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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 2023

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 2023

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Pilot Energy Limited and its Controlled Entities

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Corporate Directory

For the Half Year Ended 31 March 2023

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	Suite 301, 35 Spring Street Bondi Junction, NSW 2022 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 Level 40, 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 Level 8, 210 George Street Sydney NSW 2000
ASX Code	ASX: PGY
Legal Form of Entity	Public Company
Country of Incorporation and Domicile	Australia

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Pilot Energy Limited and its Controlled Entities

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Directors' Report For the Half Year Ended 31 March 2023

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 2023 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
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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 805,927,631 shares on issue as at the balance date. 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 services and clean energy production by leveraging its existing oil and gas tenements and infrastructure to cornerstone these developments.

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 2023, the Group incurred a loss of \$2,681,994 (March 2022: Loss \$812,379) and had a net working capital deficit of \$150,889 as at March 2023 (September 2022: Surplus \$683,369).

The Group had a net cash outflow of \$1,237,390 for the half year ended 31 March 2023 (March 2022: Outflow \$3,018,334).

Dividends

The directors recommend that no dividend be provided for the half year ended 31 March 2023.

Events subsequent to reporting date

Refer to Note 21 of the Financial Statements.

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Pilot Energy Limited and its Controlled Entities

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Directors' Report

For the Half Year Ended 31 March 2023

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 2023 has been received and can be found on page 4 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 8th day of June 2023.

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**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 2023, 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

Allan Facey
Director

Sydney

Dated this 8th of June 2023

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Pilot Energy Limited and its Controlled Entities

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 March 2023

		31 March 2023	31 March 2022
	Note	\$	\$
Revenue from continuing operations	4	173,855	224,469
Administrative expenses		(295,438)	(182,965)
Amortisation	9	(43,217)	(22,636)
Depreciation	10	-	(2,891)
Employee benefit expenses		(1,039,889)	(986,505)
Professional fees		(65,226)	(463,016)
Finance costs		(4,033)	(364)
Share based payments expense	6	(554,640)	(286,710)
Foreign exchange losses		(3,048)	(15,067)
Share of (loss)/profit of associate	5	(850,358)	923,306
Loss before income tax		(2,681,994)	(812,379)
Income tax expense		-	-
Loss from continuing operations		(2,681,994)	(812,379)
Total comprehensive loss for the period		(2,681,994)	(812,379)
Total comprehensive loss attributable to the owners of the Company		(2,681,994)	(812,379)
Loss per share (cents per share)			
Basic and diluted from continuing operations		(0.37)	(0.16)
Basic and Diluted (cents per share)		(0.37)	(0.16)

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 2023

		Consolidated	
		31 March 2023	30 September 2022
		\$	\$
Note			
ASSETS			
CURRENT ASSETS			
	Cash and cash equivalents	777,821	2,015,333
	Trade and other receivables	62,406	223,751
	Right-of-use-asset	86,433	58,574
	TOTAL CURRENT ASSETS	926,660	2,297,658
NON-CURRENT ASSETS			
	Trade and other receivables	56,592	78,409
	Right-of-use-asset	129,650	192,335
	Investment in associate	-	850,358
	Cliff Head and other non-current assets	8,729,497	7,162,117
	Exploration, evaluation and development assets	2,080,106	1,678,662
	TOTAL NON-CURRENT ASSETS	10,995,845	9,961,881
	TOTAL ASSETS	11,922,505	12,259,539
LIABILITIES			
CURRENT LIABILITIES			
	Trade and other payables	694,264	1,339,061
	Employee benefits	286,213	216,654
	Lease liabilities	97,072	58,574
	TOTAL CURRENT LIABILITIES	1,077,549	1,614,289
NON-CURRENT LIABILITIES			
	Lease Liabilities	149,645	192,335
	TOTAL NON-CURRENT LIABILITIES	149,645	192,335
	TOTAL LIABILITIES	1,227,194	1,806,624
	NET ASSETS	10,695,311	10,452,915
EQUITY			
	Issued capital	65,339,138	62,422,575
	Reserves	256,892	249,930
	Accumulated losses	(54,900,719)	(52,219,590)
	Total equity attributable to equity holders of the Company	10,695,311	10,452,915

The accompanying notes form part of these consolidated financial statements.

Pilot Energy Limited and its Controlled Entities

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Consolidated Statement of Changes in Equity

For the Half Year Ended 31 March 2023

	Note	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total \$
Balance at 1 October 2022		62,422,575	(52,219,590)	249,930	10,452,915
Loss attributable to members of the parent entity		-	(2,681,994)	-	(2,681,994)
Transactions with owners in their capacity as owners					
Shares issued	17	3,053,962	-	-	3,053,962
Options issued		-	-	7,827	7,827
Options expired		-	865	(865)	-
Capital Raising Costs	17	(137,399)	-	-	(137,399)
Balance at 31 March 2023		65,339,138	(54,900,719)	256,892	10,695,311
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		136,283	-	-	136,283
Options issued		-	-	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

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 2023

	Consolidated	
	31 March	31 March
	2023	2022
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	209,755	257,151
Payments to suppliers and employees	(1,772,563)	(1,803,424)
Interest received	35	1
Finance costs	(4,084)	(364)
Net cash used in operating activities	<u>(1,566,857)</u>	<u>(1,546,636)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Exploration, Project and Feasibility Expenditure	(2,040,283)	(1,340,233)
Cash flows from loans to other entities	-	(319,824)
Other (Consortium receipts)	-	202,609
Net cash used in investing activities	<u>(2,040,283)</u>	<u>(1,457,448)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	2,499,750	-
Transaction costs related to issue of securities	(130,000)	(14,250)
Net cash provided by / (used in) financing activities	<u>2,369,750</u>	<u>(14,250)</u>
Net decrease in cash and cash equivalents	(1,237,390)	(3,018,334)
Effect of exchange rate changes on cash and cash equivalents	(122)	(44)
Cash and cash equivalents at 1 October	<u>2,015,333</u>	<u>5,455,419</u>
Cash and cash equivalents at 31 March	<u>777,821</u>	<u>2,437,041</u>

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 2023

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 8th June 2023.

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 2023 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 2022, 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 2022.

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 2023 the group had cash and cash equivalents of \$777,821 and a working capital deficiency of \$150,889. During the period the Group had net cash outflows of \$1,237,390. The Group incurred a loss of \$2,681,994 for the half year ended 31 March 2023.

It is noted that the Group has raised additional funds in April 2023 of \$1.7 million of committed funds (before expenses). In addition, the Group also announced in May, a convertible note of \$3 million subject to shareholder approval at a general meeting to be held 16th June 2023. In addition, the Group has lodged an R&D claim of \$1.1 million which is anticipated to be received in July 2023.

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Pilot Energy Limited and its Controlled Entities

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Notes to the Consolidated Financial Statements

For the Half Year Ended 31 March 2023

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
 - Convertible notes
- 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 2022.

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 2022.

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Notes to the Consolidated Financial Statements For the Half Year Ended 31 March 2023

4 Revenue from Continuing Operations

	2023	2022
	\$	\$
Management fees from associated company	173,820	173,760
Other income	-	20,800
Interest	35	29,909
Total Revenue	173,855	224,469

5 Share of (Loss)/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.

	2023		2022	
	TEO	Pilot Energy Portion (50%)*	TEO	Pilot Energy Portion (50%)
	\$	\$	\$	\$
Total Share of (Loss) / Profit of Associate for the half year	(2,290,398)	(850,358)	1,846,612	923,306

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

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:

	2023	2022
	\$	\$
Shares		
Shares issued to company secretary	28,944	9,700
Shares issued to employees	77,378	55,270
Shares issued to consultants	447,890	71,313
	554,212	136,283
Options		
Options issued to employees	-	1,119
Options issued to company secretary	-	1,492
Options issued to directors	-	8,206
Options issued to consultants	428	139,610
	428	150,427
Total	554,640	286,710

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Pilot Energy Limited and its Controlled Entities

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Notes to the Consolidated Financial Statements For the Half Year Ended 31 March 2023

7 Cash and Cash Equivalents

	31 March 2023	30 September 2022
	\$	\$
Cash at bank and in hand	777,821	2,015,333
	<u>777,821</u>	<u>2,015,333</u>

8 Trade and Other Receivables

<i>Current</i>		
GST	32,630	155,741
Amounts Rechargeable to TEO	-	58,815
Prepayments	6,896	9,195
Other	22,880	-
Total current trade and other receivables	<u>62,406</u>	<u>223,751</u>
<i>Non-Current</i>		
Deposits	56,592	78,409
Total non-current trade and other receivables	<u>56,592</u>	<u>78,409</u>

9 Right-of-use Asset

	\$
Balance at 30 September 2021	34,080
Additions	-
Amortisation charge for the half year	(22,636)
Balance at 31 March 2022	11,444
Additions	250,909
Amortisation charge for the half year	(11,444)
Balance at 30 September 2022	250,909
Additions	8,391
Amortisation charge for the half year	(43,217)
Balance at 31 March 2023	<u>216,083</u>
	\$
	\$
Net book value	\$
- Current Asset	86,433
- Non-current Asset	129,650
Total Right-of-use Asset	<u>216,083</u>

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 its Controlled Entities

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Notes to the Consolidated Financial Statements For the Half Year Ended 31 March 2023

10 Property, Plant and Equipment

	31 March 2023	30 September 2022
	\$	\$
Furniture at cost	163	163
Accumulated depreciation	(163)	(163)
Total Furniture	-	-
Office equipment at cost	3,047	3,047
Accumulated depreciation	(3,047)	(1,692)
Depreciation charge for the half year	-	(1,355)
Total Office Equipment	-	-
Computers at cost	6,270	6,270
Accumulated depreciation	(6,270)	(4,734)
Depreciation charge for the half year	-	(1,536)
Total Computers	-	-
Total Property, Plant and Equipment	-	-
Reconciliation of Property, Plant and Equipment		
Property, Plant and Equipment at the beginning of the year	-	2,891
Depreciation during the half year	-	(2,891)
Total, Property, Plant and Equipment	-	-

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

	2023	2022
	\$	\$
<i>Triangle Energy (Operations) Pty Ltd</i>		
Balance at 30 September	850,358	212,473
Share of associate (loss) / profit for the half year	(850,358)	923,306
Balance at 31 March*	-	1,135,779

As the associate recorded a loss which results in a negative equity position for the period ended 31 March 2023, no investment has been recognised in the financial statements for the period.

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Pilot Energy Limited and its Controlled Entities

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Notes to the Consolidated Financial Statements For the Half Year Ended 31 March 2023

12 Cliff Head and Other Non-Current Assets

	31 March 2023	30 September 2022
	\$	\$
Cliff Head	3,619,120	3,619,120
Carbon Capture Projects	3,978,858	2,457,519
Wind and Solar Feasibility	1,131,519	1,085,478
Total Cliff Head and Other Non-Current Assets	8,729,497	7,162,117

13 Exploration, Evaluation and Development Assets

Exploration, Evaluation and Development Assets	2,080,106	1,678,662
	2,080,106	1,678,662

14 Trade and Other Payables

Trade payables	605,290	1,171,935
Other payables	88,974	138,141
Accrued expenses	-	28,985
	694,264	1,339,061

15 Employee Benefits

<i>Current</i>		
Provision for Annual Leave	286,213	216,654
	286,213	216,654

16 Lease Liabilities

<i>Current</i>		
Lease liabilities	97,072	58,574
	97,072	58,574

<i>Non-current</i>		
Lease liabilities	149,645	192,335
	149,645	192,335

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Pilot Energy Limited and its Controlled Entities

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Notes to the Consolidated Financial Statements For the Half Year Ended 31 March 2023

17 Issued Capital

(a) Ordinary Shares

	Amount in \$	Number of shares
Balance at 30 September 2022	62,422,575	611,437,850
Issue of shares to consultants and employees	165,746	9,827,801
Placement of shares at 1.7 cents each	500,000	29,411,765
Placement of shares at 1.5 cents each	1,960,000	130,666,667
Issue of shares to consultants	250,000	12,953,367
Issue of shares to consultants and employees	138,466	8,980,181
Placement of shares at 1.5 cents each	39,750	2,650,000
Capital raising costs	(137,399)	-
Balance at 31 March 2023	65,339,138	805,927,631

(b) Options

Grant Date	Vesting Date	Expiry Date	Exercise Price (Cents)	Balance at 30 September 2022	Granted during year	Expired during year	Balance at 31 Mar 2023	Vested and exercisable at 31 Mar 2023
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 Apr 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	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	17 Nov 2024	3.3	-	14,705,882	-	14,705,882	14,705,882
15 Feb 2023	15 Feb 2023	25 Aug 2025	3.3	-	8,000,000	-	8,000,000	8,000,000
15 Feb 2023	15 Feb 2023	25 Aug 2025	3.3	-	66,658,334	-	66,658,334	66,658,334
				155,045,418	89,364,216	(54,212,092)	190,197,542	190,197,542

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Pilot Energy Limited and its Controlled Entities

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Notes to the Consolidated Financial Statements For the Half Year Ended 31 March 2023

18 Reserves

	31 March 2023	30 September 2022
	\$	\$
Share Based Payments Reserve	151,398	151,347
Options Reserve	105,494	98,583
Total	256,892	249,930

19 Contingent Liabilities

In the opinion of the Directors, the listed company did not have any contingent liabilities at 31 March 2023 (30 September 2022: None).

20 Related Parties

During the period the following Related Party transactions occurred:

- Throughout the half year, a total of \$173,820 has been charged to Triangle Energy (Operations) Pty Ltd for the provision of management services.

21 Events Occurring After the Reporting Date

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

As announced on 12 April 2023, Pilot has progressed the foundational elements of the Mid West Clean Energy Project including obtaining key regulatory approvals and engineering.

As announced on 17 April 2023, Pilot raised \$1.7 million (before costs) in a Share Placement at \$0.01 per share to sophisticated investors. As part of the Placement, one option will be issued for every two new shares issued. The exercise price of each option is \$0.02 and expire on 30 April 2026.

As announced on 19 April 2023, Pilot and Svante Technologies Inc have entered into a Memorandum of Understanding to target integration of Svante's market leading-leading solid sorbent-based post-combustion carbon capture technology with Pilot's Cliff Head CO₂ storage project.

As per the announcement on 17 April 2023, 166,500,000 shares were issued on 24 April 2023. The remaining Placement shares and free, attaching options are subject to approval from Pilot's shareholders at a General Meeting on 16 June 2023.

As announced on 4 May 2023, Pilot announced that it has executed a binding convertible note agreement with an investor syndicate, for an investment in the Company of \$3 million (before costs) subject to shareholder approval at a General Meeting on 16 June 2023.

As announced on 12 May 2023, a General Meeting of the Shareholders will be held on 16 June 2023.

As announced on 12 May 2023, Pilot has proposed to issue 35,714,285 shares in exchange of services from 8 Rivers Capital LLC subject to shareholder approval at a General Meeting on 16 June 2023.

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 2023 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 8th day of June 2023

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**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 2023, 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 2023 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*.

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 2023 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

Allan Facey
Director

Sydney
Dated this 8th of June 2023

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