



Red Sky Energy Limited

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 30 JUNE 2023

THE INFORMATION CONTAINED IN THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE RED SKY ENERGY FULL YEAR REPORT DATED 31 DECEMBER 2022 AND ANY PUBLIC ANNOUNCEMENT MADE BY THE COMPANY IN ACCORDANCE WITH THE CONTINUOUS DISCLOSURE OBLIGATIONS ARISING FROM THE CORPORATIONS ACT 2001 AND THE ASX LISTING RULES.

Contents

DIRECTORS' REPORT	2
AUDITOR'S INDEPENDENCE DECLARATION	4
FINANCIAL REPORT.....	5
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	5
CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	6
CONSOLIDATED STATEMENT OF CASH FLOWS.....	7
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	8
NOTES TO THE INTERIM FINANCIAL REPORT.....	9
DIRECTORS' DECLARATION.....	11
INDEPENDENT AUDITOR'S REVIEW REPORT	12

DIRECTORS' REPORT

Your directors present their report consisting of Red Sky Energy Ltd and controlled entities (the Group) as at the end of, or during, the half-year ended 30 June 2023.

Directors

The following persons were directors of Red Sky Energy Ltd during the whole of the half-year and up to the date of this report (unless otherwise stated):

Director	
Mr Robert Annells	Non-Executive Chairman
Mr Andrew Knox	Managing Director
Mr Adrien Wing	Non-Executive Director

Company Secretaries

Mr Adrien Wing
Ms Pauline Moffatt

Principal Activities

The principal activity of the Group during the period was exploration for economic deposits of oil and gas. There have been no significant changes in the nature of these activities during the period.

Operating Results

The net operating loss of the Group for the period ended 30 June 2023 after income tax amounted to \$712,251 (30 June 2022: loss \$834,656).

Review of Activities

Highlights during the period were as follows:

Innamincka

- Santos has completed Yarrow flowline connection into grid
- Tie-in completion scheduled and pipeline expected to be online in August
- First gas production anticipated by end of August
- Pricing being finalised
- Second renewal of Petroleum Retention Licence (PRL) 17 and Associated Activities Licence (AAL) 296 granted for further 5 years until June 2028

Killanoola

- Best estimates of petroleum initially in place revised and increased to 135.5mmbbls
- Offtake agreement for Killanoola crude production imminent
- Once finalised and governmental approvals are received it is intended to commence extended production testing at DW1
- Site works to prepare the DW1 well site for production activities now complete
- Bunding and tanks installed at site
- Interpretation of the processed 3D seismic acquisition now completed

Corporate

- The Company continues to actively pursue acquisition opportunities
- The Company had cash reserves as at 30 June 2023 of \$3.3m

Subsequent Events

On 18 August 2023, the Group announced that Santos Limited (ASX: STO) (Santos) has advised of the completion of construction of the pipeline of approximately 18km, tie in to the network to the south of the Yarrow gas field and completion of the Yarrow 3 well and is in production.

On 22 August 2023, the Group announced the signing of an agreement with Viva Energy Australia Pty Ltd to purchase all crude to be produced from the Killanoola oil field project subject to specifications.

No other matters or circumstances have arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires the consolidated entity's auditors, RSM Australia Partners, to provide the directors with a written Independence Declaration in relation to their review of the financial report for the period ended 30 June 2023. The written Auditor's Independence Declaration is set out in the following page of this report.

Signed in accordance with a resolution of directors made pursuant to s.306 (3) of the *Corporations Act 2001*.

On behalf of the Directors:



Andrew Knox
Managing Director
24 August 2023

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the interim financial report of Red Sky Energy Limited for the half year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads "RSM".

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink that reads "R J Morillo Maldonado".

R J MORILLO MALDONADO

Partner

Dated: 24 August 2023

Melbourne, Victoria

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 30 June 2023

	Notes	Half-Year End 30/06/2023 \$	Half-Year End 30/06/2022 \$
Interest revenue		58,662	5,360
Total Revenue		58,662	5,360
Expenses:			
Administrative expenses		(217,613)	(179,377)
Employee entitlements		(220,512)	(296,070)
Employee entitlements – share based payments		(258,758)	(274,931)
Legal fees		(8,113)	(18,591)
Exploration costs expensed		(19,386)	(23,135)
Corporate advisory and investor relations		(46,531)	(47,912)
Loss from continuing activities before income tax		(712,251)	(834,656)
Income tax expense		-	-
Loss for the period		(712,251)	(834,656)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>		-	-
Total comprehensive loss for the period, net of tax		(712,251)	(834,656)
Basic and diluted (loss) per share (cents)	8	(0.01)	(0.02)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	30 June 2023 \$	31 December 2022 \$
Current Assets			
Cash and cash equivalents		3,329,603	4,169,953
Receivables		35,925	41,430
Prepayments		58,391	99,572
Total Current Assets		3,423,919	4,310,955
Non-Current Assets			
Plant and equipment		225,987	252,209
Other financial assets		822,694	822,694
Exploration and evaluation assets		4,025,444	2,738,031
Total Non-Current Assets		5,074,125	3,812,934
Total Assets		8,498,044	8,132,889
Current Liabilities			
Trade and other payables		924,048	146,816
Provisions – employee entitlements		76,301	84,407
Total Current Liabilities		1,000,349	231,223
Non-Current Liabilities			
Provisions - rehabilitation		800,000	800,000
Provisions – employee entitlements		26,178	-
Total Non-Current Liabilities		826,178	800,000
Total Liabilities		1,826,527	1,031,223
Net Assets		6,671,517	7,092,666
Equity			
Issued share capital	7	50,328,088	50,328,088
Reserves		1,551,775	1,260,673
Accumulated losses		(45,208,346)	(44,496,095)
Total Equity		6,671,517	7,092,666

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 30 June 2023

	Notes	Half-Year End 30/06/2023	Half-Year End 30/06/2022
		\$	\$
Cash flows from operating activities			
Payments to suppliers (GST inclusive) and employees		(405,635)	(524,268)
Interest received		54,477	4,686
Net cash used in operating activities		(351,158)	(519,582)
Cash flows from investing activities			
Exploration and evaluation expenditure		(489,192)	(1,101,872)
Net cash used in investing activities		(489,192)	(1,101,872)
Net (decrease)/increase in cash and cash equivalents		(840,350)	(1,621,454)
Cash and cash equivalents at the beginning of the half-year period		4,169,953	6,997,688
Cash and cash equivalents at the end of the half-year period		3,329,603	5,376,234

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 30 June 2023

Consolidated	2022			
	Issued Capital	Accumulated Losses	Reserves	Total Equity
Balance at beginning of period	50,328,088	(42,820,932)	657,469	8,164,625
Loss for the period	-	(834,656)	-	(834,656)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	(834,656)	-	(834,656)
<i>Transactions with equity holders in their capacity as equity holders</i>				
Share based payments - Performance Rights	-	-	307,276	307,276
Total transactions with equity holders in their capacity as equity holders	-	-	307,276	307,276
Balance at the end of the period	50,328,088	(43,655,588)	964,745	7,637,245
Consolidated	2023			
	Issued Capital	Accumulated Losses	Reserves	Total Equity
Balance at beginning of period	50,328,088	(44,496,095)	1,260,673	7,092,666
Loss for the period	-	(712,251)	-	(712,251)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	(712,251)	-	(712,251)
<i>Transactions with equity holders in their capacity as equity holders</i>				
Share based payments - Performance Rights	-	-	291,102	291,102
Total transactions with equity holders in their capacity as equity holders	-	-	291,102	291,102
Balance at the end of the period	50,328,088	(45,208,346)	1,551,775	6,671,517

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE INTERIM FINANCIAL REPORT

1. REPORTING ENTITY

Red Sky Energy Ltd is a company domiciled in Australia. The consolidated half-year financial statements of the Company as at and for the six months ending 30 June 2023 comprises Red Sky Energy Ltd and its subsidiaries (together referred to as the “consolidated entity” or “Group”) and the consolidated entities interests in associated and jointly controlled entities.

The annual financial report of the entity as at and for the year ended 31 December 2022 is available upon request from the Red Sky Energy website www.redskyenergy.com.au, the ASX website or the Company’s registered office at Level 2, 480 Collins Street, Melbourne, Victoria, Australia 3000.

2. STATEMENT OF COMPLIANCE

The consolidated half-year financial statements are general purpose financial statements which have been prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001.

The consolidated half-year financial statements do not include all of the notes and information normally included in annual financial statements. Accordingly, this report should be read in conjunction with the consolidated annual financial statements for the year ended 31 December 2022 and any public announcements made by Red Sky Energy Ltd during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the consolidated entity in the consolidated half-year financial statements are the same as those applied by the consolidated entity in its consolidated financial statements for the year ended 31 December 2022. Comparative figures have been adjusted to conform to changes in presentation for the current period.

4. ESTIMATES

The preparation of the half-year financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing the consolidated half-year financial statements the judgments made by management in applying the consolidated entity’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2022.

5. GOING CONCERN

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

6. SEGMENT INFORMATION

The Group has identified its operating segments based on internal reports reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. Based on these reports, management has determined the Company has one operating segment, being the exploration and development of properties in the oil and gas industry.

7. EQUITY SECURITIES ISSUED

(a) Share Capital

	2023
	\$
5,302,227,197 fully paid ordinary shares (31 December 2022: 5,302,227,197)	50,328,088
No movements occurred during the half-year.	

(b) Options

No Options were issued or exercised during the period.

40,000,000 unlisted Options exercisable at \$0.005 on or before 31 January 2023 expired during the period.

8. LOSS PER SHARE

	Half-year 30 June 2023	Half-year 30 June 2022
	\$	\$
Net loss	(712,251)	(834,656)
Basic earnings per share (EPS) (cents)	(0.01)	(0.02)
	Number	Number
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	5,302,227,197	5,302,227,197
Dilutive EPS is not adjusted as it would result in a reduction of the loss per share.	(0.01)	(0.02)

9. EVENTS SUBSEQUENT TO BALANCE DATE

On 18 August 2023, the Group announced that Santos Limited (ASX: STO) (Santos) has advised of the completion of construction of the pipeline of approximately 18km, tie in to the network to the south of the Yarrow gas field and completion of the Yarrow 3 well and is in production.

On 22 August 2023, the Group announced the signing of an agreement with Viva Energy Australia Pty Ltd to purchase all crude to be produced from the Killanoola oil field project subject to specifications.

No other matters or circumstances have arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

DIRECTORS' DECLARATION

FOR THE HALF-YEAR ENDED 30 JUNE 2023

In the opinion of the directors of Red Sky Energy Ltd ("the Company"):

1. the financial statement and notes set out on pages 5 to 10, are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the financial position of the consolidated entity as at 30 June 2023 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors:



Andrew Knox
Managing Director

24 August 2023

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT To the Members of Red Sky Energy Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Red Sky Energy Limited ('the Company') and its controlled entities (together 'the Group') which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and comprehensive income, statement of changes in equity and 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 of the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

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 the Group is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* ('ASRE 2410'). Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Red Sky Energy Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Red Sky Energy Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2023 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



RSM AUSTRALIA PARTNERS



R J MORILLO MALDONADO

Partner

Dated: 24 August 2023

Melbourne, Victoria