



Pilot
Energy

PILOT ENERGY LIMITED AND ITS CONTROLLED ENTITIES
A.B.N. 86 115 229 984

Interim Financial Report

For the Half Year Ended 31 March 2022

Pilot Energy Limited and its Controlled Entities

A.B.N. 86 115 229 984

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For the Half Year Ended 31 March 2022

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Pilot Energy Limited and its Controlled Entities

A.B.N. 86 115 229 984

Corporate Directory

For the Half Year Ended 31 March 2022

Directors
Bradley Lingo (Executive Chairman)
Tony Strasser (Managing Director)
Daniel Chen (Non-Executive Director)
Bruce Gordon (Non-Executive Director)

Company Secretary Cate Friedlander

Registered and Principal Office
Level 1, 85 Elizabeth Street
Paddington NSW 2021

Website: www.pilotenergy.com.au
Email: info@pilotenergy.com.au

Auditors
MNSA Pty Ltd
Level 1, 283 George Street
SYDNEY NSW 2000

Legal Advisers

Minter Ellison
Governor Macquarie Tower
1 Farrer Place,
Sydney NSW 2000

Squire Patton Boggs
Level 17, 88 Phillip Street
Sydney NSW 2000

Share Registry
Boardroom Pty Limited
Grosvenor Place
Level 12, 225 George Street
Sydney NSW 2000

ASX Code ASX: PGY

Legal Form of Entity Public Company

Country of Incorporation and Domicile Australia

Pilot Energy Limited and its Controlled Entities

A.B.N. 86 115 229 984

Directors' Report

For the Half Year Ended 31 March 2022

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 half year ended 31 March 2022 and the auditor's report thereon.

1. General information

Information on directors

The directors of the company during the half year and to the date of this report are:

Executive

Mr Bradley Lingo	Executive Chairman	Appointed 12 May 2020
Mr Tony Strasser	Managing Director	Appointed 31 May 2021

Non-Executive

Mr Daniel Chen	Non-Executive Director	Appointed 15 September 2020
Mr Bruce Gordon	Non-Executive Director	Appointed 31 May 2021

Company Secretary

Ms Cate Friedlander	Appointed 22 March 2021	
Ms Sally McDow	Appointed 19 February 2021	Resigned 10 December 2021

2. Operating results and review of operations for the half year

Review of operations

Pilot Energy Limited is listed on the Australian Securities Exchange (ASX: PGY) and has 504,390,312 shares on issue. Pilot is currently a junior oil and gas exploration and production company that 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.

Covid-19 update

There has been no significant impact of COVID-19 on the company's operations.

Significant events during the period

All significant events have been announced to the ASX during the reporting period.

Financial Position

For the half year ended 31 March 2022, the Group incurred a loss of \$812,379 (March 2021: Loss \$1,988,358) and had a net working capital surplus of \$2,649,861 as at March 2022 (September 2021: Surplus \$5,447,529).

The Group had a net cash outflow of \$3,018,334 for the half year ended 31 March 2022 (March 2021: Inflow \$582,759).

Dividends

The directors recommend that no dividend be provided for the half year ended 31 March 2022.

Pilot Energy Limited and its Controlled Entities

A.B.N. 86 115 229 984

Directors' Report

For the Half Year Ended 31 March 2022

2. Operating results and review of operations for the half year (continued)

Events subsequent to reporting date

The following events occurred subsequent to the end of the financial half year.

As per the announcement issued to the ASX on 4 April 2022, Pilot acquired an additional 40% interest in WA-481P, previously held by Key Petroleum Limited and following final approval from NOPTA. Pilot now holds 100% of the WA-481P offshore exploration permit.

As per the announcement issued to the ASX on 19 April 2022, the Cliff Head Joint Venture (CHJV) has approved an Oil Tank Upgrade and Refurbishment at a cost of \$2.5 million in order to increase storage capacity to 30,000 barrels of oil.

As per the announcement issued to the ASX on 26 April 2022, Pilot and Triangle Energy have reached an agreement of key principles to restructure the existing joint venture ownership arrangements of the Cliff Head Joint Venture and the proposed Cliff Head Carbon Capture and Storage Project in order to progress an application to the National Offshore Petroleum Titles Administrator to have the Cliff Head Oil Field reservoir declared a Greenhouse Gas Storage formation. Upon successful application, the key terms of the binding Cliff Head Re-Alignment Term Sheet are as follows:

- Pilot and Triangle will restructure their interest in the WA-31L Cliff Head project resulting in Pilot holding a direct 57.5% participating interest share in CHJV (oil project) and the CH CCS Project and Triangle holding a direct 42.5% interest in both projects
- Pilot will become operator of both the CHJV and the CH CCS JV, although Triangle will continue technical operatorship of the CHJV through its oil production life.

As per the announcement issued to the ASX on 19 May 2022, Pilot has commenced activities at the Mid-West Clean Energy Project.

As per the announcement issued to the ASX on 8 June 2022, the Cliff Head Joint Venture undertook the final lifting of oil from the Kwinana Oil Terminal to BP Singapore on 8 May 2022. The CHJV will receive A\$21.3M with Pilot's effective allocation being A\$4.5M.

Except for the above, no other matters or circumstances have arisen since the end of the financial half year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Pilot Energy Limited and its Controlled Entities

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Directors' Report

For the Half Year Ended 31 March 2022

2. Operating results and review of operations for the half year (continued)

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Pilot Energy Limited support, and have adhered to, the principles of good corporate governance. The Group's corporate governance statement can be viewed on the Company's website.

Lead Auditor's Independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half year ended 31 March 2022 has been received and can be found on page 5 of the financial report.

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



Mr Bradley Lingo
Executive Chairman

Dated at Sydney, New South Wales this 9th day of June 2022.

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF
THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF PILOT ENERGY LIMITED AND CONTROLLED ENTITIES
ABN 86 115 229 984**

In accordance with Section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Pilot Energy Limited.

As the auditor for the review of the financial report of Pilot Energy Limited for the half-year ended 31 March 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

MNSA Pty Ltd

MNSA Pty Ltd



Mark Schiliro
Director

Sydney

Dated this 9th of June 2022

MNSA

Pilot Energy Limited and its Controlled Entities

A.B.N. 86 115 229 984

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 March 2022

		31 March 2022	31 March 2021
	Note	\$	\$
Revenue from continuing operations	4	224,469	20,850
Share of profit of associate	5	923,306	-
Administrative expenses		(182,965)	(138,896)
Amortisation	9	(22,636)	(18,338)
Depreciation	10	(2,891)	-
Employee benefit expenses		(986,505)	(460,128)
Professional fees		(463,016)	(444,080)
Finance costs		(364)	(1,009)
Exploration & Evaluation costs expensed		-	(221,150)
Permit acquisition costs		-	(718,868)
Share based payments expense	6	(286,710)	(6,602)
Foreign exchange losses		(15,067)	(137)
Loss before income tax		(812,379)	(1,988,358)
Income tax expense		-	-
Loss from continuing operations		(812,379)	(1,988,358)
Total comprehensive loss for the period		(812,379)	(1,988,358)
Total comprehensive loss attributable to the owners of the Company		(812,379)	(1,988,358)
Loss per share (cents per share)			
Basic and diluted from continuing operations		(0.16)	(1.07)
Basic and Diluted (cents per share)		(0.16)	(1.07)

The accompanying notes form part of these consolidated financial statements

Pilot Energy Limited and its Controlled Entities

A.B.N. 86 115 229 984

Consolidated Statement of Financial Position As at 31 March 2022

		Consolidated	
		31 March 2022	30 September 2021
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	2,437,041	5,455,419
Trade and other receivables	8	1,130,324	878,300
Right-of-use-assets	9	11,444	34,080
TOTAL CURRENT ASSETS		3,578,809	6,367,799
NON-CURRENT ASSETS			
Trade and other receivables	8	41,742	41,742
Property, Plant and Equipment	10	-	2,891
Investment in associate	11	1,135,779	212,473
Cliff Head and other non-current assets	12	5,555,306	4,450,266
Exploration, evaluation and development assets	13	1,164,659	917,365
TOTAL NON-CURRENT ASSETS		7,897,486	5,624,737
TOTAL ASSETS		11,476,295	11,992,536
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	719,321	748,356
Employee benefits	15	198,183	137,834
Financial liabilities	16	11,444	34,080
TOTAL CURRENT LIABILITIES		928,948	920,270
NON-CURRENT LIABILITIES			
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		928,948	920,270
NET ASSETS		10,547,347	11,072,266
EQUITY			
Issued capital	17	60,717,281	60,580,248
Reserves	18	152,212	1,785
Accumulated losses		(50,322,146)	(49,509,767)
Total equity attributable to equity holders of the Company		10,547,347	11,072,266

The accompanying notes form part of these consolidated financial statements

Pilot Energy Limited and its Controlled Entities

A.B.N. 86 115 229 984

Consolidated Statement of Changes in Equity

For the Half Year Ended 31 March 2022

	Note	Issued Capital \$	Accumulated Losses \$	Share Based Payments Reserve \$	Total \$
Balance at 1 October 2021		60,580,248	(49,509,767)	1,785	11,072,266
Loss attributable to members of the parent entity		-	(812,379)	-	(812,379)
Transactions with owners in their capacity as owners					
Shares issued	6	136,283	-	-	136,283
Options issued	6	-	-	150,427	150,427
Options exercised		15,000	-	-	15,000
Capital Raising Costs		(14,250)	-	-	(14,250)
Balance at 31 March 2022		60,717,281	(50,322,146)	152,212	10,547,347
Balance at 1 October 2020		44,525,754	(45,680,980)	-	(1,155,226)
Loss attributable to members of the parent entity		-	(1,988,358)	-	(1,988,358)
Transactions with owners in their capacity as owners					
Shares issued during the half year		3,530,716	-	-	3,530,716
Issue of Options	6	-	-	6,602	6,602
Balance at 31 March 2021		48,056,470	(47,669,338)	6,602	393,734

The accompanying notes form part of these consolidated financial statements

Pilot Energy Limited and its Controlled Entities

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Consolidated Statement of Cash Flows For the Half Year Ended 31 March 2022

	Consolidated	
	31 March 2022	31 March 2021
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	257,151	-
Payments to suppliers and employees	(1,803,424)	(1,337,761)
Payments for exploration, evaluation and development	-	(878,122)
Joint Venture Receipts	-	20,850
Interest received	1	12
Finance costs	(364)	(1,021)
Net cash used in operating activities	(1,546,636)	(2,196,042)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Exploration, Project and Feasibility Expenditure	(1,340,233)	-
Cash flows from loans to other entities	(319,824)	-
Other (Consortium receipts)	202,609	-
Net cash used in investing activities	(1,457,448)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	-	2,760,151
Transaction costs related to issue of securities	(14,250)	-
Proceeds from borrowings	-	48,650
Repayment of borrowings	-	(30,000)
Net cash (used in) / provided by financing activities	(14,250)	2,778,801
Net (decrease) / increase in cash and cash equivalents	(3,018,334)	582,759
Effect of exchange rate changes on cash and cash equivalents	(44)	(154)
Cash and cash equivalents at 1 October	5,455,419	7,317
Cash and cash equivalents at 31 March	2,437,041	589,922

The accompanying notes form part of these consolidated financial statements

Pilot Energy Limited and its Controlled Entities

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Notes to the Consolidated Financial Statements For the Half Year Ended 31 March 2022

The interim financial report covers Pilot Energy Limited and its controlled entities ('the Group'). Pilot Energy Limited is a for-profit listed company, incorporated and domiciled in Australia.

Each of the entities within the Group prepare 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 9th June 2022.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

This condensed interim financial report for the reporting period ending 31 March 2022 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*, and IAS 34: *Interim Financial Reporting*.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Pilot Energy Limited and controlled entities (the Group). As such it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. This condensed consolidated financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 September 2021, together with any public announcements made during the half year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

The accounting policies applied by the Group in the consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 September 2021.

Going Concern

The directors have prepared the consolidated interim financial report on a going concern basis, which contemplates the realisation of assets and payment of liabilities in the normal course of business. As at 31 March 2022 the group had cash and cash equivalents of \$2,437,041 and a working capital surplus of \$2,649,861. During the period the Group had net cash outflows of \$3,018,334. The Group incurred a loss of \$812,379 for the half year ended 31 March 2022.

Pilot Energy Limited and its Controlled Entities

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Notes to the Consolidated Financial Statements

For the Half Year Ended 31 March 2022

2 Summary of Significant Accounting policies (continued)

Going Concern (continued)

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;
- Farming out assets to reduce future expenditure obligations.

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.

Critical Accounting Estimate and Judgements

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 September 2021.

3 Operating Segments

Pilot is currently a junior oil and gas exploration and production company that 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.

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 financial statement as at and for the ended 30 September 2021.

Pilot Energy Limited and its Controlled Entities

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Notes to the Consolidated Financial Statements For the Half Year Ended 31 March 2022

4 Revenue from Continuing Operations

	2022	2021
	\$	\$
Revenue from associated company	173,760	-
Joint venture receipts	-	20,850
Other income	20,800	-
Interest	29,909	-
Total Revenue	224,469	20,850

5 Share of Profit of Associate

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.

	TEO	Pilot Energy Portion (50%)
	\$	\$
Total Share of Profit of Associate for the half year	1,846,612	923,306

6 Share-based Payments

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

	2022	2021
	\$	\$
Shares		
Shares issued to company secretary	9,700	-
Shares issued to employees	55,270	-
Shares issued to consultants	71,313	-
	136,283	-
Options		
Options issued to employees	1,119	-
Options issued to company secretary	1,492	-
Options issued to directors	8,206	5,604
Options issued to consultants	139,610	998
	150,427	6,602
Total	286,710	6,602

Pilot Energy Limited and its Controlled Entities

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Notes to the Consolidated Financial Statements For the Half Year Ended 31 March 2022

7 Cash and Cash Equivalents

	31 March 2022	30 September 2021
	\$	\$
Cash at bank and in hand	2,437,041	5,455,419
	<u>2,437,041</u>	<u>5,455,419</u>

8 Trade and Other Receivables

<i>Current</i>		
GST	75,006	117,977
Amounts Rechargeable to TEO	145,256	205,767
Loan to TEO	900,867	549,587
Prepayments	9,195	3,338
Other	-	1,631
Total current trade and other receivables	<u>1,130,324</u>	<u>878,300</u>
<i>Non-Current</i>		
Deposits	41,742	41,742
Total non-current trade and other receivables	<u>41,742</u>	<u>41,742</u>

9 Right-of-use Assets

	Right of Use Asset
At Cost	\$
At 30 September 2021	89,452
Additions	-
At 31 March 2022	<u>89,452</u>
Amortisation and impairment	
At 30 September 2021	55,372
Amortisation charge for the half year	22,636
At 31 March 2022	<u>78,008</u>
Net book value	
At 30 September 2021	34,080
At 31 March 2022	<u>11,444</u>

The Group recognises a right-of-use asset for the office premises in accordance with *AASB 16: Leases*. The current lease expires 30 June 2022.

Pilot Energy Limited and its Controlled Entities

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Notes to the Consolidated Financial Statements For the Half Year Ended 31 March 2022

10 Property, Plant and Equipment

	31 March 2022	30 September 2021
	\$	\$
Furniture at cost	163	163
Accumulated depreciation	(163)	(163)
Total Furniture	-	-
Office equipment at cost	3,047	1,340
Additions	-	1,707
Total Office equipment at cost	3,047	3,047
Accumulated depreciation	(1,692)	(1,201)
Depreciation charge for the half year	(1,355)	(491)
Total Office Equipment	-	1,355
Computers at cost	6,270	5,675
Additions	-	595
Total Computers at cost	6,270	6,270
Accumulated depreciation	(4,734)	(3,559)
Depreciation charge for the half year	(1,536)	(1,175)
Total Computers	-	1,536
Total Property, Plant and Equipment	-	2,891

Reconciliation of Property, Plant and Equipment

Property, Plant and Equipment at the beginning of the year	2,891	2,255
Additions during the half year	-	2,302
Depreciation during the half year	(2,891)	(1,666)
Total, Property, Plant and Equipment	-	2,891

11 Investment in Associate

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

Triangle Energy (Operations) Pty Ltd

Acquisition of the Group's Interest	841,355
Share of associate loss for the year	(628,882)
Balance at 30 September 2021	212,473
Share of associate profit for the half year	923,306
Balance at 31 March 2022	1,135,779

Pilot Energy Limited and its Controlled Entities

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Notes to the Consolidated Financial Statements For the Half Year Ended 31 March 2022

12 Cliff Head and Other Non-Current Assets

	31 March 2022	30 September 2021
	\$	\$
Cliff Head	3,619,120	3,619,120
Carbon Capture Projects	1,076,459	574,519
Wind and Solar Feasibility	859,727	256,627
Total Cliff Head and Other Non-Current Assets	5,555,306	4,450,266

13 Exploration, Evaluation and Development Assets

Exploration, Evaluation and Development Assets	1,164,659	917,365
	1,164,659	917,365

14 Trade and Other Payables

Trade payables	582,305	582,429
Other payables	108,031	134,242
Accrued expenses	28,985	31,685
	719,321	748,356

15 Employee Benefits

<i>Current</i>		
Provision for Annual Leave	198,183	137,834
	198,183	137,834

16 Financial Liabilities

<i>Current</i>		
Lease liabilities	11,444	34,080
	11,444	34,080

Pilot Energy Limited and its Controlled Entities

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Notes to the Consolidated Financial Statements For the Half Year Ended 31 March 2022

17 Issued Capital

(a) Ordinary Shares

	Amount in \$	Number of shares
Balance at 30 September 2021	60,580,248	501,601,701
Exercise of options @ \$0.033	15,000	454,545
Issue of shares	136,283	2,334,066
Capital raising costs	(14,250)	-
Balance at 31 March 2022	60,717,281	504,390,312

(b) Options

Grant Date	Vesting Date	Expiry Date	Exercise Price (Cents)	Balance at 30 September 2021	Granted during year	Exercised during year	Balance at 31 Mar 2022	Vested and exercisable at 31 Mar 2022
21 Dec 2020	21 Dec 2020	18 Dec 2022	3.3	7,090,910	-	(454,545)	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	37,575,727
13 Jan 2021	13 Jan 2021	13 Jan 2023	6.6	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	10,000,000
18 Mar 2022	18 Mar 2023	18 Mar 2025	10.0	-	17,500,000	-	17,500,000	-
				64,666,637	40,833,334	(454,545)	105,045,426	87,545,426

18 Reserves

	31 March 2022	30 September 2021
	\$	\$
Share Based Payments Reserve	152,212	1,785
Total	152,212	1,785

19 Contingent Liabilities

In the opinion of the Directors, the listed company did not have any contingent liabilities at 31 March 2022 (30 September 2021: None).

Pilot Energy Limited and its Controlled Entities

A.B.N. 86 115 229 984

Notes to the Consolidated Financial Statements For the Half Year Ended 31 March 2022

20 Related Parties

During the period the following Related Party transactions occurred:

- As at the end of the half year, a net total of \$900,867 has been loaned to Triangle Energy (Operations) Pty Ltd for working capital for the Cliff Head Joint Venture under a loan agreement. As at the date of this report, the balance of this loan is \$1,420,426. This will be paid back in full in June 2022.
- Throughout the half year, a total of \$173,760 has been charged to Triangle Energy (Operations) Pty Ltd for the provision of services.

21 Events Occurring After the Reporting Date

The following events occurred subsequent to the end of the financial half year.

As per the announcement issued to the ASX on 4 April 2022, Pilot acquired an additional 40% interest in WA-481P, previously held by Key Petroleum Limited and following final approval from NOPTA. Pilot now holds 100% of the WA-481P offshore exploration permit.

As per the announcement issued to the ASX on 19 April 2022, the Cliff Head Joint Venture (CHJV) has approved an Oil Tank Upgrade and Refurbishment at a cost of \$2.5 million in order to increase storage capacity to 30,000 barrels of oil.

As per the announcement issued to the ASX on 26 April 2022, Pilot and Triangle Energy have reached an agreement of key principles to restructure the existing joint venture ownership arrangements of the Cliff Head Joint Venture and the proposed Cliff Head Carbon Capture and Storage Project in order to progress an application to the National Offshore Petroleum Titles Administrator to have the Cliff Head Oil Field reservoir declared a Greenhouse Gas Storage formation. Upon successful application, the key terms of the binding Cliff Head Re-Alignment Term Sheet are as follows:

- Pilot and Triangle will restructure their interest in the WA-31L Cliff Head project resulting in Pilot holding a direct 57.5% participating interest share in CHJV (oil project) and the CH CCS Project and Triangle holding a direct 42.5% interest in both projects
- Pilot will become operator of both the CHJV and the CH CCS JV, although Triangle will continue technical operatorship of the CHJV through its oil production life.

As per the announcement issued to the ASX on 19 May 2022, Pilot has commenced activities at the Mid-West Clean Energy Project.

As per the announcement issued to the ASX on 8 June 2022, the Cliff Head Joint Venture undertook the final lifting of oil from the Kwinana Oil Terminal to BP Singapore on 8 May 2022. The CHJV will receive A\$21.3M with Pilot's effective allocation being A\$4.5M.

Except for the above, no other matters or circumstances have arisen since the end of the financial half year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Pilot Energy Limited and its Controlled Entities

A.B.N. 86 115 229 984

Director's Declaration

In the opinion of the Directors of Pilot Energy Limited:

1. The interim financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Australian Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) give a true and fair view of the consolidated group's financial position as at 31 March 2022 and of its performance for the half-year ended on that date.
2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



Mr Bradley Lingo
Executive Chairman

Dated at Sydney, New South Wales this 9th day of June 2022

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

Conclusion

We have reviewed the half-year financial report of Pilot Energy Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 March 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Pilot Energy Limited does not comply with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Pilot Energy Limited financial position as at 31 March 2022 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Basis for Conclusion

We conducted our review in accordance with ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of Pilot Energy Limited 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual 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 Pilot Energy Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of Pilot Energy Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 March 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

MNSA Pty Ltd

MNSA Pty Ltd



Mark Schiliro

Director

Sydney

Dated this 9th of June 2022

MNSA