

## Managing Director's AGM Address

Dear Investors,

I am pleased to provide an update on the Company's considerable progress throughout 2020 including the exciting opportunity we have for Red Sky Shareholders with the Killanoola Project located in the Penola Trough in South Australia. The coming period promises to be exciting, as the attention of the Company is firmly focused on booking reserves and reinitiating production to add value for shareholders.

As with many companies and indeed across most industries, 2020 presented both operational and corporate challenges as we absorbed issues created by the pandemic as well as the impact of commodity price volatility. Red Sky was unable to participate in government support programmes, however through a stringent commitment to cost discipline and the acquisition of an exciting new cornerstone asset at Killanoola, we were able to weather the storm.

The impact of the pandemic was severe on the oil and gas sector, as demand came to a brutal halt when global lockdowns came into force and created significant logistical challenges in communication and forward planning, resulting in delays to the completion of various corporate initiatives. However, the global rollout of vaccines has led to a good recovery in the sector and the global economic outlook. We remain cautiously optimistic that the worst is behind us and that the Company is well placed to benefit from this uplift in sentiment.

The capital raise completed just prior and again post-period, enabled the transformative acquisition of the Killanoola oil field in the Penola Trough, South Australia and it demonstrated the continued support the Company has from its existing and new shareholder base. These funds are being used for the work programme on the asset taking place this year. These events have provided more scale and stability to the business and leaves us well placed to achieve our longer term growth objectives.

We believe that Red Sky has assembled a highly experienced, dynamic and ambitious team, with a diverse technical and commercial skillset, nimble ability to problem solve and capable of delivering long-term value for our shareholders. The Board seeks to continuously enhance its governance and industry experience and has made good progress in this regard.

Throughout 2021, we hope to build on the momentum we have already achieved and deliver several material corporate and operational milestones. We believe that it is a very opportunity rich market for a company like Red Sky, and we have every confidence that we can achieve scale through organic and inorganic means.

The Company continues to actively screen and review opportunities consistent with our strategy, which is assets that provide immediate or near-term positive cash flow. We are witnessing a growing pipeline of opportunities of all sizes driven by the structural changes taking place in the industry. The industry ecosystem is changing and several major operators are restructuring their portfolios due to eco/socio economic regulation by expanding into low carbon growth areas, whilst financially deleveraging from their core upstream businesses at a rapid pace. The backdrop for E&P activity has changed materially compared with a year ago, with stabilised commodity prices and demand picking up again, ensuring solid returns as well as an enhanced appetite for investment and activity.

The structural changes taking place within our industry are also accelerating as energy transition gains momentum, and IOCs recalibrate their portfolios away from hydrocarbons. This movement is presenting a strong pipeline of inorganic opportunities for Red Sky to consider, and we are presently screening numerous assets that fit with our criteria. We believe that the Company is uniquely positioned to capitalise on the opportunities presented by these industry changes given our ambitious growth objectives, our strong shareholder support and emerging operating capability.

On behalf of the Board, I would like to thank all of our shareholders for their support and patience in these unprecedented times. The Board and Management are wholly aligned with the wider shareholder base in terms of wishing to see Red Sky generate long-term sustainable value and believe that we are putting in place the framework to enable that goal. I would also like to thank our management team for their commitment and believe that our team's experience and expertise are very much central to our investment proposition.

In summary, 2020 was a challenging yet strategically transformational year for the Company and the Company is well placed to benefit from an improving industry backdrop and a growing pipeline of value compelling complementary opportunities presenting themselves as a result of the structural changes happening in the sector. The Company is establishing a diverse portfolio of assets capable of delivering robust cash flow and extraordinary upside potential, and we remain focused on delivering sustainable shareholder value as we progress our strategic and operational initiatives through this year and beyond.

Following a transitional period of corporate activity, we look forward to the coming year and the various value catalysts that we see on the near-term horizon. We thank our shareholders for their continued support and patience and look forward to delivering on our long-term growth objectives for the benefit of all our stakeholders.



**Andrew Knox**  
Managing Director

**-ENDS-**

Released with the authority of the board.

For further information on the Company and our projects, please visit:

[www.redskyenergy.com.au](http://www.redskyenergy.com.au)

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