



Red Sky Energy Limited

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 30 JUNE 2025

THE INFORMATION CONTAINED IN THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE RED SKY ENERGY LTD ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2024 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) for the half-year ended 30 June 2025.

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 2025 after income tax amounted to \$539,232 (30 June 2024: profit \$321,219).

Review of Activities

Highlights during the period were as follows:

Innamincka

- ❖ Yarrow 3 has generated \$1.15 million in gross production receipts year-to-date, with 81% from gas sales and the remainder from LPG and condensate.
- ❖ The joint venture between Santos (ASX:STO) and Red Sky successfully executed two hydraulic fracturing stages in Yarrow 1, targeting the Patchawarra and Tirrawarra formations to enhance reservoir productivity.
- ❖ Flowback operations commenced shortly after stimulation, with the well progressively cleaning up over several days.
- ❖ Peak flowback results indicate gas production of ~1.8 MMscf/d and ~87 bwpd at 467 psig flowing wellhead pressure (FWHP) on a 32/64" choke, with ~56% fluid recovery.
- ❖ Flowline construction is scheduled to begin in Q4 2025, with first gas from Yarrow 1 targeted for late Q4 2025, subject to schedule optimisation.
- ❖ The Yarrow 1 re-entry is expected to boost cash flow in 2026, complementing revenue from Yarrow 3 and enhancing Red Sky's long-term cash generation from its Innamincka portfolio.

Block 6/24, Angola

- ❖ Red Sky's 35% interest in Block 6/24, offshore Angola, offers a high-impact growth opportunity in the proven Kwanza Basin, supported by strong seismic coverage and encouraging oil shows.
- ❖ Maiden resource estimates completed for Block 6/24, offshore Angola.
- ❖ The Cegonha Oil Field is positioned for appraisal and development with a clear pathway to early production and cash flow.
- ❖ Initial studies suggest a potential pre-salt structure beneath the Ibis prospect, which will be progressed in the forward work program.
- ❖ Ongoing technical work positions the block for appraisal, early development, and long-term value creation.

Killanoola

- Red Sky signed a Farmin Agreement with Condor Energy and partners to drill the KN2 well at the Killanoola Oil Project (PRL 13).
- Under the agreement, farminees will fund 75% of drilling and completion costs to earn a 45% interest in the KN2 well.
- Red Sky retains a 55% interest in KN2, 100% ownership of the remaining licence area, and operatorship of both the well and the licence.
- KN2 is a vertical well targeting a new zone identified through 3D seismic interpretation.
- The drilling rig will then be used for the DW1 well workover, reducing mobilisation costs.
- KN2 is designed to increase production at Killanoola and support near-term, material cash flow generation.
- KN2 drilling at Killanoola is pending final government approvals, with Red Sky ready to commence operations once received.
- Positive regulatory momentum continues to support the development of Australia's onshore energy sector.

Corporate

- The Company had cash reserves as at 30 June 2025 of \$2.27m.
- The Company continues to evaluate further acquisition opportunities.

Subsequent Events

On 4 September 2025, Company announced the Risk Service Contract (RSC) for Block 6/24, was executed in Angola following recent parliamentary ratification.

On 8 September 2025, Company announced the South Australian Department for Energy and Mining (DEM) has granted final approvals for the construction of the KN2 well site at the Killanoola Oil Project (PRL-13), South Australia and site construction has commenced.

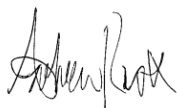
No other matters or circumstances have arisen since 30 June 2025 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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 2025. 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
12 September 2025

RSM Australia Partners

Level 27, 120 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 2025, 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 appears to read "R J Morillo Maldonado".**R J MORILLO MALDONADO**

Partner

Dated: 12 September 2025
Melbourne, Victoria

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 30 June 2025

	Notes	Half-Year End 30/06/2025 \$	Half-Year End 30/06/2024 \$
Sales of oil and gas		906,532	1,801,615
Interest revenue		53,697	46,416
Total Revenue		960,229	1,848,031
Expenses:			
Cost of sales		(644,108)	(652,554)
Amortisation of oil and gas assets		(14,074)	(24,098)
Administrative expenses		(278,068)	(246,183)
Employee entitlements		(250,963)	(275,170)
Employee entitlements – share based payments		(258,758)	(258,758)
Exploration costs expensed		(5,174)	(24,320)
Corporate advisory and investor relations		(48,316)	(45,729)
(Loss)/ profit from continuing activities before income tax		(539,232)	321,219
Income tax expense		-	-
(Loss)/ profit for the period		(539,232)	321,219
Other comprehensive income			
Items that may be reclassified to profit or loss		-	-
Total comprehensive (loss)/ income for the period, net of tax		(539,232)	321,219

Basic and diluted (loss)/ earnings per share (cents)

8

(0.01)

0.01

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 2025

	Notes	30 June 2025 \$	31 December 2024 \$
Current Assets			
Cash and cash equivalents		2,271,277	2,964,776
Receivables		142,123	262,739
Prepayments		40,744	98,319
Total Current Assets		2,454,144	3,325,834
Non-Current Assets			
Plant and equipment		122,149	147,299
Other financial assets – security deposits		824,633	824,633
Other financial assets – drilling deposits		332,579	-
Exploration and evaluation assets		4,845,605	4,261,607
Oil and gas assets		37,191	50,215
Total Non-Current Assets		6,162,157	5,283,754
Total Assets		8,616,301	8,609,588
Current Liabilities			
Trade and other payables		517,197	298,512
Provisions – employee entitlements		246,851	162,608
Total Current Liabilities		764,048	461,120
Non-Current Liabilities			
Provisions - rehabilitation		800,000	800,000
Provisions – employee entitlements		21,599	69,684
Total Non-Current Liabilities		821,599	869,684
Total Liabilities		1,585,647	1,330,804
Net Assets		7,030,654	7,278,784
Equity			
Issued share capital	7	50,628,088	50,628,088
Reserves		2,725,297	2,434,195
Accumulated losses		(46,322,731)	(45,783,499)
Total Equity		7,030,654	7,278,784

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 2025

	Notes	Half-Year End 30/06/2025 \$	Half-Year End 30/06/2024 \$
Cash flows from operating activities			
Receipts from customers (GST inclusive)		1,155,669	2,102,198
Payments to suppliers (GST inclusive) and employees		(985,869)	(925,960)
Interest received		54,329	42,959
GST payments for prior periods		-	(78,785)
Net cash provided by operating activities		224,129	1,140,412
Cash flows from investing activities			
Exploration and evaluation expenditure		(585,049)	(478,466)
Other financial assets – drilling deposits		(332,579)	-
Net cash used in investing activities		(917,628)	(478,466)
Net (decrease)/increase in cash and cash equivalents		(693,499)	661,946
Cash and cash equivalents at the beginning of the half-year period		2,964,776	2,670,063
Cash and cash equivalents at the end of the half-year period		2,271,277	3,332,009

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 2025

Consolidated	2025			
	Issued Capital	Accumulated Losses	Reserves	Total Equity
Balance at beginning of period	50,628,088	(45,783,499)	2,434,195	7,278,784
Loss for the period	-	(539,232)	-	(539,232)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	(539,232)	-	(539,232)
<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	50,628,088	(46,322,731)	2,725,297	7,030,654
Consolidated	2024			
	Issued Capital	Accumulated Losses	Reserves	Total Equity
Balance at beginning of period	50,328,088	(46,055,909)	2,147,166	6,419,345
Loss for the period	-	321,219	-	321,219
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	321,219	-	321,219
<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	(45,734,690)	2,438,268	7,031,666

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 listed public company limited by shares, incorporated and domiciled in Australia. The consolidated half-year financial statements of the Company as at and for the six months ending 30 June 2025 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 financial statements are presented in Australian dollars, which is Red Sky Energy Ltd’s functional and presentation currency.

The annual financial report of the entity as at and for the year ended 31 December 2024 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 2024 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. MATERIAL 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 2024. 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 2024.

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 SHARE CAPITAL

(a) Share Capital

	2025 \$
5,422,227,197 fully paid ordinary shares (31 December 2024: 5,422,227,197)	50,628,088

No movements occurred during the half-year.

(b) Options

No Options were issued or exercised during the period.

8. EARNINGS PER SHARE

	Half-year 30 June 2025 \$	Half-year 30 June 2024 \$
Net (loss)/profit	(539,232)	321,219
Basic (loss)/earnings per share (EPS) (cents)	(0.01)	0.01
	Number	Number
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	5,422,227,197	5,396,512,911
Dilutive EPS	(0.01)	0.01
Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted EPS	5,422,227,197	5,846,512,911

9. EVENTS SUBSEQUENT TO BALANCE DATE

On 4 September 2025, Company announced the Risk Service Contract (RSC) for Block 6/24, was executed in Angola following recent parliamentary ratification.

On 8 September 2025, Company announced the South Australian Department for Energy and Mining (DEM) has granted final approvals for the construction of the KN2 well site at the Killanoola Oil Project (PRL-13), South Australia and site construction has commenced.

No other matters or circumstances have arisen since 30 June 2025 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

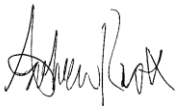
FOR THE HALF-YEAR ENDED 30 JUNE 2025

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

1. the financial statements 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 2025 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

12 September 2025

RSM Australia Partners

Level 27, 120 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 consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a material accounting policies information and other explanatory information, and the directors' declaration.

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 2025 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 the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

**THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING**

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company 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 2025 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: 12 September 2025

Melbourne, Victoria