

Quarterly Activities Report & Appendix 5B

For the period ending 30 June 2025

Highlights

Cliff Head Operations – Activities focused on maintaining regulatory compliance in preparation for potential future decommissioning, as well as progressing the transition of the Cliff Head Facilities into a proposed future carbon storage operation.

Major Increase in WA-481P Prospective Resources – Leander prospect Prospective Resources increased to 1,116 Bcf (Gas) and 18 mmbbls (Condensate) mean estimate and separate oil prospective resources increased to 66 mmbbls.

PRRT tax refund – The annual PRRT tax return for the FYE 2025 has been lodged claiming up to \$4.5 million refund for abandonment, decommissioning and rehabilitation expenditures (ADRE) as a result of the cessation of oil production at the Cliff Head Oil Field

Enhanced liquidity through PRRT tax refund claim and anticipated transactions – PRRT tax refund, joint venture investment in the Cliff Head Carbon Storage Project and Three Springs Solar Project sale are expected to provide significant additional capital for execution of Mid West Clean Energy Project.

Corporate

First stage of Cliff Head JV acquisition completed - Pilot is now the 100% owner of all onshore Cliff Head Oil JV assets and facilities, enabling entry of all partners into carbon storage project with transfer of the remaining offshore JV interests pending NOPTA regulatory approval.

Proposal for Cliff Head Carbon Storage Project from Foreign State-owned Enterprise – The Company received a non-binding proposal from a Foreign State-owned Enterprise to acquire a meaningful minority interest in Cliff Head Carbon Storage Project on terms consistent with the Company's commercial expectations.

Completion of \$6.8 million in capital raisings – Pilot successfully raised additional capital via a \$5 million equity placement to institutional and sophisticated investors plus a separate \$1.8 million binding convertible note arrangement with a syndicate of investors to underpin Cliff Head operations and corporate activity.

Pilot Energy Limited (**ASX:PGY**) (**Pilot** or **Company**) is pleased to provide the following update on its operational and corporate activity for the quarter ended 30 June 2025 (and post quarter events to date).

OPERATIONAL ACTIVITIES

Cliff Head Operations

Pilot continued ongoing maintenance and operational activities at the Cliff Head Oil Field during the quarter. These activities are focused on maintaining regulatory compliance in preparation for potential future decommissioning, as well as progressing the transition of the Cliff Head Facilities into a proposed future carbon storage operation.

NOPSEMA General Direction 1947

As previously outlined in the Company's Annual Financial Report for the year ended 30 September 2024, the Cliff Head Oil Joint Venture received a General Direction Notice 1947 from the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) on 8 July 2024, outlining specific activities required to be undertaken by the Cliff Head Oil Field JV parties following the cessation of production from the Cliff Head Oil Field. A copy of the General Direction Notice is publicly available on the NOPSEMA website at [General Direction - 1947.pdf](#).

Under the previously announced transaction with Triangle Energy Group (Global) Ltd (Triangle) (ASX:TEG) (refer ASX:PGY dated 23 July 2024), Pilot has been solely funding 100% of the ongoing operational costs of the Cliff Head Oil Field operations and the implementation of the NOPSEMA-directed activities since 1 August 2024.

Under the Company's management, the Cliff Head operations team has been focused on executing key workstreams to meet the obligations of the General Direction, ensuring appropriate steps are taken after cessation of petroleum production to reduce risks in the workforce and environment, as part of the transition to a Non-Production Phase (NPP) status.

Status of Compliance Activities

Under the General Direction 1947, five key activities were mandated. Pilot is pleased to report:

Directions 1, 2 & 5a – Activities to secure the wells, facilities and pipelines postproduction have been completed. NOPSEMA has formally confirmed these Directions are closed.

Directions 3, 4 & 5b – Activities related to ongoing risk management and environmental protection remain ongoing and are incorporated into Pilot's FY26 operational plans.

Regular status updates and reporting to NOPSEMA are being maintained, with annual safety inspections by NOPSEMA and DEMIRS completed between December 2024 and March 2025.

All planned activities are in line with the operating work programme and budget which is designed to appropriately manage the facilities and meet the intent of the Directions. The most recent work is described below.

ROV Survey & Marine Growth Removal

Between 26 March and 6 April 2025, Pilot successfully completed a marine growth removal campaign at the Cliff Head Wellhead Platform (installed in 2005, located 10km offshore in 18m water depth). A Remotely Operated Vehicle (ROV) was used to remove excess marine growth via high-pressure water jets. The ROV also performed structural inspections and cathodic protection (CP) measurements, with no significant issues identified. Additional CP measurements were also taken along the subsea pipelines which confirmed ongoing asset integrity.



Photo 1: ROV being deployed off operations support vessel at Cliff Head Wellhead Platform



Photo 2: Underwater photo of structure after marine growth cleaning

Pipeline Integrity Management

As part of the original development, two 250mm diameter pipelines were installed from the onshore Arrowsmith Stabilisation Plant (3km inland) to the Cliff Head Alpha Platform. Although the asset is in a Non-Production Phase and the pipelines have been flushed free of hydrocarbons, the pipelines must be maintained in accordance with the General Direction until they are re-purposed or removed.

A key element of transitioning the current operation into the CO₂ injection and permanent storage operation is the ability to re-purpose the existing offshore pipelines for both CO₂ injection and storage facility pressure management. To ensure the ongoing integrity, these pipelines are periodically internally and externally inspected as part of the ongoing management of the Cliff Head facilities.

Three methodologies have all been recently run which provides baseline data for the current NPP and support the re-purposing of the Cliff Head facilities into a Carbon Storage Facility.

Smart Ball

The Smart Ball is an acoustic device launched into the pipelines listening for indications of leaks. The Smart Ball is a relatively low-cost pipeline inspection technique that has been regularly used for many years on both Cliff Head pipelines. It is one of several verifications to ensure the pipelines remain in good condition. The most recent run was completed on 20 March and analysis of the acoustic data shows no leaks, as expected.

In-line Inspection

The two pipelines are periodically scanned from inside the pipe using an In-Line Inspection tool, also referred to as an “Intelligent” PIG (Pipeline Integrity Gauge). This device utilizes sensors to detect variations in the magnetic field caused by the strong magnets within the tool and the internal wall of the pipelines. These variations translate to provide a clear picture of any internal corrosion anomalies. The runs were completed smoothly on 26 and 27 March and the data has been taken for interpretation and analysis.



Photo 3: Photo of Intelligent PIG that was run inside the Cliff Head Oil Production and Water Injection Pipelines

AUV survey

In a first for the Cliff Head Oil Field, an Autonomous Underwater Vehicle (AUV) was used to efficiently and safely visually scan the entire length of the two offshore pipelines from 7 to 10 April. Use of the AUV versus ROV allowed even further efficiencies, reducing the time in field from 7 to 4 days and associated costs for the survey.



Photo 4: AUV being deployed from operational vessel

Cliff Head Operational Summary

Activities completed during the June 25 quarter on the Cliff Head project highlight the asset integrity focus of the operations team, which is fundamental to the Company and the project remaining in good standing, and complying with the requirements of General Direction 1947. In addition, the Company is also executing these activities to ensure these assets remain well placed for re-purposing as integral components of the proposed future carbon storage operation.

Repurposing and Right-sizing Operational Focus

In parallel with the asset integrity workstreams, the Company is also working to ensure that all existing activities are right-sized for the current state of operations as well as exploring multiple opportunities to generate new revenues through use of the existing onshore facilities to support adjacent operations of other oil & gas production projects under development.

The Company is exploring with a number of parties the potential to utilise the existing Arrowsmith Stabilisation Plant as an oil and condensate liquids storage and export terminal. The Company is also exploring the ability to use existing equipment, gas supply arrangements and liquids storage to supply much-needed firming power into the local power transmission grid.

MWCEP Cliff Head Carbon Storage Project – Cliff Head Facility Re-purpose

Pilot is progressing the re-purposing of the Cliff Head Oil Field infrastructure into a Carbon Storage Facility under the Mid West Clean Energy Project (MWCEP). The oil facilities that will be re-purposed for the Carbon Storage operations include:

- The Cliff Head Alpha offshore platform
- 3 to 4 of the production wells
- Fluids production and water injection Pipelines
- Onshore fluids handling facility
- 40,000bbls existing tank storage
- Fluids Loadout facilities
- Power Generation & Waste-Heat Recovery
- Control Room, Switchgear, Warehouse and Storeroom
- Utility Systems – Heat Medium, Chemical Injection, Utility & Instrument Air
- Firewater and Safety Systems

Some of the utility systems, such as the power system, will require expansion.

The vast majority of the existing Cliff Head facilities are proposed to be re-purposed as integral parts of the Carbon Storage Facility. Only a very limited number of facilities in the current operation would be de-commissioned as part of transitioning into the Carbon Storage Facility.



Photo 5: Onshore facilities with blacked out area covering minority amount of equipment that may not be re-purposed as part of the Carbon Storage operations

Major Increase in WA-481P Prospective Resources to over 1.1 TCF (Mean) Gas

Pilot holds a 100% operated interest in the 8,605km² permit located in shallow waters of the northern Perth Basin, offshore Western Australia. WA-481-P encompasses the Dunsborough oil field, Frankland gas field and the Leander gas prospect identified by Pilot's technical team (Figure 1).

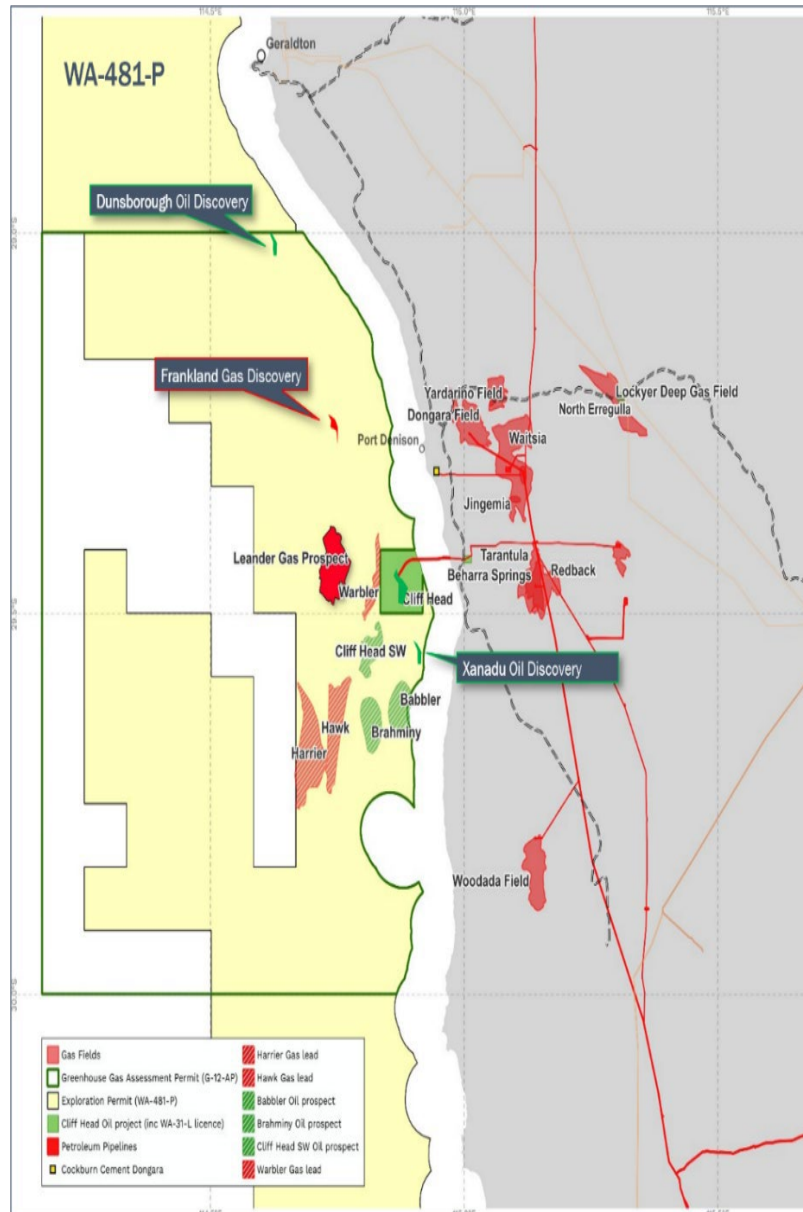


Figure 1: WA-481-P Location Map

The offshore petroleum system within WA-481-P shares many attributes with the prolific onshore Perth Basin gas discoveries (e.g., Waitia, Erregulla and Lockyer Deep) providing an analogue. In Figure 2, the offshore area appears to mirror the Dandaragan Trough, separated by the Beagle Ridge high containing oil fields. (Figure 2).

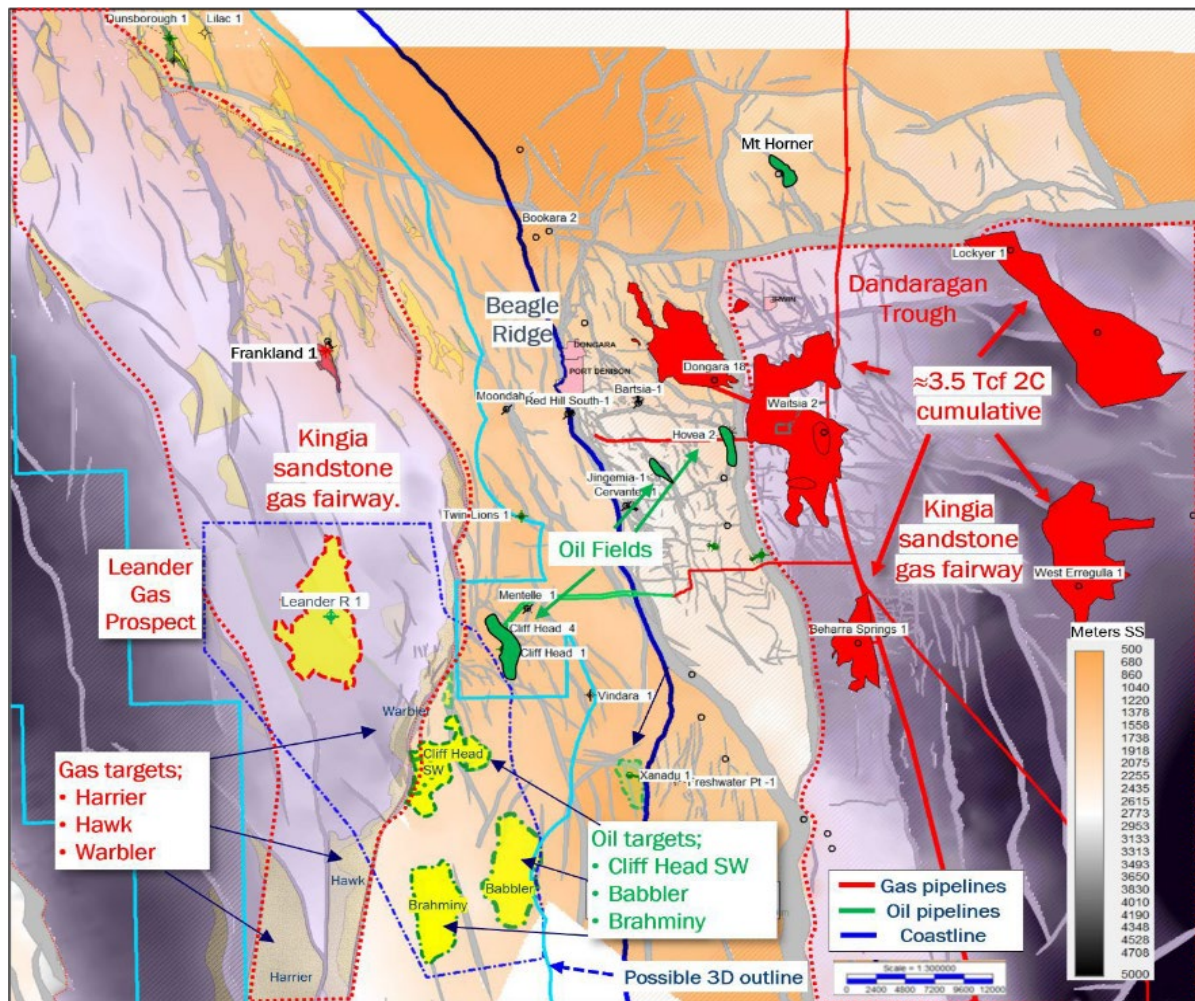


Figure 2: Gas and oil fields and fairways of the North Perth Basin (Top Permian Structure Map)

Pilot announced to the market material upgrades to prospective resource estimates for the Leander gas prospect as well as the Cliff Head South, Brahminy and Babbler oil prospects (ASX: PGY 10 April 2025).

The prospective resource upgrade follows ongoing maturation of subsurface models by Pilot's technical team including re-mapping of reprocessed 2D seismic data and an extensive review of the offset well database from the onshore discoveries and Kingia play analogues which are now open-file.

The upgraded prospective resource estimate for the Leander gas prospect, located 15 km west of the existing Cliff Head oil platform, is now 1,116 Bcf (Mean Estimate). The Babbler, Brahminy and Cliff Head South-West oil prospects, which lie on the structural trend between the "oil mature kitchen" and the proximal Cliff Head oil field and Xanadu oil discovery, are now estimated to contain prospective oil resources of 66 million barrels (sum of mean estimate recoverable). These are in addition to the discovered Dunsborough contingent oil resource (2C) of 6 million barrels, and Frankland contingent gas resource (2C) of 42 Bcf gas also within WA- 481-P1.

The upgraded Leander prospective gas resource estimate of 1,116 Bcf has the potential to provide Pilot with sufficient gas to self-supply at least 30 years of low-carbon ammonia production at the proposed Mid West Clean Energy Project. Future production from WA-481-P could leverage the

existing Arrowsmith Stabilisation Plant and the proposed Cliff Head Carbon Storage project infrastructure.

Maturing the Leander gas prospect and oil leads requires a 3D seismic survey and drilling of one exploration well. Planning is currently underway to acquire the Eureka 3D Marine Seismic Survey (minimum Work Commitment of 400km²), which is expected to assist with further refinement of the Leander structure and identify preferred bottom hole locations for future wells.

Pilot is currently progressing the following exploration workstreams in WA-481-P:

- Environmental planning and stakeholder engagement activities as part of the Environment Plan ("EP") approval process;
- Addressing requests for further information from the Regulator with regard to the EP with planned resubmission in May 2025;
- Continued technical assessment of the oil prospects and leads and gas prospects; and
- Formal farm out process to secure farm-in partner/s to fund the near-term exploration activities which commence during July 2025 (ASX: PGY 23 July 2025 Pilot commences Perth Basin exploration farmout).

CORPORATE ACTIVITIES

Cliff Head JV acquisition from Triangle

The first stage of the revised sale and purchase transaction agreed with Triangle to acquire 100% of all the interests in Cliff Head Oil Joint Venture (CHJV) and assets, was successfully completed during the reporting period.

Completion of the first stage of acquisition of the Cliff Head Oil JV assets enables Pilot to fully progress the entry of new joint venture partners for the proposed Cliff Head Carbon Storage Project. As previously announced, the Company is well progressed in securing development partners to participate in the Cliff Head Carbon Storage Project.

The proposed joint venture development partners under consideration include a consortium of Korean companies seeking to acquire a 60% JV interest in the Mid West Clean Energy Project (including the Cliff Head Carbon Storage Project) (see ASX:PGY 17 July 2024, 15 November 2024 and 16 January 2025) as well as a Foreign State-owned enterprise seeking to acquire a meaningful minority interest in the carbon storage project (see ASX:PGY 16 April 2025).

As outlined in the ASX announcement dated 23 July 2024, this first completion is a significant Milestone for the project and comprises the transfer of ownership of all the Cliff Head Oil JV production assets and facilities under Western Australia State jurisdiction including the Arrowsmith Production Plant, the Arrowsmith freehold land, facilities, the offshore pipelines in WA State waters and infrastructure licenses. Ownership and title for these assets have now transferred to Pilot.

Following first completion, the next step is for Pilot to lodge with the National Offshore Petroleum Titles Administrator (NOPATA) a request to transfer the ownership of the remaining Cliff Head assets in Commonwealth waters to Pilot.

The Company refers to the announcement made on ASX:PGY 28 March 2025 for a detailed description of the transaction together with earlier announcements dated 27 July 2023, 23 July 2024, 14 October 2024, and 3 December 2024.

Proposal for Cliff Head Carbon Storage Project from Foreign State-owned Enterprise

The Company announced (refer ASX:PGY 16 April 2026) that, following a long period of engagement, site visits and due diligence with a number of different potential partners for the Mid West Clean Energy Project and its various parts, Pilot has received a confidential and incomplete non-binding, indicative proposal from a foreign state-owned enterprise with an investment grade rating of BBB+ to acquire a meaningful minority interest in the Cliff Head Carbon Storage Project.

The proposal is consistent with the Company's commercial expectations regarding joint venture participation in this project. Pilot believes the proposal is well advanced and could be finalised.

However, the Company acknowledges there is no certainty or assurance that any such proposal will result in a binding transaction. The Company is continuing to engage with the counter party and will provide further information to the market when appropriate under its continuous disclosure obligations.

Equity Placement¹

The Company successfully completed a two-tranche equity placement to institutional and sophisticated investors, comprised of the issue of 500,000,000 Shares at A\$0.010 to raise A\$5.0 million. Pursuant to the Company's placement capacity under ASX Listing Rule 7.1 and 7.1A the Company issued 324,415,003 shares under Tranche One (Tranche 1) of the transaction. Under Tranche Two (Tranche 2) of the transaction the Company issued 175,584,997 shares following shareholder approval at the Company's EGM held on 4 June 2025.

Each participant in the Offer received an attaching listed ASX:PGYOA option (Attaching Options) with a strike price of \$0.033 on a 1-for-1 basis, also following shareholder approval.

Convertible Note²

The Company entered into a \$1.8 million Binding Convertible Note arrangement with a syndicate of investors led by Discovery Investments Pty Ltd (Investor Syndicate).

The Agreement provides for an issue of convertible notes (Notes) to be issued for the Face Value, subject to and conditional upon shareholder approval being obtained for the issue of the Notes under ASX Listing Rule 7.1 (Condition). Of the total Face Value to be subscribed for by the Investor Syndicate under the Agreement, \$750,000 has been advanced to the Company with no conversion rights. Subject to satisfaction of the Condition, the corresponding Notes up to the Face Value will be issued to the members of the Investor Syndicate.

This is the fourth convertible note facility that the Company has entered into together with the Discovery Investor Syndicate since May 2023. The terms of this Agreement are the same as the terms of the agreement the Company entered into with Discovery on 11 November 2024 (see announcement ASX: PGY dated 11 December 2024).

PRRT tax refund

The estimated total amount of the PRRT tax refund due to the Cliff Head Joint Venture for the FYE 30 June 2025 is estimated to be up to \$4.5 million. After the end of the June quarter, Triangle Energy Operations Pty Ltd, (TEO) lodged with the ATO the annual Petroleum Resource Rent (PRRT) Tax return in early July and has claimed a PRRT tax refund of approximately \$3.88 million attributable to abandonment, decommissioning and rehabilitation expenditures (ADRE) with the cessation of production at the Cliff Head Oil Field. The balance of PRRT tax refund of up to approximately \$600,000 is covered by the PRRT tax returns to be lodged by the other Cliff Head JV parties currently subsidiaries

¹ ASX Announcement 16 April 2025 - \$5.0 Placement to Underpin Cliff Head Operations and Corporate Activity

² ASX Announcement 12 May 2025 – Pilot Secures Convertible Note Funding to Raise up to \$1.8 Million

of Triangle Energy (Group) LTG (TEG). The total amount of PRRT paid by the Cliff Head JV parties is approximately \$66.8 million 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 between the Company and TEG. 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. The Company expects to receive this refund amount during the September quarter. 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.

Three Springs Solar Project

As previously announced by the Company (ASX:PGY 9 October 2024), the Company has been progressing a sale process for the DA-approved 376 MW Three Springs Solar Project. In keeping with the strategic plan outlined in the Company's Corporate Presentations lodged with the ASX on 14 April and 24 July 2025, the Company is nearing completion of this sale process and expects to enter into a binding sale agreement within the coming quarter which will enable the Company to realize significant capital from the Project over a series of upfront and subsequent milestone related payments.

Share Capital

As at the date of this Report, the Company has the following capital structure:

2,158,660,009 shares on issue

210,412,875 outstanding (listed) PGYO options (3.3c/25 August 2025 expiry)

637,091,607 outstanding (listed options PGYOA (3.3c /31 Dec 2026 expiry)

124,846,153 outstanding (unlisted options)

Convertible Notes as described in section 7.6 of Appendix 5B.

Reserves and Resources

Carbon Storage Resource

The Company confirms there are no changes to the WA 31-L License Area Carbon Storage Resource and Prospective Resource previously announced to the market (ASX:PGY Cliff Head Carbon Storage Resource Upgrade 24 December 2024 and ASX:PGY Major increase to Cliff Head Carbon Storage Resource 1 July 2024).

WA 31-L Carbon Storage Resources ³ (31 August 2024, 100% basis)					
SPE SRMS Classification	Structure	Reservoir	Storage Resource (Mt of CO ₂ Equivalent)		
			1C P90	2C P50	3C P10
Contingent Resource (Development Pending)	Cliff Head & Mentelle	IRCM & HCS	34.2	72.2	110.2
Prospective Resource (Lead)	Illawong	IRCM & HCS		50.4	

³ Following completion of the acquisition of the remaining Cliff Head interests from Triangle Energy (Global) Limited, Pilot will hold a 100% interest in the Cliff Head oil project and proposed Cliff Head Carbon Storage project. Prior to completion, Pilot holds a 21.25% interest in the projects and the Storage Resources.

Oil & Gas

The Company confirms there are no changes to WA-481-P Contingent Resource information which was previously presented to the market in the Company's ASX:PGY **"Resources Update"** dated 23 April 2021. The Contingent Resource estimates set out in the following tables are based on the Independent Technical Specialist Report prepared by RISC dated 28 January 2021 relating to the Company's Australian exploration assets.

WA-481-P Contingent Resources - Pilot interest: 100%

WA-481-P Contingent Oil Resources (MMbbl)				
Accumulation		1C	2C	3C
Dunsborough	Gross (100%)	3.3	6	9.8
WA-481-P Contingent Gas Resources (Bcf)				
Accumulation		1C	2C	3C
Frankland	Gross (100%)	29.4	41.6	58.9

The updated prospective resources are in addition to the existing Dunsborough and Frankland contingent gas resources above.

The Company confirms there are changes to the prospective gas and oil resources in WA-481-P previously presented to the market in the Company's ASX:PGY Announcement **"Material Gas Fairway Identified in WA-481-P"** (dated 9 March 2023). The revised resources are based on an internal assessment undertaken by Pilot on a probabilistic basis and contained in ASX:PGY Announcement **"Material Upgrade to WA-481-P Gas Resource – Leander Gas Prospect Now Targeting Over 1 TCF"** (dated 10 April 2025).

The updated WA-481-P Leander gas prospect prospective resources, along with the updated prospective oil resources, are summarized in the following table:

WA-481-P Prospective Resources

Accumulation	Prospective Resource (Mean)
Leander (Gas)	1,116 Bcf
Leander (Condensate)	18 million bbls
Cliff Head SW (Oil)	18 million bbls
Babbler (Oil)	27 million bbls
Brahminy (Oil)	21 million bbls

Payments to Related Parties of the Entity and their Associates

The payments to related parties and their associates as disclosed in the Appendix 5B relate to consulting fees and directors' fees, paid to directors.

Environmental, Social and Corporate Governance (ESG)

Pilot is committed to the principles of ESG as the most effective means of creating long-term enterprise value and addressing the societal priorities enshrined in the United Nations' Sustainable

Development Goals. To progress the Company's commitment, Pilot has commenced a process which will facilitate the Company reporting on the Environmental, Social, and Governance (ESG) disclosures of the Stakeholder Capitalism Metrics (SCM) of the World Economic Forum (WEF). By integrating ESG metrics into the Company's governance, business strategy, and performance management process, Pilot diligently considers all pertinent risks and opportunities in running its business.

ASX Listing Rule 5.3.3: Tenement Details

The following table summarises Pilot's interest in its Oil and Gas tenements which are also presented on the map below.

Tenement reference	Tenement Location	Interest at beginning of quarter	Interest at end of quarter
G-12-AP	Western Australia – Offshore Commonwealth Waters	100%	100%
WA-31-L(i)	Western Australia – Offshore Commonwealth Waters	21.25%	21.25%
WA-481-P	Western Australia – Offshore Commonwealth Waters	100%	100%
i) The Company currently holds a 50% interest in TEO which has a 42.5% direct interest in WA-31-L. Participating interest is subject to completion of the Triangle restructure as noted in this Report.			

Material Risks

The material risks that could adversely affect the achievement of the financial prospects of the Company as required by sections 296 and 297 of the *Corporations Act 2001* (Cth) and ASIC Regulatory Guide 247, are as set out in Annexure 1.

Competent Person Statement

This announcement contains information on conventional petroleum and carbon Storage prospective and contingent resources which is based on and fairly represents information and supporting documentation reviewed by Dr Xingjin Wang, a Petroleum Engineer with over 30 years' experience and holding a Master's degree in petroleum engineering from the University of New South Wales and a PhD in applied Geology from the University of New South Wales. Dr Wang is an active member of the SPE and PESA and is qualified in accordance with ASX listing rule 5.1. He is a former Director of Pilot Energy Ltd and has consented to the inclusion of this information in the form and context to which it appears.

- END -

This announcement has been authorised for release to ASX by the Board of Directors of Pilot Energy Limited.

Enquiries

For more information contact:

Brad Lingo
Managing Director
Pilot Energy
blingo@pilotenergy.com.au
+61 (0) 408 601 080

Media or broker enquiries:

Jason Mack
Senior Communications Advisor
White Noise Communications
jason@whitenoisecomms.com
+61 400 643 799

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 permit WA-481-P and G-12-AP, located offshore Western Australia.

Assumptions and Forward-Looking Statements

Forward looking statements are statements of future expectations that are based on management's current expectations and assumptions, known and unknown risks and uncertainties that could cause the actual results, performance or events to differ materially from those expressed or implied in these statements. These risks include, but are not limited to price fluctuations, actual demand, currency fluctuations, drilling and production results, commercialisation reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

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Annexure 1

1. MATERIAL RISK FACTORS

1.1 Introduction

As with any investment in Securities, there are risks associated with an investment in the Company. The numerous risk factors are both of a specific and a general nature. Some can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. This Annexure identifies the major areas of risk associated with an investment in the Company but should not be taken as an exhaustive list of the risk factors to which the Company and its Shareholders are exposed. Potential investors should consult their professional adviser before deciding whether to acquire securities in the Company.

Additional risks and uncertainties that the Company is unaware of, or that it currently does not consider to be material, may also become important factors that may have an adverse effect on the Company's future financial performance, financial position and prospects.

There can be no guarantee that the Company will achieve its stated objective or that forward-looking statements will be realised.

1.2 Specific risks

(a) Additional requirements for capital

The funding of any further ongoing capital requirements will depend upon a number of factors, including the extent of the Company's ability to generate income from activities which the Company cannot forecast with any certainty. Any future additional equity financing will be dilutive to shareholders, and debt financing, if available, may involve restrictions on financing and operating activities.

If the Company is unable to obtain additional funding as needed, it may not be able to take advantage of opportunities or develop its projects. Further, the Company may be required to reduce the scope of its operations or anticipated expansion and it may affect the Company's ability to continue as a going concern.

(b) Exploration, operations and activities risk

There is no assurance that any exploration or feasibility assessment on current or future interests will result in the discovery of an economic energy project. Even if an apparently viable resource is identified, there is no guarantee that it can be economically developed. The future profitability of the Company and the value of its Securities are directly related to the results of exploration, development and production activities.

The operations of the Company and the operator of the assets in which it has or may have interests may be affected by various factors, including failure to achieve predicted volumes in exploration and drilling, operational and technical difficulties encountered in drilling, poor data acquisition, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated problems which may affect extraction or resource capture costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment.

(c) **Environmental matters**

The Company's operations are subject to environmental risks that are inherent in the energy industry. The Company is subject to environmental laws and regulations in connection with any operations that it may pursue. The Company conducts all its activities in an environmentally responsible manner and in accordance with all relevant laws. However, accidents, breaches, non-compliance, unforeseen circumstances or changes to the laws and regulations could result in the Company facing penalties, revocation of permits or extensive liabilities for damages, clean-up costs and/or penalties relating to environmental damage.

(d) **Commodity and currency price risks**

The profitability of the Company's operations is directly related to the market price of the commodities. The demand for, and price of oil, gas and energy generally is highly dependent on a variety of factors, including international supply and demand, the level of consumer product demand, actions taken by governments and major petroleum corporations, global economic and political developments and other factors all of which are beyond the control of the Company.

International petroleum prices fluctuate and at times the fluctuations can be quite wide. A material decline in the price of oil and gas may have a material adverse effect on the economic viability of a project. Examples of such uncontrollable factors that can affect oil prices are unrest and political instability in countries that have increased concern over supply. As oil is principally sold throughout the world in US dollars, any significant and/or sustained fluctuations in the exchange rate between the Australian dollar and the US dollar, could have a materially adverse effect on the Company's operations.

(e) **Reliance on key management**

The ability of the Company to achieve its objectives depends on the engagement of key employees, directors and external contractors that provide management and technical expertise.

If the Company cannot secure external technical expertise, or if the services of the present management or technical team cease to be available to the Company, this may affect the Company's ability to achieve its objectives either fully or within the timeframes and budget that it has forecast. Additionally, industrial disruptions,

work stoppages and accidents during operations may adversely affect the Company's performance.

(f) **Regulatory risk**

The Company's project interests are governed by Commonwealth and Western Australian acts and regulations that apply to the oil, gas and energy industries, and are evidenced by the granting of approvals, licences or leases. If these approvals, licenses or leases are revoked, then the Company may be unable to fulfil its operational objectives which will likely have a material adverse effect.

There is also the risk that projects which the Company may undertake from to time do not have a legislative regime which provides operational and legal certainty for the Company in relation to the development of future projects.

The Company's licenses or leases may be subject to ongoing obligations to satisfy minimum activities and expenditure obligations. If these obligations are not satisfied, the relevant license or lease may expire or be forfeited, which would result in a loss of the reserves and resources that may be attributable to the Company's interest in the licenses or leases areas.

(g) **Project development**

Production risks associated with marketability and commerciality of oil, gas and energy to be produced include but are not limited to, reservoir characteristics, market fluctuations, proximity and capacity of infrastructure and process equipment, government regulations and the market price of oil, gas and energy.

Decreases of production or stoppages may result from fluctuations in permeability and flowrates, impurities in the product, facility shut-downs, natural decline, mechanical and technical failures, subsurface complications or other unforeseeable events outside the control of the Company.

(h) **Government policy changes**

The activities of the Company are subject to various federal, state and local laws governing prospecting, development, production, taxes, labour standards and occupational health and safety, and other matters.

Policy and legislation may affect the viability and profitability of the Company, and the value of its Shares. Amongst other things, taxation including carbon taxes, permitting and licenses, environmental laws, and labour laws are all affected by legislation and regulation and may have an adverse impact.

1.3 General risks

(a) **Investment risk**

The securities in the Company should be considered highly speculative. The issued shares in the capital of the Company carry no guarantee as to payment of dividends, return of capital or the market value. Prospective investors must make

their own assessment of the likely risks and determine whether an investment in the Company is appropriate to their own circumstances.

(b) Share market

Share market conditions may affect the value of securities in the Company regardless of the Company's operating performance. Share market conditions are affected by many factors including, but not limited to, the following:

- (i) general economic outlook in both Australia and internationally;
- (ii) introduction of tax reform or other new legislation, regulation, or policy;
- (iii) interest rates and inflation rates;
- (iv) changes in exchange rates, interest rates and inflation rates;
- (v) changes in investor sentiment toward particular market sectors;
- (vi) the demand for, and supply of, capital;
- (vii) the global security situation and the possibility of terrorist disturbances or other hostilities; and
- (viii) other factors beyond the control of the Company.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) Economic and government risks

The future viability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the technology industry including, but not limited to, the following:

- (i) general economic conditions in jurisdictions in which the Company operates;
- (ii) changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- (iii) the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the technology sector;
- (iv) movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and
- (v) natural disasters, social upheaval or war in jurisdictions in which the Company operates.

(d) **Taxation**

The acquisition and disposal of securities in the Company will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring securities in the Company from a taxation point of view and generally.

(e) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(f) **Speculative investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may materially affect the financial performance of the Company and the value of securities in the Company.

The risks set out in this Annexure are not to be taken as an exhaustive list of the risk faced by the Company. There may be other risks of which the Directors are unaware as at the time of issuing this report which may impact on the Company and its operations, and on the valuation and performance of securities in the Company.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

PILOT ENERGY LIMITED

ABN

86 115 229 984

Quarter ended ("current quarter")

30 June 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	10
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(227)	(1,144)
(e) administration and corporate costs	(464)	(1,203)
(f) professional fees	(630)	(1,767)
1.3 Dividends received (See note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(109)	(516)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	1,527
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(1,430)	(3,092)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(1,702)	(3,509)
(d) exploration & feasibility expenditure (if capitalised)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12months) \$A'000
	(e) investments	-	(300)
	(f) other non-current assets	(319)	(662)
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	(3,013)	(4,231)
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	(5,034)	(13,736)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	5,000	8,850
3.2	Proceeds from issue of convertible debt securities	1,200	5,405
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(260)	(607)
3.5	Proceeds from borrowings	-	2,581
3.6	Repayment of borrowings	-	(2,400)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	5,940	13,829

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,310	3,801
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,430)	(3,092)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5,034)	(13,736)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,940	13,829
4.5	Effect of movement in exchange rates on cash held	(21)	(37)
4.6	Cash and cash equivalents at end of period	765	765

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	765	1,310
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	765	1,310

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

325

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	12,886	11,686
7.4 Total financing facilities	-	-

7.5 Unused financing facilities available at quarter end

1,200*

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

*See note 7.6.B

Other financing facilities include the following:

A. Convertible Notes on issue

1. Convertible notes – Face Value \$3,000,000 – This convertible note facility (**Notes**) was announced on ASX:PGY on 27 June 2023. The facility has been partially converted. The remaining balance is \$2,900,000. The Notes were issued following shareholder approval on 27 June 2023 and had a term of two years maturing in June 2025 and were convertible into ordinary shares of the Company at \$0.02 per share. However, as approved at the general meeting on 4 June 2025, the maturity date of these Notes has been extended to 31 December 2026 in consideration for the conversion price being reduced from \$0.02 to \$0.015. The Notes carry a 12% per annum coupon which will be paid quarterly.

2. Convertible notes – Face Value \$3,500,000 – This convertible note facility (**Notes**) was announced on ASX:PGY on 14 December 2023 and the notes were issued on 19 February 2024 following shareholder approval at the 2025 AGM. The facility has been partially converted and the remaining balance is \$3,200,000. The Notes had a term of two years, maturing in Feb 2026 and were convertible into ordinary shares of the Company at \$0.03 per share. However, as approved at the general meeting on 4 June 2025, the maturity date of these Notes has been extended to 31 December 2026 in consideration for the conversion price being reduced from \$0.03 to \$0.015. The Notes carry a 12% per annum coupon which will be paid quarterly.

3. Convertible notes – Face Value \$3,000,000 – This convertible note facility (**Notes**) was announced on ASX:PGY on 11 November 2024 and the notes were issued on several dates during March and April 2025 following shareholder approval at the 2025 AGM. The Notes have a term of two years, maturing in December 2026 and are convertible into ordinary shares of the Company at \$0.02 per share. Subject to the Initial Term Redemption Option, the investor can, in the alternative, elect to convert the Notes into a participating interest share in an 0.4% overriding royalty interest in the Cliff Head Carbon Storage Project (on a pro rata basis as between the holders of the Notes) and a right to subscribe for new shares to the same value as the Face Value of the Notes each investor holds, at a subscription price of \$0.025 per share any time from the period 31 December 2026 to 31 December 2027, subject to the Company having the capacity to issue the shares under ASX Listing Rule 7.1.

4. Convertible notes – Face Value \$1,805,000 – This convertible notes facility (**Notes**) was announced on ASX:PGY on 23 January 2025. The Notes were issued to two sophisticated investors on 17 February 2025 following shareholder approval for the issue at the 2025 AGM. Each of the Notes have a term of two years, maturing in February 2027 and are convertible into ordinary shares of the Company at \$0.02 per share. Subject to the Initial Term Redemption Option, the investor can, in the alternative, elect to convert the Notes into a participating interest share in an 0.4% overriding royalty interest in the Cliff Head Carbon Storage Project (on a pro rata basis as between the holders of the Notes) and a right to subscribe for new shares to the same value as the Face Value of the Notes each investor holds, at a subscription price of \$0.025 per share any time from the period 31 December 2026 to 31 December 2027, subject to the Company having the capacity to issue the shares under ASX Listing Rule 7.1.

5. Convertible notes – Face Value \$1,800,000 – This convertible note facility (**Notes**) was announced on ASX:PGY on 12 May 2025 and was re-stated and announced on 23 June 2025. Following shareholder approval at the 4 June EGM, the counterparties have been issued Notes for \$600,000 on 27 June 2025 with the remaining balance of the Face Value being issued after quarter end. The Notes have a maturity date of 31 December 2027 and are convertible into ordinary shares of the Company at \$0.02 per share. Subject to the Initial Term Redemption Option, the investor can, in the alternative, elect to convert the Notes into a participating interest share in an 0.4% overriding royalty interest in the Cliff Head

Carbon Storage Project (on a pro rata basis as between the holders of the Notes) and a right to subscribe for new shares to the same value as the Face Value of the Notes each investor holds, at a subscription price of \$0.025 per share any time from the period 31 December 2027 to 31 December 2028, subject to the Company having the capacity to issue the shares under ASX Listing Rule 7.1.

B. Convertible Notes agreed, yet to be issued.

1. Convertible note – Face Value \$1,800,000 (**Note**) –Terms were agreed for the issue of this Note (as announced on ASX:PGY on 11 December 2024) to a sophisticated investor. The Note was to be issued to the counterparty upon shareholder approval being obtained at the AGM scheduled to be held on 12 February 2025 and the counterparty providing the funds. As a result of the subscribers continued failure to pay the funds to Pilot, the Company formally terminated the Note for breach, as announced on ASX, on 12 May 2025.
2. Convertible note – Face Value \$1,800,000 (**Note**) – See financing facilities section A5 above. \$700,000 of the remaining Face Value was issued after quarter end. Commitments for \$500,000 have been received and is expected to subscribed during the September 2025 quarter.
3. Unsecured Loans in the aggregate amount of \$180,943 were provided to the Company in November 2024 by four sophisticated investors. The loans were made on the condition that the debt would be offset the issue of new convertible notes to each of the four investors when the Company had capacity to issue under ASX Listing Rule 7.1. The Company has the capacity to issue these Notes and they are being issued following the end of the quarter. The terms of these Notes will be the same as the Notes referred to above in paragraph A.4. above.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	1,430
8.2 Capitalised exploration & feasibility expenditure (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	1,430
8.4 Cash and cash equivalents at quarter end (Item 4.6)	765
8.5 Unused finance facilities available at quarter end (Item 7.5)	1,200
8.6 Total available funding (Item 8.4 + Item 8.5)	1,765
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.23

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Yes

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The Company has taken significant steps to secure additional liquidity. These initiatives are expected to provide in excess of two quarters of liquidity and include:

A. The estimated total amount of the PRRT tax refund due to the Cliff Head Joint Venture for the FYE 30 June 2025 is estimated to be up to \$4.5 million. After the end of the June quarter, Triangle Energy Operations Pty Ltd, (TEO) lodged with the ATO the annual Petroleum Resource Rent (PRRT) Tax return in early July and has claimed PRRT tax refund of approximately \$3.88 million attributable to abandonment, decommissioning and rehabilitation expenditures (ADRE) with the cessation of production at the Cliff Head Oil Field. The balance of PRRT tax refund of up to approximately \$600,000 is covered by the PRRT tax returns to be lodged by the other Cliff Head JV parties currently subsidiaries of Triangle Energy (Group) LTG (TEG). The total amount of PRRT paid by the Cliff Head JV parties is approximately \$66.4 million 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 expenditures paid by the Cliff Head JV parties and funded by the Company pursuant to the purchase and sale agreement between the Company and TEG. 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. The Company expects to receive this refund amount during the September quarter. 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.

B. As announced on 31 July 2025 (ASX:PGY), the Company 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.

C. In addition, as the Company advised on 16 April 2025, Pilot has received a confidential and incomplete non-binding, indicative proposal from a foreign state-owned enterprise with an investment grade rating of BBB+ to acquire a meaningful minority interest in the Cliff Head Carbon Storage Project. The proposal is consistent with the Company's commercial expectations regarding joint venture participation in this project. The Company believes that this proposal could be finalized during the September quarter and result in a substantial inflow of funding to the Company and additional direct funding for the Cliff Head Carbon Storage Project. However, the Company acknowledges there is no certainty or assurance that any such proposal will result in a binding transaction.

D. As previously announced by the Company (ASX:PGY 9 October 2024), the Company has been progressing a sale process for the DA-approved 376 MW Three Springs Solar Project. In keeping with the strategic plan outlined in the Company's Corporate Presentations lodged with the ASX on 14 April and 24 July 2025, the Company is nearing completion of this sale process and expects to enter into a binding sale agreement within the coming quarter which will enable the Company to realize significant capital from the Project over a series of upfront and subsequent milestone related payments.

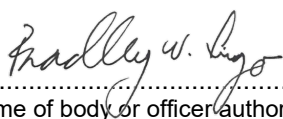
3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes - see the answer to Question 8.8(2) above.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2025

Authorised by: 
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.