head & Mentelle	IRCM & HCS	<b>24.2</b>	<b>45.6</b>	<b>67.0</b>
				2U   Best Estimate	
Prospective Resource (Lead)	Illawong	IRCM & HCS		<b>50.4</b>	

\* Following the completion of the acquisition of the remaining Cliff Head interests from Triangle Energy (Global) Limited, Pilot will hold a 100% interest in the Cliff Head oil project and proposed Cliff Head Carbon Storage project. Prior to completion, Pilot holds a 21.25% interest in the projects and the Storage Resources

<sup>2</sup> Refer to ASX:PGY “CHJV Update – Storage Resource Upgrade & NOPTA Submission” dated 30 November 2022.

### **Cliff Head Carbon Storage Project – Completion of Project Pre-FEED**

During the financial year, Pilot, along with Genesis, the MWCEP owner's engineer and Pre-FEED contractor, completed the Pre-FEED engineering for the Cliff Head Carbon Storage Project in September 2024. With receipt of the Declaration, the MWCEP can now proceed with the next phase of development which involves traditional owner and stakeholder engagement and Carbon Storage Project FEED. The Company also continued to engage with regulators to progress the remaining project approvals including an injection licence and Federal and State environmental approvals.

The Company is targeting lodging the formal application for the carbon injection license and field development and operating plan with the Commonwealth Government in Q4 CY2025 with a view to receiving the injection license and full approval and to reach FID for the development of the Carbon Storage Project by Q3 CY2026.

### **Cliff Head Carbon Storage Project – Award of G-12-AP GHG assessment licence**

On 31 July 2024, the Company announced it had been awarded a large Greenhouse Gas Assessment (GHG) Licence G-12-AP located in the Offshore Perth Basin. G-12-AP is immediately adjacent to Pilot's Declared Greenhouse Gas Storage Formation issued over the WA-31-L licence area and overlaps Pilot's WA 481-P gas exploration licence.

The area within the Declaration area and the area the subject of G-12-AP combined, provide Pilot a commanding and contiguous acreage position on a 100% basis (subject to completing the WA-31-L Transaction) across the highly prospective Offshore Perth Basin. G-12-AP substantially expands Pilot's greenhouse gas acreage from 72km<sup>2</sup> (WA 31-L) to a combined 7432km<sup>2</sup>.

Pilot's offshore gas and carbon exploration tenements and associated work programs are complementary and provide Pilot flexibility as it explores and appraises the regions material gas and greenhouse gas storage targets. Under the complimentary licences, Pilot can undertake exploration activities targeting both gas and carbon storage opportunities. By way of example, the planned 3D seismic survey over the Leander gas prospect (450bcf prospective resource – refer announcement ASX:PGY 9 March 2023) and potential follow-on gas appraisal well, can also appraise the greenhouse gas storage resources.

Pilot is playing a leading role in developing Australia's offshore carbon storage industry. The technical data set and subsurface models which supported the granting of this approval, provide Pilot with the blueprint to explore and appraise the wider offshore Perth Basin region. Pilot's initial assessment of the carbon storage potential has highlighted significant carbon storage expansion potential across a majority of the G-12-AP licence with Permian and Triassic potential greenhouse gas storage target areas already identified.

Subject to the successful exploration and appraisal of new carbon storage formations, the expanded licence area has the potential to provide a series of permanent carbon storage locations with a similar scale to the over 100 million tonne carbon storage resources identified in the WA 31-L licence area. Pilot is focussed on progressing this expanded offshore Perth Basin position into a world class carbon storage operation, providing Western Australian and international emitters a permanent and safe solution to materially reduce industrial emissions.

Water depths across G-12-AP range from 10 metres in the inboard shallow water portion in the east, down to approximately 1200 metres in the southwest.

Based on preliminary technical assessment, priority GHG target areas across G-12-AP have been identified within Permian and Triassic-Jurassic reservoirs. Potential GHG plays in these areas will be matured via technical studies which make up the six-year work program. These work-program activities are directed at identifying storage prospects and assembling these into a series of GHG ready to drill exploration and appraisal opportunities across the full acreage area.

There are significant synergies and efficiencies to expedite the GHG exploration program in G-12-AP through access to results of firm work activity in underlying WA-481-P, namely 400 km<sup>2</sup> of new 3D seismic acquisition and drilling of one exploration well.

### **Arrowsmith Clean Ammonia Plant & Export Terminal**

Within the existing boundary of the Arrowsmith Oil Stabilisation Processing Facility (see description below under Oil & Gas Operation - Cliff Head Oil Field), the Company plans to construct a natural gas-fed 1.0 million tonne per annum clean ammonia production plant utilizing conventional ammonia production technology with integrated carbon capture to enable capture of approximately 99% of all CO<sub>2</sub> generated from the production process.

The ammonia plant will source natural gas either from near-by conventional gas fields in the North Perth Basin located within a 35-50 km radius from the ammonia plant or from offshore gas fields in the NW Shelf Carnarvon Basin and transported to the project site via the Dampier-to-Bunbury Natural Gas Pipeline. Feedstock natural gas will be converted into approximately 165,000 tonnes of hydrogen and over 98% of CO<sub>2</sub> generated in this process will be captured and permanently stored in the Cliff Head Carbon Storage Facility

The Arrowsmith Ammonia Plant will also include ammonia storage and a jetty-less offshore export system potentially capable of supporting up to three million tonnes per annum of ammonia exports. The storage and the jetty-less export system is designed to accommodate the latest VLAC class of ammonia carriers capable of transporting approximately 61,000 MT. At 1.0 million tonnes per annum of ammonia production the facility will ship out approximately 18 cargoes/year for delivery to the Korean companies negotiating to become direct equity partners with Pilot in the Project.

The ammonia plant will produce approximately 2,600 tonnes of clean ammonia per day with a total annual emission of less than 80,000 tonnes per annum of Scope 1 and 2 CO<sub>2</sub> and other greenhouse gases with an estimated emissions intensity of less than 0.60 kg CO<sub>2</sub>-e/ kg H<sub>2</sub>.

The entire Arrowsmith Clean Ammonia Plant, the Cliff Head Carbon Storage Facility and all other balance of plant and utilities such as water treatment will be fully powered from an independently developed renewable combined wind and solar micro-grid located immediately east of the Arrowsmith Plant site capable of providing up to 120 MW of firmed power.

### **Oil and Gas Operations**

#### **Cliff Head Oil field, Perth Basin, Western Australia / Completion of Late-Stage Oil Production Operations**

The Cliff Head Oil Field (Cliff Head) is located approximately 270km north of Perth and 10km off the coastal town of Dongara in Western Australia at a water depth of 15-20m. The Production Licence WA-31-L covers 72km<sup>2</sup> and the oil field covers 6km<sup>2</sup>. It was the first commercial oil discovery developed in the offshore Perth Basin with first oil production commencing in May 2006.

The Cliff Head Joint Venture is effectively held by the following group entities:

- Triangle Energy (Global) Limited (ASX: TEG) (**Triangle**): 78.75%
- Pilot Energy Limited: 21.25%


### **Oil Production Facilities and Infrastructure**

The Cliff Head facilities are the only offshore and operational onshore infrastructure in the highly prospective Offshore Perth Basin and are therefore important for any exploration success or development in the surrounding area. An unmanned platform in 15m - 20m of water is connected to the onshore dedicated Arrowsmith Stabilisation Processing Plant by a 14km 10-inch OD pipeline which carries the crude oil to the onshore plant for stabilisation and processing. The onshore plant has an installed production capacity of 35,000 BOPD and 30,000 BBLs of crude oil storage. The Arrowsmith Stabilisation Processing Plant has the capacity to process, store and transport third party crude and condensate.

### **Oil Production Operations**

Throughout FY2024, production from the Cliff Head Oil Field continued to gradually decline while overall production, export and sales progressed smoothly. In August 2024, crude oil production dropped to a level that was no longer economically viable to continue, and production was suspended. The final crude oil shipment was exported in August 2024 and the final crude oil sales receipts were received in September 2024. Upon cessation of production, the Cliff Head Joint Venture commenced turn-down operations to put the field into Non-Production status in consultation with directives from NOPSEMA.

The key operational statistics for the year ended 30 September 2024 for the CH JV (100% basis) are set out in the table below.

			
<b>Cliff Head Oil Field - Summary</b>			
<b>for the period 1 October 2023 to 30 September 2024</b>			
<b>1 October 2023 - 30 September 2024</b>		<b>CHJV (100%)</b>	<b>Pilot (21.25%) **</b>
Production (bbls)		123,628	26,271
Average daily production (bopd)		338	72
Sales revenue ( bbls)		155,689	33,084
Average oil price received \$ per bbl		127	127
Sales revenue (\$'000)		19,845	4,217
Oil Inventory (0 bbls) (\$'000)*		(6,550)	(1,392)
Routine operating costs (\$'000) **		(12,039)	(3,778)
<b>Operating Margin (\$'000)</b>		<b>1,256</b>	<b>(953)</b>
Trucking, storage & handling (\$'000)**		(10,987)	(2,335)
<b>Routine Profit (\$'000)</b>		<b>(9,731)</b>	<b>(3,288)</b>
Non-routine operating costs (\$'000) **		(2,477)	(980)
<b>Gross Loss (before tax, \$'000)</b>		<b>(12,208)</b>	<b>(4,268)</b>
*Trucked crude oil is to be stored at Geraldton. Reported figures represent a movement in a value of the cumulative barrels stored. Cliff Head commenced a Non Production Phase from 1 August. Production is suspended.			
** As per Sale and Purchase Agreement with TEG, Pilot pays 100% operating costs from 1 August 2024. Trucking costs is paid by each JV participant in their respective participating interest.			
*** Figures may differ immaterially to TEG's reported numbers due to exchange rate applied to sales revenue, methodology in valuing inventory and treatment of insurance and JV overhead as non routine costs.			

#### Notes:

Pilot (via its 100% subsidiary, Royal Energy) holds a 50% interest in Triangle Energy (Operations) Pty Ltd (**TEO**) which itself holds a 42.5% direct interest in WA -31 L and the Cliff Head Oil Field project. In accordance with applicable accounting standards, Pilot accounts for this investment on an equity accounting basis.

#### Acquisition of Triangle Energy Interest in CHJV

As announced on 27 July 2023, Pilot and Triangle had revised its existing Sale and Purchase Agreement with Pilot to acquire Triangle's interest in the Cliff Head Joint Venture. The revised agreement results in Pilot acquiring the remaining 78.75% interest that it does not already hold in the Cliff Head JV via the purchase of Triangle subsidiaries including TEO, which is the operator of the Cliff Head Field.



After the end of FY2024, on 11 October 2024 and 3 December 2024, Pilot and Triangle agreed to further vary the terms of the transaction to complete Pilot's acquisition of a 100% interest in the Cliff Head Joint Venture.

Upon completion and subject to approval of the transfer of interest in the Cliff Head Production License WA-31L, Pilot will become the 100% owner and operator of the Cliff Head Production License. The transaction is expected to complete in mid CY2025.

Existing employees of TEO will continue to work on the Cliff Head field as it transitions from oil production to the CO2 Storage project.

### **Exploration Permit WA-481-P, Perth Basin, Western Australia / Upstream Gas-focused Exploration**

Pilot holds a 100% operated interest in the 8,605km<sup>2</sup> permit located in shallow waters offshore Western Australia encompassing the Dunsborough oil field and Frankland gas field.

The offshore petroleum system within WA-481-P shares many attributes with the Dandaragan Trough, and is potentially a mirror of, and analogous to, the prolific onshore Perth Basin gas discoveries (e.g. Waitsia, Erregulla and Lockyer Deep).

Results of a recent technical data set review have focussed on the large Leander Complex gas prospect located 15km west of the Cliff Head oil platform and three oil prospects south of Cliff Head. Within the gas fairway, Pilot is also progressing a review of the resource potential of Harrier, Hawk and other prospects identified on sparse 2D seismic. These have large GIP potential and represent significant follow-up potential to possible future drilling success at Leander. 3D seismic will be required to further de-risk these opportunities prior to drilling.

Pilot's internally assessed prospective resources to date include the Leander Complex gas resource of 450 Bcf and the Babbler, Brahminy and Cliff Head SW oil resources of 41 million barrels. These are in addition to the discovered Dunsborough contingent oil resource (2C) of six million barrels, and Frankland contingent gas resource (2C) of 42 Bcf gas also within WA-481-P.

The resulting prospective gas resource estimate of 450 Bcf, on a success case, could potentially provide Pilot with sufficient gas to self-supply over 10 years of blue ammonia production at the Mid West Clean Energy Project. Future production from WA-481-P could leverage the proposed Cliff Head CO2 Storage operations infrastructure to lower the economic volumes required to support incremental oil and gas developments. Current workstreams being progressed in WA-481-P include:

- Continued technical assessment of other gas (and oil) prospects in the permit, particularly large gas prospects in the vicinity of the Leander Complex.
- Application to the regulator was made for a variation to the work commitment for the permit (400km<sup>2</sup> of new 3D seismic with PSDM processing to replace existing program of 350km<sup>2</sup> of 3D seismic and 200km<sup>2</sup> of new 2D seismic, both with PSDM processing). A suspension/extension for the permit was also requested as part of the application to allow sufficient time to acquire the 3D seismic program. NOPTA advised on 18 December 2023 that the application was successful.

- Ongoing stakeholder and regulatory work for the Eureka 3D marine seismic survey which represents part of the current permit year work commitment of a minimum 400km<sup>2</sup> of new 3D acquisition and processing.
- A comprehensive Environmental Plan (EP) for the Eureka 3D seismic survey was lodged with NOPSEMA for assessment on 2 February 2024. The EP was available for Public Comment from 21 February 2024 until 22 March 2024. Responses by Pilot to public comments were captured in a revised EP and subsequently submitted to NOPSEMA on 24 June 2024 as part of the EP assessment process. Pilot received a Request for Further Written Information request in relation to the EP submission on 3 September 2024. As of the end of FY2024, the Company was working through the request with a view to resubmitting to NOPSEMA in the first half of CY2025
- An ongoing farm-out process to secure domestic and/or international farm-in partner(s) for the upcoming WA-481-P seismic and future drilling campaigns.

## Reserves and Resources

### Carbon Storage Resources

#### **WA-31L - Contingent Resources - 100% basis**

As announced on 1 July 2024, the Company's technical sub surface consultant completed an updated resource assessment resulting in a material 370% upgrade to the Carbon Storage Resources across the WA-31-L licence area. See table below above for detailed table of the carbon storage resources for the Cliff Head Carbon Storage Project.

<b>WA 31L Carbon Storage Resources (31 March 2024, 100% basis)*</b>					
Classification	Structure	Reservoir	Storage Resource (Mt of CO <sub>2</sub> Equivalent)		
			1C   P90	2C   P50	3C   P10
Contingent Resource (Development Pending)	Cliff Head & Mentelle	IRCM & HCS	<b>24.2</b>	<b>45.6</b>	<b>67.0</b>
				2U   Best Estimate	
Prospective Resource (Lead)	Illawong	IRCM & HCS		<b>50.4</b>	

\* Following the completion of the acquisition of the remaining Cliff Head interests from Triangle Energy (Global) Limited, Pilot will hold a 100% interest in the Cliff Head oil project and proposed Cliff Head Carbon Storage project. Prior to completion, Pilot holds a 21.25% interest in the projects and the Storage Resources

### Oil & Gas Reserves & Resources

The Company confirms there are no changes to WA-481-P Contingent Resource information which was previously presented to the market in the Company's announcement ASX:PGY "Resources

Update” 23 April 2021. The Contingent Resource estimates set out in the following tables are based on the Independent Technical Specialist Report prepared by RISC dated 28 January 2021 relating to the Company’s Australian exploration assets.

#### WA-481-P Contingent Resources - Pilot interest: 100%

##### WA-481-P Contingent Oil Resources (MMbbl)

Accumulation		1C	2C	3C
Dunsborough	Gross (100%)	3.3	6	9.8

##### WA-481-P Contingent Gas Resources (Bcf)

Accumulation		1C	2C	3C
Frankland	Gross (100%)	29.4	41.6	58.9

Sources: RISC Technical Specialist Report January 2021

Pilot has internally assessed the prospective gas and oil resources associated in WA-481-P which are in addition to the existing Dunsborough and Frankland contingent gas resources above.

#### WA-481-P Prospective Resources

	Prospective Resource (Best)
Leander Complex (Gas)	450 Bcf
Cliff Head SW (Oil)	13 million bbls
Babbler (Oil)	19 million bbls
Brahminy (Oil)	9 million bbls

#### Tenement Details

The following table summarises Pilot’s interest in its Oil and Gas tenements which are also presented on the map below.

Tenement reference	Tenement Location	Interest at beginning Of Year	Interest at end Of Year
WA-31-L*	Western Australia – Offshore Commonwealth Waters	21.25%	21.25%
WA-481-P	Western Australia – Offshore Commonwealth Waters	100%	100%
G-12-AP	Western Australia – Offshore Commonwealth Waters	0%	100%

\* The Company holds a 50% interest in TEO which has a 42.5% direct interest in WA-31L. Subject to restructure as noted in ASX announcement dated 27 July 2023 and summarised in the body of this Report.

#### Competent Person Statement

This report contains information on conventional petroleum resources and CO2 Storage 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’s 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 5.41. He is a former Director of Pilot Energy Ltd and has consented to the inclusion of this information in the form and context to which it appears.

# Pilot Energy Limited and Controlled Entities

A.B.N 86 115 229 984

## Directors' Report

30 September 2024

The Directors present their report, together with the financial statements of Pilot Energy Limited and its controlled entities (referred to as Pilot, the Company or the Group), for the financial year ended 30 September 2024.

### 1 Directors

The names, qualifications, experience and special responsibilities of each person who has been a director during the year and to the date of this report are:

<b>Name and independence status</b>	<b>Experience, qualifications, special responsibilities and other directorships</b>
<b>Directors - Current</b>	
<b>Bradley Lingo</b> Executive Chairman Appointed: 12 May 2020	Brad has extensive experience in developing and implementing business strategy to create and maximize value in the Australian and International oil, gas and energy markets. Throughout his 33 year career, Brad has held a number of senior executive roles namely at Drillsearch, Commonwealth Bank of Australia, Sunshine Gas and Epic Energy – all focussed on developing and implementing focussed business development strategies aimed at growing and delivering shareholder value.
Managing Director Appointed: 17 April 2024	<u>Director's holdings as at date of report</u> 10,000,000 options expiring 4 November 2025 3,500,000 options expiring 18 March 2025  <u>Other Directorships</u> <ul style="list-style-type: none"><li>Triangle Energy (Operations) Pty Ltd – Appointed 11 April 2024</li><li>PZE Limited (not listed) – Resigned October 2024</li></ul>
<b>Anthony Strasser</b> Managing Director Appointed: 31 May 2021 Resigned: 16 April 2024	Tony brings extensive oil and gas company leadership and management experience in both listed and unlisted oil and gas companies. He is a qualified Chartered Accountant with extensive experience in corporate finance, M&A and capital raising with a strong pedigree in project and capital management and corporate governance. He led the Anzon Energy Group to successful IPO's on the ASX and London AIM stock exchange, and was the co-founder of Australian energy companies, Bridgeport Energy Limited and Royal Energy Pty Ltd. Formerly Tony worked in a professional advisory capacity on corporate transactions, due diligence assignments and M&A, having worked in taxation and corporate finance at Arthur Andersen and Coopers & Lybrand respectively.
Head of Corporate Appointed: 17 April 2024 Resigned: 30 November 2024	<u>Director's holdings as at resignation</u> <sup>(1)(2)</sup> 25,766,376 ordinary shares 3,500,000 options expiring 18 March 2025 1,125,000 options expiring 25 August 2025 750,000 options expiring 30 April 2026

(1) beneficially held in related entities, Mandaton Holdings Pty Ltd and Strassfamily Pty Ltd

(2) Anthony Strasser resigned as Managing Director on 16 April 2024

## Pilot Energy Limited and Controlled Entities

A.B.N 86 115 229 984

### Directors' Report

30 September 2024

#### Directors - Current (continued)

##### **Daniel Chen**

Non-executive Director  
Appointed: 15 September 2020

Daniel has over 20 years of business, project management and leadership experience, predominantly with Fortune Top 200 companies in port, maritime and logistic industries. He has led several global implementation projects in Asia, Europe and Oceania throughout his career thus far. Highlights include development of the world's first fully automated container terminal, regional procurement responsibilities for an annual spend of USD 200 million, and working with multiple global supply chain providers to reengineer existing processes to improve operational efficiency. Recently, Daniel has advised Orient Energy and Denison Gas in Australia on various corporate initiatives.

##### Director's holdings as at date of report <sup>(3)</sup>

8,600,000 ordinary shares  
2,000,000 options expiring 18 March 2025  
1,150,000 options expiring 25 August 2025  
500,000 options expiring 30 April 2026

##### Other Directorships

- Triangle Energy (Operations) Pty Ltd – Appointed 11 April 2024
- PZE Limited (not listed)

##### **Bruce Gordon**

Non-executive Director  
Appointed: 31 May 2021

Bruce is a corporate finance and corporate audit specialist with over 27 years' experience acting for, and advising, ASX and international and Asia/Pacific companies. He has extensive knowledge in public accounting, financial reporting and corporate governance. Previously Bruce held positions as the Lead Partner of the BDO National Corporate Finance Team and the BDO East Coast Partnership Corporate Finance Team, the Leader of the BDO East Coast Partnership Natural Resources Team, a member of BDO's National Natural Resources Team and the Business Development Team. Bruce is a Fellow of Chartered Accountants Australia and New Zealand and Fellow of The Australian Institute of Company Directors.

##### Director's holdings as at date of report <sup>(4)</sup>

6,500,000 ordinary shares  
2,000,000 options expiring 18 March 2025  
450,000 options expiring 25 August 2025  
250,000 options expiring 30 April 2026

(3) held in related entities, DVAC Holding Pty Ltd and DVAC Super Fund Pty Ltd

(4) held in related entity, PAD Pty Limited

## 2 Company Secretary

Cate Freidlander was appointed Company Secretary on 22 March 2021. As at the date of this report, she is the sole company secretary.

# Pilot Energy Limited and Controlled Entities

A.B.N 86 115 229 984

## Directors' Report

30 September 2024

### 3 Director's Meetings

During the financial year, 10 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Full meetings of directors		Audit & Risk Committee	
	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend
Bradley Lingo (appointed 12/05/2020)	7	7	-	-
Daniel Chen (appointed 15/09/2020)	7	7	3	3
Bruce Gordon (appointed 31/05/2021)	7	7	3	3
Anthony Strasser <sup>(1)</sup> (Appointed 31/05/2021) (Resigned 30 November 2024)	2	2	-	-

<sup>(1)</sup>Anthony Strasser resigned as Managing Director on 16 April 2024 assuming the executive position of Head of Corporate to assist in the transition of the Company's management and operations relocation to Perth. Mr Strasser has resigned from this role as at 30 November 2024.

- The audit & risk committee comprises Bruce Gordon (Chairman) and Daniel Chen.
- All other functions including finance, remuneration, nomination, risk management and environmental functions are handled by the full Board of Directors of the Company.

### 4 Principal Activities

The principal activity of the Group during the course of the financial year was oil and gas production and exploration. Pilot is currently engaged in oil and gas production, development and exploration activities and is pursuing the diversification and transition to the development of carbon management projects, hydrogen and integrated renewable energy by leveraging its existing oil and gas tenements and infrastructure to cornerstone these developments.

There were no significant changes in the nature of the Group's principal activities during the financial year.

### 5 Operating Results and Financial Review

#### Operating and financial review

Information on the operations and financial position of the Group and its strategies and prospects is set out in the Review of Operations at the beginning of this Annual Report.

The consolidated loss of the Group amounted to \$4,815,424 (2023: loss of \$4,191,149).

### 6 Significant Changes in State of Affairs

In the opinion of the Directors, there were no matters that significantly affected the state of affairs of the Group during the financial year, other than those matters referred to in the review of operations report.

### 7 Dividends

The Directors recommend that no dividend be provided for the year ended 30 September 2024 (2023: Nil).

### 8 Environmental Issues

The Group is subject to significant environmental regulation in relation to its exploration activities. It aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation. The Directors are not aware of any breaches during the period covered by this report.

## Pilot Energy Limited and Controlled Entities

A.B.N 86 115 229 984

## Directors' Report

30 September 2024

### 9 Events After the Reporting Date

Refer to Note 31 to the Financial Statements.

### 10 Indemnification and Insurance of Officers and Auditors

During the financial year, the Company incurred an insurance premium of \$43,960 (2023: \$27,740) to insure the Directors and key management of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

The Group has agreed to indemnify each of the Directors and the company secretary of the Company and its controlled entity, against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors and company secretary of the company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

No agreements have been entered into to indemnify the Group's auditors against any claims by third parties arising from their report on the Annual Financial Statements.

### 11 Likely Developments and Expected Results

The Group will continue to pursue its business plans as noted in section 4 above.

### 12 Capital Structure

#### (i) Ordinary Shares

At the balance date of this report, total ordinary shares on issue total 1,427,888,318. Details of all share issues during the year are set out in Note 19 to the Financial Statements.

#### (ii) Unissued shares under options

At the balance date of this report, there are 380,798,244 unissued ordinary shares under option. Details of share options are set out in Note 19 to the Financial Statements

- All unissued shares are ordinary shares of the Company.
- These options do not entitle the holder to participate in any share issue of the Company.
- Further details in relation to the share-based payments to directors are included in the Remuneration Report.

#### Shares issued on exercise of options

During the year ended 30 September 2024, 3,500,000 shares were issued as a result of the exercise of options.

#### Options Expired

During the year ended 30 September 2024, 10,000,000 options expired (2023: 54,212,092 options expired).

### 13 Proceedings on behalf of the Group

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.



# Pilot Energy Limited and Controlled Entities

A.B.N 86 115 229 984

## Directors' Report

30 September 2024

### 14 Remuneration Report - Audited

The Directors are pleased to present your Company's 2024 Remuneration Report prepared in accordance with the *Corporations Act 2001*. The Report sets out the detailed remuneration information for Pilot Energy's Non-executive Directors, Executive Directors and other Key Management Personnel (KMP) of the Group. The remuneration disclosures in this Report cover the following persons:

	<b>Position</b>	<b>Date Appointed</b>	<b>Date Resigned</b>
Bradley Lingo	Executive Chairman	12 May 2020	-
	Managing Director	17 April 2024	-
Anthony Strasser	Managing Director	31 May 2021	16 April 2024
	Head of Corporate	17 April 2024	-
Daniel Chen	Non-executive Director	15 September 2020	-
Bruce Gordon	Non-executive Director	31 May 2021	-
Nick Watson	GM Corporate Development	1 July 2023	-

The Report contains the following sections:

- (a) Remuneration governance
- (b) Executive remuneration strategy and framework
- (c) Board and management changes
- (d) Service contracts
- (e) Non-executive director remuneration
- (f) Key management personnel remuneration
- (g) Other KMP disclosures

#### (a) Remuneration Governance

The remuneration of directors and key management is the responsibility of the full Board of Directors at this time.

## Pilot Energy Limited and Controlled Entities

A.B.N 86 115 229 984

# Directors' Report

30 September 2024

## 14 Remuneration Report - Audited (continued)

### (b) Executive remuneration strategy and framework

Remuneration is referred to as compensation in this report.

Compensation levels for key management personnel of the Group are set to attract, retain and motivate appropriately qualified and experienced Directors and Executives. As the Group's principal activities during the year were new ventures and exploration / evaluation, measurement of remuneration policies against financial performance is not considered relevant. The measurement of remuneration policies considered a range of factors including budget performance, delivery of results and timely completion of development programmes.

The objective of the Group's reward framework is to ensure that remuneration policies and structures are fair and competitive. The Board ensures that remuneration satisfies the following criteria for reward:

- competitiveness and reasonableness;
- transparency;
- attracts and retains high calibre executives; and
- rewards capability and experience.

#### **Executive remuneration mix**

The remuneration of the Managing Director and other KMP was structured as a mix of fixed remuneration and variable "at risk" remuneration through short-term and long-term incentive components.

#### **Fixed compensation**

Fixed compensation consists of base compensation plus employer contributions to superannuation funds (unless otherwise stated). Compensation levels are reviewed annually by the Board through a process that considers individual and overall performance of the Group and compares compensation to ensure it is comparable and competitive within the market in which the Group operates.

Fixed compensation is not "at risk" but is appropriately benchmarked and set with reference to role, responsibilities, skills and experience.

#### **Performance-linked compensation**

Performance-linked compensation consists of both short-term and longer-term remuneration. Performance-linked remuneration is not based on specific financial indicators such as earnings or dividends as the Group is at the exploration and development stage. Vesting of long term incentives is based on the market conditions, which is considered an appropriate measure of the outcome of overall performance. There is no separate profit-share plan.

#### **Short-term incentive**

Short term incentives (STI) reward employees for their individual achievements and contributions to business success and organisation outcomes during the financial year. STI's are a variable reward and are not guaranteed.

Each year, the Board considers the appropriate targets and Key Performance Indicators (KPI's) to link the STI and the level of payout if targets are met. This includes capping the maximum payout under the STI scheme and determining the minimum levels of performance to trigger payment of the STI's. Depending upon the level of management, KPI's include the following:

- competitiveness and reasonableness;
- transparency;
- attracts and retains high calibre executives; and
- rewards capability and experience.

#### **Long-term incentive**

Long-term incentives (LTI) are comprised of share options and performance rights (PR), which are granted from time to time to encourage sustained performance in the realisation of strategic outcomes and growth in shareholder value. Options and rights are granted for no consideration and do not carry voting rights or dividend entitlements.

## Pilot Energy Limited and Controlled Entities

A.B.N 86 115 229 984

### Directors' Report

30 September 2024

#### 14 Remuneration Report – Audited (continued)

##### (b) Executive remuneration strategy and framework (continued)

The Company adopted an Employee Share Options Scheme (ESOS) effective 23 February 2010. Under the ESOS, the Company may grant options to Company eligible employees to acquire securities to a maximum of 10% of the Company's total issued ordinary shares at the date of the grant. The fair value of share options granted is estimated using the Black Scholes Option Pricing model.

(i) *Performance Rights*

There were no new performance rights granted as remuneration to directors and key management during the reporting period.

(ii) *New options*

There were no options granted as remuneration to directors and key management during the reporting period.

(iii) *Vested options*

There were no options granted as remuneration to directors and key management that vested during the reporting period.

(iv) *Expired options or forfeited*

There were no options that expired or were forfeited during the reporting period.

##### **Consequences of performance on shareholder wealth**

The overall level of key management personnel compensation takes into account the performance of the Group over a number of years, however as the Company is not a petroleum producer, does not specifically relate to financial performance.

Financial performance in respect of the current financial year and the previous four financial years is detailed below:

Shareholder returns	2024	2023	2022	2021	2020
Net (loss) attributable to equity holders (\$)	(4,815,424)	(4,191,149)	(2,709,823)	(3,828,787)	(889,388)
Basic (loss) per share (cents)	(0.39)	(0.49)	(0.52)	(1.43)	(1.00)
Share price at year end	0.019	0.025	0.018	0.055	0.034
Market capitalisation (\$)	27,129,878	25,938,940	11,005,881	27,588,094	3,601,585
Net tangible assets / (liabilities) (NTA) (\$) <sup>(1)</sup>	14,967,037	11,867,198	10,202,006	11,958,456	(1,229,949)
NTA Backing (cents)	0.010	0.011	0.016	0.024	(0.012)

(1) Net tangible assets comprise of net assets less right-of-use assets per the consolidated statement of financial position.

During the financial years noted above, there were no dividends paid or other returns of capital made by the Group to shareholders. The Group's financial performance is impacted by a number of factors.

##### (c) Board and management changes

Mr Anthony Strasser resigned as at 16 April 2024 with Mr Bradley Lingo stepping into the Managing Director role. Mr Strasser assumed the executive role of Head of Corporate for a transitional period to assist with the administration, implementation and transition of the Company's management and operations relocation to Perth. Mr Strasser resigned from this position on 30 November 2024. There were no other changes to the Board or management during the year.

## Pilot Energy Limited and Controlled Entities

A.B.N 86 115 229 984

### Directors' Report

30 September 2024

#### 14 Remuneration Report – Audited (continued)

##### (d) Service contracts

On appointment to the Board, all non-executive directors enter into a consultancy agreement with the Group in the form of a contract of appointment. The contract summarises the Board's policies and terms, including compensation, relevant to the officer or director.

Executive remuneration and other terms of employment are formalised in service agreements. The service agreements outline the components of compensation paid to key management personnel (KMPs) but do not prescribe how compensation levels are modified year by year. Compensation levels are reviewed each year to take into account cost of living changes, any change in the scope of the role performance by KMPs and any changes required to meet the principles of the compensation policy.

The major provisions of the agreements relating to remuneration are set out below:

Name	Term of agreement	KMP notice period	Company notice period	Base salary <sup>(1)</sup>	Termination Benefit <sup>(2)</sup>
Mr Bradley Lingo <sup>(3)</sup>	Ongoing from 1 October 2023	6 months	12 months	\$500,000	12 months' base salary
Mr Anthony Strasser <sup>(4)</sup>	Ongoing from 1 January 2023	2 months	2 months	\$410,064	-
Mr Daniel Chen	Ongoing from 1 January 2024	1 month	1 month	\$100,000	1 months' base salary
Mr Bruce Gordon	Ongoing from 1 January 2024	1 month	1 month	\$100,000	1 months' base salary
Mr Nick Watson <sup>(5)</sup>	Ongoing from 1 July 2023	3 months	3 months	\$420,000	-

(1) The base salary figures do not include superannuation.

(2) Termination benefits are payable upon early termination by the Group, other than for gross misconduct.

(3) As part of Mr Lingo's employment services contract, there is an Over-Riding Royalty Interest (ORRI) over the anticipated clean energy projects. In September 2022, the Board approved the ORRI agreement which provides for a 2% royalty of the gross revenue from all Sale Agreements with Greenslate Energy Pty Ltd (a related entity of Mr Lingo) relating to the Mid-West Clean Energy project.

(4) As part of Mr Strasser's employment services contract, there was an Over-Riding Royalty Interest (ORRI) over the anticipated clean energy projects. In December 2023, the Board approved the ORRI agreement which provides for a 1% royalty of the gross revenue from all Sale Agreements relating to the Mid-West Clean Energy project. As continued employment was a requirement for the ORRI, this was cancelled as a result of Mr Strasser's resignation on 16 April 2024.

(5) As part of Mr Watson's consulting agreement, there is an Over-Riding Royalty Interest (ORRI) over the anticipated clean energy projects. In December 2023, the Board approved the ORRI agreement which provides for a 0.5% royalty of the gross revenue from all Sale Agreements relating to the Mid-West Clean Energy project.

##### (e) Non-executive director remuneration

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed by the full Board of Directors at this time.

The current base fees were last reviewed with effect from 1 January 2024. The fees approved by the Board are exclusive of the statutory superannuation amount.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at \$340,000 per annum and was approved by shareholders at the Annual General Meeting on 27 February 2015.

In addition to their base fees, non-executive directors may also receive payment for consultancy services at the lesser of \$200 per hour or \$1,500 per day plus any reimbursable expenses.

The Chairman's fees are determined independently to the fees paid to the non-executive directors, based on comparative roles in the external market.

## Pilot Energy Limited and Controlled Entities

A.B.N 86 115 229 984

### Directors' Report

30 September 2024

14 Remuneration Report – Audited (continued)

(f) Key Management Personnel Remuneration

		Short-term benefits			Other benefits	Share based payments			Total	Fixed Remuneration %	Performance based %
		Salary and fees (A)	Short term incentive bonus (B)	Non-monetary Benefits (C)	Superannuation	Shares (D)	Rights (D)	Options (D)			
<b>Executive Directors</b>											
Bradley Lingo (appointed 15/05/20)	2024	497,775	150,000	-	31,645	-	-	-	679,420	78%	22%
	2023	378,415	120,000	-	27,965	-	-	-	526,380	77%	23%
Anthony Strasser (appointed 31/05/21) (resigned 16/04/24)	2024	234,094	130,000 <sup>(2)</sup>	-	16,971	-	-	-	381,065	66%	34%
	2023	386,014	70,000	-	30,069	-	-	-	486,083	86%	14%
<b>Sub-total executive directors' remuneration</b>	2024	731,869	280,000	-	48,616	-	-	-	1,060,485	74%	26%
	2023	764,429	190,000	-	58,034	-	-	-	1,012,463	81%	19%
<b>Non-Executive Directors</b>											
Daniel Chen (appointed 15/09/20)	2024	112,500	30,000	-	15,800	-	-	-	158,300	81%	19%
	2023	150,000	-	-	15,937	-	-	-	165,937	100%	-
Bruce Gordon (appointed 31/05/21)	2024	139,216 <sup>(1)</sup>	20,000	-	-	-	-	-	159,216	87%	13%
	2023	75,522	10,000	-	-	-	-	-	85,522	88%	12%
<b>Sub-total non-executive directors' remuneration</b>	2024	251,716	50,000	-	15,800	-	-	-	317,516	84%	16%
	2023	225,522	10,000	-	15,937	-	-	-	251,459	96%	4%
<b>Other KMP</b>											
Nick Watson (appointed 01/07/23)	2024	420,000	-	-	-	-	-	-	420,000	100%	0%
	2023	319,760	-	-	-	125,000	-	-	444,760	72%	28%
Anthony Strasser (appointed 17/04/24)	2024	240,861	-	-	19,840	-	-	-	260,701	100%	0%
	2023	-	-	-	-	-	-	-	-	-	-
<b>Sub-total Other KMP</b>	2024	590,861	-	-	19,840	-	-	-	680,701	100%	0%
	2023	319,760	-	-	-	125,000	-	-	444,760	72%	28%
<b>Total Key Management Remuneration</b>	2024	1,644,446	330,000	-	84,256	-	-	-	2,058,702	84%	16%
	2023	1,309,711	200,000	-	73,971	125,000	-	-	1,708,682	81%	19%

(1) includes \$30,000 relating to fees as Chairman of the Audit and Risk Committee for the 12 months ending 30 June for the years 2022 and 2023.

(2) includes \$30,000 relating to 2022 bonus

## Pilot Energy Limited

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### Directors' Report 30 September 2024

#### 14 Remuneration Report – Audited (continued)

##### (g) Other KMP disclosures *KMP option holdings*

During the reporting period, no shares were issued on the exercise of options previously granted as compensation.

	Held at 1 October 2023	Held on Appointment or (resignation)	Options Granted/ Acquired	Options expired	Held at 30 September 2024	Vested during the year	Vested and Exercisable at 30 September 2024
<b>Executive directors</b>							
Bradley Lingo <sup>(5)</sup>	13,500,000	-	-	-	13,500,000	-	13,500,000
Anthony Strasser <sup>(1)(6)</sup>	5,250,000	(5,375,000)	125,000	-	-	-	-
<b>Non-executive directors</b>							
Daniel Chen <sup>(2)</sup>	3,500,000	-	150,000	-	3,650,000	-	3,650,000
Bruce Gordon <sup>(3)</sup>	2,575,000	-	125,000	-	2,700,000	-	2,700,000
<b>Other KMP</b>							
Nick Watson <sup>(4)</sup>	3,000,000	-	-	-	3,000,000	-	3,000,000
Anthony Strasser <sup>(1)(6)</sup>	-	5,375,000	-	-	5,375,000	-	5,375,000

##### *KMP shareholdings*

	Held at 1 October 2023	Held on Appointment or (resignation)	Issued/ (Disposed)	Held at 30 September 2024
<b>Executive directors</b>				
Bradley Lingo <sup>(5)</sup>	-	-	-	-
Anthony Strasser <sup>(1)(6)</sup>	25,266,136	(25,766,376)	500,240	-
<b>Non-executive directors</b>				
Daniel Chen <sup>(2)</sup>	8,000,000	-	600,000	8,600,000
Bruce Gordon <sup>(3)</sup>	6,000,000	-	500,000	6,500,000
<b>Other KMP</b>				
Nick Watson <sup>(4)</sup>	14,032,542	-	-	14,032,542
Anthony Strasser <sup>(1)(6)</sup>	-	25,766,376	999,760	26,766,136

(1) beneficially held in related entity. Mandaton Holdings Pty Ltd and Strassfamily Pty Ltd

(2) held in related entity, DVAC Holding Pty Ltd & DVAC Super Fund

(3) held in related entity PAD Pty Limited

(4) held in related entity Watsonno1 Pty Ltd and Castle Rock Energy Pty Ltd

(5) appointed Managing Director on 17 April 2024

(6) resigned as Managing Director on 16 April 2024, Appointed Head of Corporate on 17 April 2024

**THIS IS THE END OF THE REMUNERATION REPORT - AUDITED**

## Pilot Energy Limited

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## Directors' Report

30 September 2024

### 15 Consolidated Entity Disclosure Statement

The information disclosed in the attached consolidated entity disclosure statement is true and correct.

### 16 Material Risk Factors

#### *Introduction*

As with any investment in Securities, there are risks associated with an investment in the Company. The numerous risk factors are both of a specific and a general nature. Some can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. This Note identifies the major areas of risk associated with an investment in the Company but should not be taken as an exhaustive list of the risk factors to which the Company and its Shareholders are exposed. Potential investors should consult their professional adviser before deciding whether to acquire securities in the Company. Additional risks and uncertainties that the Company is unaware of, or that it currently does not consider to be material, may also become important factors that may have an adverse effect on the Company's future financial performance, financial position and prospects.

There can be no guarantee that the Company will achieve its stated objective or that forward-looking statements will be realised.

#### *Specific risks*

##### **a) Additional requirements for capital**

The funding of any further ongoing capital requirements will depend upon a number of factors, including the extent of the Company's ability to generate income from activities which the Company cannot forecast with any certainty. Any future additional equity financing will be dilutive to shareholders, and debt financing, if available, may involve restrictions on financing and operating activities.

If the Company is unable to obtain additional funding as needed, it may not be able to take advantage of opportunities or develop its projects. Further, the Company may be required to reduce the scope of its operations or anticipated expansion and it may affect the Company's ability to continue as a going concern.

##### **b) Exploration, operations and activities risk**

There is no assurance that any exploration or feasibility assessment on current or future interests will result in the discovery of an economic energy project. Even if an apparently viable resource is identified, there is no guarantee that it can be economically developed. The future profitability of the Company and the value of its Securities are directly related to the results of exploration, development and production activities.

The operations of the Company and the operator of the assets in which it has or may have interests may be affected by various factors, including failure to achieve predicted volumes in exploration and drilling, operational and technical difficulties encountered in drilling, poor data acquisition, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated problems which may affect extraction or resource capture costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment.

##### **c) Environmental matters**

The Company's operations are subject to environmental risks that are inherent in the energy industry. The Company is subject to environmental laws and regulations in connection with any operations that it may pursue. The Company conducts all its activities in an environmentally responsible manner and in accordance with all relevant laws. However, accidents, breaches, non-compliance, unforeseen circumstances or changes to the laws and regulations could result in the Company facing penalties, revocation of permits or extensive liabilities for damages, clean-up costs and / or penalties relating to environmental damage.

## Pilot Energy Limited

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## Directors' Report

30 September 2024

### 16 Material Risk Factors (continued)

#### *Specific risks (continued)*

##### **d) Commodity and currency price risks**

The profitability of the Company's operations is directly related to the market price of the commodities. The demand for, and price of oil, gas and energy generally is highly dependent on a variety of factors, including international supply and demand, the level of consumer product demand, actions taken by governments and major petroleum corporations, global economic and political developments and other factors all of which are beyond the control of the Company.

International petroleum prices fluctuate and at times the fluctuations can be quite wide. A material decline in the price of oil and gas may have a material adverse effect on the economic viability of a project. Examples of such uncontrollable factors that can affect oil prices are unrest and political instability in countries that have increased concern over supply. As oil is principally sold throughout the world in US dollars, any significant and / or sustained fluctuations in the exchange rate between the Australian dollar and the US dollar, could have a materially adverse effect on the Company's operations.

##### **e) Reliance on key management**

The ability of the Company to achieve its objectives depends on the engagement of key employees, directors and external contractors that provide management and technical expertise.

If the Company cannot secure external technical expertise, or if the services of the present management or technical team cease to be available to the Company, this may affect the Company's ability to achieve its objectives either fully or within the timeframes and budget that it has forecast. Additionally, industrial disruptions, work stoppages and accidents in the course of operations may adversely affect the Company's performance.

##### **f) Regulatory risk**

The Company's project interests are governed by Commonwealth and Western Australian acts and regulations that apply to the oil, gas and energy industries, and are evidenced by the granting of approvals, licences or leases. If these approvals, licenses or leases are revoked, then the Company may be unable to fulfil its operational objectives which will likely have a material adverse effect.

There is also the risk that projects which the Company may undertake from time to time do not have a legislative regime which provides operational and legal certainty for the Company in relation to the development of future projects.

The Company's licenses or leases may be subject to ongoing obligations to satisfy minimum activities and expenditure obligations. If these obligations are not satisfied, the relevant license or lease may expire or be forfeited, which would result in a loss of the reserves and resources that may be attributable to the Company's interest in the licenses or leases areas.

##### **g) Project development**

Production risks associated with marketability and commerciality of oil, gas and energy to be produced include but are not limited to, reservoir characteristics, market fluctuations, proximity and capacity of infrastructure and process equipment, government regulations and the market price of oil, gas and energy.

Decreases of production or stoppages may result from fluctuations in permeability and flowrates, impurities in the product, facility shut-downs, natural decline, mechanical and technical failures, subsurface complications or other unforeseeable events outside the control of the Company.

##### **h) Government policy changes**

The activities of the Company are subject to various federal, state and local laws governing prospecting, development, production, taxes, labour standards and occupational health and safety, and other matters.

Policy and legislation may affect the viability and profitability of the Company, and the value of its Shares. Amongst other things, taxation including carbon taxes, permitting and licenses, environmental laws, and labour laws are all affected by legislation and regulation and may have an adverse impact.



## **Directors' Report**

**30 September 2024**

### **16 Material Risk Factors (continued)**

#### **General risks**

##### **a) Investment risk**

The securities in the Company should be considered highly speculative. The issued shares in the capital of the Company carry no guarantee as to payment of dividends, return of capital or the market value. Prospective investors must make their own assessment of the likely risks and determine whether an investment in the Company is appropriate to their own circumstances.

##### **b) Share market**

Share market conditions may affect the value of securities in the Company regardless of the Company's operating performance. Share market conditions are affected by many factors including, but not limited to, the following:

- i. general economic outlook in both Australia and internationally;
- ii. introduction of tax reform or other new legislation, regulation, or policy;
- iii. interest rates and inflation rates;
- iv. changes in exchange rates, interest rates and inflation rates;
- v. changes in investor sentiment toward particular market sectors;
- vi. the demand for, and supply of, capital;
- vii. the global security situation and the possibility of terrorist disturbances or other hostilities; and
- viii. other factors beyond the control of the Company.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

##### **c) Economic and government risks**

The future viability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the technology industry including, but not limited to, the following:

- i. general economic conditions in jurisdictions in which the Company operates;
- ii. changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- iii. the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the technology sector;
- iv. movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and
- v. natural disasters, social upheaval or war in jurisdictions in which the Company operates.

##### **d) Taxation**

The acquisition and disposal of securities in the Company will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring securities in the Company from a taxation point of view and generally.

## Pilot Energy Limited

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## Directors' Report

30 September 2024

### 16 Material Risk Factors (continued)

#### *General risks (continued)*

##### e) Dividends

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

##### f) Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may materially affect the financial performance of the Company and the value of securities in the Company.

The risks set out in this Note are not to be taken as an exhaustive list of the risk faced by the Company. There may be other risks of which the Directors are unaware as at the time of issuing this report which may impact on the Company and its operations, and on the valuation and performance of securities in the Company.

### 17 Lead Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included in the financial report.

This report is made in accordance with a resolution of the Directors.

### 18 Corporate Governance Statement

The company's corporate governance practices and policies have been made publicly available on the company's website at <https://www.pilotenergy.com.au/corporate-governance>.

This report is made in accordance with a resolution of the Board of Directors.



**Bradley Lingo**  
Executive Chairman

Dated at Sydney, New South Wales this 19<sup>th</sup> December 2024.



**AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE  
CORPORATIONS ACT 2001**

**TO THE DIRECTORS OF PILOT ENERGY LIMITED ABN 86 115 229 984  
AND CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief, during the year ended 30 September 2024 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

MNSA PTY LTD  
MNSA Pty Ltd

**Allan Facey**  
Director

Sydney  
19<sup>th</sup> December 2024

## Pilot Energy Limited and Controlled Entities

A.B.N 86 115 229 984

### Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 September 2024

	Note	2024 \$	2023 \$
Revenue	4	707,862	421,082
R&D Tax Incentive		1,305,039	1,101,113
Administrative expenses		(1,236,527)	(732,427)
Amortisation	12	(86,433)	(86,433)
Employee benefits expense		(1,782,257)	(1,509,514)
Professional fees		(2,544,320)	(603,823)
Finance expenses	5	(639,877)	(103,408)
Share of (loss)/profit of associate	7	-	(850,358)
Impairment	15	(28,393)	(514,205)
Share based payments expense	21	(496,543)	(1,303,486)
Foreign exchange losses		(13,975)	(9,690)
<b>Loss before income tax</b>		<b>(4,815,424)</b>	<b>(4,191,149)</b>
Income tax expense	8	-	-
<b>Loss for the year</b>		<b>(4,815,424)</b>	<b>(4,191,149)</b>
<b>Total comprehensive loss for the year</b>		<b>(4,815,424)</b>	<b>(4,191,149)</b>
<b>Loss per share (cents per share)</b>			
<u>From continuing operations</u>			
Basic and diluted	22	(0.39)	(0.49)

The accompanying notes form part of these financial statements.

## Pilot Energy Limited and Controlled Entities

A.B.N 86 115 229 984

### Consolidated Statement of Financial Position As at 30 September 2024

	2024	2023
Note	\$	\$
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	10 <b>3,801,241</b>	1,661,320
Trade and other receivables	11 <b>803,482</b>	208,783
<b>TOTAL CURRENT ASSETS</b>	<b>4,604,723</b>	1,870,103
NON-CURRENT ASSETS		
Trade and other receivables	11 <b>2,248,139</b>	461,306
Right-of-use-asset	12 <b>86,433</b>	172,866
Property, plant and equipment	13 <b>819,158</b>	283,133
Investment in associate	14 <b>-</b>	-
Cliff Head and other non-current assets	3 <b>12,040,790</b>	10,691,947
Exploration, evaluation and development assets	15 <b>3,717,222</b>	2,513,012
<b>TOTAL NON-CURRENT ASSETS</b>	<b>18,911,742</b>	14,122,264
<b>TOTAL ASSETS</b>	<b>23,516,465</b>	15,992,367
<b>LIABILITIES</b>		
CURRENT LIABILITIES		
Trade and other payables	16 <b>2,132,111</b>	541,740
Employee benefits	17 <b>461,123</b>	364,567
Financial liabilities	18 <b>2,851,230</b>	97,072
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,444,464</b>	1,003,379
NON-CURRENT LIABILITIES		
Financial liabilities	18 <b>3,018,531</b>	2,948,924
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>3,018,531</b>	2,948,924
<b>TOTAL LIABILITIES</b>	<b>8,462,995</b>	3,952,303
<b>NET ASSETS</b>	<b>15,053,470</b>	12,040,064
<b>EQUITY</b>		
Issued capital	19 <b>75,093,553</b>	67,840,072
Reserves	20 <b>1,174,293</b>	609,866
Accumulated losses	<b>(61,214,376)</b>	(56,409,874)
<b>TOTAL EQUITY</b>	<b>15,053,470</b>	12,040,064

The accompanying notes form part of these financial statements.

## Pilot Energy Limited and Controlled Entities

A.B.N 86 115 229 984

### Consolidated Statement of Changes in Equity For the Year Ended 30 September 2024

	Ordinary Shares	Accumulated Losses	Reserves	Total
	\$	\$	\$	\$
<b>2024</b>				
<b>Balance at 1 October 2023</b>	<b>67,840,072</b>	<b>(56,409,874)</b>	<b>609,866</b>	<b>12,040,064</b>
Loss attributable to members of the parent entity	-	(4,815,424)	-	(4,815,424)
<b>Transactions with owners in their capacity as owners</b>				
Shares issued during the year	6,424,000	-	-	6,424,000
ATM Facility Shares issued during the year	218,934	-	-	218,934
Options issued during the year	-	-	185,589	185,589
Options exercised during the year	70,000	-	(7,390)	62,610
Options expired during the year	-	10,922	(10,922)	-
Equity-based compensation	795,604	-	220,947	1,016,551
Convertible notes issued during the year	-	-	198,482	198,482
Convertible notes converted during the year	400,000	-	(22,279)	377,721
Capital Raising Costs	(655,057)	-	-	(655,057)
<b>Balance at 30 September 2024</b>	<b>75,093,553</b>	<b>(61,214,376)</b>	<b>1,174,293</b>	<b>15,053,470</b>
<b>2023</b>				
<b>Balance at 1 October 2022</b>	<b>62,422,575</b>	<b>(52,219,590)</b>	<b>249,930</b>	<b>10,452,915</b>
Loss attributable to members of the parent entity	-	(4,191,149)	-	(4,191,149)
<b>Transactions with owners in their capacity as owners</b>				
Shares issued during the year	4,199,750	-	-	4,199,750
Options issued during the year	-	-	187,253	187,253
Options exercised during the year	353,077	-	(37,276)	315,801
Options expired during the year	-	865	(865)	-
Equity-based compensation	1,250,647	-	52,839	1,303,486
Convertible notes issued during the year	-	-	157,985	157,985
Capital Raising Costs	(385,977)	-	-	(385,977)
<b>Balance at 30 September 2023</b>	<b>67,840,072</b>	<b>(56,409,874)</b>	<b>609,866</b>	<b>12,040,064</b>

The accompanying notes form part of these financial statements.

## Pilot Energy Limited and Controlled Entities

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### Consolidated Statement of Cash Flows For the Year Ended 30 September 2024

	2024	2023
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	-	304,246
R&D tax incentive	<b>1,305,039</b>	1,101,113
Payments to suppliers and employees	<b>(4,638,162)</b>	(4,207,629)
Interest received	<b>74,318</b>	24,777
Interest paid	<b>(5,933)</b>	(8,129)
Net cash (used in) operating activities	<b>30 (3,264,738)</b>	<b>(2,785,622)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payments for loan to associate	<b>(1,591,070)</b>	(431,500)
Payments for carbon capture projects	<b>(2,948,389)</b>	(1,921,422)
Grants for carbon capture projects	<b>3,049,580</b>	-
Payments for wind and solar expenditure	<b>(243,522)</b>	(175,000)
Payments for capitalised exploration, evaluation and development	<b>(1,568,847)</b>	(2,033,420)
Payments for land	<b>(564,647)</b>	(225,000)
Net cash (used in) investing activities	<b>(3,866,895)</b>	<b>(4,786,342)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of shares and options	<b>6,712,934</b>	4,552,827
Payments for capital raising	<b>(295,590)</b>	(236,000)
Proceeds from borrowings – convertible notes	<b>3,500,000</b>	3,000,000
Convertible note interest	<b>(635,679)</b>	(92,111)
Net cash provided by financing activities	<b>9,281,665</b>	<b>7,224,716</b>
Net increase/(decrease) in cash and cash equivalents held	<b>2,150,032</b>	(347,248)
Effect of exchange rate fluctuations on cash held	<b>(10,111)</b>	(6,765)
Cash and cash equivalents at beginning of year	<b>1,661,320</b>	2,015,333
Cash and cash equivalents at end of financial year	<b>10 3,801,241</b>	<b>1,661,320</b>

The accompanying notes form part of these financial statements.

# Pilot Energy Limited and Controlled Entities

A.B.N 86 115 229 984

## Notes to the Consolidated Financial Statements For the Year Ended 30 September 2024

The financial report covers Pilot Energy Limited and its controlled entities ('the Group'). Pilot Energy Limited is a for-profit Company limited by shares, incorporated and domiciled in Australia.

Each of the entities within the Group prepares their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 19<sup>th</sup> December 2024.

Comparatives are consistent with prior years, unless otherwise stated.

### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001*.

These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### 2 Summary of Material Accounting policies

#### (a) Basis for Consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity.

#### (b) Going Concern

The Directors have prepared the financial report on a going concern basis, which contemplates the realisation of assets and payment of liabilities in the normal course of business. The Group has a working capital deficit of \$839,741 (2023: surplus of \$866,724) and net cash inflow for the 30 September 2024 financial year of \$2,150,032 (2023: outflow of \$347,248). The Group incurred a loss for the year of \$4,815,424 (2023: loss of \$4,191,149) and has net operating cash outflow for the year of \$3,264,738 (2023: outflow of \$2,785,622).

The Directors are aware that the Group's ability to continue as a going concern, and to fund its exploration, evaluation and development activities and project costs may require the Group securing further working capital sourced from one or more of the following alternatives in addition to its current cash reserves:

- Capital market raising such as:
  - Private placement
  - Entitlements issue
  - Share purchase plan
- Borrowings from related or third parties;
- Investments / partnership arrangements from strategic investors;
- Farming out assets to reduce future expenditure obligations.



## Notes to the Consolidated Financial Statements For the Year Ended 30 September 2024

### 2 Summary of Material Accounting policies (continued)

#### (b) Going Concern (continued)

The 2024 year has seen the Company's flagship Mid West Clean Energy Project (MWCEP) transition from completing full feasibility studies to early stage project development with a key focus on concluding partnering arrangements and project funding. Over the past year the Company has been focused on three key areas:

- securing regulatory approvals for the Project, including the receipt of approval by the Commonwealth Minister for Resources of the first ever Approval of Declaration of Formation – the first stage approval to use the existing Cliff Head oil field for permanent CO2 storage
- bringing partners into the project to assist in both funding and executing the Project.
- securing commercial offtake arrangements for the project for both Clean Ammonia supply and CO2 storage service.

These developments with regards the MWCEP, together with corporate progress on arrangements with Triangle Energy (Global) Limited to acquire their interest in the CHJV, as well as successful capital raisings during the past eighteen months, gives the directors comfort regarding the Company's development plans and its ability to meet ongoing funding requirements.

The Directors have reviewed the Groups' financial position and forecast cash flows and reasonably expect that the Group will be able to raise additional funds to meet future costs if necessary. The Directors are therefore of the opinion that the use of going concern basis is appropriate.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

#### (c) New Accounting Standards and Interpretations

##### I. New and Amended Accounting Policies Adopted by the Group

- *AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*  
The Group adopted AASB 2021-2 which amends AASB 7, AASB 101, AASB 108 and AASB 134 to require disclosure of "material accounting policy information" rather than significant accounting policies in an entity's financial statements. It also updates AASB Practice Statement 2 to provide guidance on the application of the concept of materiality to accounting policy disclosures.  
The adoption of the amendment did not have a material impact on the financial statements.
- *AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*  
The Group adopted AASB 2021-5: *Amendments to Australian Accounting Standards – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* for the financial year ending 30 September 2024. Previously, the Group applied the exemption in AASB 112 and did not recognise deferred taxes on its lease transactions where the right of use asset and lease liability were equal on initial recognition. However, the amendment subsequently clarified that this exemption does not apply to transactions for which entities recognise both an asset and a liability that give rise to equal taxable and deductible temporary differences, as may be the case for lease transactions.
- *AASB 2022-7: Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*  
AASB 2022-7 makes editorial corrections to various Australian Accounting Standards and AASB Practice Statement 2. It also formally repeals the superseded and redundant Australian Accounting Standards set out in Schedules 1 and 2 of this standard.  
The adoption of the amendment did not have a material impact on the financial statements.

## Notes to the Consolidated Financial Statements For the Year Ended 30 September 2024

### 2 Summary of Material Accounting policies (continued)

#### (c) New Accounting Standards and Interpretations (continued)

##### II. New and Amended Accounting Policies Not Yet Adopted by the Group

- *AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*  
The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current. The Group plans on adopting the amendment for the reporting period ending 30 September 2025 along with the adoption of AASB 2023-6. The amendment is not expected to have a material impact on the financial statements once adopted.
- *AASB 2021-7c: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*  
*AASB 2021-7c defers the application of AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2025 instead of 1 January 2018.*  
The Group plans on adopting the amendments for the reporting periods ending 30 September 2026. The impact of initial application is not yet known.
- *AASB 2022-6: Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants*  
AASB 2022-6 amends AASB 101: *Presentation of Financial Statements* to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least 12 months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. It also amends an example in Practice Statement 2 regarding assessing whether information about covenants is material for disclosure. The Group plans on adopting the amendment for the reporting period ending 30 September 2025. The amendment is not expected to have a material impact on the financial statements once adopted.

#### (d) Critical Accounting Estimates and Judgements

##### Key estimates

##### (i) Impairment

The group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

##### Key judgements

##### (i) Exploration, evaluation and development expenditure (oil and gas)

The Group capitalises expenditure relating to exploration, evaluation and development where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

##### (ii) Cliff Head and other projects

Pilot is also engaged in pursuing carbon management projects utilising the Cliff Head infrastructure, as well as the transition to the development of integrated renewable energy including hydrogen and other carbon management projects by leveraging its existing oil and gas tenements and infrastructure to cornerstone these developments. The Group is undertaking feasibility studies in relation to these projects and in this regard, all related expenditure will be capitalised where it is considered likely to be recoverable or where the activities have not reached a stage where a reasonable assessment of the viability of the projects can be determined.

## Notes to the Consolidated Financial Statements For the Year Ended 30 September 2024

### 2 Summary of Material Accounting policies (continued)

#### (d) Critical Accounting Estimates and Judgements (continued)

(iii) *Cashflow Projections*

Management estimates its cashflow projections based on information available to management at that time and projections are revised on a rolling basis to ensure they are relevant and realistic. Cashflow projections require the use of assumptions when estimating the timing of the payments of forward estimates. The actual performance of the business may be materially different to that projected due to factors which were not foreseeable or controllable by management at the time the original estimates were prepared.

(iv) *Share-based payment transactions*

The consolidated group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes valuation model taking into account the terms and conditions upon which the instruments were granted. The inputs to the Black-Scholes valuation model include the share price at grant date, exercise price, the term of the right, expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the right. The accounting estimates and assumptions relating to equity-settled share-based payments, most significantly the volatility assumption, would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

(v) *Uncertainty over tax provision*

The group has used its best estimate in instances where accounting for income tax treatments that have yet to be accepted by tax authorities, in scenarios where it may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept an entity's tax treatment.

(vi) *Employee benefits*

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(vii) *Determination of tax residency*

Section 295 (3A) of the *Corporation Acts 2001* requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDs) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in *Tax Ruling TR 2018/5*.

- Foreign tax residency

The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

(viii) *Grants*

The group has recognised government grants received under the asset method. This will result in grant income being recognized over time through a reduced depreciation expense on assets acquired from the grant.

## Pilot Energy Limited and Controlled Entities

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# Notes to the Consolidated Financial Statements

## For the Year Ended 30 September 2024

### 2 Summary of Material Accounting policies (continued)

#### (e) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or business under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred. The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

#### (f) Grants

In accordance with AASB 120: *Accounting for Government Grants and Disclosure of Government Assistance* - the Group recognises grants only when there is reasonable assurance that:

- (i) the Group will comply or has complied, with any conditions attached to the grant.
- (ii) the grant will be received

Government grants related to assets, including non-monetary grants at fair value, shall be presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset. The grant is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

#### (g) Goods and Services Tax (GST)

Revenues, expenses, and assets are recognised net of the amount of goods and service tax (GST) except:

- (i) where the amount of GST incurred is not recoverable from the relevant taxation authority.
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of the receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities is classified as operating cash flows.

#### (h) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the reporting date. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current assessments of the time value of money and, where appropriate, specific risks to the liability. Increases in the provision from the passage of time is recognised in finance costs.

#### (i) Joint Venture Interests

An interest in a joint venture operation is brought to account by including in the respective financial statement categories:

- the consolidated entity's share in each of the individual assets employed in the joint venture;
- liabilities incurred by the consolidated entity in relation to the joint venture including the economic entity's share of any liabilities for which the consolidated entity is jointly and/or severally liable; and
- the consolidated entity's share of expenses of the joint venture.

## Pilot Energy Limited and Controlled Entities

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# Notes to the Consolidated Financial Statements

## For the Year Ended 30 September 2024

### 2 Summary of Material Accounting policies (continued)

#### (j) Foreign Currency Transactions and Balances

##### *Functional and Presentation Currency*

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

##### *Transaction and Balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

#### (k) Research and Development

Costs associated with maintaining research and development programs are recognised as an expense as incurred.

Research and development costs that are directly attributable to the design and testing of identifiable and unique products and or processes controlled by the group are recognised as intangible assets where the following criteria are met:

- it is feasible to complete the research and development so that the end product or process will be available for use;
- management intends to complete the research and development and use or sell the product or process;
- there is an ability to use or sell the research and development expenditure;
- it can be demonstrated how the research and development of the product or process will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the research and development expenditure are available; and
- the expenditure incurred during research and development can be reliably measured.

Directly attributable costs that are capitalised as part of the research and development include employee costs and an appropriate portion of relevant overheads.

Capitalised research and development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Research and development expenditure that do not meet the criteria above are recognised as an expense as incurred.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

## Pilot Energy Limited and Controlled Entities

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# Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2024

### 3 Cliff Head and Other Non-Current Assets

#### Accounting Policy

##### *Cliff Head and Other Non-Current Assets*

The asset, Cliff Head, was recognised as a result of a Business Combination. The asset was measured at fair value at the date of acquisition as probable that associated future economic benefits would flow to the Group.

Expenditure incurred relating to the MWCEP (including feasibility costs and pre-FEED development costs) is recognised in the Statement of Financial Position for each Project, or separately identifiable asset, when it is probable that the future economic benefits will flow to the Group and the asset has a cost or value that can be measured reliably. The assessment of probability attaching to the flow of economic benefits is made on the basis of the evidence available when the expenditure is incurred.

Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure but does not include general overheads or administrative expenditure not having a specific connection to a particular project.

	2024	2023
	\$	\$
Cliff Head	3,619,120	3,619,120
MWCEP*	9,922,429	5,767,738
Wind and Solar Feasibility Expenditure	1,548,821	1,305,089
MWCTP <sup>(1)</sup>	<b>(3,049,580)</b>	-
<b>Total Cliff Head and Other Non-Current Assets</b>	<b>12,040,790</b>	<b>10,691,947</b>

\*Mid-West Clean Energy Project

<sup>(1)</sup> during the financial year, Pilot received \$3,049,580 as part of the Government's Carbon Capture Technologies Program. The grant is to be used to support the Mid-West Carbon Technology Project (MWCTP). Further payments are subject to satisfactory progress on the project and compliance by Pilot with its obligations under the grant.

## Pilot Energy Limited and Controlled Entities

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### Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2024

#### 4 Revenue

	2024	2023
	\$	\$
Revenue from related parties	434,039	394,299
Other income	8,913	-
Interest	264,910	26,783
<b>Total Revenue</b>	<b>707,862</b>	<b>421,082</b>

#### 5 Finance Expenses

	2024	2023
	\$	\$
Interest	639,877	103,408
<b>Total finance expenses</b>	<b>639,877</b>	<b>103,408</b>

#### 6 Impairment of Assets

##### Accounting Policy

The Directors assess at each reporting date whether there is an indication that an asset has been impaired.

##### *Impairment*

The Directors assess at each reporting date whether there is an indication that an asset has been impaired and for exploration and evaluation costs whether the above carry forward criteria are met.

Accumulated costs in respect of areas of interest are impaired when the above criteria do not apply or when the Directors assess that the carrying value may exceed the recoverable amount.

##### *Associates*

The requirements of AASB 128: *Investments in Associates and Joint Ventures* and AASB 9: *Financial Instruments* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with AASB 136: *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

##### *Cliff Head and other non-current assets*

An impairment test is carried out on the assets by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. The assessment includes considerations of external and internal sources of information for indicators of impairment. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

## Pilot Energy Limited and Controlled Entities

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# Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2024

## 7 Share of Profit/(Loss) of Associate

### Accounting Policy

Interests in associates, where the investor has significant influence over the investee, are accounted for using the equity method in accordance with AASB 128 *Investments in Associates and Joint Ventures*. Under this method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

The Group has a 21.25% equity interest in the Cliff Head Oil Field through 50% interest in Triangle Energy (Operations) Pty Ltd (TEO), the operator and owner of 42.5% joint venture interest in the Cliff Head Oil Field.

	2024		2023	
	TEO \$	Pilot Energy Portion (50%) \$	TEO \$	Pilot Energy Portion (50%) \$
<b>Total Share of Profit / (Loss) of Associate for the year</b>	<b>(5,606,134)</b>	<b>-*</b>	<b>(3,165,717)</b>	<b>(850,358)*</b>

\*Loss attributable to Pilot has been capped at available equity.

## 8 Income Tax Expense

### Accounting Policy

Income tax expense comprises current and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, the taxation authorities. Current tax is based on tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying value of assets and liabilities in the financial statements and the corresponding tax base used for calculating taxable profits. Deferred tax balances are disclosed net to the extent that they relate to taxes levied by the same authority and the Group has the right of set-off.

Deferred Income Tax Assets relating to temporary differences, carry forward of unused tax assets and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probably that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on substantively enacted rates at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

### (a) Amounts recognised in profit or loss:

	2024 \$	2023 \$
<b>Current tax benefit</b>		
Current period	-	-
<b>Deferred tax benefit</b>		
Origination and reversal of temporary differences	-	-
<b>Total income tax benefit</b>	<b>-</b>	<b>-</b>



## Pilot Energy Limited and Controlled Entities

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### Notes to the Consolidated Financial Statements For the Year Ended 30 September 2024

#### 8 Income Tax Expense (continued)

##### (b) Reconciliation of effective tax rate

	2024	2023
	\$	\$
Loss for the period	(4,815,424)	(4,191,149)
Applicable Group domestic income tax rate	25%	25%
Loss excluding income tax	<u>(4,815,424)</u>	<u>(4,191,149)</u>
Add:		
Tax effect of:		
- Income tax using the Group's domestic tax rate of 25% (2023: 25%)	(1,203,856)	(1,047,787)
- non-deductible expenses	-	-
- Tax losses carried forward and other timing differences not brought to account	<u>1,203,856</u>	<u>1,047,787</u>
Income tax expense	<u><u>-</u></u>	<u><u>-</u></u>

All unused tax losses were incurred by Australian entities.

Potential future income tax benefits up to \$12,542,565 (2023: \$11,338,709) attributed to tax losses have not been brought to account.

The benefit of these tax losses will only be obtained if:

- i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- ii) the conditions for the deductibility imposed by tax legislation continue to be complied with;
- iii) no changes in tax legislation adversely affect the Group in realising the benefit; and
- iv) satisfaction of either the continuity of ownership or the same business.

##### (c) Unrecognised deferred tax assets:

Deferred tax assets have not been recognised in respect of the following items:

	2024	2023
	\$	\$
<b>Deferred tax assets (DTAs)</b>		
Share issue costs	163,764	96,494
Exploration expenditure	638,263	1,091,045
Carry forward tax losses	<u>12,542,565</u>	<u>11,338,709</u>
DTAs not brought to account	<u><u>13,344,592</u></u>	<u><u>12,526,248</u></u>

## Pilot Energy Limited and Controlled Entities

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# Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2024

## 9 Operating Segments

### Information about reportable segments

Pilot is a junior oil and gas exploration and production company that is pursuing the diversification and transition to the development of carbon management projects, production of hydrogen and clean ammonia for export to emerging APAC Clean Energy markets. Pilot intends to leverage its existing oil and gas operations and infrastructure to cornerstone these developments.

Therefore at this time, the Group has not identified additional operating segments in assessing performance and determining the allocation of resources.

Reportable segments disclosed are based on aggregating tenements where the evaluation and exploration interests are considered to form a single project. This is indicated by:

- having the same ownership structure; and
- exploration programs targeting the tenements as a group, indicated by the use of the same exploration team, shared geological data and knowledge across the tenements.

Unless otherwise stated, all amounts reported with respect to operating tenements, are determined in accordance with *AASB 8 Operating Segments*. Information provided to the Board of Directors is consistent with information presented in the Consolidated Statement of Profit or Loss and Consolidated Statement of Financial Position respectively.

## 10 Cash and Cash Equivalents

### Accounting Policy

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

	2024	2023
	\$	\$
Cash at bank and in hand	<b>3,801,241</b>	1,661,320
	<b>3,801,241</b>	1,661,320

## Pilot Energy Limited and Controlled Entities

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# Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2024

## 11 Trade and Other Receivables

### Accounting Policy

Trade receivables are recognised initially at the value of the invoice sent to the counter-party and subsequently at the amounts considered recoverable (amortised cost). Where there is evidence that the receivable is not recoverable, it is impaired with a corresponding charge to the consolidated statement of profit or loss.

	2024	2023
<i>Current</i>	\$	\$
Trade Debtors	569,833	150,405
GST	204,052	51,482
Prepayments	29,597	6,896
<b>Total current trade and other receivables</b>	<b>803,482</b>	<b>208,783</b>
<i>Non-Current</i>		
Deposits	34,200	27,800
Loan to TEO	2,213,939	433,506
<b>Total non-current trade and other receivables</b>	<b>2,248,139</b>	<b>461,306</b>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

## 12 Right-of-use Assets

### Accounting Policy

AASB 16 requires a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model; and
- lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

The right of use asset and lease liability is recorded on the balance sheet in respect of the Group's portfolio of property leases, currently accounted for as operating leases.

	2024	2023
	\$	\$
<b>Right-of-use asset</b>		
Opening right-of-use asset	172,866	250,909
Amortisation charge for the year	(86,433)	(86,433)
Additions	-	8,390
<b>Closing right-of-use asset</b>	<b>86,433</b>	<b>172,866</b>

The Group recognises a right-of-use asset for the office premises in accordance with AASB 16: Leases. The current lease expires 30 September 2025.

## Pilot Energy Limited and Controlled Entities

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### Notes to the Consolidated Financial Statements For the Year Ended 30 September 2024

#### 13 Property, Plant and Equipment

##### Accounting Policy

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset

The Directors have assessed a change in accounting policy for the treatment of options to purchase land. Options to purchase land are stated on the consolidated statement of financial position at cost and will form part of the cost base of any resulting purchase of land. Upon expiry of the call option period, the land option will be impaired to nil value. Previously, options to purchase land were treated as a receivable.

	2024	2023
	\$	\$
Office equipment at cost	9,480	9,480
Additions	-	-
Total Office equipment at cost	9,480	9,480
Accumulated depreciation	(9,480)	(9,480)
Depreciation charge for year	-	-
Total Office Equipment	-	-
Land Options <sup>(1)</sup>	283,133	-
Additions	536,025	283,133
Total Land Options at cost	819,158	283,133
Impairment during the year	-	-
Total Land Options	-	-
<b>Total Property, Plant and Equipment</b>	<b>819,158</b>	<b>283,133</b>
<b>Reconciliation of Property, Plant and Equipment</b>		
Opening Property, Plant & Equipment	283,133	-
Additions during the year	536,025	283,133
Depreciation during year	-	-
<b>Total, Property, Plant and Equipment</b>	<b>-</b>	<b>283,133</b>

<sup>(1)</sup> Pilot currently holds one option to purchase land in Western Australia for \$4.5M prior to 13<sup>th</sup> April 2025. Pilot currently holds one option to lease land in Western Australia. The option expires 27<sup>th</sup> March 2026

## Pilot Energy Limited and Controlled Entities

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### Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2024

#### 14 Investment in Associate

##### Accounting Policy

Interests in associates, where the investor has significant influence over the investee, are accounted for using the equity method in accordance with AASB 128 *Investments in Associates and Joint Ventures*. Under this method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

The Group has a 21.25% equity interest in the Cliff Head Oil Field through 50% interest in Triangle Energy (Operations) Pty Ltd (TEO), the operator and owner of 42.5% joint venture interest in the Cliff Head Oil Field.

Summarised aggregated financial information of the Group's share

	2024 \$	2023 \$
<i>Triangle Energy (Operations) Pty Ltd</i>		
<b>Opening carrying amount of the Group's Interest</b>	-	850,358
Share of associate (loss) / profit for the year	-	(850,358)
Less impairment	-	-
<b>Closing carrying amount of the Group's Interest</b>	-	-

## Pilot Energy Limited and Controlled Entities

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### Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2024

#### 15 Exploration, Evaluation and Development Assets

##### Accounting Policy

###### *Exploration, Evaluation and Development*

Exploration, evaluation and development expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure but does not include general overheads or administrative expenditure not having a specific connection with a particular area of interest.

Exploration, evaluation and development costs in relation to separate areas of interest for which grants of tenure are current are brought to account in the year in which they are incurred and carried forward provided that:

- such costs are expected to be recouped through successful development and exploitation of the area, or alternatively through its sale; or
- exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

###### *Development*

Once a development decision has been taken, all past and future exploration and evaluation assets in respect of the area of interest are tested for impairment and transferred to the cost of development. To date, no development decision has been made.

###### *Restoration*

Costs of site restoration are provided over the life of the facility from when development commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs are determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for in the financial year of the change in estimate. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

	<b>2024</b>	2023
	<b>\$</b>	<b>\$</b>
Exploration, Evaluation and Development Assets	<b>2,513,012</b>	1,678,662
Capitalised expenditure	<b>1,232,603</b>	1,348,555
Less impairment*	<b>(28,393)</b>	(514,205)
Closing carrying amount of the Group's Interest	<b>3,717,222</b>	2,513,012

\*Pilot was notified on 20 June 2023 regarding the cancellation of oil & gas exploration permits EP416 and EP480. There being no restoration costs, the capitalised expenditure for these permits have been impaired in full.

## Pilot Energy Limited and Controlled Entities

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### Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2024

#### 16 Trade and Other Payables

##### Accounting Policy

Trade payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid at the end of the month following date of recognition.

	2024	2023
	\$	\$
Trade payables	1,715,341	511,333
GST	305,849	-
Other payables	110,921	30,407
	<u>2,132,111</u>	<u>541,740</u>

#### 17 Employee Benefits

	2024	2023
	\$	\$
<i>Current</i>		
Provision for annual leave	409,505	364,567
Provision for long service leave	51,618	-
	<u>461,123</u>	<u>364,567</u>

#### 18 Financial Liabilities

##### Accounting Policy

Compound financial instruments issued by the Group comprise convertible notes denominated in dollars that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

	2024	2023
	\$	\$
<i>Current</i>		
Lease liabilities	103,949	97,072
Convertible notes	2,747,281	-
	<u>2,851,230</u>	<u>97,072</u>

## Pilot Energy Limited and Controlled Entities

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### Notes to the Consolidated Financial Statements For the Year Ended 30 September 2024

#### 18 Financial Liabilities (continued)

	2024	2023
	\$	\$
<i>Non-Current</i>		
Lease liabilities	-	103,949
Convertible notes	<b>3,018,531</b>	2,844,975
	<b>3,018,531</b>	2,948,924

At the reporting dates, the Group has two convertible note agreements with a syndicate of investors with a remaining face value of \$2,900,000 and \$3,200,000 each with a coupon rate of 12% paid quarterly in either cash or shares at the election of the noteholder. These Notes mature 21 June 2025 and 19 February 2026 respectively.

#### 19 Issued Capital

##### Accounting Policy

Issued and paid-up capital is recognised as the fair value of the consideration received by the Group. The shares issued do not have a par value and there is no limit on the authorised share capital of the Group. Fully paid ordinary shares carry one vote per share, which entitles the holder to participate in the proceeds on winding up of the Company in proportion to the number of, and amounts paid on, the shares held.

Any transaction costs arising on the issue of ordinary shares that would not have been incurred had ordinary shares not been issued are recognised directly in equity as a reduction of the share proceeds received.

The Group may issue shares to contractors at its discretion in exchange for services rendered. The cost of these issued shares is measured by reference to the fair value at the date at which they were granted.

	2024	2023
	\$	\$
Ordinary shares	<b>75,093,553</b>	67,840,072
<b>Total</b>	<b>75,093,553</b>	67,840,072

##### (a) Ordinary shares

	Shares	
	No.	\$
<b>At 1 October 2023</b>	<b>1,037,557,606</b>	<b>67,840,072</b>
<i>Additions</i>		
Conversion of convertible notes to shares at 2.0 cents each	5,000,000	100,000
Conversion of convertible notes to shares at 3.0 cents each	10,000,000	300,000
Exercise of options to fully paid ordinary shares at 2.0 cents each	3,500,000	70,000
Placement of fully paid ordinary shares at 2.0 cents each	121,200,000	2,424,000
Issue of fully paid ordinary shares to consultants	36,250,739	795,604
Placement of fully paid ordinary shares at 2.2 cents each	181,818,182	4,000,000
Dolphin Capital Investments ATM Facility security shares <sup>(1)</sup>	32,561,791	-
Dolphin Capital Investments ATM Facility proceeds received <sup>(1)</sup>	-	218,934
Capital raising costs	-	(655,057)
<b>At 30 September 2024</b>	<b>1,427,888,318</b>	<b>75,093,553</b>

<sup>(1)</sup>See note 28



## Pilot Energy Limited and Controlled Entities

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### Notes to the Consolidated Financial Statements For the Year Ended 30 September 2024

#### 19 Issued Capital (continued)

(b) Ordinary Shares	Shares	
	No.	\$
<b>At 1 October 2022</b>	<b>611,437,850</b>	<b>62,422,575</b>
<i>Additions</i>		
Issue of shares to consultants and employees	9,827,801	165,746
Placement of shares at 1.7 cents each	29,411,765	500,000
Placement of shares at 1.5 cents each	130,666,667	1,960,000
Issue of shares to consultants	12,953,367	250,000
Issue of shares to consultants and employees	8,980,181	138,466
Placement of shares at 1.5 cents each	2,650,000	39,750
Placement of shares at 1.0 cents each	170,000,000	1,700,000
Issue of shares to consultants	31,285,773	446,435
Exercise of options to fully paid ordinary shares at 2.0 cents each	17,653,847	353,077
Issue of shares to consultants	12,690,355	250,000
Capital raising costs	-	(385,977)
<b>At 30 September 2023</b>	<b><u>1,037,557,606</u></b>	<b><u>67,840,072</u></b>

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote. The Company does not have authorised capital or par value in respect of its shares.

## Pilot Energy Limited and Controlled Entities

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### Notes to the Financial Statements

For the Year Ended 30 September 2024

#### 19 Issued Capital (continued)

##### (b) Options

At 30 September 2024, a summary of the Company options issued and not exercised are as follows:

Grant Date	Vesting Date	Expiry Date	Exercise price (cents)	Balance at the start of the year	Granted during the year	Expired during the year	Exercised during the year	Balance at the end of the year	Vested and exercisable at the end of the year
21 Dec 2020	21 Dec 2020	4 Nov 2025	7.0	10,000,000	-	-	-	10,000,000	10,000,000
12 Nov 2021	12 Nov 2021	2 Nov 2024	8.0	13,333,334	-	-	-	13,333,334	13,333,334
1 Feb 2022	1 Feb 2022	1 Feb 2024	10.0	10,000,000	-	(10,000,000)	-	-	-
18 Mar 2022	18 Mar 2022	18 Mar 2025	10.0	17,500,000	-	-	-	17,500,000	17,500,000
19 Aug 2022	19 Aug 2022	25 Aug 2025	3.3	49,999,992	-	-	-	49,999,992	49,999,992
15 Nov 2022	15 Nov 2022	7 Nov 2024	3.3	14,705,882	-	-	-	14,705,882	14,705,882
15 Feb 2023	15 Feb 2023	25 Aug 2025	3.3	74,658,334	-	-	-	74,658,334	74,658,334
21 Jun 2023	21 Jun 2023	30 Apr 2026	2.0	92,346,153	-	-	(3,500,000)	88,846,153	88,846,153
7 Feb 2024	7 Feb 2024	1 Nov 2026	5.0	-	6,000,000	-	-	6,000,000	6,000,000
7 Feb 2024	7 Feb 2024	25 Aug 2025	3.3	-	30,300,004	-	-	30,300,004	30,300,004
7 Feb 2024	7 Feb 2024	7 Feb 2027	4.05	-	20,000,000	-	-	20,000,000	20,000,000
7 Feb 2024	7 Feb 2024	25 Aug 2025	3.3	-	55,454,545	-	-	55,454,545	55,454,545
				<b>282,543,695</b>	<b>111,754,549</b>	<b>(10,000,000)</b>	<b>(3,500,000)</b>	<b>380,798,244</b>	<b>380,798,244</b>

During the year ended 30 September 2024, 10,000,000 options expired, 3,500,000 options were exercised and no options were modified (2023: 54,212,092 options expired, 17,653,847 options exercised, no options modified).

## Pilot Energy Limited and Controlled Entities

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### Notes to the Financial Statements

For the Year Ended 30 September 2024

#### 19 Issued Capital (continued)

##### (b) Options (continued)

At 30 September 2023, a summary of the Company options issued and not exercised are as follows:

Grant Date	Vesting Date	Expiry Date	Exercise price (cents)	Balance at the start of the year	Granted during the year	Expired during the year	Exercised during the year	Balance at the end of the year	Vested and exercisable at the end of the year
21 Dec 2020	21 Dec 2020	18 Dec 2022	3.3	6,636,365	-	(6,636,365)	-	-	-
21 Dec 2020	21 Dec 2020	4 Nov 2025	7.0	10,000,000	-	-	-	10,000,000	10,000,000
13 Jan 2021	13 Jan 2021	18 Dec 2022	6.6	37,575,727	-	(37,575,727)	-	-	-
13 Jan 2021	13 Jan 2021	13 Jan 2023	6.6	10,000,000	-	(10,000,000)	-	-	-
12 Nov 2021	12 Nov 2021	2 Nov 2024	8.0	13,333,334	-	-	-	13,333,334	13,333,334
1 Feb 2022	1 Feb 2022	1 Feb 2024	10.0	10,000,000	-	-	-	10,000,000	10,000,000
18 Mar 2022	18 Mar 2022	28 Feb 2025	10.0	17,500,000	-	-	-	17,500,000	17,500,000
19 Aug 2022	19 Aug 2022	25 Aug 2025	3.3	49,999,992	-	-	-	49,999,992	49,999,992
15 Nov 2022	15 Nov 2022	7 Nov 2024	3.3	-	14,705,882	-	-	14,705,882	14,705,882
15 Feb 2023	15 Feb 2023	25 Aug 2025	3.3	-	74,658,334	-	-	74,658,334	74,658,334
21 Jun 2023	21 Jun 2023	30 Apr 2026	2.0	-	110,000,000	-	(17,653,847)	92,346,153	92,346,153
				<b>155,045,418</b>	<b>199,364,216</b>	<b>(54,212,092)</b>	<b>(17,653,847)</b>	<b>282,543,695</b>	<b>282,543,695</b>

During the year ended 30 September 2023, 54,212,092 options expired, 17,653,847 options were exercised and no options were modified (2022: no options expired, 454,545 options exercised, no options modified).

## Pilot Energy Limited and Controlled Entities

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### Notes to the Financial Statements

For the Year Ended 30 September 2024

#### 20 Reserves

##### Accounting Policy

###### **Nature and purpose of reserves**

###### *Share-based payment reserve*

This reserve is used to record the cumulative assessed value of equity benefits provided to employees, contractors and Executive Directors as part of their remuneration.

###### *Option premium reserve*

This reserve is used to record the cumulative assessed value of options outstanding to shareholders.

###### *Convertible notes reserve*

This reserve is used to record the equity portion of issued convertible notes.

##### (a) Reserves

	2024	2023
	\$	\$
Share Based Payments Reserve	378,853	204,186
Options Reserve	461,252	247,695
Convertible Notes Reserve	334,188	157,985
<b>Total</b>	<b>1,174,293</b>	<b>609,866</b>

##### (b) Share-based Payments Reserve

##### Accounting Policy

The share option programme allows Group employees to receive rights to acquire shares of the Company. The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where the fair value of an employee share option has been recognised as a share-based payment and the option lapses on expiry, the total amount of the share-based payment expense is transferred from the share-based payment reserve to accumulated losses.

The share-based payment expense included within the consolidated statement of comprehensive profit or loss can be broken down as follows:

	2024	2023
	\$	\$
<b>Expensed in share-based payments expense</b>		
Options issued to contractors	185,589	52,839
<b>Total</b>	<b>185,589</b>	<b>52,839</b>

## Pilot Energy Limited and Controlled Entities

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### Notes to the Financial Statements

For the Year Ended 30 September 2024

#### 21 Share-based Payments

##### Accounting Policy

The Group may issue shares to contractors at its discretion in exchange for services rendered. The Group measures the goods or services received, and the corresponding increase in equity, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the Group cannot estimate reliably the fair value of the goods or services received, the entity shall measure their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

Where the fair value of an employee share option has been recognised as a share-based payment and the option lapses on expiry, the total amount of the share-based payment expense is transferred from the share-based payment reserve to accumulated losses.

The share-based payment expense included within the consolidated statement of comprehensive profit or loss can be broken down as follows:

	2024	2023
	\$	\$
<b>Shares</b>		
Shares issued to contractors	310,954	1,026,161
Shares issued to KMP	-	125,000
Shares issued to employees	-	99,486
	<u>310,954</u>	<u>1,250,647</u>
<b>Options</b>		
Options issued to contractors	185,589	52,839
	<u>185,589</u>	<u>52,839</u>
<b>Total</b>	<u>496,543</u>	<u>1,303,486</u>

#### 22 Loss per Share

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	2024	2023
	\$	\$
As the Group is in a loss position, there is no diluted EPS calculated.		
(a) Earnings used to calculate overall earnings per share		
Net (loss) after income tax	<u>(4,815,424)</u>	<u>(4,191,149)</u>
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS		
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic loss per share	<u>1,223,790,058</u>	<u>851,416,686</u>
(c) Basic & diluted (loss) per share (cents)	(0.39)	(0.49)

## Pilot Energy Limited and Controlled Entities

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## Notes to the Financial Statements

For the Year Ended 30 September 2024

### 23 Capital and Other Commitments

#### Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the requirements specified by the respective State Government. These obligations are subject to negotiation when application for a petroleum exploration lease is made and at other times. These commitments are not provided for in the financial report and are payable as follows:

	From 1 Oct 2024 1 Year (net to Pilot)	From 1 Oct 2024 1 to 5 Years (net to Pilot)
G&G	-	150,000
Seismic (planning, acquisition and processing)	633,333	17,300,000
Drilling of one well (planning and drilling)	-	29,800,000
	<b>633,333</b>	<b>47,250,000</b>

#### Notes:

- WA-481-P A significant component of the work programme is a commitment to acquire 400 km<sup>2</sup> of 3D seismic (estimated to cost \$300,000) in 2025 and drill an exploration well (estimated to cost in the order of \$15 million) in 2026/27. Due to unforeseen delays to Environmental Plan approval for 3D seismic, we will be seeking a 12 month suspension/extension for WA-481-P from NOPTA which will see seismic activities and drilling delayed until 2026 and 2027/2028 respectively. The Company is in discussions with parties regarding farmout arrangements for the permit and the associated work programme.
- G-12-AP The work programme is underpinned by G & G studies through to 2029 (total estimated cost of \$3 million) with an injection test well (estimated to cost in the order of \$20 million) in 2029/30.
- WA31-L This table above does not include Pilot's share of Cliff Head's decommissioning expenditure due to the uncertainty of timing of such expenditure which is not expected to occur within 5 years given the Group's business plans.

### 24 Financial Risk Management

#### Accounting Policy

##### Classification of financial instruments

The financial assets and liabilities of the Group are classified into the following financial statement captions in the statement of financial position in accordance with AASB 139 *Financial Instruments*:

- Loans and receivables – separately disclosed as cash and cash equivalents and trade and other receivables;
- Financial liabilities measured at amortised cost' – separately disclosed as borrowings and trade and other payables

Judgement is required when determining the appropriate classification of the Group's financial instruments. Details on the accounting policies for measurement of the above instruments are set out in the relevant note.

##### Recognition and de-recognition of financial assets and liabilities

The Group recognises a financial asset or liability when it becomes a party to the contract. Financial instruments are no longer recognised in the statement of financial position when contractual cash flows expire or when the Group no longer retains control of substantially all the risks and rewards under the instrument.

# Pilot Energy Limited and Controlled Entities

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## Notes to the Financial Statements

For the Year Ended 30 September 2024

### 24 Financial Risk Management (continued)

The Group is exposed to a variety of financial risks through its use of financial instruments.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets. The most significant financial risks to which the Group is exposed to are described below:

#### Specific risks

- Liquidity risk
- Credit risk
- Market risk - currency risk, interest rate risk and price risk

The principal categories of financial instrument used by the Group are:

- Trade receivables
- Cash at bank
- Trade and other payables

#### Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of the Group's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and the use of derivatives.

Mitigation strategies for specific risks faced are described below:

#### Liquidity Risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Group maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

The Group's liabilities have contractual maturities which are summarised below excluding the impact of netting arrangements:

	Carrying amount		Contractual cash flows		12 months or less	
	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$
<b>Non-derivative financial liabilities</b>						
Trade and other payables	2,132,111	541,740	2,132,111	541,740	2,132,111	541,740
Financial liabilities	5,869,761	3,045,996	5,869,761	3,045,996	2,851,230	97,072
Employee benefits	461,123	364,567	461,123	364,567	461,123	364,567
<b>Total</b>	<b>8,462,995</b>	<b>3,952,303</b>	<b>8,462,995</b>	<b>3,952,303</b>	<b>5,444,464</b>	<b>1,003,379</b>

## Pilot Energy Limited and Controlled Entities

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# Notes to the Financial Statements

For the Year Ended 30 September 2024

## 24 Financial Risk Management (continued)

### Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

There are no balances within trade receivables that contain assets that are not impaired and are past due. It is expected that these balances will be received when due.

### Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

### Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

Foreign currency denominated financial assets and liabilities, translated into Australian Dollars at the closing rate, are as follows:

	USD
<b>2024</b>	<b>\$</b>
Nominal amounts	
Financial assets	<u><u>1,082</u></u>
<b>2023</b>	
Nominal amounts	
Financial assets	<u><u>1,842</u></u>

The following table illustrates the sensitivity of the net result for the year and equity in regard to the Group's financial assets and financial liabilities and the US Dollar – Australian Dollar exchange rate. There have been no changes in the assumptions calculating this sensitivity from prior years.

It assumes a +/- 10% change of the Australian Dollar / US Dollar exchange rate for the year ended 30 September 2024 (30 September 2023: 10%). This percentage has been determined based on the average market volatility in exchange rates in the previous 12 months. A positive number indicates an increase in profit or loss where the Australian dollar strengthens against the respective currency.



## Pilot Energy Limited and Controlled Entities

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## Notes to the Financial Statements

For the Year Ended 30 September 2024

### 24 Financial Risk Management (continued)

#### Market Risk (continued)

##### Foreign exchange risk (continued)

The year-end rate is 1 USD: 1.4453 AUD.

If the Australian Dollar had strengthened and weakened against the USD by 10% (30 September 2023: 10%) then this would have had the following impact:

	2024		2023	
	+10%	+10%	+10%	-10%
USD				
Net results	108	(108)	184	(184)

### 25 Key Management Personnel Remuneration

#### Accounting Policy

##### Short-term benefits

Short-term benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### Other long-term employee benefits

The Group's net obligation in respect of long-term benefits is the amount of the future benefit that employees and other key management personnel have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

##### Share-based payments

The policy relating to share-based payments is set out in Note 21.

	2024	2023
<b>Key management personnel remuneration included within the consolidated statement of profit &amp; loss for the year</b>	\$	\$
Short-term benefits	1,114,676	846,344
Superannuation	84,256	73,971
Share based payments	-	125,000
	<b>1,198,932</b>	<b>1,045,315</b>
<b>Key management personnel remuneration included within the consolidated statement of financial position for the year</b>		
Short-term benefits	859,770	663,367
<b>Total key management personnel remuneration</b>	<b>2,058,702</b>	<b>1,708,682</b>

## Pilot Energy Limited and Controlled Entities

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## Notes to the Financial Statements

For the Year Ended 30 September 2024

### 26 Auditor's Remuneration

	2024	2023
<b>MNSA</b>	\$	\$
<b><i>Audit and other assurance services</i></b>		
Audit and review of financial reports	39,690	37,800
Total remuneration for audit and other assurance services	39,690	37,800

### 27 Subsidiaries

Wholly owned subsidiaries of Pilot are set out below.

Name of subsidiary	Principal activity	Place of incorporation and operation	Financial year end	Proportion of ownership interest and voting power held by the Group	
				2024 %	2023 %
Royal Energy Pty Ltd	Oil & Gas	Australia	30 June	100	100
Pilot Energy (CH CCUS) Pty Ltd	Oil & Gas	Australia	30 September	100	100
Pilot Energy (CH WSP) Pty Ltd	Dormant	Australia	30 September	100	100
Pilot Energy (SW CCS) Pty Ltd	Dormant	Australia	30 September	100	100
Royal Energy (Cooper Basin) Pty Ltd	Dormant	Australia	30 June	100	100
Spring River Resources	Dormant	USA	31 December	100	100
Rampart Alaska LLC	Dormant	USA	31 December	100	100

### 28 Contingent Liabilities

As announced 8 August 2024, Pilot has entered into an At-The-Market Subscription Agreement (ATM) with Dolphin Corporate Investments (Dolphin). This provides Pilot with up to \$7,500,000 of standby equity capital over the next 3 years. Under the ATM, Pilot has full discretion as to whether or not to utilise the ATM, the maximum number of shares to be issued, the minimum issue price of shares and the timing of each subscription (if any). As security for the ATM, Pilot has agreed to place 32,561,791 fully paid ordinary shares at nil cash consideration to Dolphin. Upon early termination or maturity of the ATM, the Company may buy back (and cancel) the shares placed as security for no cash consideration. Due to the uncertainty of timing and whether the facility will be used, the Directors are unable to accurately value this facility. As at the reporting date, Pilot has received \$218,934 for issuing 12,752,457 shares with Dolphin still holding 19,809,334 shares as collateral.

The Group currently holds an option to purchase land and an option to lease land. The exercise of the land options are highly reliant on the successful progress of the MWCEP and Three Springs Solar Project as well as the timings of government approvals. Due to the uncertainty of timing the Directors are unable to accurately value these options. The options are currently recognised on the consolidated statement of financial position at cost.

In the opinion of the Directors, the Company does not have any other contingent Liabilities at 30 September 2024 (30 September 2023: None).

## Pilot Energy Limited and Controlled Entities

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### Notes to the Financial Statements

For the Year Ended 30 September 2024

#### 29 Related Parties

##### Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with related parties:

- Throughout the financial year, a net total of \$1.78m has been loaned to Triangle Energy (Operations) Pty Ltd for working capital for the Cliff Head Joint Venture under a loan agreement. At balance date, and in accordance with the Loan Agreement, a total amount of \$2,213,939 remains outstanding.
- Throughout the financial year, a total of \$434,039 has been charged to Triangle Energy (Operations) Pty Ltd for the provision of services.
- Throughout the financial year, a total of \$6,492 has been charged by Triangle Energy (Operations) Pty Ltd for the provision of services.
- As part of Mr Strasser's employment services contract, there was an Over-Riding Royalty Interest (ORRI) over the anticipated clean energy projects. In December 2023, the Board approved the ORRI agreement which provides for a 1% royalty of the gross revenue from all Sale Agreements relating to the Mid-West Clean Energy project. As continued employment was a requirement for the ORRI, this was cancelled as a result of Mr Strasser's resignation on 16 April 2024.
- As part of Mr Watson's consulting agreement, there is an Over-Riding Royalty Interest (ORRI) over the anticipated clean energy projects. In December 2023, the Board approved the ORRI agreement which provides for a 0.5% royalty of the gross revenue from all Sale Agreements relating to the Mid-West Clean Energy project.

#### 30 Cash Flow Information

##### Reconciliation of result for the year to cashflows from operating activities

	2024	2023
	\$	\$
Loss for the year	<b>(4,815,424)</b>	(4,191,149)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in loss:		
- accrued interest income	<b>(263,155)</b>	(16,826)
- accrued interest expense	-	2,960
- foreign exchange	<b>13,975</b>	9,690
- rent amortisation	<b>86,433</b>	86,433
- share based payments	<b>496,543</b>	1,303,486
- share of profit/loss of associate	-	850,358
- impairment	<b>28,393</b>	514,205
- non-operating receivables & payables	<b>(617,609)</b>	(272,902)
- convertible note coupons	<b>635,679</b>	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	<b>(419,428)</b>	(217,556)
- increase/(decrease) in trade and other payables	<b>1,590,371</b>	(797,321)
- increase/(decrease) in financial liabilities	<b>(97,072)</b>	(204,913)
- increase/(decrease) in employee benefits	<b>96,556</b>	147,913
Cash flows (used in) operations	<b>3,264,738</b>	(2,785,622)

## Pilot Energy Limited and Controlled Entities

A.B.N 86 115 229 984

## Notes to the Financial Statements

### For the Year Ended 30 September 2024

#### 31 Events Occurring After the Reporting Date

As announced on 9 October 2024, the Group has received a non-binding offer to acquire 100% of the 376MW solar farm development project (Three Springs Solar Project) for an acquisition price of \$11.5 million over a series of staged payments. As at the report date, there is no definitive Asset Sale Agreement and the due diligence period is continuing.

As announced on 14<sup>th</sup> October 2024, Pilot and Triangle Energy (Global) Limited (ASX:TEG) reached an agreement to further vary the terms of the sale and purchase agreement under which Pilot is to acquire 100% interest in the Cliff Head Joint Venture. On the 18<sup>th</sup> October, the first payment of \$2.4M was made for the acquisition of the Arrowsmith freehold land and facilities. The sale and purchase agreement was then revised on 3<sup>rd</sup> December 2024 as follows:

- Pilot to pay Triangle \$900,000 on 17<sup>th</sup> December 2024
- Pilot to pay the remaining \$4.85M in purchase price over five monthly payments starting 15<sup>th</sup> February 2025
- Pilot to become 100% owner and operator of the Cliff Head Production licence WA-31L upon completion.
- A further payment of \$4M is required if Pilot is awarded a Commonwealth Government CO2 Injection licence and up to \$7.5M in royalties.

As announced on 17<sup>th</sup> October 2024, Pilot issued 214,183,248 shares at \$0.018 per share for a total of \$3.855M. Participants of the placement have also received one attaching listed option exercisable at \$0.033 each with an expiry date of two years from issue, for every two shares allocated under the placement.

As announced on 30<sup>th</sup> October 2024, Pilot announced that it has been approved as a clean ammonia supplier by the Korean Energy Economics Institute under the Korean Clean Hydrogen certification scheme.

As announced on 11<sup>th</sup> November 2024, Pilot has entered into a binding convertible note facility of up to \$3M over two tranches. The first tranche of \$2.4M was received by the 24<sup>th</sup> November 2024. The remaining \$600K will be issued subject to placement capacity under ASX Listing Rule 7.1 being refreshed following a general meeting of shareholders.

As announced on 29<sup>th</sup> November 2024, Pilot has entered into a binding joint development agreement with Capture6 Corp for the phased development of Capture6's direct air capture technology. The project will be undertaken on a joint venture basis (20% Pilot, 80% Capture6)

As announced on 11<sup>th</sup> December 2024, Pilot has secured binding commitments for \$2M of convertible notes. The funds subject of the Notes will be provided on or before 24 December 2024 in advance of the proposed issue date of 15 February 2025.

As announced on 18<sup>th</sup> December 2024, 14,705,882 options expired on 7<sup>th</sup> November 2024.

As announced on 18<sup>th</sup> December 2024, Pilot has issued 12,500,000 shares to Green Fuel Development Pty Ltd in lieu of services rendered under the relevant terms of a Service Agreement.

## Pilot Energy Limited and Controlled Entities

A.B.N 86 115 229 984

## Notes to the Financial Statements

For the Year Ended 30 September 2024

### 32 Parent Entity

The following information has been extracted from the books and records of the parent, Pilot Energy Limited and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Pilot Energy Limited has been prepared on the same basis as the consolidated financial statements except as disclosed below.

#### Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the parent entity. Dividends received from associates are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

<b>Statement of Financial Position</b>	<b>2024</b>	<b>2023</b>
Assets	\$	\$
Current assets	<b>4,600,117</b>	1,862,546
Non-current assets	<b>20,045,622</b>	15,256,145
Total Assets	<b>24,645,739</b>	17,118,691
Liabilities		
Current liabilities	<b>5,475,077</b>	1,033,992
Non-current liabilities	<b>3,018,530</b>	2,948,924
Total Liabilities	<b>8,493,607</b>	3,982,916
Equity		
Issued capital	<b>75,093,553</b>	67,840,072
Reserves	<b>1,174,293</b>	609,866
Accumulated losses	<b>(60,115,714)</b>	(55,314,163)
Total Equity	<b>16,152,132</b>	13,135,775
<b>Statement of Profit or Loss and Other Comprehensive Income</b>		
Total loss for the year	<b>(4,812,472)</b>	(3,389,524)
<b>Total comprehensive loss</b>	<b>(4,812,472)</b>	(3,389,524)

#### Contingent liabilities

See note 28 (2023: Nil).

#### Contractual commitments

The parent entity did not have any material commitments as at 30 September 2024 not disclosed in the financial report (2023: Nil).

## Pilot Energy Limited and Controlled Entities

A.B.N 86 115 229 984

### Consolidated Entity Disclosure Statement

For the Year Ended 30 September 2024

Entity Name	Body Corporate, partnership or trust	Place of Incorporation	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign tax Resident (for tax purposes)	Jurisdiction for Foreign tax resident
<b>Pilot Energy Limited</b>	Body corporate	Australia	-	Australia	N/A
<b>Royal Energy Pty Ltd</b>	Body corporate	Australia	100%	Australia	N/A
<b>Pilot Energy (CH CCUS) Pty Ltd</b>	Body corporate	Australia	100%	Australia	N/A
<b>Pilot Energy (CH WSP) Pty Ltd</b>	Body corporate	Australia	100%	Australia	N/A
<b>Pilot Energy (SW CCS) Pty Ltd</b>	Body corporate	Australia	100%	Australia	N/A
<b>Royal Energy (Cooper Basin) Pty Ltd</b>	Body corporate	Australia	100%	Australia	N/A
<b>Spring River Resources</b>	Body corporate	US	100%	US	US
<b>Rampart Alaska LLC</b>	Body corporate	US	100%	US	US

#### Key assumptions and judgements

##### Determination of Tax Residency

Section 295 (3A) of the *Corporation Acts 2001* requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency. In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in *Tax Ruling TR 2018/5*.

- Foreign tax residency

The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

## Pilot Energy Limited and Controlled Entities

A.B.N 86 115 229 984

### Directors' Declaration

In accordance with a resolution of the Directors of Pilot Energy Limited and its controlled entities, the Directors of the Company declare that:

1. the financial statements and notes for the year ended 30 September 2024 are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
  - b. give a true and fair view of the financial position and performance of the consolidated group;
2. the Managing Director has given the declarations required by Section 295A that:
  - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
  - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
  - c. the financial statements and notes for the financial year give a true and fair view.
3. in the directors' opinion, the attached Consolidated Entity Disclosure Statement required by s 295(3A) of the *Corporations Act 2001* is true and correct;
4. in the Directors' opinion and having regard to Note 2 in the financial statements, and specifically in continuing to secure future working capital sourced from equity capital raisings, borrowings and farmouts, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



**Bradley Lingo**  
Executive Chairman

Dated at Sydney, New South Wales this 19<sup>th</sup> December 2024.



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF PILOT ENERGY LIMITED  
ABN 86 115 229 984  
AND CONTROLLED ENTITIES**

**Report on the Audit of the Financial Report**

**Opinion**

We have audited the accompanying financial report of Pilot Energy Limited (the Company) and controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 September 2024, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policies, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the Company's financial position as at 30 September 2024 and of its financial performance for the year then ended; and
- b. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

The financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.





**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<p><b>Carrying value of Cliff Head and other non-current assets and Exploration, evaluation &amp; development assets</b></p> <p>As detailed in Notes 3 &amp; 15, the carrying value as at 30 September 2024:</p> <ul style="list-style-type: none"> <li>• Cliff Head and other non-current assets was \$12,040,790 and</li> <li>• Exploration, evaluation &amp; development assets was \$3,717,222.</li> </ul> <p>The assessment of the capitalised carrying value of Cliff Head and other non-current assets and Exploration, evaluation and development assets requires management to make significant accounting judgements and estimates in their assessment of indicators of impairment.</p>	<ul style="list-style-type: none"> <li>• We have evaluated the appropriateness of management’s judgements that there is no additional facts or circumstances that suggest the carrying amount of Cliff Head and other non-current assets and exploration, evaluation and development assets exceeds its recoverable amount.</li> </ul>





Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<p><b>Going Concern</b></p> <p>Following operating losses and cash flow deficits, there is a heightened degree of judgment as to the group’s ability to repay loans and liabilities throughout the going concern assessment period.</p> <p>Accordingly, we considered the appropriateness of the going concern assumption and disclosures made within Note 2(b).</p>	<p>We have challenged the key assumptions in management’s forecast cash flows for the next 12 months by:</p> <ul style="list-style-type: none"> <li>• Considering forecasts and questioning management on assumptions used when formulating cash inflows and outflows;</li> <li>• Assessing the historical accuracy of forecasts prepared by management;</li> <li>• Testing the mechanical accuracy of the model used; and</li> <li>• Considering whether the disclosures relating to going concern referred to in the basis of preparation section of the accounting policies are balanced, proportionate and clear.</li> </ul>
<p><b>Grant Income</b></p> <p>As detailed in Note 2(d)(viii) and Note 3 the Group received grant income of \$3,049,580 in relation to the Mid-West Clean Energy Project. Management have determined to account for this under AASB 120 Accounting for Government Grants and Disclosure of Government Assistance, by using the Asset method. This results in the income of the grant being recognised over the life of the asset through reduced depreciation costs.</p>	<p>We have assessed the accounting treatment of the grant income by:</p> <ul style="list-style-type: none"> <li>• Assessing management assumptions;</li> <li>• Verified recipient of grant income on sample basis;</li> <li>• Agreeing details back to supporting documentation; and</li> <li>• Analysing disclosures made within the financial report.</li> </ul>

There were no restrictions on our reporting of Key Audit Matters.

**Information Other than the Financial Report and Auditor’s Report Thereon**

The Directors are responsible for the other information. The other information comprises the information included in the Company’s annual report for the year ended 30 September 2024, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors for the Financial Report**

The directors of the company are responsible for the preparation of:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b) *the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free of material misstatement, whether due to fraud or error, and
- b) *the consolidated entity disclosure statement that is true and correct* and is free of material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one



resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Company audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## Report on the Remuneration Report

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in the directors' report for the year ended 30 September 2024.

In our opinion, the Remuneration Report of Pilot Energy Limited and controlled entities for the year ended 30 September 2024, complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

MNSA PTY LTD  
MNSA Pty Ltd

**Allan Facey**  
Director

Sydney

19<sup>th</sup> December 2024

## Pilot Energy Limited and Controlled Entities

### Additional Information for Listed Public Companies

30 September 2024

The shareholder information set out below was applicable as at 13 December 2024.

#### Distribution of ordinary shares

Range	Total holders	Ordinary shares	% of issued capital
1 – 1,000	191	24,680	0.000
1,001 – 5,000	56	170,971	0.010
5,001 – 10,000	149	1,226,716	0.070
10,001 – 100,000	880	39,878,053	2.430
100,001 and over	819	1,600,771,145	97.490
<b>Total</b>	<b>2,095</b>	<b>1,642,071,565</b>	<b>100.000</b>

There were 176 holders of less than marketable parcel of ordinary shares.

#### Substantial shareholders

There were no substantial shareholders at 13 December 2024.

#### Voting rights

##### *Ordinary shares*

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

##### *Options and rights*

No voting rights.

## Pilot Energy Limited and Controlled Entities

### Additional Information for Listed Public Companies

30 September 2024

#### Twenty Largest Shareholders

Shareholders	Ordinary Shares	
	Number Held	% of issued shares
<b>Group - PINE STREET PTY LTD &lt;PINE STREET A/C&gt;</b>	<b>77,500,000</b>	<b>4.720%</b>
- PINE STREET PTY LTD	52,500,000	3.167%
- PINE STREET PTY LTD	25,500,000	1.553%
<b>ZERO DEGREES INTERNATIONAL</b>	<b>55,055,487</b>	<b>3.353%</b>
<b>CITICORP NOMINEES PTY LIMITED</b>	<b>46,765,614</b>	<b>2.848%</b>
<b>HSBC CUSTODY NOMINEES</b>	<b>30,582,090</b>	<b>1.862%</b>
<b>BNP PARIBAS NOMS</b>	<b>29,059,141</b>	<b>1.770%</b>
<b>NETWEALTH INVESTMENTS LIMITED</b>	<b>28,174,470</b>	<b>1.716%</b>
<b>AYERS CAPITAL PTY LTD</b>	<b>28,090,910</b>	<b>1.711%</b>
<b>BREAKOUT HOLDINGS PTY LTD</b>	<b>25,934,494</b>	<b>1.579%</b>
<b>NEW ENERGY TECHNOLOGY LTD</b>	<b>23,422,486</b>	<b>1.426%</b>
<b>SLH SHARE TRADING PTY LTD</b>	<b>23,100,000</b>	<b>1.407%</b>
<b>MR DANIEL JOSEPH O'HALLORAN</b>	<b>23,040,000</b>	<b>1.403%</b>
<b>JAMBER INVESTMENTS PTY LIMITED</b>	<b>21,500,001</b>	<b>1.309%</b>
<b>BNP PARIBAS NOMINEES PTY LTD</b>	<b>20,959,490</b>	<b>1.276%</b>
<b>WHAIRO CAPITAL PTY LTD</b>	<b>20,935,774</b>	<b>1.275%</b>
<b>J P MORGAN NOMINEES AUSTRALIA</b>	<b>20,037,616</b>	<b>1.220%</b>
<b>DOLPHIN CORPORATE INVESTMENTS</b>	<b>19,809,334</b>	<b>1.206%</b>
<b>MGL CORP PTY LTD</b>	<b>17,454,545</b>	<b>1.063%</b>
<b>VIDOG CAPITAL PTY LTD</b>	<b>17,000,000</b>	<b>1.035%</b>
<b>MICHAEL NICHOLAS LONERGAN</b>	<b>16,689,247</b>	<b>1.016%</b>
<b>MR MARTYN ROGER BROWN</b>	<b>16,000,000</b>	<b>0.974%</b>
<b>Total Securities of Top 20 Holdings</b>	<b>561,110,699</b>	<b>34.169%</b>
<b>Total Securities</b>	<b>1,642,071,565</b>	<b>100.00%</b>