

## Announcement to ASX

(ASX: PGY)

27 June 2023

CLEANSING NOTICE UNDER SECTION 708A(12C)(e) OF THE CORPORATIONS ACT 2001 (CTH)

### 1. Summary

This cleansing notice (**Cleansing Notice**) is issued by Pilot Energy Limited ABN 86 115 229 984 (**Company**) under section 708A(12C)(e) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as notionally inserted by *ASIC Corporations (Sale Offers: Securities Issued on Conversion of Notes) Instrument 2016/82* (**ASIC Instrument**).

The Company confirms that:

- (a) on 27 June 2023, the Notes (as defined below) have been issued without disclosure under Part 6D.2 of the Corporations Act;
- (b) this Cleansing Notice comprises a notice under section 708A(12C)(e) of the Corporations Act in respect of the Notes, as inserted by the ASIC Instrument; and
- (c) this Cleansing Notice complies with section 708A(12D) of the Corporations Act as inserted by the ASIC Instrument.

This Cleansing Notice is an important document and should be read in its entirety. No offer or invitation is made pursuant to this Cleansing Notice for any person to subscribe for or apply to acquire the Notes, or other securities issued by the Company. You are not required to do anything in response to this Cleansing Notice. Neither ASIC nor ASX take responsibility for the contents of this Cleansing Notice.

### 2. Background

The Company announced on 4 May 2023 that it had entered into a binding convertible note agreement (**Note Agreement**) with Discovery Investments Pty Ltd ACN 103 750 312 (or its nominees, who are sophisticated investors for the purposes of section 708(8) of the Corporations Act) (**Investors**) pursuant to which the Investors would subscribe for convertible notes issued by the Company (**Notes**) which are convertible into fully paid ordinary shares in the Company (**Shares**) to raise \$3,000,000.

The Directors of the Company consider that the entry into the Note Agreement and the issue of the Notes is in the best interests of shareholders of the Company (**Shareholders**) as it will enable the Company to provide funding towards activities associated with the Company's projects - the Carbon Capture & Storage (**CCS**) FEED, pre-FEED preparatory work for the broader Mid West Clean Energy Project (**MWCEP**) in Western Australia, as well as general working capital for corporate overheads. The recent funding initiatives will provide a runway for the Company to continue the planning stage of the MWCEP whilst partnering arrangements are being concluded.

The issuance and conversion of the Notes was subject to the approval of the Shareholders on 16 June 2023 in order to permit the Notes and the Shares issued on conversion of the

Notes to be issued without using the Company's 15% placement capacity under ASX Listing Rule 7.1.

### 3. Contents of this Cleansing Notice

This Cleansing Notice sets out:

- (a) in relation to the Notes:
  - (i) the effect of the issue on the Company; and
  - (ii) a summary of the rights and liabilities attaching to both the Note and the Shares that will be issued on conversion of the Notes.
- (b) any information that:
  - (i) has been excluded from continuous disclosure notices in accordance with the ASX Listing Rules; and
  - (ii) is reasonably required by investors or their professional advisers to make an informed assessment of:
    - (A) the Company's assets and liabilities, profits and losses, financial position, performance, and prospects; and
    - (B) the rights and liabilities attaching to the Notes; and
- (c) other information relating to the Company's status as a disclosing entity.

### 4. Overview of the effect of the issue of the Notes on the Company

The principal effect of the issue of the Notes on the Company is as follows:

- (a) the Company's cash reserves will be increased by \$3,000,000 on the issue of the Notes representing the aggregate subscription price of the Notes (before costs associated with the issue);
- (b) the number of convertible notes on issue in the Company will increase from nil to 6;
- (c) the Company's indebtedness will be increased by the aggregate face value of the Notes (being \$3,000,000), plus all accrued but not paid interest; and
- (d) if the Notes are converted, this will dilute the holdings of existing Shareholders and will also decrease the Company's indebtedness accordingly. The effect of the conversion of the Notes on the Company's capital structure is shown in section 6 below.

### 5. Pro-forma statement of financial position after the issue of Notes

Set out in Annexure A is a Pro-Forma Financial Information statement comprising the unaudited Pro-Forma Statement of Financial Position as at 23 June 2023 of the consolidated Pilot Group showing the effects of an issue of a Convertible Note of \$3M anticipated to complete on or around 23 June 2023. This unaudited Pro-Forma Statement of Financial Position has been derived from the reviewed Statement of Financial Position as at 31 March 2023 of the Consolidated Group adjusted for the following transactions as if they had occurred at 23 June 2023 ("Pro-Forma Transactions. The statement has been prepared on the basis of the accounting policies normally adopted by the Company.

## 6. Impact on the Company's capital structure

The capital structure of the Company as at the date of this Cleansing Notice, before the issue of Notes is set out below:

Type of security	Number on issue
<b>Shares</b>	1,012,642,999
<b>Options</b>	300,197,550
<b>Convertible notes</b>	Nil

The Notes are convertible to Shares at \$0.02 per Share (**Conversion Price**). Assuming the Notes are fully converted into Shares, the number of Shares that will be issued on conversion is 150,000,000 Shares (exclusive of any accrued but unpaid interest).

The number of Shares issued to the Investors will depend on a number of factors, including whether the Investors elects to convert the Notes or if the Notes are redeemed and repaid in full to the Investors, including any accrued and outstanding interest.

The table below shows the potential effect of the conversion of the Notes, as at the date of this Cleansing Notice.

Securities	Prior to issue of the Notes	After issue of the Notes	After conversion of the Notes
<b>Shares</b>	1,012,642,999	1,012,642,999	1,162,642,999
<b>Options</b>	300,197,550	300,197,550	300,197,550
<b>Notes</b>	0	6	0
<b>Total</b>	<b>1,312,840,549</b>	<b>1,312,840,555</b>	<b>1,462,840,549</b>

The table below shows the indicative percentage ownership of Shares by the Investors if the Notes are fully converted to Shares in full at the Conversion Price on the date of this Cleansing Notice.

	Noteholder	On date of issue of the Notes	Assuming full conversion of the Notes
<b>Percentage ownership of Shares by the Investors</b>	Discovery Investments Pty Ltd atf Columbus Family Trust	10,000,000 Shares 0.01%	60,000,000 Shares 5.16%
	Antonios Manuel Syrianos atf Tony Syrianos Family Trust	0 Shares 0%	50,000,000 Shares 4.30%
	James Clarke	0 Shares 0%	25,000,000 Shares 2.15%

	Wookie Investments Pty Ltd atf The Goose Trust	0 Shares 0%	7,500,000 Shares 0.65%
	Hemisphere Corporation Pty Ltd atf Browne Family Trust No.2	0 Shares 0%	12,500,000 Shares 1.08%
	JEC Capital Pty Ltd atf JEC Capital Trust	0 Shares 0%	5,000,000 Shares 0.43%

## 7. Rights and liabilities attaching to the Notes

The following is a broad summary of the rights, privileges and restrictions attaching to the Notes.

The summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Investors.

	Item	Description
1.	<b>Class of security to be issued</b>	The Notes will be unsecured notes convertible into Shares.
2.	<b>Status</b>	<p>The Notes will be unsecured obligations of the Company and will rank:</p> <ul style="list-style-type: none"> <li>■ behind, and are junior to, the payment obligations of the Company in respect of any 'Permitted Financial Indebtedness';</li> <li>■ rank at least pari passu with the payment obligations of the Company in respect of all other unsecured indebtedness, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application; and</li> <li>■ rank ahead of all equity securities of the Company, as at their date of issue (<b>Issue Date</b>).</li> </ul> <p>Shares issued on conversion of the Notes will be fully paid and will rank pari passu in all respects with the Shares on issue in the Company as at the date of conversion.</p>
3.	<b>Face Value</b>	\$3,000,000.
4.	<b>Number of Notes to be issued</b>	6.
5.	<b>Term</b>	Twenty four months from the Issue Date.
6.	<b>Who can convert the Notes</b>	<p>The Investors may exercise their right to convert the Notes:</p> <ul style="list-style-type: none"> <li>■ at any time after the end of the Term by giving 30 days' written notice to the Company; or</li> <li>■ before the end of the Term upon the Investors giving seven days written notice to the Company following either of an Event of Default (defined below), Insolvency Event (defined below) or Change of Control Event (defined below).</li> </ul>

	Item	Description
7.	<b>Maturity Date</b>	24 months after the Issue Date.
8.	<b>Interest</b>	12% per annum compounding and payable quarterly.
9.	<b>Interest payments</b>	In the first two quarters of the Term, the interest accrued will be payable in cash.  In any subsequent quarter during the Term, the Investors may elect to receive their interest payment either in cash, or in the form of additional Shares.
10.	<b>Redemption</b>	At the end of the Term, the Investors may elect to redeem the Notes in the amount equal to the sum of the Face Value of each of the Notes plus any accrued but unpaid interest.  If the Investors do not convert a Note into Shares within 7 business days of either an Event of Default or Insolvency Event, that Note and all accrued but unpaid interest will be redeemed and become immediately due and payable to the Investors in cash.
11.	<b>Events of Default</b>	An Event of Default includes: <ul style="list-style-type: none"> <li>■ the Company being found by a court to be in breach of a substantive law;</li> <li>■ the Shares in the Company permanently ceasing to be listed on a recognised stock exchange; or</li> <li>■ the Company being in breach of a material obligation under the Note Agreement and failing to remedy such breach within thirty days of receiving written notice of such breach from the Investors.</li> </ul>
12.	<b>Insolvency Event</b>	An Insolvency Event means any one or more of the following applying to the Company: <ul style="list-style-type: none"> <li>■ the Company becoming insolvent or unable to pay its debts as they fall due or is adjudicated bankrupt;</li> <li>■ any judgment or order against the Company is not stayed or complied with within fourteen days;</li> <li>■ any execution, distress, sequestration or other legal process is commenced against any of the assets of the Company and is not terminated or discharged within fourteen days;</li> <li>■ any steps are taken to enforce any security interest of any kind over any of the Company's assets;</li> <li>■ the Company is dissolved or enters into liquidation, administration, administrative receivership, receivership, a voluntary arrangement, a moratorium on payment of debts, a scheme of arrangement with creditors, any analogous or similar procedure in any jurisdiction or any other form of procedure relating to insolvency, reorganisation or dissolution in any jurisdiction, or any step is taken by any person with a view to any of those;</li> <li>■ the Company ceases to carry on business, stops payment of its debts or any class of them, or enters into any compromise or</li> </ul>

	Item	Description
		<p>arrangement in respect of its debts or any class of them, or any step is taken to do any of those things; or</p> <ul style="list-style-type: none"> <li>all or substantially all of the Company's assets are subject to attachment, sequestration, execution or similar process and that process is not terminated or discharged within fourteen days.</li> </ul>
13.	<b>Change of Control Event</b>	A Change of Control Event means, in relation to the Company, where more than fifty percent of the issued share capital of the Company is acquired by another entity (that is not a wholly owned subsidiary of the Company).
14.	<b>Unpaid monies default</b>	<p>If the Company fails to pay the Investors any amount owing in connection with the Note Agreement, the Investors may give the Company a notice demanding payment of all amounts owing in connection with the Notes, including penalty interest of 15% per annum to be calculated from the payment date up to and including the actual payment date.</p> <p>If the Company fails to comply with that notice within 7 days of receipt, the Investors may treat this as an Event of Default.</p>
15.	<b>Quotation</b>	<p>The Notes will not be listed.</p> <p>Any Shares issued on conversion will be quoted on ASX.</p>
16.	<b>Voting rights</b>	The Notes will not carry any voting rights.
17.	<b>Warranties and indemnities</b>	The Investors and the Company each provide customary warranties and representations to each other party under the Note Agreement.
18.	<b>Restrictions on transfer</b>	The Investors must not sell or offer the Notes for sale.

#### 8. **Rights and liabilities attaching to the Shares issued on conversion of the Notes**

The Shares issued to the Investors on the conversion of the Notes under the Note Agreement will rank equally in all respects with all of the Company's existing Shares.

The rights attaching to Shares, including new Shares to be issued to the Investors on the conversion of the Notes, are set out in the Company's constitution (**Constitution**), and in certain circumstances are regulated by the Corporations Act and the ASX Listing Rules.

The following is a broad summary of the more significant rights, privileges and restrictions attaching to the Shares. The summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders in the Company. The summary is qualified by the full terms of the Constitution (a full copy of which can be obtained from the Company on request free of charge). These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and general law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek legal advice.

Item	Comments
<b>Voting</b>	<p>Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of the Company every holder of fully paid Shares present in person or by an attorney, representative or proxy has one vote on a show of hands (unless a Shareholder has appointed 2 proxies or has appointed a proxy who is also a Shareholder, in which case the proxy or proxies has or have no vote on a show of hands) and one vote per Share on a poll.</p> <p>A person who holds an ordinary share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue of that share.</p> <p>Where there are 2 or more joint holders of a Share and more than one of them is present at a general meeting, in person or by proxy, attorney or representative, and tender a vote in respect of the Share, the Company will count only the vote cast by, or on behalf of, the Shareholder whose name appears first in the Company's register of Shareholders.</p>
<b>Dividends</b>	<p>Subject to the Corporations Act, the Board may by resolution declare a dividend or determine a dividend is payable, and may fix the amount, time for and method of payment.</p> <p>Subject to the terms of issue of the Shares, the Company may pay a dividend on one class of shares to the exclusion of another class.</p> <p>Each Share in a class on which the Board resolves to pay a dividend carries the right to participate in the dividend in the same proportion that the amount for the time being paid on the Share bears to the total issue price of the share.</p>
<b>Issue of further shares</b>	<p>Subject to the Corporations Act and the ASX Listing Rules, the Board may, on behalf of the Company, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the Board decides.</p> <p>The Company may issue preference shares (including preference shares that are liable to be redeemed).</p>
<b>Variation of class rights</b>	<p>If the Company issues different classes of Shares, or divide issued Shares into different classes, the rights attached to shares in any class may (subject to the Corporations Act) be varied or cancelled only:</p> <ul style="list-style-type: none"> <li>■ with the written consent of the holders of 75% of the issued shares of the affected class; or</li> <li>■ by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.</li> </ul>
<b>Transfers of shares</b>	<p>A Shareholder may transfer a Share by any means permitted by the Corporations Act or by law. The Company must not charge any fee on the transfer of a share.</p> <p>The Board:</p>

Item	Comments
	<ul style="list-style-type: none"> <li>■ may refuse to register a transfer of Shares only if that refusal would not contravene the ASX Listing Rules or the ASX Operating Rules;</li> <li>■ subject to the Corporations Act and the ASX Listing Rules, may refuse to register a transfer of Shares where the registration of the transfer would create a new holding of an unmarketable parcel;</li> <li>■ subject the Corporations Act, must not register a transfer to a subsidiary of the Company; and</li> <li>■ must not register a transfer if the Corporations Act, the ASX Listing Rules or the ASX Operating Rules forbid registration.</li> </ul> <p>If the Board refuses to register a transfer, the Company must give the lodging party notice of the refusal and the reasons for it within five business days after the date on which the transfer was delivered to it.</p>
<b>Partly paid shares</b>	<p>The Board may, subject to compliance with the Constitution, the Corporations Act and the ASX Listing Rules, issue partly paid ordinary shares upon which there are outstanding amounts payable.</p>
<b>Unmarketable parcels</b>	<p>The Board may sell a Share that is part of an unmarketable parcel in accordance with the Constitution.</p> <p>Once in any 12 month period, the Board may give written notice to a Shareholder who holds an unmarketable parcel that it intends to sell the unmarketable parcel on a date that is not less than 6 weeks from the date of the notice.</p> <p>If the Shareholder tells the Company that they wish to retain the unmarketable parcel, the Company cannot sell the unmarketable parcel.</p> <p>The Board's power to sell lapses if a takeover is announced after the Board has given a notice to sell the unmarketable parcel and before the Board enters into an agreement to sell the share.</p>
<b>General meetings and notices</b>	<p>Subject to the rights of the class of Share notified to the Shareholder at the time of issue, each Shareholder is entitled to receive notice of (whether or not the Shareholder is entitled to vote at the meeting), and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the ASX Listing Rules.</p>
<b>Winding up</b>	<p>Subject to the terms of issue of Shares and the provisions of the Constitution, if the Company is wound up, Shareholders will be entitled to participate in any surplus assets of the Company in proportion to the percentage of the capital paid up on their Shares.</p>

Item	Comments
<b>Variation of the Constitution</b>	The Corporations Act provides that the Constitution may be modified or repealed and replaced by a special resolution passed by the Shareholders of the Company. The Constitution does not provide for any further requirements to be complied with to affect a modification of, or to repeal and replace, the Constitution.
<b>Share buy-backs</b>	Subject to the provisions of the Corporations Act and the ASX Listing Rules, the Company may buy-back and cancel Shares in itself.
<b>ASX Listing Rules</b>	<p>As the Company is listed to the official list of ASX, the Constitution provides that:</p> <ul style="list-style-type: none"> <li>■ notwithstanding anything contained in the Constitution, if the ASX Listing Rules prohibit an act being done, the act shall not be done;</li> <li>■ nothing contained in the Constitution prevents an act being done that the ASX Listing Rules require to be done;</li> <li>■ if the ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be);</li> <li>■ if the ASX Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision;</li> <li>■ if the ASX Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision; and</li> <li>■ if any provision of the Constitution is or becomes inconsistent with the ASX Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.</li> </ul>

## 9. Compliance with disclosure obligations

The Company is a disclosing entity under the Corporations Act and is subject to regular reporting and disclosure obligations. These obligations require the Company to notify ASX of information about specified events and matters as they arise for the purposes of making that information available to the market.

As at the date of this Cleansing Notice, the Company has complied with:

- (a) the provisions of Chapter 2M of the Corporations Act, as they apply to the Company; and
- (b) section 674 of the Corporations Act, as it applies to the Company.

Copies of any documents in relation to the Company which are lodged with ASIC may be obtained from, or inspected at, an ASIC office. Copies of all documents announced to the ASX can be found at the ASX's website (<https://www2.asx.com.au/>)

The Company will provide free of charge to any person who requests it during normal business hours:

- (a) the Annual Financial Report;
- (b) any continuous disclosure notices given after lodgement of the Annual Financial Report and before lodgement of this Cleansing Notice.

A list of the continuous disclosure documents lodged by the Company with the ASX after the Annual Financial Report and before the lodgement of this Cleansing Notice is set out below:

Date	Announcement
19/12/2022	Annual Report to shareholders
19/12/2022	PGY 2022 Corporate Governance Statement & App 4G
19/12/2022	Notification of cessation of securities - PGY
20/12/2022	Cliff Head Oil Export Continues
09/01/2023	Notice of Annual General Meeting/Proxy Form
16/01/2023	Notification of cessation of securities - PGY
30/01/2023	December 2022 Quarterly Activity Report and Appendix 5B
06/02/2023	TEG: Cliff Head Oil Export - Second Oil Delivery Revenue Re
10/02/2023	Results of Meeting
13/02/2023	Proposed issue of securities - PGY
15/02/2023	PGY - Cleansing Notice
15/02/2023	Application for quotation of securities - PGY
15/02/2023	Notification regarding unquoted securities - PGY
15/02/2023	Application for quotation of securities - PGY
15/02/2023	Application for quotation of securities - PGY
16/02/2023	Change of Director's Interest Notice- Chen, Gordon, Strasser
17/02/2023	Appendix 3Y - B Gordon - Correction
09/03/2023	Material Gas Fairway Identified in WA-481-P
12/04/2023	Mid West Clean Energy Project Update
13/04/2023	Trading Halt
17/04/2023	Proposed issue of securities - PGY
17/04/2023	Pilot Capital Raise
19/04/2023	MoU with Svante for Carbon Capture and Storage Solutions
21/04/2023	Amended Announcement - Pilot/Svante MOU - Carbon Capture
24/04/2023	PGY - Cleansing Notice
24/04/2023	Application for quotation of securities - PGY

Date	Announcement
28/04/2023	Quarterly Activities/Appendix 5B Cash Flow Report
04/05/2023	Proposed issue of securities - PGY
04/05/2023	Pilot enters \$3m Convertible Note Agreement
12/05/2023	Proposed issue of securities - PGY
12/05/2023	Notice of General Meeting - Access Letter
12/05/2023	Notice of General Meeting/Proxy Form
06/06/2023	AUSTRADE/PGY Japan-Korea CCS trade delegation presentation
08/06/2023	Half Yearly Report and Accounts
09/06/2023	PGY/KC8 CCS Mid West emissions collaboration
15/06/2023	PGY/KNCC Carbon Transport & Storage Solution Collaboration

**10. Information excluded from continuous disclosure obligations**

As at the date of this notice, other than as set out in the Cleansing Notice including above, there is no information that:

- (a) has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
- (b) is information that investors and their professional advisers would reasonably require to make an informed assessment of:
  - (i) the Company's assets and liabilities, profits and losses, financial position, performance and prospects; and
  - (ii) the rights and liabilities attaching to the Notes or underlying Shares.

This document was approved for release by the Chair of the Board.

## **Annexure A – Pro forma statement of financial position**

The pro-forma statement of financial position:

- (a) has been prepared in accordance with the Company's usual accounting policies under Australian Accounting Standards;
- (b) is presented in abbreviated form in so far as it does not include all the disclosures required by the Australian Accounting Standards applicable to annual financial statements;
- (c) is not audited; and
- (d) has been prepared on the basis that the Notes includes embedded derivatives (the conversion component for which the Note terms adjust the security into a variable number of Shares in the Company). The debt host component of the Notes is initially recognised as financial liabilities at fair value (with fair value equating to the proceeds received) and subsequently, the debt is measured at amortised cost. Any movements in the fair value of the embedded derivative and effective interest associated with the debt host component will be recognised in the Company's statement of profit or loss has been provisionally prepared for the Notes, accordingly, the allocations between liabilities and equity detailed therein are subject to future change.

## Appendix A

### Pro-Forma Financial Information

#### 1. Basis of preparation and presentation

This section sets out the Pro-Forma Financial Information. The basis for preparation and presentation of this information is also set out below.

The Pro-Forma Financial Information has been prepared in accordance with the recognition and measurement criteria of Australian Accounting Standards. The Pro-Forma Financial Information comprises financial information of the Consolidated Group. The Pro-Forma Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures and notes required in an annual financial report prepared in accordance with Australian Accounting Standards and the Corporations Act 2001.

#### 2. Pro-Forma Financial Information

The Pro-Forma Financial Information set out below comprises the unaudited Pro-Forma Statement of Financial Position as at 23 June 2023 of the Consolidated Group showing the effects of an issue of a Convertible Note of \$3M anticipated to complete on or around 23 June 2023.

The unaudited Pro-Forma Statement of Financial Position has been derived from the reviewed Statement of Financial Position as at 31 March 2023 of the Consolidated Group adjusted for the following transactions as if they had occurred at 23 June 2023 ("**Pro-Forma Transactions**"):

- Issue of Convertible Note of \$3 million
  - Less costs of issuing Convertible Note of \$150,000
- Capital Raise of \$1.7 million at \$0.01 per share
  - Less costs of Capital Raise of \$106,000
- R&D Tax Refund of \$1,111,033
  - Including Interest of \$9,920
- There have been no other material transactions from 31 March 2023 to the date of this Pro-Forma Financial Information.

**3. Unaudited Pro-Forma Statement of Financial Position of the Consolidated Group as at 23 June 2023**

	Note	Pilot Group Statement of Financial Position 31 March 2023 \$	Issue of \$3M Convertible Note \$	Capital Raise of \$1.7M \$	R&D Tax Refund	Consolidated Pro-Forma Statement of Financial Position 23 June 2023 \$
<b>Current Assets</b>						
Cash and cash equivalents	1	777,821	2,850,000	1,594,000	1,111,033	6,332,854
Trade and other receivables		62,406	-	-	-	62,406
Right-of-use asset		86,433	-	-	-	86,433
<b>Total Current Assets</b>		<b>926,660</b>	<b>2,850,000</b>	<b>1,594,000</b>	<b>1,111,033</b>	<b>6,481,693</b>
<b>Non-Current Assets</b>						
Trade and other receivables		56,592	-	-	-	56,592
Right-of-use asset		129,650	-	-	-	129,650
Cliff Head and other non-current assets		8,729,497	-	-	-	8,729,497
Exploration, evaluation and development assets		2,080,106	-	-	-	2,080,106
<b>Total Non-Current Assets</b>		<b>10,995,845</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,995,845</b>
<b>Total Assets</b>		<b>11,922,505</b>	<b>2,850,000</b>	<b>1,594,000</b>	<b>1,111,033</b>	<b>17,477,538</b>
<b>Current Liabilities</b>						
Trade and other payables		694,264	-	-	-	694,264
Employee benefits		286,213	-	-	-	286,213
Lease liabilities		97,072	-	-	-	97,072
<b>Total Current Liabilities</b>		<b>1,077,549</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,077,549</b>
<b>Non-Current Liabilities</b>						
Lease liabilities		149,645	-	-	-	149,645
Financial liabilities		-	3,000,000	-	-	3,000,000
<b>Total Non-Current Liabilities</b>		<b>149,645</b>	<b>3,000,000</b>	<b>-</b>	<b>-</b>	<b>3,149,645</b>
<b>Total Liabilities</b>		<b>1,227,194</b>	<b>3,000,000</b>	<b>-</b>	<b>-</b>	<b>4,227,194</b>
<b>Net Assets</b>		<b>10,695,311</b>	<b>(150,000)</b>	<b>1,594,000</b>	<b>1,111,033</b>	<b>13,250,344</b>
<b>Equity</b>						
Issued capital	2	65,339,138	-	1,594,000	-	66,933,138
Reserves		256,892	-	-	-	256,892
Retained earnings	3	(54,900,719)	(150,000)	-	1,111,033	(53,939,686)
<b>Total Equity</b>		<b>10,695,311</b>	<b>(150,000)</b>	<b>1,594,000</b>	<b>1,111,033</b>	<b>13,250,344</b>

### 3.1. Notes to and forming part of the Pro-Forma Financial Information

#### Note 1 Reconciliation of movements in Pro-Forma Cash and Cash Equivalents

	Cash and cash equivalents \$
<b>Pilot Group Consolidated Cash Position as at 31 March 2023</b>	<b>777,821</b>
Issue of \$3 million convertible note*	3,000,000
Costs of issue of convertible note*	(150,000)
Completion of \$1.7 million capital raise*	1,700,000
Costs of capital raise*	(106,000)
<b>Pro-forma Consolidated Cash Position as at 23 June 2023</b>	<b>5,221,821</b>

*\*anticipated to complete on or around 23 June 2023*

#### Note 2 Reconciliation of Movements in Pro-Forma Contributed Equity

	Number of options #	Number of shares #	Contributed equity \$
Existing Equity @ 31 March 2023	190,197,542	805,927,631	65,339,138
Issue of convertible note*	-	-	-
Capital Raise of \$1.7 million at \$0.01 per share*	85,000,000	170,000,000	1,594,000
<b>Pro-forma Equity on issue</b>	<b>275,197,542</b>	<b>975,927,631</b>	<b>66,933,138</b>

*\*anticipated to complete on or around 23 June 2023*

#### Note 3 Reconciliation of movements in Pro-Forma Retained Earnings

	Cash and cash equivalents \$
<b>Pilot Group Consolidated Retained Earnings as at 31 March 2023</b>	<b>(54,900,719)</b>
Costs of issue of convertible note*	(150,000)
R&D Tax Refund	1,101,113
Interest on R&D Tax Refund	9,920
<b>Pro-forma Consolidated Retained Earnings as at 23 June 2023</b>	<b>(53,939,686)</b>

*\*anticipated to complete on or around 23 June 2023*