

Debt Note ahead of ATO PRRT refund claim provides ongoing working capital

Pilot Energy Limited (**ASX:PGY**) (**Pilot** or **Company**) is pleased to announce that it has secured a debt note for \$1.5 million from a syndicate of private credit investors to provide additional cashflow ahead of the receipt of up to \$4.5 million Cliff Head Oil Field Petroleum Resource Rent Tax (PRRT) tax refund claimed for the 2025 PRRT tax year.

The \$1.5 million debt note is an advance on the claimed \$4.5 million PRRT tax refund due to the Cliff Head Joint Venture for the FYE 30 June 2025 and is expected to be received in Q3 this year. A summary of the terms of the facility is set out in Attachment 1 to this announcement.

Under the PRRT regime, the owners of an offshore petroleum operation can claim 40% of abandonment, decommissioning and rehabilitation expenditures (ADRE) associated with the historic oil production and is capped at the total amount of PRRT paid during those production operations. The ADRE is distinct from and ahead of future redevelopment of the planned as part of the Mid West Clean Energy Project.

The total amount of PRRT paid by the Cliff Head JV parties is approximately \$66.8 million over the lifetime of the asset against which ADRE can be claimed following the cessation of production at the Cliff Head Oil Field.

The claimed PRRT refund amount is based on 40% of the total ADRE paid by the Cliff Head JV parties and funded by the Company pursuant to the purchase and sale agreement (PSA) between the Company and Triangle Energy (Group) Limited (TEG).

Background

The Cliff Head Oil JV suspended oil production and entered Non-Production Phase in August 2024. Subsequently NOPSEMA issued the JV with a Direction Notice to commence activities to prepare the project for abandonment. The Direction Notice stipulates that the Cliff Head JV is to undertake activities to comply with safety, integrity and environmental requirements imposed by the regulator to prepare the ceased production field for an acceptable decommissioning end state.

Under the PRRT regime, the owners of an offshore petroleum operation can claim 40% of ADRE capped at the total amount of PRRT paid during production operations. The total amount of ADRE for FY2025 was \$11.3 million (100%). Pursuant to the purchase and sale agreement, the total amount of the PRRT tax refund recoverable by the Cliff Head JV parties is to be paid to the Company.

As the ADRE are ongoing for the closure of Cliff Head Oil Field, the Company is also exploring the ability to secure a facility to fund these PRRT tax refund amounts on an on-going basis at the time of the incurrence of the ADRE.

Enquiries

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About Pilot Energy

Pilot is a junior oil and gas exploration and production company that is pursuing the diversification and transition to the development of carbon management projects, production of hydrogen and clean ammonia for export to emerging APAC Clean Energy markets.

Pilot intends to leverage its existing oil and gas operations and infrastructure to cornerstone these developments. Pilot is proposing to develop Australia's first offshore CO₂ Storage Project through the conversion of the Cliff Head Oil field and associated infrastructure from oil production to CO₂ Storage as part of the Mid West Clean Energy Project.

Pilot holds a 21.25% interest in the Cliff Head Oil field and Cliff Head Infrastructure (increases to 100% on completion of the acquisition of Triangle Energy (Global) Pty Limited's interest), and a 100% working interest in exploration permits WA-481-P and G-12 AP, located offshore Western Australia.

Attachment 1

PRRT Loan

Item		Operative provision
1	Loan Amount	Up to A\$1,500,000 excluding establishment fee.
2	Borrower	Pilot Energy Limited (Company)
3	Establishment Fee	6% to be paid by loan gross up ie A\$500,000 investment will give a loan balance repayable of A\$531,915.
4	Interest Rate	15% payable on outstanding balance calculated quarterly in arrears with 1 st Quarterly Paid 27 th October 2025 and then capitalised for repayment in full on or before 31 January 2026.
5	Term	The period commencing on the date of Completion (as defined in item 5 below) and ending on 25 January 2026.
6	Completion	Binding commitments received by <u>31 July 2025 AWST</u> .
7	Repayment	<ul style="list-style-type: none"> (i) The Company must apply sufficient PRRT refunds received to repay the Loan, the interest and the establishment fee. (ii) The Company at its sole discretion can make additional repayments any time after 31 October 2025. (iii) Regardless of the PRRT refunds received any remaining balance must be repaid at the end of the Term.
8	Security	Unsecured
9	Unpaid monies default	<p>If the Company fails to pay to the Investor/s any amounts outstanding under this agreement when due, the Investor/s shall give the Company a notice in writing to pay all such overdue amounts, together with interest on such overdue amounts at the Agreed Interest Rate, calculated from the due date of payment up to and including the actual date of payment, within seven (7) days (a Non Payment Notice).</p> <p>If the Company fails to comply with a Non Payment Notice, the Investor may rely on the provisions of item 9 in relation to an Event of Default.</p> <p>In this item 10, the Agreed Interest Rate shall mean 25% per annum.</p>

Item	Operative provision
10 Restrictions	<p>This Term Sheet is not a prospectus or “product disclosure statement” for the purposes of the Corporations Act and is not required to, and does not, contain all the information which would be required in a “product disclosure statement” prepared in accordance with the requirements of the Corporations Act. This Term Sheet has not been, and will not be, lodged with the Australian Securities and Investments Commission or the Australian Securities Exchange or any other regulatory body or agency in Australia.</p> <p>The Investor should not construe anything in this Term Sheet as legal, business or tax advice nor as financial product advice for the purposes of Chapter 7 of the Corporations Act.</p>
11 Further Documentation	<p>The Company will at its cost prepare a Loan Agreement containing the items noted in this Term Sheet and standard terms and conditions and the Side Letter Undertaking note at 9 above.</p>
12 Governing law	<p>The provisions of this agreement are governed by the laws of Western Australia and each party submits to the exclusive jurisdiction of the courts of that jurisdiction.</p>