

Announcement to ASX
31 July 2024

30 JUNE 2024

QUARTERLY ACTIVITIES REPORT & APPENDIX 5B

HIGHLIGHTS

- **First of its kind Commonwealth Carbon Storage Approval** - declares a Greenhouse Gas Storage Formation at WA-31-L for an offshore carbon storage project at Cliff Head.
- **Material Carbon Storage Resource Upgrade** - technical subsurface consultant completed an updated carbon resource assessment resulting in a material 370% upgrade to the Carbon Storage Resources across the WA-31-L licence area.
- **Commonwealth CCS Grant** - awarded a \$6.5 million grant to support the Mid West Clean Energy Project ('MWCEP') providing carbon capture services under the Carbon Capture Technologies Program.
- **Successful completion of equity capital raise** – equity placement raised \$4.0 million (before costs) at a premium to market to sophisticated and professional investors.
- **Korean Consortium support for Mid West Clean Energy Project** - secured the support of a consortium of Korean companies comprising Korea's major power generation and energy companies seeking equity participation in the MWCEP.

Pilot Energy Limited (**ASX: PGY**) ("**Pilot**" or "**the Company**") is pleased to provide the following update on its operational and corporate activity for the quarter ended 30 June 2024 (and post quarter events to date).

PRODUCTION ACTIVITIES

Cliff Head Joint Venture Operation Report

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%***

The key operational statistics for the quarter for the CHJV (100% basis) are set out in the table below.

Table 1 Cliff Head Joint Venture operational statistics

1 April - 30 June 2024	CHJV (100%)	Pilot (21.25%)
Production (bbls)	28,758	6,111
Average daily production (bopd)	316	67
Sales revenue (bbls)		-
Average oil price received \$ per bbl		
Sales revenue (\$'000)		-
Oil Inventory (14,465 bbls) (\$'000)*	2,852	606
Routine operating costs (\$'000)	(2,879)	(612)
Operating Margin (\$'000)	- 27	- 6
Trucking, storage & handling (\$'000)	(3,029)	(644)
Routine Profit (\$'000)	- 3,056	- 649
Non-routine operating costs (\$'000)	(233)	(50)
Gross Loss (before tax, \$'000)	(3,289)	(699)

Notes:

* Quarterly figures represent a movement in the value of the cumulative barrels stored.

**Figures may differ immaterially to Triangles reported numbers due to the exchange rate applied to sales revenue (if applicable), methodology in valuing inventory and classification of non-routine costs.

*** 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.

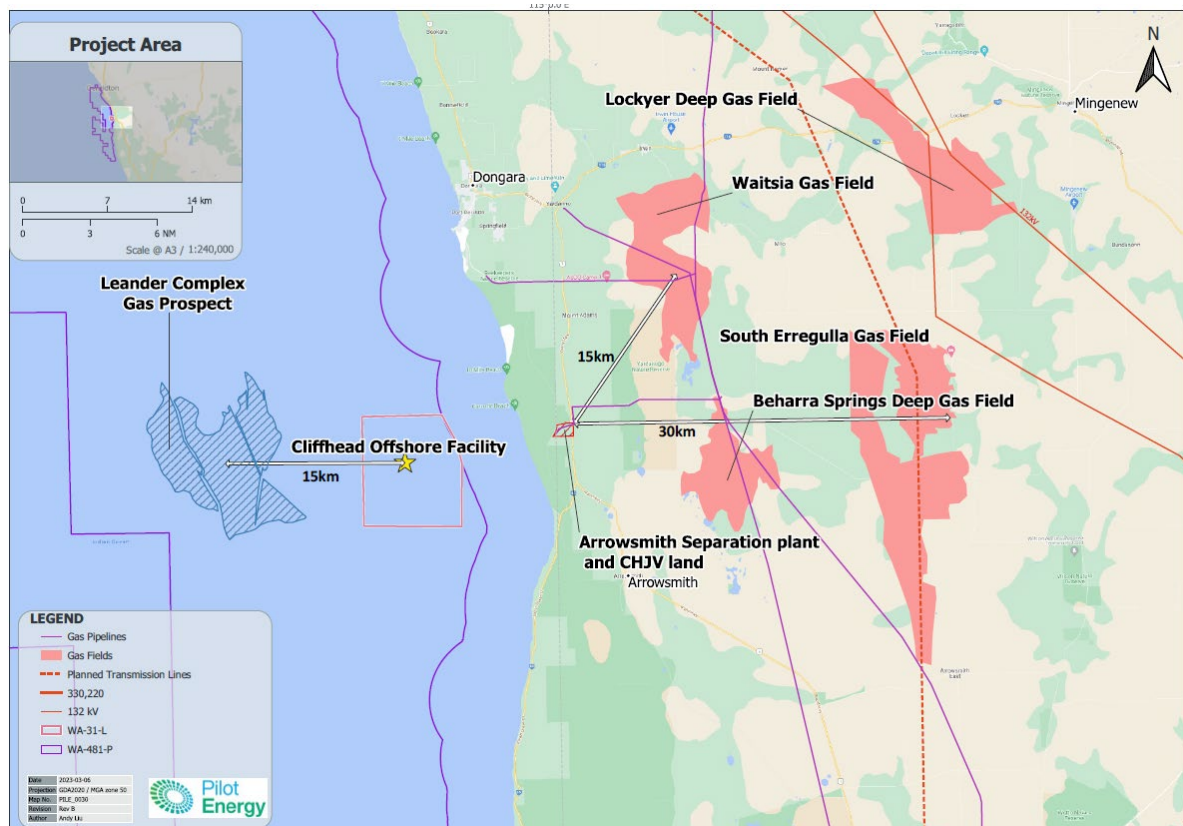
DEVELOPMENT ACTIVITIES

Cliff Head Carbon Storage Project – First Commonwealth Carbon Storage Approval

During the June Quarter, the Company announced the WA-31-L joint venture's¹ application to Declare a Greenhouse Gas Storage Formation (the 'Declaration') 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 announcement on 14 June 2024). This key approval follows the application to the National Offshore Petroleum Titles Administrator ('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.

¹ Pilot holds an indirect interest in the WA 31-L JV through its 50% equity ownership of Triangle Energy Operations Pty Ltd, a 42.5% interest owner and operator of the joint venture and the Cliff Head Oil Field.

Figure 1 Overview of Pilot’s Mid West operations



The Declaration is a key de-risking milestone for the project as it is the key condition required for many of the MWCEP commercial agreements.

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

Cliff Head Carbon Storage Project – Material Carbon Storage Resource Upgrade

Following receipt of the Declaration, the Company announced a material carbon storage resource upgrade (refer ASX Announcement 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 tonnes² 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

² Refer to 30 November 2022 ASX Announcement “CHJV Update – Storage Resource Upgrade & NOPTA Submission”

approved, the Contingent Storage Resource has been classified as Development Pending, the highest level of maturity for a contingent resource.

Table 2 WA 31-L Carbon Storage Resources³

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

Cliff Head Carbon Storage Project - Commonwealth CCS Grant

Shortly following the end of the June Quarter, the Company announced it had been awarded a \$6.5 million grant to support the MWCEP, providing carbon capture services to the Mid West Region of Western Australia (refer ASX announcement on 23 July 2024).

The grant has been awarded to Pilot under the Commonwealth Department of Climate Change, Energy, the Environment and Water ('DCCEEW') - Carbon Capture Technologies Program. The grant funding enables Pilot to progress engineering and technology demonstration activities across three sources of carbon with the initial potential to capture 200,000 – 300,000 tonnes of carbon per annum. This volume represents approximately 50% of the estimated volume required to support Pilot's Cliff Head Carbon Storage Project.

Korean Consortium support for Mid West Clean Energy Project

Subsequent to quarter end, the Company also announced that following the Declaration for the Cliff Head Carbon Storage Project, support had been secured from a consortium of Korean companies for the MWCEP (refer ASX on 17 July 2024). The consortium (the "K-Consortium"), which is comprised of Korea's major power generation companies and energy companies and has been formed to review equity participation in the MWCEP, currently being solely developed by the Company. As advised in the ASX Announcement, the K-Consortium has expressed a deep interest in the Project and wishes to respond to the Korean hydrogen power

³ Following 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.

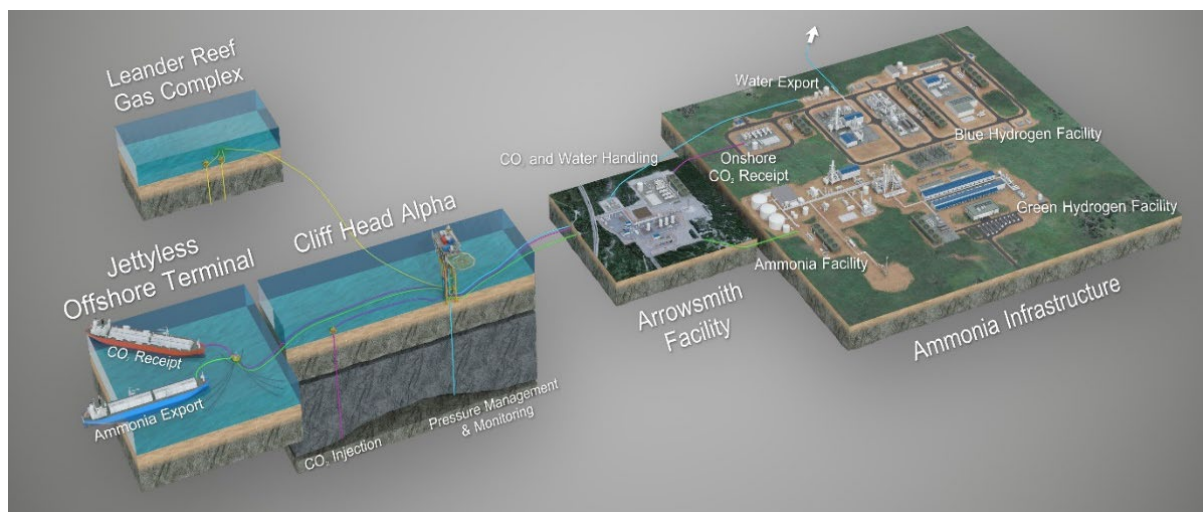
generation auction market⁴ by securing ammonia offtake from the Project.

The K-Consortium has formally appointed technical, market, financial and legal advisors and intends to conduct detailed due diligence on the proposed Project. Pilot and the K-Consortium will concurrently commence negotiating the key terms of the Joint Development Agreement ("JDA") and jointly funding the commencement of FEED based on the results of the due diligence. The K-Consortium intends to secure a major stake in the Project.

MWCEP technical development

During the quarter, Pilot continued development activities for the MWCEP (refer to the figure below) 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.

Figure 2 Pilot's MWCEP overview schematic



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.

During the quarter, the Company received the main Pre-FEED reports from Genesis (lead Pre-FEED engineering contractor) and DORIS Group (power supply study lead). The Pilot team has worked through the reports internally and with the K-Consortium. Engagement with the K-Consortium highlighted an opportunity to enhance the project by assessing an additional hydrogen production technology (in addition to the 8 Rivers 8RH2 technology). A decision on the preferred technology solutions for the MWCEP will be made as part of the K-Consortium

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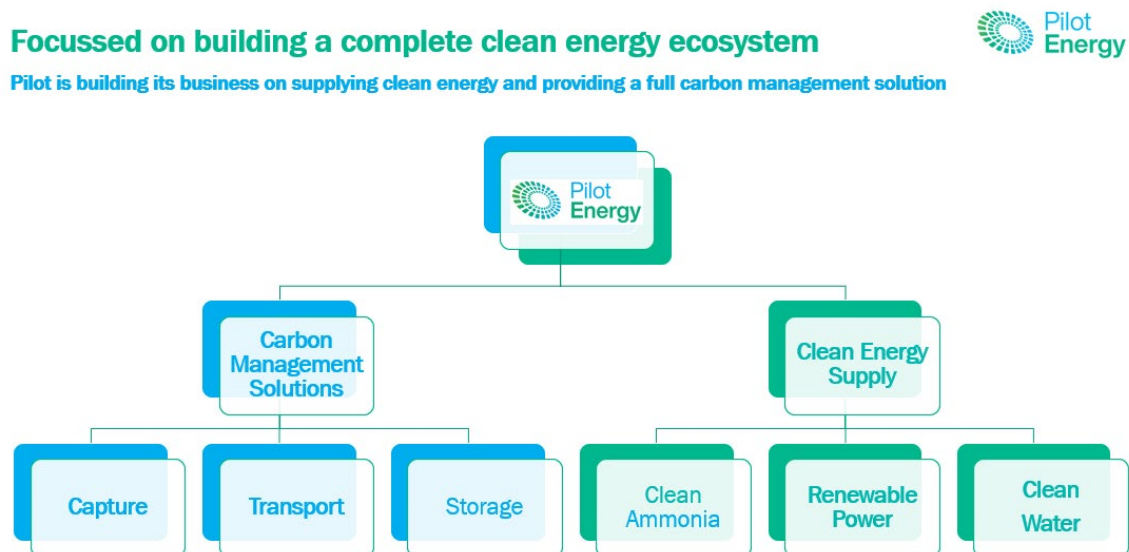
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entering into a joint development agreement and prior to entering into FEED.

MWCEP commercial development – ammonia offtake and carbon management

The MWCEP product marketing covers the Project’s clean energy ecosystem and is seeking customers across both the carbon management solutions and clean energy supply streams. Throughout the June quarter, 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.

Figure 3 Pilot’s MWCEP clean energy ecosystem



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 with the recent confirmation of the K-Consortium’s support for the MWCEP. Pilot has also continued its broad engagement outside of the K-Consortium with a focus on partners and customers for the Carbon Storage Project.

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.

MWCEP regulatory approvals

The Pre-FEED results are currently being incorporated into the detailed project schedule which includes the environmental plans, drilling and relevant decommissioning approvals by

NOPSEMA, the EPBC Act and Sea Dumping approvals by DCCEEW, the EIA and other relevant state approvals under WA EPA and DEMIRS.

During the next quarter, the Company will continue engagement with key government stakeholders and regulators to inform them of the significant progress of the Project and validate the Company's schedule and other baseline assumptions.

Upstream Gas-focused Exploration – WA-481-P

Pilot holds a 100% operated interest in the 8,605km² permit located in shallow waters offshore Western Australia encompassing the Dunsborough oil field, Frankland gas field and the Leander Complex gas target identified by Pilot's technical team.

The offshore petroleum system within WA-481-P shares many attributes with the onshore 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).

Ongoing technical work by Pilot has focussed on the large Leander Complex gas prospect located approximately 15km west of the Cliff Head oil platform and three oil prospects (Babbler, Brahminy and Cliff Head SW) in close proximity to Cliff Head. Within the Leander gas play fairway, Pilot has also identified significant resource potential at 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 all of these opportunities prior to drilling.

Pilot's internally assessed prospective resources include the Leander Complex gas resource of 450 Bcf (Best estimate) and the Babbler, Brahminy and Cliff Head SW oil resources of 41 million barrels (Best estimate). These are in addition to the discovered Dunsborough contingent oil resource (2C) of 6 million barrels and Frankland contingent gas resource (2C) of 42 Bcf gas also located within WA-481-P.

The Leander Complex prospective gas resource estimate of 450 Bcf (Best estimate) could 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 carbon 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 hydrocarbon prospectivity in the permit.
- Ongoing stakeholder engagement and regulatory approval for the Eureka 3D marine seismic survey which represents part of the current permit year work commitment of a minimum 400km² of new 3D acquisition and processing.
- A comprehensive Environmental Plan (EP) for the 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.

- 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.

CORPORATE ACTIVITIES

Cash on hand

Cash on hand at 30 June 2024, was \$3.2 million.

In addition to the cash on hand, it is noted that Pilot has a 50% interest in Triangle Energy (Operations) Pty Ltd (TEO), the operating company of the Cliff Head JV (of which 50% is attributable to Pilot). It is noted that these funds are allocated to support Cliff Head oil operations.

Equity capital raise

As per ASX announcement on 17 June 2024, the Company received commitments of \$4.0 million (before costs) in a placement to sophisticated and institutional investors (and received funds by end of June 2024).

Under the terms of the Placement, the Company issued 181.8 million fully paid ordinary shares to sophisticated and professional investors at an issue price of \$0.022 per Share to raise \$4.0 million (before costs).

As part of the Placement, the Company also issued one new listed option (Placement Options) for every four new Shares issued to investors, resulting in a total of 45.4 million new listed Placement Options being issued. The Placement Options will be listed under the ASX code 'PGYO', will expire on 25 August 2025 and have an exercise price of \$0.033.

Share Capital

As at the date of this Report, the Company has the following capital structure:

- 1,370,993,168 shares on issue
- 210,412,875 outstanding (listed) options (3.3c/Aug 2025 expiry)
- 170,385,369 outstanding (unlisted options)
- \$3.0 million Convertible Notes convertible at 2.0 cps June 2025
- \$3.2 million Convertible Notes convertible at 3.0 cps Feb 2026

Reserves and resources

Carbon Storage Resource

As announced on 1 July 2024, following the recent Declaration, 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.

The 2C contingent resource for WA-31-L licence area has increased from 9.7 million tonnes 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 discussion and table provided above for detailed table of for the carbon storage resources for the Cliff Head Carbon Storage Project.

Oil & Gas

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 ASX Announcement "Resources Update" dated 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

Payments to Related Parties of the Entity and their Associates

The payments to related parties and their associates as disclosed in the Appendix 5B relate to consulting fees and directors' fees, paid to directors.

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. To progress the Company's commitment, Pilot has commenced a process which will facilitate the Company reporting on the Environmental, Social, and Governance (ESG) disclosures of the Stakeholder Capitalism Metrics (SCM) of the World Economic Forum (WEF). By integrating ESG metrics into the Company's governance, business strategy, and performance management process, Pilot diligently considers all pertinent risks and opportunities in running its business.

ASX Listing Rule 5.3.3: 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 quarter	Interest at end of quarter
WA-31-L ⁽ⁱ⁾	Western Australia – Offshore Commonwealth Waters	21.25%	21.25%
WA-481-P	Western Australia – Offshore Commonwealth Waters	100%	100%

i) The Company holds a 50% interest in TEO which has a 42.5% direct interest in WA-31L. Participating interest is subject to completion of the Triangle restructure as noted in this Report.

Figure 4 Pilot Oil and Gas asset map



Material Risks

The material risks that could adversely affect the achievement of the financial prospects of the Company as required by sections 296 and 297 of the Corporations Act 2001 (Cth) and ASIC Regulatory Guide 247, are as set out in Annexure 1.

Competent Person Statement

This announcement 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 degree in petroleum engineering from the University of New South Wales and a PhD in applied Geology from the University of New South Wales. Dr Wang is an active member of the SPE and PESA and is qualified in accordance with ASX listing rule 5.1. He is 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.

END

This announcement has been authorised for release to ASX by the Board of Directors of Pilot Energy Limited.

Enquiries

Cate Friedlander, Company Secretary, email: cfriedlander@pilotenergy.com.au

About Pilot

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. Pilot is proposing to develop Australia's first offshore carbon storage project through the conversion of the Cliff Head Oil field and associated infrastructure as part of the Mid West Clean Energy Project.

Pilot holds a 21.25% interest in the Cliff Head Oil field and Cliff Head Infrastructure (increases to 100% on completion of the acquisition of Triangle Energy (Global) Pty Limited's interest), and a 100% working interest in exploration permit WA-481-P, located offshore Western Australia.

Annexure 1

1. MATERIAL RISK FACTORS

1.1 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.

1.2 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.

(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.

1.3 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.

(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.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

PILOT ENERGY LIMITED

ABN

86 115 229 984

Quarter ended ("current quarter")

30 June 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(388)	(1,283)
(e) administration and corporate costs	(527)	(1,443)
(f) professional fees	(298)	(1,202)
1.3 Dividends received (See note 3)	-	-
1.4 Interest received	73	75
1.5 Interest and other costs of finance paid	(1)	(5)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	1,305
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(1,141)	(2,553)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & feasibility expenditure (if capitalised)	(1,225)	(2,942)
(e) investments	-	-
(f) other non-current assets	(37)	(562)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	189	(1,671)
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	(1,073)	(5,175)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4,000	6,424
3.2	Proceeds from issue of convertible debt securities	-	3,500
3.3	Proceeds from exercise of options	-	70
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(271)	(271)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Convertible Note Coupons)	(243)	(441)
3.10	Net cash from / (used in) financing activities	3,486	9,282

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,940	1,661
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,141)	(2,553)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,073)	(5,175)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,486	9,282

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(4)	(7)
4.6	Cash and cash equivalents at end of period	3,208	3,208

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,208	1,940
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,208	1,940

6. Payments to related parties of the entity and their associates

- | | | Current quarter
\$A'000 |
|-----|---|------------------------------------|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | 498 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,141)
8.2 Capitalised exploration & feasibility expenditure (Item 2.1(d))	(1,225)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(2,366)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	3,208
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	3,208
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.36

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Future operating expenditures over the next two quarters are expected to remain consistent with the current quarter and will be managed in line with available cash resources.

- Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Yes. The Company notes the following;

- a. In August 2024, the Cliff Head JV is expected to receive US\$3.36 million and US\$1.43 million is anticipated to be received by TEO for its share of Cliff Head JV oil sales (Pilot is a 50% interest owner in TEO) which will be dedicated to the ongoing running costs of the Cliff Head Oil Field.
- b. The Company is in advanced discussions with potential partners regarding participation/investment in the Mid West Clean Energy Project and associated infrastructure. Securing this participation is expected to provide a significant contribution to the on-going development costs of the project and to provide the Company with recovery of project development costs incurred by the Company to date.
- c. The Company is also currently negotiating with a substantial international renewable energy development company which is seeking to acquire an interest in one of the Company's renewable energy development projects that will supply the Mid West Clean Energy Project. It is expected that a sale of an interest in this renewable energy development will result in the Company receiving asset sale proceeds which it can use to continue funding other segments of the Mid West Energy Project. As part of the sale, the Company will also retain an option for this renewable energy development to provide power supply to the Mid West Clean Energy Project.
- d. The Company is also in discussions with a major global energy terminal operating company that has expressed interest in securing access to the Company's existing oil production, storage and terminal operations and infrastructure which if concluded on the proposed terms currently under discussion would provide the Company with potentially material trade and acquisition proceeds.
- e. It is considering various conventional capital raising initiatives.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, on the basis described above

Compliance statement

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

Date: 31 July 2024.....

Authorised by: BY THE BOARD.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.