Red Sky Energy Limited

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 30 JUNE 2026

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 2025 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

Your directors present their report consisting of Red Sky Energy Ltd and controlled entities (the Group) for the half-year ended 30 June 2026.

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 2026 after income tax amounted to $105,304 (30 June 2025: loss $539,232).

Review of Activities

Highlights during the period were as follows:

Innamincka Dome, South Australia

- **Site preparation works commenced at the Yarrow gas field, marking the start of field operations for the Innamincka Dome drilling campaign.**
- **Drilling campaign to comprise two Yarrow field wells (Yarrow 4 and Yarrow 5) and the Willowie appraisal well, all operated by Santos (ASX: STO).**
- **The two Yarrow wells to be drilled directionally from a single dual-well pad location within PRL 17.**
- **Yarrow 1 and Yarrow 3 continued to produce gas into the Santos-operated gathering network throughout the half year.**

Block 6/24, Angola

- **Discussions on finalising the joint venture operating agreement and work program were ongoing.**

Killanoola Oil Project, South Australia

- **Continued evaluation of completion and simulation options for KN2.**
- **Workover and testing planning progressed for KN2 and DW1.**

Corporate

- **Fully underwritten Rights Issue (including shortfall) completed, raising approximately $4.1 million (before costs).**
- **Placement completed raising $1.0 million (before costs).**
- **Proceeds primarily directed towards participation in the Santos-operated Innamincka drilling program and general working capital.**
- **The company has cash reserves as at 30 June 2026 of $6.17m boosted by the recently completed placement and rights issue.**

Subsequent Events

No matters or circumstances have arisen since 30 June 2026 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 2026. 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
10 September 2026

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the interim financial report of Red Sky Energy Limited and its controlled entities for the half year ended 30 June 2026, 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.

RSM AUSTRALIA PARTNERS

R J MORILLO MALDONADO
Partner

Dated: 10 September 2026
Melbourne, Victoria

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half-year ended 30 June 2026

	Notes	Half-Year End 30/06/2026 $	Half-Year End 30/06/2025 $
Sales of oil and gas		1,790,729	906,532
Interest revenue		28,854	53,697
Total Revenue		**1,819,583**	**960,229**
Expenses:			
Cost of sales		(521,784)	(644,108)
Amortisation of oil and gas assets		(421,278)	(14,074)
Administrative expenses		(363,502)	(278,068)
Employee entitlements		(326,522)	(250,963)
Employee entitlements – share based payments		(230,166)	(258,758)
Exploration costs expensed		(17,250)	(5,174)
Corporate advisory and investor relations		(44,385)	(48,316)
Loss from continuing activities before income tax		**(105,304)**	**(539,232)**
Income tax expense		-	-
Loss for the period		**(105,304)**	**(539,232)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(23,406)	-
Total comprehensive loss for the period, net of tax		**(128,710)**	**(539,232)**
Basic and diluted loss per share (cents)	8	(0.00)	(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 2026

	Notes	30 June 2026 $	31 December 2025 $
Current Assets			
Cash and cash equivalents		6,166,362	1,705,786
Receivables		222,695	536,352
Prepayments		40,747	79,869
Total Current Assets		**6,429,804**	**2,322,007**
Non-Current Assets			
Plant and equipment		75,628	96,581
Other financial assets – security deposits		908,315	908,315
Exploration and evaluation assets		6,247,996	5,934,535
Oil and gas assets		708,366	1,010,131
Total Non-Current Assets		**7,940,305**	**7,949,562**
Total Assets		**14,370,109**	**10,271,569**
Current Liabilities			
Trade and other payables		882,445	1,722,706
Provisions – employee entitlements		248,313	234,697
Total Current Liabilities		**1,130,758**	**1,957,403**
Non-Current Liabilities			
Provisions - rehabilitation		883,682	883,682
Provisions – employee entitlements		26,793	26,187
Total Non-Current Liabilities		**910,475**	**909,869**
Total Liabilities		**2,041,233**	**2,867,272**
Net Assets		**12,328,876**	**7,404,297**
Equity			
Issued share capital	7	54,705,537	50,628,088
Reserves		3,973,658	3,021,224
Accumulated losses		(46,350,319)	(46,245,015)
Total Equity		**12,328,876**	**7,404,297**

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 2026

	Notes	Half-Year End 30/06/2026 $	Half-Year End 30/06/2025 $
Cash flows from operating activities			
Receipts from customers (GST inclusive)		2,291,575	1,155,669
Payments to suppliers (GST inclusive) and employees		(1,191,801)	(985,869)
Interest received		23,146	54,329
Net cash provided by operating activities		**1,122,920**	**224,129**
Cash flows from investing activities			
Exploration and evaluation expenditure		(359,155)	(585,049)
Development of oil and gas assets		(1,092,513)	-
Payments for plant and equipment		(5,029)	-
Other financial assets – drilling deposits		-	(332,579)
Net cash used in investing activities		**(1,456,697)**	**(917,628)**
Cash flows from financing activities			
Proceeds from issues of shares		5,148,155	-
Proceeds from issues of options		150	-
Payments for share issue costs		(353,952)	-
Net cash flows provided by financing activities		**4,794,353**	**-**
Net (decrease)/increase in cash and cash equivalents		**4,460,576**	**(693,499)**
Cash and cash equivalents at the beginning of the half-year period		1,705,786	2,964,776
Cash and cash equivalents at the end of the half-year period		**6,166,362**	**2,271,277**

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 2026

Consolidated	2026			
	Issued Capital	Accumulated Losses	Reserves	Total Equity
Balance at beginning of period	**50,628,088**	**(46,245,015)**	**3,021,224**	**7,404,297**
Loss for the period	-	(105,304)	-	(105,304)
Other comprehensive income for the period	-	-	(23,406)	(23,406)
Total comprehensive loss for the period	**-**	**(105,304)**	**(23,406)**	**(128,710)**
Transactions with equity holders in their capacity as equity holders				
Contributions of equity, net of transaction costs	4,077,449	-	716,904	4,794,353
Share-based payments - Performance Rights	-	-	258,936	258,936
Total transactions with equity holders in their capacity as equity holders	**4,077,449**	**-**	**975,840**	**5,053,289**
Balance at the end of the period	**54,705,537**	**(46,350,319)**	**3,973,658**	**12,328,876**
	2025			
Consolidated	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)**
Transactions with equity holders in their capacity as equity holders				
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**

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 2026 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 2025 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 2025 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 2025. 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 2025.

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

	2026 $
10,570,380,552 fully paid ordinary shares (31 December 2025: 5,422,227,197)	54,705,537
Movements during the half-year:	
Opening balance at beginning of the half-year	50,628,088
Shares issued during the half-year	
13 April 2026 – 800,000,000 shares issued @ $0.001	800,000
25 May 2026 – 4,148,153,355 shares issued @ $0.001	4,148,153
11 June 2026 – 200,000,000 shares issued @ $0.001	200,000
Equity raising expenses – share based payments	(716,754)
Equity raising expenses	(353,950)
	54,705,537

(b) Options

The following Options were issued during the half year ended 30 June 2026:

- 1,641,886,044 Options exercisable at $0.003 on or before 10 June 2029 issued during the period as part consideration for underwriting fees including 109,888,889 issued to Andrew Knox and 149,280,000 issued to Adrien Wing.
- 150,000,000 Options exercisable at $0.003 on or before 10 June 2029 issued during the period for $0.00001 per option as part consideration for broker fees.

No Options were exercised during the period.

8. EARNINGS PER SHARE

	Half-year 30 June 2026 $	Half-year 30 June 2025 $
Net loss	(105,304)	(539,232)
Basic (loss)/earnings per share (EPS) (cents)	(0.00)	(0.01)
	Number	Number
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	6,641,462,966	5,422,227,197
Dilutive EPS	(0.00)	(0.01)
Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted EPS (i)	6,641,462,966	5,422,227,197

(i) 450,000,000 performance rights over ordinary shares and 1,791,886,044 options are not included in the calculation of diluted earnings per share because they are anti-dilutive for the half year ended 30 June 2026. These performance rights could potentially dilute basic earnings per share in the future.

9. EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since 30 June 2026 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 2026

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 2026 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

10 September 2026

RSM Australia Partners

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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 2026, 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 material accounting policy 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 2026 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 APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (the Code) that are relevant to audits of the financial report of public interest entities 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 the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

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 2026 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: 10 September 2026
Melbourne, Victoria