# ANNUAL REPORT

## FOR THE YEAR ENDED 31 DECEMBER 2023

ABN 94 099 116 275

## Contents

# CORPORATE DIRECTORY

| | |
|---|---|
| Non-Executive Chairman | Mr Robert Annells |
| Managing Director | Mr Andrew Knox |
| Non-Executive Director | Mr Adrien Wing |
| Company Secretaries | Mr Adrien Wing<br>Ms Pauline Moffatt |
| Registered & Principal Office | Level 2, 480 Collins Street<br>Melbourne VIC 3000 |
| Auditor | RSM Australia Partners<br>Level 27<br>120 Collins Street<br>Melbourne VIC 3000 |
| Solicitors | Quinert Rodda & Associates<br>Level 6<br>400 Queen Street<br>Melbourne VIC 3000 |
| Website Address | www.redskyenergy.com.au |
| Stock Exchange Listings | Red Sky Energy Ltd shares are listed on the Australian Securities Exchange under the code ROG |
| Share Registry | Automic<br>Level 5, 126 Phillip Street<br>Sydney NSW 2000<br><br>Email: hello@automicgroup.com.au |

# MANAGING DIRECTOR'S LETTER

Dear Shareholders,

As we reflect on the year gone by, it's clear that Red Sky has navigated another period of significant challenges and opportunities with resilience and strategic focus. Emerging from the complexities of the global landscape, including ongoing geopolitical tensions and supply chain disruptions, our company has steadfastly progressed in its mission to enhance our asset portfolio.

Our operations at the Innamincka project have marked a year of substantial achievement with the commencement of inaugural Australian production for the Company. The successful agreement and construction of the free carried pipeline connection into the Santos grid and the commencement of gas production from the Yarrow 3 well represent significant milestones in transitioning Red Sky from exploration to production. A free carried 3D seismic acquisition program was completed successfully which will in due course provide further drilling opportunities. These accomplishments, coupled with anticipated further new revenues from the Innamincka project and strategic partnership for gas sales, underscore our projects' viability and growth potential.

At Killanoola, the revision of the best estimates of petroleum initially in place and the commencement of production activities at Killanoola DW1, along with a sale agreement with Viva Energy, highlights our commitment to leveraging our assets for sustainable growth. These developments reflect our ability and commitment to overcome challenges, including those posed by the crude's viscosity and the market dynamics, to establish new revenue streams and contribute to our financial strength.

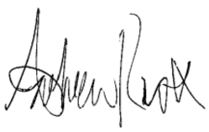
Despite the extreme external pressures on costs and the challenges of the domestic and global landscape, our focus on strategic acquisitions and prudent financial management has positioned Red Sky to capitalise on growth opportunities. Our focused active pursuit of leveraged value-accretive mergers and acquisitions aims to enhance the company's profile and create long-term value for our stakeholders.

The strategic decisions at Killanoola and completing the seismic acquisition program at Innamincka and our strategic decisions, including the pipeline construction and the sales agreement with Origin Energy, testify to our commitment to operational excellence and strategic growth.

The past year's journey has not been without challenges, yet it has been marked by significant progress and achievements. The forthcoming year promises to be one of continued strategic action, with our focus on optimising production, expanding our project portfolio, and enhancing shareholder value.

I extend my heartfelt gratitude to our board, management, and especially you, our shareholders, for your unwavering support and belief in our vision. Together, we are poised for a future of sustained growth and success.

Thank you for your continued support.



Andrew Knox
Managing Director

# DIRECTORS' REPORT

Your directors present their report consisting of Red Sky Energy Ltd (the Company) and controlled entities (the Group) as at the end of, or during, the year ended 31 December 2023.

## Directors

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

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 activities of the Group during the year were the production of and exploration for economic deposits of oil and gas.

## Operating Results

The net operating loss of the Group for the year ended 31 December 2023 after tax was $1,559,814 (31 December 2022: $1,675,163).

## Review of Operations

### HIGHLIGHTS

Highlights during the year were as follows:

**Innamincka**

- **Agreement reached to proceed with pipeline connection into the Santos grid.**
- **Results from Yarrow 3 supports connection decision.**
- **Tie in of future wells expected.**
- **Indications of potential for gas from deep coal measures in the north of Yarrow.**
- **Santos completes Yarrow flowline connection to the network.**
- **First gas production and online commissioning activities commenced.**
- **Second renewal of Petroleum Retention Licence (PRL) 17 and Associated Activities Licence (AAL) 296 granted for further 5 years until June 2028.**
- **Red Sky signs gas sales agreement with Origin Energy for gas from Yarrow under a take or pay agreement.**
- **Red Sky achieved its first revenues from the Innamincka project, with the sale of processed gas.**
- **Additional revenues anticipated from liquids sales.**
- **Commencement and completion of Yarrow 3 seismic acquisition program with Santos covering parts of PRL14 and PRL17.**
- **Red Sky holds a 20% working interest in six PRLs and is free-carried through the seismic acquisition program.**
- **Agreements finalised with the South Australian Cooper Basin Joint Venture (SACBJV) for Yarrow gas transport and processing at the Moomba Plant.**
- **Red Sky will be reimbursed for transferring a portion of the flowline to SACBJV.**
- **Further agreements concluded for the marketing and sale of ethane, LPG, and condensate with SACBJV.**

**Killanoola**

- **Best estimates of petroleum initially in place revised and increased to 135.5mmbbls.**
- **Site works completed to prepare the DW1 well site for production activities.**
- **Interpretation of the processed 3D seismic acquisition completed.**

- **Sale agreement signed with Viva Energy for all crude produced.**
- **Approval received from the SA Government to commence production at Killanoola DW1.**
- **Oil flowed to the surface at Killanoola DW1, demonstrating an initial rate of 62 bbl/day.**
- **Equipment issues, particularly a down-hole mechanical failure of the pump, resulted in the suspension of operations.**
- **New pump installation is planned as part of the 2024 work program.**
- **Red Sky plans to contract a rig for 2024 workover and drilling operations at Killanoola.**
- **The plan includes drilling two new wells and replacing the pump at Killanoola-1 DW1.**
- **Contractors have been mobilised, and crude produced will be sold to Viva Energy, benchmarked against dated Brent for pricing.**

**<u>Corporate</u>**

- **Red Sky continues to actively pursue acquisition opportunities.**
- **The Company had cash reserves as at 31 December 2023 of $2.67m.**

**Innamincka Dome Projects**

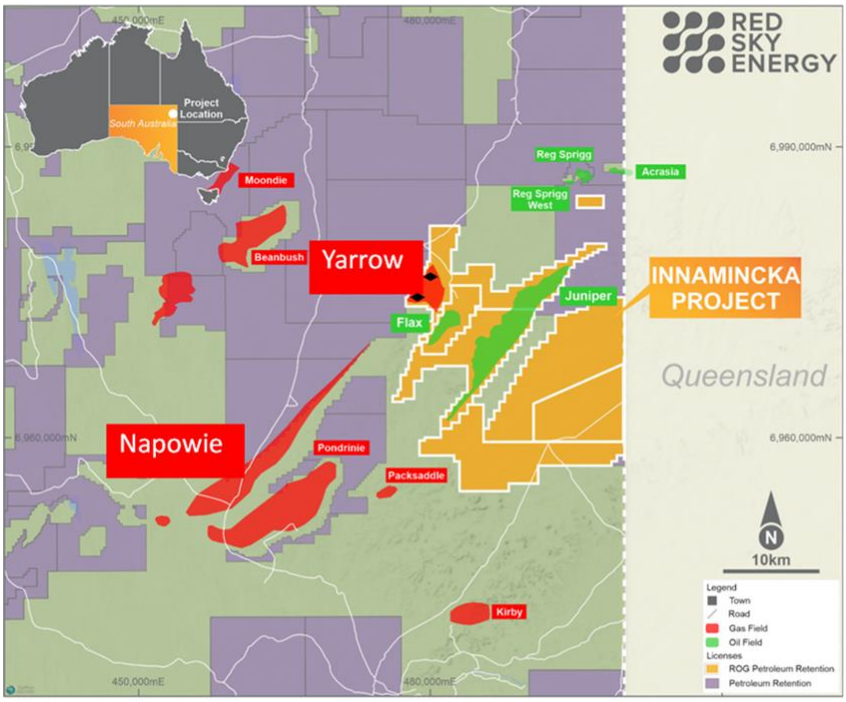



Figure 1: Innamincka Dome Projects location map with Yarrow and Napowie highlighted

In early February, the Company advised that the activity by Santos Limited (ASX:STO) (Santos) at Yarrow 3 Well had been completed with an agreement reached to proceed with the construction of a pipeline of approximately 18km to tie into the grid to the south of the Yarrow gas field. Red Sky holds 20% working interest in six PRLs (14, 17, 18, 180, 181, 182) at the Innamincka Dome.

This construction activity will allow production from Yarrow 3 with potentially further wells to follow and allow Red Sky to receive production revenue from first gas subject to reviews and a metering agreement between the parties.

Preliminary analysis of pressure data indicated connected volume >1.7 BCF (EUR 1.3 BCF) with some residual water production. Peak rate of approximately 5MMscfd through a 36/64'' choke with tubing head pressure of 780psi.

Memory Production Logging Tool (MPLT) was completed and this confirmed the flow was in line with initial data from the fracc with 85% from the Patchawarra formation and 15% from the Tirrawarra sandstone. Post receipt of this analysis, Santos' Cooper Basin based team recommended proceeding with the 18km pipeline connection in parallel with a proposal to re-enter Yarrow 1 and test the well with the view to also moving it to production and eventually tie in to the same pipeline.

The joint venture agreed to suspend any drilling at the Flax oil horizontal opportunity as per the Joint Venture farm in agreement and substitute this commitment with an investment in the Yarrow 3 flowline to the equivalent value of A$5m.

Yarrow 3 was an appraisal gas well targeting the Tirrawarra sandstone as the primary objective and the Patchawarra formation as the secondary objective. Tested at Yarrow 1, the Tirrawarra sandstone was shown to flow gas to surface. Preliminary wireline evaluation of the Tirrawarra Sandstone and Patchawarra Formation had been conducted and gas was encountered at both horizons.

Yarrow has been estimated to have a 2C contingent resource of 18BCF. A further 20BCF 2C of associated gas is estimated at the Flax oil field 8km to the south east of Yarrow (Flax is a shut in oil field with associated gas that has not yet been produced).

In May and June, the Company advised that Santos had provided further updates on the construction of the pipeline. The pipeline was to be predominantly laid underground with certain points above ground where necessary and that construction was continuing to proceed as planned. The gathering line was mostly complete and the hydrotest was being set up. Ongoing flowline activities included trenching, lowering and welding of the spooling.

In late June, the Department for Energy and Mining of South Australia granted to Red Sky and Santos a renewal of the Petroleum Retention Licence (PRL) 17 and Associated Activities Licence (AAL) 296 located in the South Australian Cooper Basin for a further 5 years until 26 June 2028. The PRL will allow Red Sky and Santos to construct, operate and maintain a flowline.

In August, Red Sky announced that Santos had advised of the completion of construction of the pipeline, tie in to the network to the south of the Yarrow gas field and the completion of the Yarrow 3 well. First gas production from the Yarrow 3 well and online commissioning activities had commenced. Production was expected to ramp up gradually as the gas is pressured up into the pipeline network for transport down to Moomba for processing.

In October, Red Sky advised that it had signed an umbrella bilateral gas sales agreement (MBA) with Origin Energy Limited (ASX:ORG) (Origin Energy) coinciding with the completion of construction of the pipeline by Santos and successful tie in to the grid to the south of the Yarrow gas field. The MBA sets out the framework of terms and conditions under which transactions will be entered into between the parties. The intent is that sales will be for all gas produced until 1 January 2026 with provision for an agreed extension and structured under a take or pay arrangement. Production from Yarrow 3 translates into first revenues from the project for Red Sky.

Red Sky also announced that agreements had been finalised with the South Australian Cooper Basin Joint Venture (SACBJV) pertaining to the tie-in, transport and processing of Yarrow gas through the SACBJV network. The tie-in agreement also entails the transfer of the southern 4km of the Yarrow flowline to the SACBJV, with the reimbursement to be received by Red Sky effectively mitigating a significant portion of Red Sky's project farm-in costs. Following this integration, the Yarrow-Flax-Juniper line (YFJ line) will span 14km.

In December, Red Sky confirmed first revenues for the month of November under the MBA with Origin Energy. Sales of ethane, LPG and condensate proceeds by the operator are expected to follow.

The gas sales volumes for the quarter which commenced part way through November were 19,581gj's of processed gas which equated to revenue of $264,344.

Sales income for both gas and liquids due to the Company expected from production to date at the end of the year equated to approximately $1.05m.

Furthermore, the Company successfully reached agreements for the separate onward sale of ethane, LPG, and condensate. These accomplishments signify notable advancements for Red Sky, underscoring its dedication to optimising operations at Yarrow.

Figures 2 - 4: Yarrow Pipeline Completed (photos courtesy of Santos)

Figure 5: Wellhead at Yarrow 3 (Courtesy of Santos)

**Yarrow Joint Seismic Acquisition Agreement**

In September, Red Sky advised that it had agreed to a Seismic Acquisition program with Santos in conjunction with the adjacent permit to cover parts of PRL14 including Yarrow and PRL17. The joint acquisition is cost effective and will result in a shared benefit area.

Seismic acquisition is a crucial process in the project's exploration phase. Its primary purpose is to gather precise and dependable subsurface data, which will aid Red Sky in making well-informed choices regarding drilling locations. This method involves creating intricate subsurface images by observing how seismic waves move through various layers of rock and other substances. These seismic waves are intentionally generated using a seismic source that directs energy into the ground. As this energy travels through the subsurface, it bounces back upon encountering boundaries between distinct rock layers or other geological characteristics. Seismic acquisition will provide valuable information about the subsurface structure, which is important to Red Sky's placement of further development wells and exploration activities.

In October, the Company advised that the planned Seismic Acquisition program had commenced and in December, the Company announced the successful conclusion of the program. The program was completed and all crews and equipment were demobilised from the site. Santos is engaged in the technical aspects of the project, and the acquired data will undergo processing and interpretation in the upcoming months. The results are expected towards the end of 2024 and will be utilised for a full field development plan.

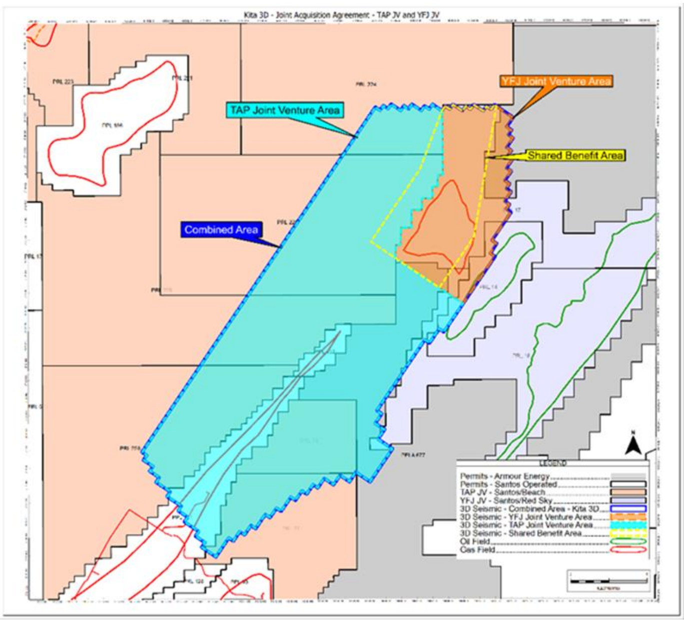



Figure 6: Shared Benefit Area Map and Coordinates

**Killanoola Project**

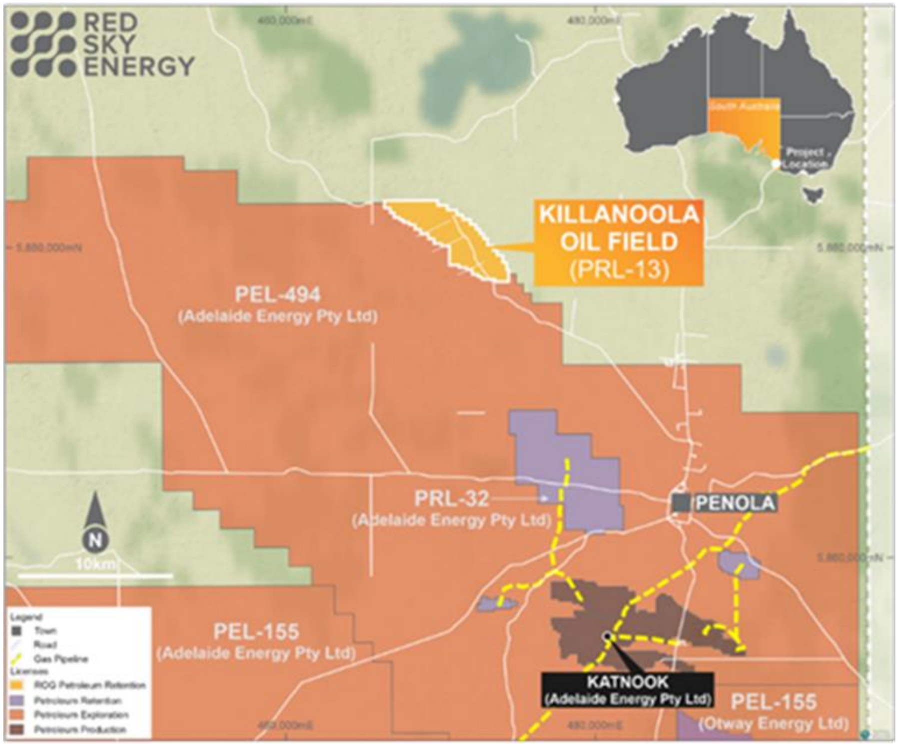



Figure 7: Killanoola Oil Field (PRL-13) location map
(Adelaide Energy Pty Ltd is a subsidiary of Beach Energy Ltd (ASX:BPT))

During the first half of the year, Red Sky focused on progressing an offtake agreement for the sale of Killanoola crude. The intention was to include an additive to provide flow assurance which resolves the viscosity issue and reduces the pour point significantly. Revised assays on the crude with the additive were performed.

In August, Red Sky announced the signing of an agreement with Viva Energy Australia Pty Ltd (ASX:VEA) (Viva Energy) to purchase all crude produced from the Killanoola oil field project subject to specifications. All crude produced and sold will be subject to required quality specifications. Delivery will be made into Viva Energy's Geelong refinery by road tanker approximately four hours to the southeast of the Killanoola Project. The crude will be benchmarked against dated Brent for pricing.

In November, the Company advised that it had received approval from the Government of South Australia (SA) Department for Energy and Mining (DEM) to commence production from the existing pay zone at the DW1 well, within the Killanoola Oil Project located in the Penola Trough, South Australia.

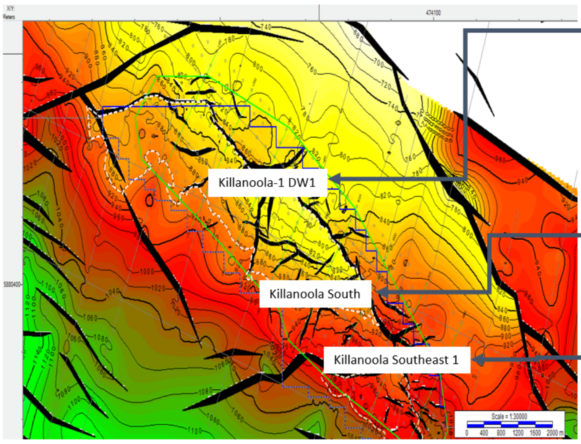
**Background**

The Killanoola oil field Independent Competent Person's Report (CPR) on the discovered Petroleum Initially In Place (PIIP) was updated following the acquisition of 3D seismic data. In an ASX Announcement on 5 May 2022, it was released to the market that an Independent Competent Person's Report on the Discovered Petroleum Initially In Place (PIIP) in the Killanoola Oil Project had been carried out by Global Resources & Infrastructure Pty Ltd. The newly estimated Discovered PIIP values took into account the additional net pay identified in the wells Killanoola SE-1 and Killanoola-1 DW-1.

In April 2023, the Company announcement that the analysis of the recently acquired 3D seismic data had led to modifications in the dimensions of the structural compartments. Following this, an Independent Competent Person's Report was published, which updated the estimated amount of Discovered Petroleum Initially In Place (PIIP) for Killanoola potentially up to 135.5 mmbbls from its earlier value of 93.0 mmbbls. The details of the Killanoola oil field PIIP can be found in Table 1 provided below.

Table 1: Summary Discovered Petroleum Initially In Place (PIIP) Killanoola Oil Field

| Killanoola Oil Field | Discovered Petroleum Initially In Place (mmbbls) | | |
|---|---|---|---|
| | **Low** | **Best** | **High** |
| 9 April 2021 | 2.0 | 7.0 | 13.8 |
| 31 March 2022 | 57.2 | 93.0 | 98.6 |
| **19 April 2023** | **28.9** | **135.5** | **157.4** |




**Killanoola-1 Block**

- Killanoola-1 DW1: can be brought back into production quickly
- Red Sky plans to use a proven additive for flow assurance
- New pay zones identified by petrophysical interpretation
- Improved flow rates are expected from the well once the new pay zones are perforated

**Killanoola South Block**

- Killanoola South block is untested and has the same geological setting as Killanoola-1 DW1 and SE-1
- Red Sky proposes to drill this prospect

**Killanoola Southeast Block**

- Killanoola SE-1 well discovered oil in 2011 and is suspended awaiting commercial testing

Figure 8: Top Sawpit Sandstone Depth Structure Map

Table 2: PRL-13 Oil and Gas Contingency Resources, Net ROG Volumes

| | | Oil/condensate | | | Gas | | |
|---|---|---|---|---|---|---|---|
| **Permit** | **Field** | **1C** | **2C** | **3C** | **1C** | **2C** | **3C** |
| | | **mmbbl** | **mmbbl** | **mmbbl** | **bcf** | **bcf** | **bcf** |
| **9 April 2021** | Killanoola | 0.8 | 2.8 | 5.5 | 0.0 | 0.0 | 0.0 |
| **31 March 2022** | Killanoola | 17.2 | 27.9 | 29.6 | 0.0 | 0.0 | 0.0 |
| **% Increase** | | **2050%** | **896%** | **438%** | **0%** | **0%** | **0%** |

In December 2021, a successful fluid sampling operation was carried out at Killanoola-1 DW-1. Subsequent laboratory tests indicated that the Killanoola crude has a maximum pour point of 36 degrees Celsius, which is indicative of a highly waxy crude. To account for the risk of the presence of high paraffinic content in the reservoir on the oil recovery, Red Sky revised the recovery factor downward from 40% to 30%. A summary of the previous (9 April 2021) and updated (to 31 March 2022) values is given in Table 2 above.

Post receiving approval from the Government of South Australia (SA) Department for Energy and Mining (DEM) and mobilising contractors to site immediately, works to prepare the well for the extended production test commenced on Tuesday 5 December 2023. Several days later, Red Sky advised that it had suspended operations at the DW1 well within the Killanoola Oil Project.

Upon completing the piping and instrumentation work at surface, carrying out the pressure tests on the equipment at surface, and going through all safety checks, the well was opened for flow. An initial rate of 62 bbl/day on an increasing trend, was observed. A down hole mechanical failure of the existing pump led to the well losing its capacity to lift fluid to surface. After holding meetings with the pump manufacturer and trying to troubleshoot the problem, a decision was made to halt operations until a new pump could be installed. The installation of this new pump will require a well intervention and will form part of the 2024 work program.

Red Sky will look to contract a rig that will be used in 2024 for workover and drilling operations. Once this is secured, deploy the rig at Killanoola to drill two new wells and utilise a crane which is more cost effective for the DW1 workover:

(i) a well some 400 metres south east of Killanoola-1 DW1 identified by the 3D seismic interpretation;

(ii) a well some 250 metres to the east of Killanoola-SE1 also identified by the 3D seismic interpretation; and

(iii) replace the defective pump at Killanoola-1 DW1 with a brand-new pump.

Figures 9-12: Killanoola Site Equipment and Activity December 2023

**Cash**

The Company had cash reserves as at 31 December 2023 of $2.67m.

## Significant Changes in the State of Affairs

No matters or circumstances have arisen during the year that have significantly affected the group's state of affairs.

## Risks and Uncertainties

The business and operations of Red Sky are subject to numerous risks, many of which are beyond Red Sky's control. Red Sky considers the risks set out below to be some of the most significant to the Company, but not all of the risks associated with the Company. If any of these risks materialise into actual events or circumstances or other possible additional risks and uncertainties of which Red Sky is currently unaware or which it considers to be material in relation to Red Sky's business actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected.

(a) Red Sky has limited financial resources and limited operating revenues. To earn and/or maintain its interest in its oil and gas projects, the Company has contractually agreed or is required to make certain payments and expenditures for and on such projects. Red Sky's ability to continue as a going concern is dependent upon, among other things, Red Sky establishing commercial quantities of oil and gas reserves on its projects and obtaining the necessary financing and permits to develop and profitably produce such products or, alternatively, disposing of its interests on a profitable basis, none of which is assured.

(b) Red Sky has only generated losses to date and will require additional funds to further explore its projects. Aside from revenue being generated from the Innamincka project, the only sources of funds for exploration programs, or if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, presently available to Red Sky are the sale of equity or farming out its oil and gas projects to third party for further exploration or development. Red Sky's ability to arrange financing in the future will depend, in part, upon the prevailing capital market conditions as well as its business performance. There is no assurance such additional funding will be available to Red Sky when needed on commercially reasonable terms or at all. Additional equity financing may also result in substantial dilution thereby reducing the marketability of Red Sky's shares. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and the possible, partial or total loss of the Company's interest in its projects.

(c) Oil and gas production and exploration is subject to a high degree of risk, which even a combination of experience, knowledge and careful evaluation may fail to overcome. These risks may be even greater in Red Sky's case given its formative stage of development and the fact that its oil and gas projects are still in their early stage. Furthermore, exploration activities are expensive and seldom result in the discovery of a commercially viable resource. There is no assurance that Red Sky's exploration will result in the discovery of an economically viable project.

(d) Red Sky activities are subject to the risks normally encountered in the petroleum production and exploration business. The economics of exploring, developing and operating resource projects are affected by many factors including the cost of exploration and development operations, variations of the quality of the oil and gas and the rate of resource extraction and fluctuations in the price of resources produced, government regulations relating to royalties, taxes and environmental protection and title defects.

(e) Red Sky's oil and gas projects may be subject to prior unregistered agreements, interests or land claims and title may be affected by undetected defects. In addition, the Company's activities require certain licences and permits from various governmental authorities. There is no assurance that Red Sky will be successful in obtaining the necessary licences and permits on a timely basis or at all to undertake its activities in the future or, if granted, that the licences and permits will be on the basis applied or remain in force as granted.

(f) Red Sky must comply with environmental laws and regulations governing air and water quality and land disturbance and provide for reclamation and closure costs in addition to securing the necessary permits to advance activities at is oil and gas projects. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. Compliance with environmental laws and regulations may require significant capital outlays on behalf of the Company and may cause material changes or delays in the Company's intended activities. Furthermore, environmental hazards may exist on the Company's projects that are unknown to the Company at present and that have been caused by the Company or by previous owners or operators of the projects, or that may have occurred naturally. The Company may be liable for remediating such damages.

(g) Although the Company's immediate focus will be on the existing projects, as with most exploration entities, it will pursue and assess other new business opportunities in the resource sector over time which complement its business. These new business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of tenements/permits, and/or direct equity participation. The acquisition of projects (whether completed or not) may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence or prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or be successful. If the proposed acquisition is not completed, monies advanced may not be recoverable, which may have a material adverse effect on the Company. If an acquisition is completed, the Directors will need to reassess at that time, the funding allocated to current projects and new projects, which may result in the Company reallocating funds from the projects and/or raising additional capital (if available). Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with the new project/business activities will remain.

(h) Several of the Permits overlap with certain third-party interests that may limit or impose conditions on the Company's ability to access the Permits to conduct exploration and production activities or that may cause delays in the Company's activities. In particular, under South Australia and Commonwealth legislation, the Company may be required to obtain the consent of and/or pay compensation to the holders of third-party interests, including private land, pastoral leases, petroleum tenure and other mining tenure which overlay areas within the Permits in respect of any proposed exploration or production activities on the Permits. The Company is also required to obtain the consent of the relevant Minister in relation to activities on certain areas of the Permits.

(i) The Company is reliant on a number of key personnel and consultants, including members of the Board. The loss of one or more of these key contributors could have an adverse impact on the business of the Company. It may be particularly difficult for the Company to attract and retain suitably qualified and experienced people given the current high demand in the industry and relatively small size of the Company, compared with other industry participants.

(j) Climate change is a risk the Company has considered, particularly related to its operations in the petroleum industry. The climate change risks particularly attributable to the Company include:

   a. the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and
   b. climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

The above list of risks, uncertainties and other factors is not exhaustive.

## Environmental Issues

The Group's operations are subject to various environmental regulations. The majority of the Company's activities involve low level disturbance associated with its programs. As at the date of this report the group complies fully with all such regulations.

**Health**
The Company continued to monitor and comply with the preventive measures and controls authorities require business to apply.

**Safety**
There were no significant incidents or injuries during the year and at 31 December 2023, the year to date performance for Minor Injuries, Medical Treatment Injuries and Lost Time Injuries was zero.

**Environment**
There were no significant incidents or environmental events during the period and the Company continues to collaborate with local landholders to ensure the Company's exploration work programs have minimal impact on agri-business activities and rehabilitation is completed to a high standard.

**Community**
In preparation for undertaking work activities there has been extensive landholder or landowner consultation and coordination meetings. During work programs there is regular communication with landholders to ensure company activities have minimal impact on agri-business activities.

## Information on Directors and Secretaries

### Robert Annells – Non Executive Chairman

Mr Annells has over 30 years experience with public upstream oil and gas companies. He is a former member of the Australian Stock Exchange with over 40 years of experience in the Securities Industry, and is also a qualified accountant. His experience includes Managing Director of Securities firms Credit Lyonnais and subsequent directorship of Daiwa Securities Ltd. He was Chairman of Lakes Oil Ltd for in excess of 30 years, founding Director of Gippsland Offshore Petroleum and founding Chairman of Greenearth Energy Ltd. Mr Annells was appointed Chairman on 8 February 2021.

Current Directorships:
Nil
Other Directorships within the last three years:
Nil

### Andrew Knox – Managing Director – B.Comm, CA, CPA, FAICD

Mr Knox has over 35 years of experience in the upstream oil and gas sector. He has worked extensively throughout Australasia, South East Asia and North America with several entities predominantly in oil and gas and has been a director of several public resource companies. Mr Knox was appointed Director on 6 July 2018.

Current Directorships:
Rimfire Pacific Mining NL (since 18 March 2020)
Other Directorships within the last three years:
Nil

### Adrien Wing – Non Executive Director and Joint Company Secretary, B.Acc, CPA

Mr Wing is a Certified Practicing Accountant. He practised in the audit and corporate advisory divisions of a chartered accounting firm before working with a number of public companies listed on the Australian Securities Exchange as a corporate/accounting consultant and company secretary. Mr Wing was appointed Company Secretary on 3 February 2011 and Non-Executive Director on 7 March 2014. Mr Wing resigned as a Director on 22 March 2016 and was re-appointed on 15 December 2016.

Current Directorships:
Cleo Diagnostics Limited
New Age Exploration Limited
Sparc Technologies Limited
Other Directorships within the last three years:
Mithril Resources Limited (from 15 May 2019 to 15 February 2021)
Jade Gas Holdings Limited (formerly High Grade Metals Limited) (from 8 October 2018 to 23 September 2021)
Mitre Mining Corporation Limited (from 21 May 2021 to 9 March 2023)

### Pauline Moffatt – Joint Company Secretary, B.Comm, GAICD, FGIA ICSA

Ms Moffatt is a graduate of the Australian Institute of Company Directors (GAICD) and a fellow GIA ICSA of the Governance Institute of Australia. Ms Moffatt has a wealth of experience, providing specialised accounting and company secretary services to public companies for over 20 years. Ms Moffatt was appointed Joint Company Secretary on 15 January 2019.

## Meetings of Directors

The number of meetings held by the Company's directors during the year and the number of meetings attended by each director were:

| Director | Board meetings held | Board meetings attended |
|---|---|---|
| Robert Annells | 8 | 8 |
| Adrien Wing | 8 | 8 |
| Andrew Knox | 8 | 8 |

## Securities held and controlled by Directors

As at the date of this report, the interests of Directors in securities of the Company were as follows:

| Holder | Ordinary Shares | Performance Rights |
|---|---|---|
| Robert Annells | 20,625,000 | 100,000,000 |
| Andrew Knox | 255,500,000 | 175,000,000 |
| Adrien Wing | 78,240,111 | 100,000,000 |
| **Total** | **354,365,111** | **375,000,000** |

120,000,000 Performance Rights were issued to Mr Andrew Knox following shareholder approval on 15 May 2019 subject to the following vesting condition:
- The achievement of production (being production of a saleable quantity) at the Innamincka Dome Project. This vesting condition has been achieved.

## Performance Rights and incentives granted to directors

Performance Rights were issued to directors following shareholder approval and others on 10 June 2021 (Mr Andrew Knox 175,000,000, Mr Robert Annells 100,000,000 and Mr Adrien Wing 100,000,000). The Performance Rights issued were subject to the following vesting conditions:

- The Company achieving a market capitalisation of equal to or greater than $100 million for 5 consecutive trading days within 5 years; and
- The recipient remaining continuously employed or engaged up to the date of satisfaction of the market capitalisation vesting condition.

These Performance Rights are being expensed over the 5 year term up to the expiry date.

## Shares under option

The following unlisted Options expired unexercised on 31 January 2023.

| Expiry Date | Exercise price (cents) | Number expired |
|---|---|---|
| 31/1/2023 | 0.5 | 40,000,000 |

## Dividends Paid or Recommended

No dividend was paid or declared during the period and the Directors do not recommend the payment of a dividend.

## Events Subsequent to Balance Date

On 9 February 2024, 120,000,000 shares were issued to Mr Andrew Knox following the achievement of production (being production of a saleable quantity) at the Innamincka Dome Project. This was a vesting condition of Performance Rights issued following shareholder approval on 15 May 2019.

No other matters or circumstances have arisen since 31 December 2023 that have significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future years.

## Likely developments

The group will focus on the producing of and the exploration for economic deposits of oil and gas. It is the intention of the Board to continue the strategy of acquiring an oil and gas portfolio.

# Remuneration Report (audited)

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporation Act 2001.

This report outlines the remuneration arrangements in place for Directors and executives of Red Sky Energy Limited. This report has been set out under the following main headings:

A. Principles Used to Determine the Nature and Amount of Remuneration
B. Service Agreements
C. Details of Remuneration
D. Key Management Personnel Equity Holdings
E. Share-based Compensation
F. Other Transactions with Key Management Personnel
G. Additional Information

## A. Principles Used to Determine the Nature and Amount of Remuneration

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and Executive Officers. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives, and the creation of value for shareholders, and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage/alignment of executive compensation
- Transparency
- Capital management

The board policy is to remunerate Non-executive Directors at fair market rates for comparable companies for the relevant time, commitment and responsibilities. The board determines payments to the non-executive Directors and reviews their remuneration annually based on market practice, duties and accountability. The maximum amount of fees that can be paid to Non-executive Directors is subject to approval by shareholders at the Annual General Meeting. The maximum amount approved is $250,000. Fees for non-executive Directors are not linked to the performance of the Group. However, to align Director's interests with shareholder interests the Directors are encouraged to hold shares in the Company and may be issued with additional securities as deemed appropriate.

The Board believes that the remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes and is appropriate for aligning Director and executive objectives with shareholder and business objectives. The board will continually develop new practices which are appropriate to the Company's size and stage of development.

Executive Officers are those directly accountable for the operational management and strategic direction of the Company and the Group. All contracts with Directors and executives may be terminated by either party with three months notice.

## Fixed remuneration

Fixed remuneration consists of a base remuneration package, which includes Directors' fees (in the case of Directors), salaries, consulting fees and employer contributions to superannuation funds.

## B. Service Agreements

The directors and key management personnel during the current year included:

### Directors

Mr Robert Annells – Non-Executive Chairman

- Director fees set at $48,000 per annum inclusive of superannuation. Effective 1 February 2024, the salary for Mr Annells was increased to $85,000 per annum inclusive of superannuation.

Mr Andrew Knox – Managing Director

- Director salary set at $260,000 per annum plus superannuation. Effective 1 February 2024, the salary for Mr Knox was increased to $360,000 per annum plus superannuation.
- 120,000,000 Performance Rights were issued following shareholder approval on 15 May 2019 subject to the following vesting condition:
  - The achievement of production (being production of a saleable quantity) at the Innamincka Dome Project. This vesting condition has been achieved.
- In addition to annual reviews, Mr Knox's base salary may:
  - increase to $468,000 per annum plus superannuation upon the Company's EBITDA exceeding $4,000 per day for 90 consecutive days (average); and
  - increase to $624,000 per annum plus superannuation upon the Company's EBITDA exceeding $6,000 per day for 90 consecutive days (average).
- The Company may terminate Mr Knox's salary by giving not less than 6 months written notice, or upon payment of 6 months' base salary in lieu of notice.

Mr Adrien Wing – Non-Executive Director and Company Secretary

- Director fees set at $48,000 per annum (increased from $36,000 on 1 June 2022). Effective 1 February 2024, the salary for Mr Wing was increased to $60,000 per annum.
- The company has an agreement with Northern Star Nominees Pty Ltd (a related party of Mr Wing) for company secretarial services at a rate of $5,500 per month. Effective 1 February 2024, the rate was increased to $5,775 per month.

Performance Rights were issued to directors following shareholder approval and others on 10 June 2021 (Mr Andrew Knox 175,000,000, Mr Robert Annells 100,000,000 and Mr Adrien Wing 100,000,000, Employees 50,000,000 (currently reduced to 25,000,000 due to employee resignation) and Consultants 50,000,000). The Performance Rights issued were subject to the following vesting conditions:

- The Company achieving a market capitalisation of equal to or greater than $100 million for 5 consecutive trading days within 5 years; and
- The recipient remaining continuously employed or engaged up to the date of satisfaction of the market capitalisation vesting condition.

These Performance Rights are being expensed over the 5 year term up to the expiry date.

## C. Details of Remuneration

The key management personnel of Red Sky Energy Limited during the years ended 31 December 2023 and 2022 included all directors mentioned above. There are no other executives of the Company which are required to be disclosed.

Remuneration packages contain the following key elements:

- Primary benefits – salary and consulting fees;
- Equity – share options, performance rights and other equity securities; and
- Other benefits.

### Nature and amount of remuneration:

| 2023 | Short-term employee benefits | | | Post - employment benefits | Equity Performance related | | |
|---|---|---|---|---|---|---|---|
| | Director Fees/Salary $ | Company secretarial, or other benefits $ | Leave Accruals $ | Superannuation $ | Performance Rights $ | Performance Based % | Total $ |
| **Directors** | | | | | | | |
| **R Annells** | 43,538 | - | - | 4,462 | 130,452 | 73.1% | 178,452 |
| **A Knox** | 260,000 | 2,608 | 29,709 | 27,950 | 468,290 | 59.4% | 788,557 |
| **A Wing (1)** | 48,000 | 66,000 | - | - | 130,452 | 53.4% | 244,452 |
| **TOTAL** | **351,538** | **68,608** | **29,709** | **32,412** | **729,194** | | **1,211,461** |

| 2022 | Short-term employee benefits | | | Post - employment benefits | Equity Performance related | | |
|---|---|---|---|---|---|---|---|
| | Director Fees/Salary $ | Company secretarial, or other benefits $ | Leave Accruals $ | Superannuation $ | Performance Rights $ | Performance Based % | Total $ |
| **Directors** | | | | | | | |
| **R Annells** | 43,538 | - | - | 4,462 | 130,452 | 73.1% | 178,452 |
| **A Knox** | 260,558 | - | 9,962 | 26,092 | 228,290 | 43.5% | 524,902 |
| **A Wing (1)** | 43,000 | 66,000 | - | - | 130,452 | 54.5% | 239,452 |
| **TOTAL** | **347,096** | **66,000** | **9,962** | **30,554** | **489,194** | | **942,806** |

*(1) The fees for A Wing include $66,000 per annum for company secretarial services.*

## D. Key Management Personnel Equity Holdings

As at 31 December 2023, the interests of the Directors in shares, options and performance rights of the Company were:

### Ordinary Shares

| Holder | Balance at beginning of the year | Initial Interest | Achievement of Milestone | Net change other * | Final Interest | Balance at end of the year |
|---|---|---|---|---|---|---|
| Robert Annells | 20,625,000 | - | - | - | - | 20,625,000 |
| Andrew Knox | 135,067,222 | - | - | - | - | 135,067,222 |
| Adrien Wing | 78,240,111 | - | - | - | - | 78,240,111 |

* Net change other includes shares acquired or disposed of during the year.

### Performance Rights

| Holder | Balance at beginning of the year | Granted as compensation | Rights vested | Rights lapsed | Final Interest | Balance at end of the year |
|---|---|---|---|---|---|---|
| Robert Annells | 100,000,000 | - | - | - | - | 100,000,000 |
| Andrew Knox | 295,000,000 | - | - | - | - | 295,000,000 (i) |
| Adrien Wing | 100,000,000 | - | - | - | - | 100,000,000 |

(i) 120,000,000 Performance Rights were issued following shareholder approval on 15 May 2019 subject to the following vesting condition:

- The achievement of production (being production of a saleable quantity) at the Innamincka Dome Project. This vesting condition has been achieved post balance date.

## E. Share-based Compensation

Other than the above Performance Rights granted as compensation, there was no share-based compensation granted to key management personnel.

## F. Related party transactions with key management personnel

There were no loans to/from related parties during the year.

## G. Additional information

Principles used to determine the nature and amount of remuneration: relationship between remuneration and Company performance.

In considering the Company's performance and its effect on shareholder wealth, the Board has regard to a broad range of factors, some of which are financial and others of which relate to the progress on the Company's projects, results and progress of exploration and development activities, joint venture agreements, etc.

The Board also gives consideration to the Company's result and cash consumption for the year. It does not utilise earnings per share as a performance measure or contemplate payment of any dividends in the short to medium term given that all efforts are currently being expended to build the business and establish self-sustaining revenue streams.

## END OF AUDITED REMUNERATION REPORT

## INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company maintained an insurance policy which indemnifies the Directors and Officers of Red Sky Energy Limited in respect of any liability incurred in connection with the performance of their duties as Directors or Officers of the Company. The Company's insurers have prohibited disclosure of the amount of the premium payable and the level of indemnification under the insurance contract.

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor. During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

## PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the court under section 237 of the *Corporations Act 2001*.

## NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

There were no non-audit services provided during the year.

## AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the *Corporations Act 2001* requires the consolidated entity's auditor, RSM Australia Partners to provide the directors with a written Independence Declaration in relation to their audit of the financial report for the year ended 31 December 2023. The written Auditor's Independence Declaration is attached at page 21 and forms part of this Director's Report.

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Andrew Knox
Managing Director

27 March 2024

**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 audit of the annual financial report of Red Sky Energy Limited for the year ended 31 December 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

**RSM AUSTRALIA PARTNERS**

**R J MORILLO MALDONADO**
Partner

Melbourne, Victoria
Dated: 27 March 2024

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

| | | Group | |
|---|---|---|---|
| | Notes | 2023<br>$ | 2022<br>$ |
| Sales revenue | 5 | 357,903 | - |
| Other income | 5 | 114,603 | 45,608 |
| Costs of sales | | (172,159) | - |
| Administration and travel expenses | | (392,874) | (396,402) |
| Employee entitlements | | (450,871) | (582,724) |
| Employee entitlements – share based payments | | (821,805) | (537,980) |
| Legal fees | | (20,882) | (34,280) |
| Corporate advisory and investor relations | | (78,110) | (109,982) |
| Exploration costs expensed | | (42,741) | (42,550) |
| Depreciation | 11 | (52,878) | (16,853) |
| Loss from continuing operations before income tax | | **(1,559,814)** | **(1,675,163)** |
| Income tax benefit | | - | - |
| Net loss for the year | | **(1,559,814)** | **(1,675,163)** |
| Other comprehensive income | | | |
| Items that may be reclassified to profit or loss: | | | |
| Foreign currency translation | | - | - |
| Total comprehensive loss for the year, net of tax | | **(1,559,814)** | **(1,675,163)** |
| | | | |
| Basic and diluted (loss) per share – overall (cents per share) | 18 | (0.03) | (0.03) |

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

| | | Group | |
|---|---|---|---|
| | Notes | 2023<br>$ | 2022<br>$ |
| Current Assets | | | |
| Cash and cash equivalents | 8 | 2,670,063 | 4,169,953 |
| Trade and other receivables | 9 | 259,432 | 41,430 |
| Inventories | 10 | 181,983 | - |
| Prepayments | | 97,317 | 99,572 |
| Total current assets | | **3,208,795** | **4,310,955** |
| Non-Current Assets | | | |
| Plant and equipment | 11 | 199,331 | 252,209 |
| Other financial assets – security deposits | | 823,513 | 822,694 |
| Exploration and evaluation assets | 12 | 3,632,035 | 2,738,031 |
| Oil and gas assets | 13 | 83,357 | - |
| Total Non-Current Assets | | **4,738,236** | **3,812,934** |
| Total Assets | | **7,947,031** | **8,123,889** |
| | | | |
| Current Liabilities | | | |
| Trade and other payables | 14 | 595,255 | 146,816 |
| Provisions – employee entitlements | 15 | 100,977 | 84,407 |
| Total Current Liabilities | | **696,232** | **231,223** |
| Non-Current Liabilities | | | |
| Provisions - rehabilitation | 15 | 800,000 | 800,000 |
| Provisions – employee entitlements | 15 | 31,454 | - |
| Total Non-Current Liabilities | | **831,454** | **800,000** |
| Total Liabilities | | **1,527,686** | **1,031,223** |
| Net Assets | | **6,419,345** | **7,092,666** |
| | | | |
| Equity | | | |
| Issued share capital | 16 | 50,328,088 | 50,328,088 |
| Reserves | 17 | 2,147,166 | 1,260,673 |
| Accumulated losses | | (46,055,909) | (44,496,095) |
| Total Equity | | **6,419,345** | **7,092,666** |

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

# CONSOLIDATED STATEMENT OF CASHFLOWS

## For the year ended 31 December 2023

| | Notes | Group 2023 $ | Group 2022 $ |
|---|---|---|---|
| Cash flows from operating activities | | | |
| Receipts from customers (inclusive of GST) | | 131,656 | - |
| Payments to suppliers and employees (inclusive of GST) | | (945,832) | (1,169,928) |
| Interest received | | 118,984 | 31,315 |
| Net cash used in operating activities | 19 | **(695,192)** | **(1,138,613)** |
| | | | |
| Cash flows from investing activities | | | |
| Exploration and evaluation expenditure | | (804,698) | (1,467,650) |
| Payments for plant and equipment | | - | (221,472) |
| Net cash used in investing activities | | **(804,698)** | **(1,689,122)** |
| | | | |
| Net decrease in cash and cash equivalents | | (1,499,890) | (2,827,735) |
| Cash and cash equivalents at the beginning of the financial year | | 4,169,953 | 6,997,688 |
| Cash and cash equivalents at the end of the financial year | 8 | **2,670,063** | **4,169,953** |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

| Consolidated | 2022 | | | |
|---|---|---|---|---|
| | Issued Capital | Accumulated Losses | Reserves | Total (Deficiency)/Equity |
| Balance at beginning of year | **50,328,088** | **(42,820,932)** | **657,469** | **8,164,625** |
| Loss for the year | - | (1,675,163) | - | (1,675,163) |
| Other comprehensive loss for the year | - | - | - | - |
| Total comprehensive loss for the year | - | (1,675,163) | - | (1,675,163) |
| ***Transactions with equity holders in their capacity as equity holders*** | | | | |
| Share based payments - Performance Rights | - | - | 603,204 | 603,204 |
| | - | - | 603,204 | 603,204 |
| Balance at the end of the year | **50,328,088** | **(44,496,095)** | **1,260,673** | **7,092,666** |

| Consolidated | 2023 | | | |
|---|---|---|---|---|
| | Issued Capital | Accumulated Losses | Reserves | Total Equity |
| Balance at beginning of year | **50,328,088** | **(44,496,095)** | **1,260,673** | **7,092,666** |
| Loss for the year | - | (1,559,814) | - | (1,559,814) |
| Other comprehensive loss for the year | - | - | - | - |
| Total comprehensive loss for the year | - | (1,559,814) | | (1,559,814) |
| ***Transactions with equity holders in their capacity as equity holders*** | | | | |
| Share based payments - Performance Rights | - | - | 886,493 | 886,493 |
| | - | - | 886,493 | 886,493 |
| Balance at the end of the year | **50,328,088** | **(46,055,909)** | **2,147,166** | **6,419,345** |

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements.*

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the year presented, unless otherwise stated. The financial report includes separate financial statements for Red Sky Energy Limited as an individual entity and the consolidated entity consisting of Red Sky Energy Limited and its subsidiaries.

### (a) Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and Interpretations and the *Corporations Act 2001*. Red Sky Energy Limited and its subsidiaries (the Group) is a for-profit entity for the purpose of preparing the financial statements.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated. The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 25.

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### (i) Compliance with IFRSs

Australian Accounting Standards include Australian Equivalents to International Financial Reporting Standards (AIFRs). Compliance with AIFRSs ensures that the financial report of the Group complies with International Financial Reporting Standards (IFRSs).

#### (ii) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

#### (iii) Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies (refer note 3).

#### (iv) Going Concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the recognition and settlement of liabilities in the normal course of business. As disclosed in the financial statements, the consolidated entity incurred a loss of $1,559,814 (2022: $1,675,163) and had net cash outflows from operating activities of $695,192 (2022: $1,138,613) for the year ended 31 December 2023. As at that date the consolidated entity had net current assets of $2,512,563 and net assets of $6,419,345.

The Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report on the basis that the entity has prepared a cash flow forecast for the next 12 months which allows for future expenditure to be paid from existing cash reserves.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

### (b) Principles of Consolidation

#### (i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Red Sky Energy Limited ("Company" or "parent entity") as at 31 December 2023 and the results of all subsidiaries for the year then ended. Red Sky Energy Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Inter-Company transactions, balances and recognised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Red Sky Energy Limited.

#### (ii) Joint arrangements

Under AASB 11 *Joint Arrangements*, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and concluded that the correct classification is 'joint operations'.

The proportionate interests in the assets, liabilities, income and expenditure of joint operations have been incorporated in the financial statements under the appropriate headings.

### (c) Segment reporting

The Group currently operates in the oil and gas industry. Refer to Note 4 for details.

### (d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of gas and liquids is recognised at the point of sale (Sales point ex the gate at Moomba for the Innamincka project), which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

### (e) Foreign currency translation

The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

*Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

*Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity. The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

### (f) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for doubtful debts. Trade receivables are due for settlement between thirty (30) and ninety (90) days from the date of recognition.

### (g) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

#### (i) Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

#### (ii) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

### (h) Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate. For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

### (i) Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

| | |
|---|---|
| Computer equipment | 3 Years |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

### (j) Inventories

Inventories are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, and an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

### (k) Exploration, evaluation and development expenditure

Exploration, evaluation and development expenditure incurred is either written off as incurred or accumulated in respect of each identifiable area of interest. Costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are expensed as incurred and treated as exploration and evaluation expenditure. Proceeds from the sale of exploration permits or recoupment of exploration costs from farm-in arrangements are credited against exploration costs previously capitalised. Any excess of the proceeds over costs recouped are accounted for as a gain on disposal.

### (l) Oil and Gas assets

Capitalised oil and gas development costs include expenditures incurred to develop new oil or gas fields or to to expand the capacity of a field and to maintain production. Development costs also includes costs transferred from exploration and evaluation phase once production commences in the area of interest.

Amortisation of oil and gas development costs is computed by the units of production basis over the estimated proved and probable reserves. Proved and probable oil and gas reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known fields. These reserves are amortised from the date on which production commences. The amortisation is calculated from recoverable proven and probable reserves.

Restoration costs expected to be incurred are provided for as part of development phase that give rise to the need for restoration.

### (m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year, which remain unpaid at year end. The amounts are unsecured and are usually paid within 60 days of recognition. They are recognised at fair value on initial recognition and subsequently at amortised cost.

### (n) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction, net of tax, of the share proceeds received.

### (o) Earnings per share

#### (i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

#### (ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary share and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

### (p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

### (q) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date, when it is probable that settlement will be required and they are capable of being measured reliably. The calculation of employee benefits includes all relevant on-costs and is calculated as follows at the reporting date.

#### (i) Wages and Salaries, Annual Leave and Long Service Leave

Provisions made in respect of employee benefits are measured based on an assessment of the existing benefits to determine the appropriate classification under the definition of short term and long term benefits, placing emphasis on when the benefit is expected to be settled. Short term benefits provisions that are expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Long term benefits provisions that are not expected to be settled within 12 months, and are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date to estimate the future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

Regardless of the expected timing of settlement, provisions made in respect of employee benefits are classified as a current liability unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability. Provisions made for annual leave and unconditional long service leave are classified as a current liability where the employee has a present entitlement to the benefit. A non-current liability would include long service leave entitlements accrued for employees with less than 10 years of continuous service who do not yet have a present entitlement.

#### (ii) Accumulated superannuation contribution plans

Obligations for contributions to accumulated superannuation contribution plans are recognised as an expense as incurred.

### (r) Share Based Payments

The Group may at times provide benefits to employees (including directors) and consultants of the Group in the form of share-based payment transactions, whereby employees and consultants render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions with employees and consultants is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the Black & Scholes or Monte-Carlo simulation methods. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the year in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

### (s) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

### (t) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and are recognised for all taxable temporary differences:

- Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised:

- Except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future extent that it is probable that the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.
Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

### (u) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authorities, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows included in receipts from customers or payments to suppliers.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 2. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits. The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Group does not speculate in the trading of derivative instruments. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below. Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

Details of the material accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 1 to the financial statements.

**Risk Exposures and Responses**

**Market Risk**

*Interest rate risk*
The Group's exposure to risks of changes in market interest rates relates primarily to the Group's cash balances. The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. As the Group has no interest bearing borrowings its exposure to interest rate movements is limited to the amount of interest income it can potentially earn on surplus cash deposits.

At reporting date, the Group had the following financial assets exposed to variable interest rates not designated in cash flow hedges:

| | Group | |
|---|---|---|
| | **2023**<br>**$** | **2022**<br>**$** |
| Security deposits | 23,755 | 22,694 |
| Cash and cash equivalents (interest-bearing accounts) | 2,670,063 | 4,169,953 |
| Net exposure | **2,693,818** | **4,192,647** |

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. At the reporting date, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity relating to financial assets of the Group would have been affected as follows:

| | | |
|---|---|---|
| Judgments of reasonably possible movements: | | |
| Post tax profit – higher / (lower) | | |
| + 0.5% | 13,469 | 20,963 |
| - 0.5% | (13,469) | (20,963) |
| Equity – higher / (lower) | | |
| + 0.5% | 13,469 | 20,963 |
| - 0.5% | (13,469) | (20,963) |

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 2. FINANCIAL RISK MANAGEMENT

*Commodity Price and Foreign Currency Risk*
The Group's exposure to commodity price is minimal at present.

Foreign currency risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured, monitored and managed using cash flow forecasting. The consolidated entity does not enter into any hedging contracts. The carrying amount of the consolidated entity's foreign currency denominated financials assets and financial liabilities the reporting date was minimal.

**Liquidity Risk**
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The financial liabilities the Group had at reporting date were trade payables incurred in the normal course of the business. Trade payables were non-interest bearing and were due within the normal 30-60 days terms of creditor payments.

*Maturities of financial liabilities*
The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| | Group | | | | | | |
|---|---|---|---|---|---|---|---|
| | Less than 1 month<br>$ | 1 - 3 months<br>$ | 3 months - 1 year<br>$ | 1 - 5 years<br>$ | 5+ years<br>$ | Total contractual cash flows<br>$ | Carrying amount<br>$ |
| **As at 31 December 2023** | | | | | | | |
| **Non-interest bearing** | | | | | | | |
| Trade and other payables | 595,255 | - | - | - | - | 595,255 | 595,255 |
| | | | | | | | |
| **As at 31 December 2022** | | | | | | | |
| **Non-interest bearing** | | | | | | | |
| Trade and other payables | 146,816 | - | - | - | - | 146,816 | 146,816 |

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 2. FINANCIAL RISK MANAGEMENT

**Credit risk**
Credit risk arises from the financial assets of the Group, which comprise deposits with banks, security deposits and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of these instruments. The carrying amount of financial assets included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to those assets. The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades mainly with recognised, credit worthy third parties and as such collateral is not requested nor is it the Group's policy to securities its trade and other receivables. Receivable balances are monitored on an ongoing basis with the result that the Group does not have a significant exposure to bad debts.

There are no other significant concentrations of credit risk within the Group.

**Capital Management Risk**
Management controls the capital of the Group in order to maximise the return to shareholders and ensure that the Group can fund its operations and continue as a going concern.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of expenditure, debt levels and share and option issues.

There have been no changes in the strategy adopted by management to control capital of the Group since the prior year.

## 3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### (i) Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and oil and gas assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

### (ii) Exploration expenditure
Exploration expenditure that does not form part of the cash generating units assessed for impairment has been carried forward on the basis that exploration and evaluation activities have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing. In the event that significant operations cease and/or economically recoverable reserves are not assessed as being present, this expenditure will be expensed to the Income Statement.

### (iii) Rehabilitation provision
A provision has been made for the present value of anticipated costs for future rehabilitation of land explored or used in production. The consolidated entity's production and exploration activities are subject to various laws and regulations governing the protection of the environment. The consolidated entity recognises management's best estimate for assets retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of field estimates and discount rates could affect the carrying amount of this provision.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 4. SEGMENT REPORTING

The Group operated predominately as an explorer with the view to identify attractive oil and gas deposits of sufficient scale to provide sustainable returns to shareholders.

The directors do not believe that there are any reportable segments that meet the requirements of Accounting Standard AASB 8 Segment Reporting, on the basis that the chief operating decision maker, being the Board of Directors, review geological results and other qualitative measures as a basis for decision making. Financial results are reviewed on a consolidated group basis.

**Types of products and services**
The Group currently has significant revenue from gas and liquids sales.

**Major customers**
The Group has no reliance on major customers.

**Geographical areas**
The Group's production and exploration assets were located in Australia during the year ended 31 December 2023.

## 5. REVENUE

| | Group | |
|---|---|---|
| | **2023**<br>**$** | **2022**<br>**$** |
| Sales of gas and liquids | 357,903 | - |
| Interest income | 114,603 | 45,608 |
| **Total** | **472,506** | **45,608** |

## 6. EXPENSES

| | Group | |
|---|---|---|
| **Loss from continuing operations before income tax has been determined after including payroll related expenses as follows:** | **2023**<br>**$** | **2022**<br>**$** |
| Directors and employee superannuation | 24,563 | 48,111 |
| Directors and employee leave entitlements | 48,023 | 49,370 |

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 7. INCOME TAX

| | Group | |
|---|---|---|
| | 2023<br>$ | 2022<br>$ |
| **The prima facie income tax benefit on pre-tax accounting loss from operations reconciles to the income tax benefit in the financial statements as follows:** | | |
| Loss before tax | (1,559,814) | (1,675,163) |
| Income tax benefit calculated at 30% (2022: 25%) | (467,944) | (435,542) |
| Effect of expenses that are not deductible in determining taxable profit | 259,226 | 151,520 |
| Temporary differences and tax losses in the current year for which no deferred tax asset has been brought to account | 208,718 | 284,022 |
| **Income tax benefit** | **-** | **-** |

| | | |
|---|---|---|
| **Deferred tax assets:** | | |
| Deferred tax assets not brought to account arising from tax losses, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(t) occur: | 9,042,744 | 7,986,118 |

## 8. CASH AND CASH EQUIVALENTS

| | Group | |
|---|---|---|
| | 2023<br>$ | 2022<br>$ |
| Cash at bank | 2,670,063 | 4,169,953 |

## 9. TRADE AND OTHER RECEIVABLES

| | Group | |
|---|---|---|
| **Current** | 2023<br>$ | 2022<br>$ |
| Accrued income | 238,225 | - |
| Other receivables | 21,207 | 41,430 |
| **Total** | **259,432** | **41,430** |

## 10. INVENTORIES

| | Group | |
|---|---|---|
| **Current** | 2023<br>$ | 2022<br>$ |
| Gas and liquids | 181,983 | - |

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 11. PLANT AND EQUIPMENT

| | Group | |
|---|---|---|
| **Non-Current** | **2023** **$** | **2022** **$** |
| Plant and equipment | 278,710 | 278,710 |
| Less: Accumulated depreciation | (79,379) | (26,501) |
| | **199,331** | **252,209** |
| **Reconciliations of movements:** | | |
| Opening balance | 252,209 | 37,253 |
| Additions | - | 231,809 |
| Depreciation expense | (52,878) | (16,853) |
| **Closing Balance** | **199,331** | **252,209** |

## 12. EXPLORATION AND EVALUATION ASSETS

| | Group | |
|---|---|---|
| | **2023** **$** | **2022** **$** |
| Opening balance | 2,738,031 | 755,718 |
| Additions | 977,361 | 1,982,313 |
| Transfer to Oil and Gas assets (Note 13) | (83,357) | - |
| | **3,632,035** | **2,738,031** |

## 13. OIL AND GAS ASSETS

| | Group | |
|---|---|---|
| | **2023** **$** | **2022** **$** |
| Innamincka costs transferred from Exploration and Evaluation assets (Note 12) | 83,357 | - |

## 14. TRADE AND OTHER PAYABLES

| | Group | |
|---|---|---|
| | **2023** **$** | **2022** **$** |
| Trade creditors | 110,812 | 68,016 |
| Accrued expenses | 484,443 | 78,800 |
| | **595,255** | **146,816** |

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 15. PROVISIONS

| | Group | |
|---|---|---|
| | 2023<br>$ | 2022<br>$ |
| **Current** | | |
| Annual leave entitlements | 100,977 | 84,407 |
| **Non-Current** | | |
| Long service leave entitlements | 31,454 | - |
| Rehabilitation | 800,000 | 800,000 |
| | **831,454** | **800,000** |

## 16. ISSUED CAPITAL

### (a) Share Capital

| | Group | |
|---|---|---|
| | 2023<br>$ | 2022<br>$ |
| 5,302,227,197 fully paid ordinary shares (31 December 2022: 5,302,227,197) | 50,328,088 | 50,328,088 |

No movements occurred during the year.

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

### (b) Options

The following table sets out the movements in Options during the year:

| Expiry Date | Exercise price (cents) | Fair Value per Right (cents) | Fair Value Amount $ | Recipients | Number on issue at the beginning of the year | Expired during the year | Number on issue at year end |
|---|---|---|---|---|---|---|---|
| 31/1/2023 | 0.5 | 0.12 | 84,000 * | Lead Manager | 40,000,000 | (40,000,000) | - |

* The fair value of the Options granted is estimated using a Black-scholes model taking into account the terms and conditions upon which the Options were granted. The model inputs used an expected volatility of 100%, risk free interest rate of 0.09% and a share price at the grant date of 0.3 cents.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 16. ISSUED CAPITAL (continued)

### (c) Performance Rights

The following table sets out the movements in Performance Rights during the year:

| Grant Date | Expiry Date | Fair Value per Right (cents) | Amount expensed during 2023 $ | Recipients | Number on issue at beginning of the year | Vested during the year | Number on issue at year end |
|---|---|---|---|---|---|---|---|
| 2019 | n/a | | | A Knox | 120,000,000 | (120,000,000) | - |
| 10/6/2021 | 9/6/2026 | 0.70 | 586,493 | Directors, Employees and Consultants | 450,000,000 | - | 450,000,000 |
| **Total** | | | **586,493** | | **570,000,000** | **(120,000,000)** | **450,000,000** |

The 120,000,000 Performance Rights issued to Mr Andrew Knox were subject to the following vesting condition:

- The achievement of production (being production of a saleable quantity) at the Innamincka Dome Project. This vesting condition has been achieved.

Performance Rights were issued to directors following shareholder approval and others on 10 June 2021 (Mr Andrew Knox 175,000,000, Mr Robert Annells 100,000,000 and Mr Adrien Wing 100,000,000, Employees 50,000,000 and Consultants 50,000,000). The Performance Rights issued were subject to the following vesting conditions:

- The Company achieving a market capitalisation of equal to or greater than $100 million for 5 consecutive trading days within 5 years; and
- The recipient remaining continuously employed or engaged up to the date of satisfaction of the market capitalisation vesting condition.

These Performance Rights are being expensed over the 5 year term up to the expiry date.

The fair value of the Performance Rights granted is estimated using a trinomial model taking into account the terms and conditions upon which the Performance Rights were granted. The model inputs used an expected volatility of 81%, and a share price at the grant date of 0.8 cents.

There were also long term incentives to receive 30,000,000 Shares issued during 2018 to Mr Andrew Knox in 3 tranches of 10,000,000 each subject to the following vesting conditions:

- Tranche 1: The volume weighted average price (VWAP) of the Company's shares over 14 consecutive days on which trades in the Company's shares are recorded meets or exceeds 0.6 cents. Tranche 1 was achieved during 2021.
- Tranche 2: The VWAP of the Company's shares over 14 consecutive days on which trades in the Company's shares are recorded meets or exceeds 1.2 cents. Tranche 2 was agreed to be cancelled during 2021.
- Tranche 3: The VWAP of the Company's shares over 14 consecutive days on which trades in the Company's shares are recorded meets or exceeds 2.4 cents. Tranche 3 was agreed to be cancelled during 2021.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 17. RESERVES

| | Group | |
|---|---|---|
| | **2023** **$** | **2022** **$** |
| Share based payments reserve | 2,142,419 | 1,255,926 |
| Foreign currency translation reserve | 4,747 | 4,747 |
| | **2,147,166** | **1,260,673** |
| | | |
| Opening balance | 1,260,673 | 657,469 |
| Movements during the year: | | |
| Share based payments – performance rights | 886,493 | 603,204 |
| | **2,147,166** | **1,260,673** |

**Nature and purpose of reserves:**

Share based payments reserve records the value of options and performance rights issued which have been taken to expenses.

Foreign currency translation reserve recognises exchange differences arising from translation of the financial statements of foreign operations to Australian dollars.

## 18. LOSS PER SHARE

| | Group | |
|---|---|---|
| | **2023** **$** | **2022** **$** |
| | | |
| Net loss | (1,559,814) | (1,675,163) |
| Calculation of basic and dilutive EPS – continued operations (cents) | (0.03) | (0.03) |
| Weighted average number of ordinary shares outstanding during the year used in calculation of basic and dilutive EPS | Number 5,302,227,197 | Number 5,302,227,197 |

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 19. CASH FLOW INFORMATION

Reconciliation of cash flow from operations with loss from continuing operations after income tax

| | GROUP | |
|---|---|---|
| | **2023** **$** | **2022** **$** |
| Loss after income tax | (1,559,814) | (1,675,163) |
| | | |
| Non-cash flows in loss: | | |
| Share based payments | 886,493 | 603,204 |
| Depreciation | 52,878 | 16,853 |
| | | |
| Changes in assets and liabilities: | | |
| (Decrease)/increase in trade creditors and accruals | 275,776 | (46,786) |
| (Decrease)/increase in provisions | 48,024 | (9,610) |
| (Increase)/decrease in trade and other receivables | (218,821) | (14,572) |
| (Increase)/decrease in inventories | (181,983) | - |
| (Increase)/decrease in prepayments | 2,255 | (12,539) |
| **Cash flows used in operating activities** | **(695,192)** | **(1,138,613)** |

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 20. RELATED PARTY TRANSACTIONS

(a) Parent entity
Red Sky Energy Ltd is the parent entity.

(b) Key management personnel
Disclosures in relation to key management personnel are set out in Note 21 and the Remuneration Report in the Directors' Report.

(c) Transactions with related parties
Directors and officers, or their personally-related entities, did not provide any services other than as disclosed in the Remuneration Report.

(d) Loans to/from related parties
None.

(e) Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

(f) Controlled entities

| | | Ownership Interest | |
|---|---|---|---|
| | **Country of Incorporation** | **2023 %** | **2022 %** |
| Red Sky NT Pty Ltd | Australia | 100 | 100 |
| Red Sky Killanoola Pty Ltd | Australia | 100 | 100 |
| Red Sky Gold Nugget LLC | United States | 100 | 100 |

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 21. KEY MANAGEMENT PERSONNEL DISCLOSURES

Details of the names and positions of key management personnel and their remuneration are provided in the remuneration report in the Directors' Report. Summary disclosures are as follows:

| | Group | |
|---|---|---|
| **Key Management Personnel Compensation** | **2023<br>$** | **2022<br>$** |
| Short-term employee benefits | 449,855 | 423,058 |
| Post employment benefits | 32,412 | 30,554 |
| Share-based payments | 729,194 | 489,194 |
| **Total** | **1,211,461** | **942,806** |

## 22. REMUNERATION OF AUDITORS

| | GROUP | |
|---|---|---|
| | **2023<br>$** | **2022<br>$** |
| **Amounts received or due and receivable by RSM Australia Partners for:** | | |
| Audit and audit review services | 47,809 | 42,503 |

## 23. COMMITMENTS AND CONTINGENCIES

The consolidated entity has no commitments or contingencies.

## 24. EVENTS SUBSEQUENT TO BALANCE DATE

On 9 February 2024, 120,000,000 shares were issued to Mr Andrew Knox following the achievement of production (being production of a saleable quantity) at the Innamincka Dome Project. This was a vesting condition of Performance Rights issued following shareholder approval on 15 May 2019.

No other matters or circumstances have arisen since 31 December 2023 that have significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 25. PARENT ENTITY DISCLOSURES

(a) Summary financial information

| | Parent | |
|---|---|---|
| | 2023<br>$ | 2022<br>$ |
| Financial Position | | |
| Assets | | |
| Current assets | 3,208,795 | 4,310,955 |
| Non-current assets | 4,738,236 | 3,812,934 |
| **Total assets** | **7,947,031** | **8,123,889** |
| | | |
| Liabilities | | |
| Current liabilities | 696,232 | 231,223 |
| Non-current liabilities | 831,454 | 800,000 |
| **Total liabilities** | **1,527,686** | **1,031,223** |
| | | |
| **Net assets** | **6,419,345** | **7,092,666** |
| Equity | | |
| Issued share capital | 50,328,088 | 50,328,088 |
| Share based payments reserve | 2,142,419 | 1,255,926 |
| Accumulated losses | (46,051,162) | (44,491,348) |
| **Total equity** | **6,419,345** | **7,092,666** |
| | | |
| Financial Performance | | |
| Loss for the year | (1,559,814) | (1,675,163) |
| Other comprehensive income | - | - |
| **Total comprehensive income** | **(1,559,814)** | **(1,675,163)** |

(b) Guarantees

Red Sky Energy Limited has not entered into any guarantees in relation to the debts of its subsidiaries.

(c) Other Commitments and Contingencies

Red Sky Energy Limited has no commitments to acquire property, plant and equipment, and has no contingent liabilities.

# DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors:

Andrew Knox
Managing Director

Melbourne, Victoria
27 March 2024

**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 REPORT

## To the Members of Red Sky Energy Limited

### Opinion

We have audited the financial report of Red Sky Energy Limited ('the Company') and its subsidiaries (together 'the Group'), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit 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* (the Code) that are relevant to our audit of the 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 the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Key Audit Matters (continued)**

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Carrying value of Exploration and evaluation assets<br>Refer to Note 13 to the financial statements</td></tr>
<tr><td>As at 31 December 2023, the carrying value of the Group capitalised Exploration and evaluation assets amounted to $3,632,035 (approx. 46% of the Group's total assets). We assessed this to be a Key Audit Matter because of the materiality of the balance at the reporting date and due to the significant management judgment involved in assessing the carrying value in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, including:<br>• Assessing whether the capitalised exploration expenditure meets the criteria of being capitalised in accordance with AASB 6; and<br>• Assessing whether any indicators of impairment are present, and if so, to quantify any impairment loss.</td><td>Our audit procedures in relation to the carrying value of Exploration and evaluation assets included:<br>• Reviewing the Group's accounting policy and criteria recognition of capitalisation of exploration expenditure and assessed whether it is in line with AASB 6;<br>• Agreeing a sample of the additions to capitalised Exploration and evaluation asset during the year to supporting documentation, and ensuring that these meet the Group's accounting policy;<br>• Reviewing management's assessment of impairment indicators, including assessing the reasonableness of their conclusions;<br>• Ensuring that the right to tenure of the areas of interest was current through confirmation with the relevant government departments; and<br>• Assessing the reasonableness of the basis on which it was determined the exploration activities associated with the Innamincka mine have progressed to the point where the existence or otherwise of an economically recoverable mineral resource has been determined.</td></tr>
<tr><td colspan="2">Revenue Recognition</td></tr>
<tr><td>As at 31 December 2023, the Group had revenue of $357,903 relating to the sale of gas and liquid commodities.<br>We have assessed this to be a Key Audit Matter given this is the first period in which the Group have produced saleable output and recognised income.<br>Inappropriate revenue recognition could lead to a material misstatement of the revenues and of the operating results reported by the Group.<br>In particular, we focused on the risk of potential failure to correctly apply the cut-off for revenue transactions for the year.</td><td>Our audit included the following procedures:<br>• Gathering and updating our understanding of the Group's revenue transaction cycle, including performing walkthrough testing;<br>• Testing a sample of revenue transactions to supporting documentation and ensuring these transactions were recognised in accordance with the Group's accounting policies and AASB 15 Revenue from Contracts with Customers;<br>• Requesting and corroborating data to the production reports to ensure an appropriate amount of revenue has been recognised; and<br>• Testing the recoverability of accrued income and accompanying revenue through agreement to post year end receipt.</td></tr>
</table>

RSM

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2023; but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

## Report on the Remuneration Report

*Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 16 to 20 of the directors' report for the year ended 31 December 2023.

In our opinion, the Remuneration Report of Red Sky Energy Limited for the year ended 31 December 2023, complies with section 300A of the *Corporations Act 2001*.

**Report on the Remuneration Report (continued)**

*Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**RSM AUSTRALIA PARTNERS**

**R J MORILLO MALDONADO**
Partner

Melbourne, Victoria
Dated: 27 March 2024

# SHAREHOLDER INFORMATION

## TWENTY LARGEST SHAREHOLDERS

| SHAREHOLDERS (Fully Paid Ordinary) 18 March 2024 | NUMBER OF SHARES | Percentage |
|---|---|---|
| ABACUS ENTERPRISES PTY LTD | 255,500,000 | 4.71 |
| MR GEORGE SPIROS PAPACONSTANTINOS | 185,942,201 | 3.43 |
| MR CUNTONG CHENG | 90,507,150 | 1.67 |
| SLADE TECHNOLOGIES PTY LTD | 75,125,000 | 1.39 |
| NESTOR FAMILY SUPERANNUATION PTY LTD | 70,000,000 | 1.29 |
| NORTHERN STAR NOMINEES PTY LTD | 66,646,111 | 1.23 |
| MR MICHAEL HOUGH | 66,500,000 | 1.23 |
| CITICORP NOMINEES PTY LTD | 63,980,171 | 1.18 |
| MJG APEXN PTY LTD | 62,073,638 | 1.14 |
| FINLAYSON INVESTMENTS PTY LTD | 58,245,725 | 1.07 |
| MR GREGORY JAMES SERATO | 57,800,000 | 1.07 |
| P & J BUTTIGEG NOMINEES PTY LTD | 50,000,000 | 0.92 |
| MR PETER DAVID AMOS | 38,500,000 | 0.71 |
| MR MAVRODIS NESTOR | 35,000,000 | 0.65 |
| MR CHUONG HUYNH | 34,500,000 | 0.64 |
| MR SEONG YUN KANG | 32,074,331 | 0.59 |
| BNP PARIBAS NOMINEES PTY LTD | 30,431,655 | 0.56 |
| MR MARK WILLIAMS | 30,000,000 | 0.55 |
| BIT NOMINEES PTY LTD | 30,000,000 | 0.55 |
| INVIA CUSTODIAN PTY LTD | 27,904,281 | 0.51 |
| MR WILLIAM ROBERT LODWICK | 26,000,000 | 0.48 |
| TOP 20 SHAREHOLDERS | **1,386,730,263** | **25.57** |
| **TOTAL ISSUED SHARES** | **5,422,227,197** | **100.00** |

Distribution schedule of the number of fully paid ordinary shareholders in each class of equity security as at 18 March 2024.

| By Class | Holder of Ordinary shares | Number of Ordinary shares | Percentage |
|---|---|---|---|
| 1 – 1,000 | 596 | 282,340 | 0.01 |
| 1,001 - 5,000 | 582 | 1,471,893 | 0.03 |
| 5,001 – 10,000 | 184 | 1,428,433 | 0.03 |
| 10,001 – 100,000 | 1,669 | 101,898,047 | 1.88 |
| 100,001 and over | 3,289 | 5,317,146,484 | 98.05 |
| **Totals** | **6,320** | **5,422,227,197** | **100 %** |

# ADDITIONAL SHAREHOLDER INFORMATION

## A. CORPORATE GOVERNANCE

Refer to the Company's Corporate Governance Statement at www.redskyenergy.com.au

## B. SHAREHOLDING

### 1. Substantial Shareholders

There are no substantial shareholders.

### 2. Unquoted Securities

There are no unlisted Options present.

### 3. Number of holders in each class of equity securities and the voting rights attached.

At the general meeting, every ROG shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and on a poll, one vote for each share (which is fully paid). There are 6,320 holders of fully paid ordinary shares.

### 4. Marketable parcel

There were 2,729 Shareholders with less than a marketable parcel as at 18 March 2024.

## C. EXPLORATION PROJECTS

### 1. Australian interests

| Project | | Interest owned % |
|---|---|---|
| Innamincka Dome, South Australia | PRL 14 | 20.00 |
| Innamincka Dome, South Australia | PRL 17 | 20.00 |
| Innamincka Dome, South Australia | PRL 18 | 20.00 |
| Innamincka Dome, South Australia | PRL 180 | 20.00 |
| Innamincka Dome, South Australia | PRL 181 | 20.00 |
| Innamincka Dome, South Australia | PRL 182 | 20.00 |
| Killanoola, South Australia | PRL 13 | 100.00 |

### 2. United States interests

| Project | | Interest owned % |
|---|---|---|
| Gold Nugget Gas Prospect (GN 1-23) | Fremont County, Wyoming | 70.00 * |

* 70% interest with an entitlement to 50% of profits from GN 1-23 until final payment of the further US$450,000 cash component of the purchase price. The vendors 30% retained interest will be transferred to Red Sky upon the remaining payment of US$450,000 to be satisfied from profits of the well.

## D. OTHER DETAILS

### 1. Company Secretaries

Mr Adrien Wing
Ms Pauline Moffatt

### 2. Address and telephone details of the entity's registered and administrative office

The address and telephone details of the registered and administrative office:

Level 2, 480 Collins Street
Melbourne VIC 3000

Telephone: + (61) 03 9614 0600
Facsimile: + (61) 03 9614 0550

### 3. Address and telephone details of the office at which a register of securities is kept

The address and telephone number of the office at which a registry of securities is kept:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

Telephone: 1300 288 664

### 4. Stock exchange on which the Company's securities are quoted

The Company's listed equity securities are quoted on the Australian Stock Exchange.

### 5. Restricted Securities

The Company has no restricted securities on issue.