



PILOT ENERGY LIMITED
A.B.N. 86 115 229 984

Interim Financial Report

For the Half Year Ended 31 March 2021

Pilot Energy Limited

A.B.N. 86 115 229 984

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For the Half Year Ended 31 March 2021

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Pilot Energy Limited

A.B.N. 86 115 229 984

Corporate Directory

Directors

Mr Bradley Lingo
Mr Anthony James Strasser
Mr Daniel Chen
Mr Bruce Gordon

Company Secretary

Ms Sally McDow

Registered and Principal Office

Level 12, Grosvenor Place
225 George Street, SYDNEY NSW 2000

Website: www.pilotenergy.com.au
Email: info@pilotenergy.com.au
Telephone: +61 2 8016 2819

Postal Address

Level 1, 85 Elizabeth Street
PADDINGTON NSW 2021

Auditors

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

Bankers

National Australia Bank Limited
Level 5, 402-410 Chapel Road
BANKSTOWN NSW 2200

Share Registry

Boardroom Pty Limited
Level 12, 225 George Street
SYDNEY NSW 2000

ASX Code

Shares: PGY

Legal Form of Entity

Public Company

Country of Incorporation and Domicile

Australia

Pilot Energy Limited

A.B.N. 86 115 229 984

Directors' Report

For the Half Year Ended 31 March 2021

The directors present their report together with the financial statements of Pilot Energy Limited ("the Company") and of the group, being the Company and its subsidiaries, for the half year ended 31 March 2021 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:

Non-Executive

Mr Bradley Lingo	Chairman of the Board, Non-Executive Director	Appointed 12 May 2020
Mr Anthony James Strasser	Managing Director	Appointed 31 May 2021
Mr Michael Lonergan	Non-Executive Director	Appointed 8 December 2017, Resigned 31 May 2021
Mr Daniel Chen	Non-Executive Director	Appointed 15 September 2020
Mr Bruce Gordon	Non-Executive Director	Appointed 31 May 2021
Mr Walker Li	Non-Executive Director	Appointed 20 September 2018, Resigned 1 December 2020
Dr Guoping Bai	Non-Executive Director	Appointed 14 June 2019, Resigned 1 December 2020

Company Secretary

Ms Sally McDow was appointed to the position of Company Secretary on 19 February 2021 replacing Ms Lisa Dadswell.

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 218,363,058 shares on issue. The Group is primarily involved in the evaluation, acquisition, exploration and development of conventional oil and gas resources.

Covid-19 update

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

Significant events during the period

Other than as detailed in the following Project Review, there were no significant events during the reporting period.

Financial Position

For the half year ended 31 March 2021, the Group generated a loss of \$1,988,358 (March 2020: Loss \$32,781) and had a net working capital surplus of \$307,051 as at March 2021 (September 2020: Deficit \$1,237,611).

The Group had a net cash inflow of \$582,759 for the half year ended 31 March 2021 (March 2020: Outflow \$23,050).

Dividends

The directors recommend that no dividend be provided for the half year ended 31 March 2021.

Pilot Energy Limited

A.B.N. 86 115 229 984

Directors' Report For the Half Year Ended 31 March 2021

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 1 June 2021, the securities of Pilot continue to be suspended from quotation to allow the Company to confer with the ASX in relation to its submissions for reinstatement made on 25 May 2021. The Company has been under voluntary suspension since 11 February 2021.

As per the announcement dated 11 May 2021, Pilot is awaiting final regulatory approvals to finalise the sale of 78.75% interest in WA-481-P to Triangle Energy (Global) Limited in return for \$300,000 cash and 100% free-carry through the completion of the Year 3 work programme to the value of \$1.23 million to Pilot's work programme share.

As a condition to the above sale of WA-481-P, Pilot and Triangle have also executed the Cliff Head Wind and Solar Joint Venture with Pilot holding 80% and Triangle holding 20%. Pilot will free carry Triangle on a renewables feasibility study.

As per the announcement issued to the ASX on 28 May 2021, all resolutions at the General Meeting (announced 26 April 2021) were passed.

As per the announcement issued to the ASX on the 31 May 2021, that upon completion of the Royal Energy transaction, Mr Tony Strasser has been appointed Managing Director of the Company. Mr Brad Lingo will remain as the Company's Executive Chairman. Also, Mr Bruce Gordon was appointed Non-executive Director replacing Mr Michael Lonergan who retired from the Board and continues in an executive position with the Company as Head of Upstream.

As per separate announcements to the ASX on the 31 May 2021, the Company approved the issue of shares in respect to the following resulting in Pilot owning a 21.25% indirect economic interest in the Cliff Head Oil Field Joint Venture:

- 7,575,758 shares at \$0.033 issued to RFC Ambrian Limited in respect to corporate adviser services;
- 136,363,636 shares at \$0.033 issued as consideration for the acquisition of all the shares in Royal Energy Pty Limited; and
- 3,598,495 shares at \$0.033 issued to Castle Rock Energy Pty Ltd for the provision of ongoing corporate development services.

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

A.B.N. 86 115 229 984

Directors' Report

For the Half Year Ended 31 March 2021

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 2021 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
Chairman

Dated at Sydney, New South Wales this 10th day of June 2021.



**PILOT ENERGY LIMITED ABN 86 115 229 984
AND CONTROLLED ENTITIES**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C
OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF PILOT ENERGY LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 March 2021 there have been no contraventions of:

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

MNSA PTY LTD

MNSA Pty Ltd

Mark Schiliro
Director

Sydney
Dated this 10th day of June 2021

Pilot Energy Limited

A.B.N. 86 115 229 984

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 March 2021

	31 March 2021	31 March 2020
Note	\$	\$
Joint Venture receipts	20,850	344,205
Administrative expenses	(138,896)	(36,257)
Amortisation	(18,338)	-
Employee benefit expenses	(460,128)	(35,144)
Professional fees	(444,080)	(43,971)
Finance costs	(1,009)	-
Exploration & Evaluation costs expensed	(221,150)	(256,099)
Permit acquisition costs	5 (718,868)	-
Other expenses	(6,739)	(5,812)
Loss before income tax	(1,988,358)	(33,078)
Income tax expense	-	-
Loss from continuing operations	(1,988,358)	(33,078)
Loss for the half year	(1,988,358)	(33,078)
Other comprehensive income		
Foreign currency translation difference	-	297
Total comprehensive loss for the period	(1,988,358)	(32,781)
Loss attributable to owners of the Company	(1,988,358)	(32,781)
Total comprehensive loss attributable to the owners of the Company	(1,988,358)	(32,781)
Loss per share (cents per share)		
Basic and diluted from continuing operations	(1.07)	(0.04)
Basic and Diluted (cents per share)	(1.07)	(0.04)

The accompanying notes form part of these consolidated financial statements

Pilot Energy Limited

A.B.N. 86 115 229 984

Consolidated Statement of Financial Position As at 31 March 2021

		Consolidated	
		31 March	30 September
		2021	2020
Note		\$	\$
ASSETS			
CURRENT ASSETS			
	Cash and cash equivalents	589,922	7,317
	Trade and other receivables	-	35,212
	TOTAL CURRENT ASSETS	589,922	42,529
NON-CURRENT ASSETS			
	Trade and other receivables	41,742	41,742
9	Intangible assets	56,385	74,723
	TOTAL NON-CURRENT ASSETS	98,127	116,465
	TOTAL ASSETS	688,049	158,994
LIABILITIES			
CURRENT LIABILITIES			
	Trade and other payables	162,031	493,446
	Employee benefits	14,749	11,959
4	Other Liabilities	61,150	721,400
10	Financial liabilities	44,941	53,335
	TOTAL CURRENT LIABILITIES	282,871	1,280,140
NON-CURRENT LIABILITIES			
	Financial liabilities	11,444	34,080
10			
	TOTAL NON-CURRENT LIABILITIES	11,444	34,080
	TOTAL LIABILITIES	294,315	1,314,220
	NET ASSETS / (DEFICIENCY)	393,734	(1,155,226)
EQUITY			
	Issued capital	48,056,470	44,525,754
5	Options reserve	6,602	-
	Accumulated losses	(47,669,338)	(45,680,980)
	Total equity attributable to equity holders of the Company	393,734	(1,155,226)

The accompanying notes form part of these consolidated financial statements

Pilot Energy Limited

A.B.N. 86 115 229 984

Consolidated Statement of Changes in Equity For the Half Year Ended 31 March 2021

	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Total
	\$	\$	\$	\$
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	-	-	6,602	6,602
Balance at 31 March 2021	48,056,470	(47,669,338)	6,602	393,734
Balance at 1 October 2019	44,149,754	(44,980,592)	189,000	(641,838)
Loss attributable to members of the parent entity	-	(32,781)	-	(32,781)
Transactions with owners in their capacity as owners				
Issue of options during period	-	189,000	(189,000)	-
Balance at 31 March 2020	44,149,754	(44,824,373)	-	(674,619)

The accompanying notes form part of these consolidated financial statements

Pilot Energy Limited

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Consolidated Statement of Cash Flows For the Half Year Ended 31 March 2021

	Consolidated	
	31 March 2021	31 March 2020
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Payments to suppliers and employees	(1,337,761)	(124,720)
Payments for exploration, evaluation and development	(878,122)	(219,233)
Joint Venture Receipts	20,850	270,902
Interest received	12	1
Finance costs	(1,021)	-
Net cash (used in)/provided by operating activities	<u>(2,196,042)</u>	<u>(73,050)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	2,760,151	-
Proceeds from borrowings	48,650	50,000
Repayment of borrowings	(30,000)	-
Net cash provided by financing activities	<u>2,778,801</u>	<u>50,000</u>
Net increase / (decrease) in cash and cash equivalents	582,759	(23,050)
Effect of exchange rate changes on cash and cash equivalents	(154)	295
Cash and cash equivalents at 1 October	7,317	88,829
Cash and cash equivalents at 31 March	<u>589,922</u>	<u>66,074</u>

The accompanying notes form part of these consolidated financial statements

Pilot Energy Limited

A.B.N. 86 115 229 984

Notes to the Consolidated Financial Statements For the Half Year Ended 31 March 2021

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 10th June 2021.

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 2021 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 2020, 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 2020.

Pilot Energy Limited

A.B.N. 86 115 229 984

Notes to the Consolidated Financial Statements For the Half Year Ended 31 March 2021

2 Summary of Significant Accounting Policies (continued)

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 2021 the group had cash and cash equivalents of \$589,922 and a working capital surplus of \$307,051. During the period the Group had net cash inflows of \$582,759. The Group incurred a loss of \$1,988,358 for the half year ended 31 March 2021.

The directors are aware that the Group's ability to continue as a going concern, and to fund its exploration and evaluation activities, is dependent on the Group securing further working capital sourced from one or more of the following alternatives:

- o Private placement
- o Entitlements issue
- o Share purchase plan
- o Borrowings from related or third parties
- o Farming out assets to recover past costs and reduce future expenditure obligations

These conditions indicate a material uncertainty that may cast doubt about the Group's ability to continue as a going concern, and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors have reviewed the Groups' financial position, forecast cash flows and any events subsequent to the reporting date such as those disclosed in Note 8 of the Financial Statements, and reasonably expect that the Group will be able to raise additional funds of no less than \$3,000,000 to meet future costs and satisfy its business plans for at least the next 12 months. The directors are therefore of the opinion that the use of the going concern basis is appropriate in the circumstances.

Should the entity 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. 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.

Judgement and Estimates

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 2020.

Pilot Energy Limited

A.B.N. 86 115 229 984

Notes to the Consolidated Financial Statements For the Half Year Ended 31 March 2021

2 Summary of Significant Accounting Policies (continued)

Foreign Currencies

The primary economic environment in which the Group operates is Australia. The consolidated financial statements are therefore presented in Australian dollars.

Transactions in foreign currencies are initially recorded in Australian dollars at the exchange rate on that day. Foreign currency monetary assets and liabilities are translated into Australian dollars at the year-end exchange rate. Where there is a movement in the exchange rate between the date of the transaction and the year end, a foreign exchange gain or loss may arise. Any such differences are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Non-monetary assets and liabilities measured at historical cost are translated into Australian dollars at the exchange rate on the date of the transaction.

3 Operating Segments

The Group operates in one segment, being evaluation, acquisition, exploration and development of conventional oil and gas resources. Accordingly, under management's approach outlined, only one operating segment has been identified and no further disclosure is required in the financial statements.

4 Other Liabilities

	31 March 2021	30 September 2020
	\$	\$
Other liabilities		
Accrued consulting fees	-	678,900
Sundry creditor	11,150	-
Loan from related party	50,000	42,500
	<u>61,150</u>	<u>721,400</u>

5 Issued Capital

Ordinary Shares	Amount in \$		Number of shares	
	31 March 2021	30 September 2020	31 March 2021	30 September 2020
Balance, beginning of period	44,525,754	44,525,754	105,928,974	105,928,974
Issue of ordinary shares at \$0.03	2,811,848	-	91,434,084	-
Permit acquisition costs – WA-481-P	167,000	-	4,276,703	-
Permit acquisition costs – WA-481-P	551,868	-	16,723,297	-
Balance, end of period	48,056,470	44,525,754	218,363,058	105,928,974

Options

At the date of this report, there are 65,454,540 options on issue in Pilot Energy Limited (2020: Nil). The exercise price ranges from \$0.066 to \$0.07, and the expiry dates range from December 2022 to November 2025.

6 Contingent Liabilities

In the opinion of the Directors, the listed company did not have any contingent liabilities at 31 March 2021 (31 March 2020: None).

Pilot Energy Limited

A.B.N. 86 115 229 984

Notes to the Consolidated Financial Statements

For the Half Year Ended 31 March 2021

7 Related Parties

During the period the following Related Party transactions occurred:

- An amount of \$37,500 was received from Royal Energy Pty Limited bringing the total loan amount to \$50,000; and
- 10,000,000 Unlisted \$0.07 Options expiring on 4th November 2025 were issued to Mr Brad Lingo pursuant to his executive service agreement as approved by shareholders at the General Meeting held on 10 December 2020.

8 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 1 June 2021, the securities of Pilot continue to be suspended from quotation to allow the Company to confer with the ASX in relation to its submissions for reinstatement made on 25 May 2021. The Company has been under voluntary suspension since 11 February 2021.

As per the announcement dated 11 May 2021, Pilot is awaiting final regulatory approvals to finalise the sale of 78.75% interest in WA-481-P to Triangle Energy (Global) Limited in return for \$300,000 cash and 100% free-carry through the completion of the Year 3 work programme to the value of \$1.23 million to Pilot's work programme share.

As a condition to the above sale of WA-481-P, Pilot and Triangle have also executed the Cliff Head Wind and Solar Joint Venture with Pilot holding 80% and Triangle holding 20%. Pilot will free carry Triangle on a renewables feasibility study.

As per the announcement issued to the ASX on 28 May 2021, all resolutions at the General Meeting (announced 26 April 2021) were passed.

As per the announcement issued to the ASX on the 31 May 2021, that upon completion of the Royal Energy transaction, Mr Tony Strasser has been appointed Managing Director of the Company. Mr Brad Lingo will remain as the Company's Executive Chairman. Also, Mr Bruce Gordon was appointed Non-executive Director replacing Mr Michael Lonergan who retired from the Board and continues in an executive position with the Company as Head of Upstream.

As per separate announcements to the ASX on the 31 May 2021, the Company approved the issue of shares in respect to the following resulting in Pilot owning a 21.25% indirect economic interest in the Cliff Head Oil Field Joint Venture:

- 7,575,758 shares at \$0.033 issued to RFC Ambrian Limited in respect to corporate adviser services;
- 136,363,636 shares at \$0.033 issued as consideration for the acquisition of all the shares in Royal Energy Pty Limited; and
- 3,598,495 shares at \$0.033 issued to Castle Rock Energy Pty Ltd for the provision of ongoing corporate development services.

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

A.B.N. 86 115 229 984

Notes to the Consolidated Financial Statements For the Half Year Ended 31 March 2021

9 Intangible Assets

	Right of Use Asset
<u>At Cost</u>	\$
At 30 September 2020	89,452
Additions	-
At 31 March 2021	89,452
<u>Amortisation and impairment</u>	
At 30 September 2020	(14,729)
Amortisation for the half year	(18,338)
At 31 March 2021	(33,067)
Net book value	
At 30 September 2020	74,723
At 31 March 2021	56,385

10 Financial Liabilities

	31 March 2021	30 September 2020
	\$	\$
<i>Current</i>		
Lease Liabilities	44,941	44,284
Insurance Premiums	-	9,051
	44,941	53,335
<i>Non-Current</i>		
Lease Liabilities	11,444	34,080
	11,444	34,080

Pilot Energy Limited

A.B.N. 86 115 229 984

Directors' 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 2021 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.

A handwritten signature in black ink that reads "Bradley W. Lingo". The signature is written in a cursive style with a large, stylized 'B' and 'L'.

Mr Bradley Lingo
Chairman

Dated at Sydney, New South Wales this 10th day of June 2021



**PILOT ENERGY LIMITED ABN 86 115 229 984
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
PILOT ENERGY LIMITED**

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Pilot Energy Limited, which comprises the consolidated statement of financial position as at 31 March 2021, consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-year 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 (including Australian Accounting Interpretations) 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

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 Pilot Energy Limited's financial position as at 31 March 2021 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*. As the auditor of Pilot Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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 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.



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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

- (i) giving a true and fair view of Pilot Energy Limited's financial position as at 31 March 2021 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter- Material Uncertainty Regarding Continuation as a Going Concern

We draw your attention to Note 2 in the financial report which indicates that the consolidated entity has experienced an operating loss and negative operating cash flows during the period ended 31 March 2021, and as of that date, the continuing viability of the consolidated entity and its ability to continue as a going concern and meet its debts and commitments as and when they fall due are dependent upon the consolidated entity's ability to achieve positive cash flows from the successful farming out of assets, the sale of surplus assets or the raising of funds through capital raisings or borrowings of an amount of no less than \$3,000,000. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast doubt about the consolidated entity's ability to continue as a going concern and, therefore, the consolidated entity may be unable to realise assets and settle its liabilities in the normal course of business and at the amounts stated in the financial report.

Our conclusion is not modified in respect of this matter.

MNSA PTY LTD

MNSA Pty Ltd

Mark Schiliro

Director

Sydney

Dated this 10th day of June 2021