



Red Sky Energy Limited

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 30 JUNE 2018

THE INFORMATION CONTAINED IN THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE RED SKY ENERGY FULL YEAR REPORT DATED 31 DECEMBER 2017 AND ANY PUBLIC ANNOUNCEMENT MADE BY THE COMPANY IN ACCORDANCE WITH THE CONTINUOUS DISCLOSURE OBLIGATIONS ARISING FROM THE CORPORATIONS ACT 2001 AND THE ASX LISTING RULES.

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DIRECTORS' REPORT

Your directors present their report consisting of Red Sky Energy Ltd and controlled entities (the Group) as at the end of, or during, the half year ended 30 June 2018.

Directors

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

Director	
Mr Guy Le Page	Non-Executive Chairman
Mr Andrew Knox	Managing Director (appointed 6 July 2018)
Mr Clinton Carey	Non-Executive Director
Mr Adrien Wing	Non-Executive Director

Company Secretary

Mr Adrien Wing

Principal Activities

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

Operating Results

The net operating loss of the Group for the period ended 30 June 2018 after income tax amounted to \$475,762 (30 June 2017: loss \$401,499).

Review of Activities

Highlights

Red Sky has entered into a conditional sale and purchase agreement to acquire Beach Energy's interests in the Innamincka Dome oil & gas project ("Innamincka Dome Project"), comprising a 100% interest in five Petroleum Retention Leases (PRL's) and a 75% interest in another PRL.

- The acquisition of the Innamincka Dome Project (which is subject to regulatory and joint venture approvals) offers near term analysis of production options from well-maintained shut in wells and infrastructure; and
- a strong growth outlook from non-producing proven fields and highly prospective tenements.

A capital raising is being conducted to raise up to \$2.2 million and work program planning has commenced.

Innamincka Dome Project

In July 2018, Red Sky Energy Limited through its wholly owned subsidiary Red Sky (NT) Pty Ltd, entered into a binding Sale and Purchase Agreement (SPA) with Acer Energy Pty Ltd, a Beach Energy Ltd ("Beach", ASX: BPT) subsidiary to acquire that subsidiary's interests in the Innamincka Dome Project in the Cooper Basin, South Australia.

The Innamincka Dome Project comprises a portfolio of six highly prospective Petroleum Retention Leases (PRLs) near the township of Innamincka in northeast South Australia. Beach's interest in this portfolio comprises a 100% owned and operated stake in:

- PRL14 (Flax oil field which was previously producing);
 - PRL17 (Yarrow gas field);
 - PRL18 (Juniper oil field);
 - PRL180;
 - PRL181;
- and a 75% interest in PRL182 (held in joint venture with Bengal Energy (Australia) Pty Ltd).

The purchase of Beach's interest in the Innamincka Dome Project is inclusive of all existing production infrastructure, storage tanks, yards and camp facilities. This infrastructure is modern and in excellent operating condition, the project having been closed in 2015 due to the downturn in oil and gas markets. The Company will initiate "re-start" planning for the Innamincka Dome Project immediately with a focus on resuming oil and gas production as soon as possible following completion of the acquisition.

The acquisition will afford Red Sky with a significant opportunity to leverage the recovery from the oil price downturn by quickly returning quality shut-in assets to production at the Flax field, as well as delivering options to seek to:

- evaluate the unexploited Yarrow and Juniper fields; and
- evaluate the remaining highly prospective tenements within the Innamincka Dome Project.

Following completion of the acquisition, the Company will be responsible for discharging all obligations and liabilities arising in respect of the assets purchased, including all liabilities relating to decommissioning, abandonment, rehabilitation, remediation or restoration of those assets.

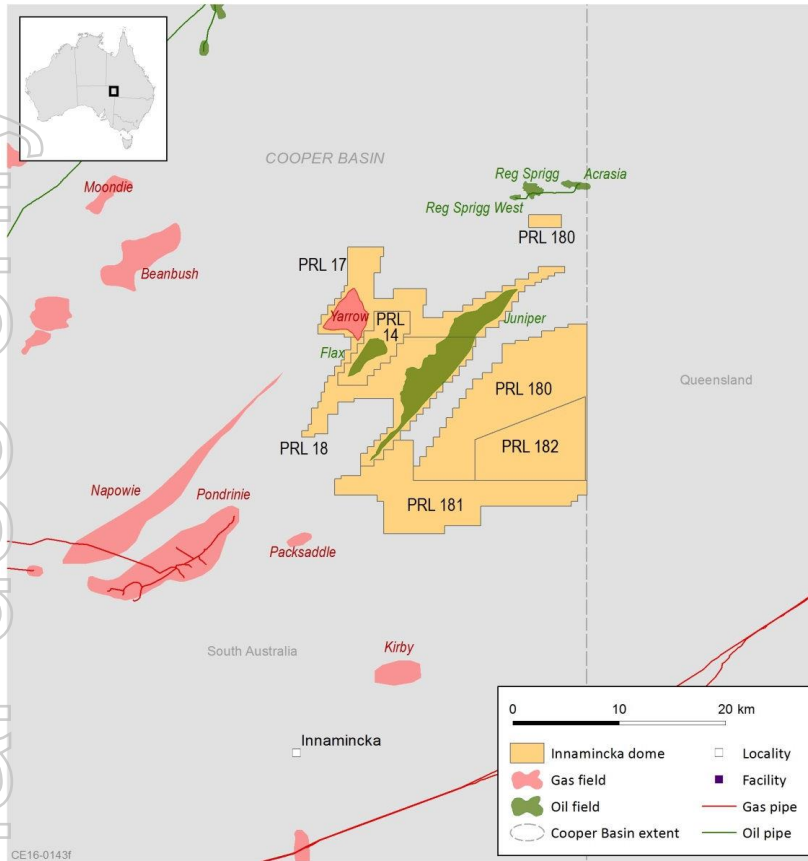
Capital Raising

In July 2018, the Company entered in to a capital raising mandate with Taylor Collison to raise up to \$2.2 million. The Capital Raising comprises a Share Placement to raise \$1.6 million (Placement) and a non-renounceable rights issue to raise \$600,000 (Rights Issue) and a variation thereto to modify the rights issue from a proposed underwriting to a best endeavours. The Placement and the shortfall from the Rights issue are to be led by Taylor Collison on a best endeavours basis. The Placement is to be conducted in two tranches, with the first tranche completed raising \$600,000 and the second tranche (\$1 million) being conditional upon completion of the Innamincka Dome Project acquisition. The Placement and Rights Issue will be undertaken at an issue price of \$0.004 (0.4 cents) per ordinary share. The first tranche of the placement of \$600,000 was completed and the rights issue offer has closed raising \$53,174 before costs.

Business Strategy

Following completion of the acquisition, the Company plans to recommence production from the shut in field using existing infrastructure. Information reviewed by the Company indicated that oil production at Flax was previously being carried out at a rate over 200 barrels of oil per day and the field has produced approximately 180,000 barrels of 54 API oil to date. The existing production facilities at the Flax field, which have been inspected by the Company, have a processing capacity of 1,000bopd and 2,400bbl storage capacity based on information reviewed by the Company.

The Company's intention is to put in place an experienced, fit for purpose in-country operational capability which will allow management of the Flax field and achieve sustainable production rates at low operating costs. The strategy is to expand production through re-development and low risk appraisal. The approximately 400 sqkm acquisition of the Innamincka Dome area provides an attractive entry for Red Sky into the Australian conventional onshore oil and gas market.



Courtesy of Beach Energy

Gold Nugget

Work is continuing on the Gold Nugget gas project in Wyoming, USA. Gold Nugget is located in the Wind River Basin in Wyoming, one of the largest gas producing basins in the USA. Gold Nugget is a proven gas field with an estimated 3-5BCF OGIP. The field has one well (completed to 14,000ft in 2004), Well #1-23.

The field has proved difficult to produce due to water loading issues encountered. This is currently being addressed and recent production has been at 889mcfpd. The Company is continuing to examine the viability of this project whilst it focuses on its new acquisition in the Cooper basin as well as other opportunities in Australasia and South East Asia.

Corporate

Key Management Appointments:

In July 2018, The Company appointed Mr Andrew Knox as its new CEO and Managing Director.

Andrew 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.

He was formerly CFO of Cue Energy Resources Limited, a position he had held for 22 years. His prior role was CFO at Cultus Petroleum Limited.

Andrew has significant experience in financial and commercial activities, involving acquisitions, M&A and strategy. He has been a director of several public companies and is a chartered accountant (CA ANZ), public accountant (CPA Australia) and a fellow of the Australian Institute of Company Directors (FAICD). He holds a Bachelor of Commerce degree from the University of Western Australia.

In addition, subsequent to the end of the half year, the Company appointed Mr William (Bill) Lodwick as its new Exploration and Development Manager.

Reporting directly to the CEO, Mr Lodwick will build and lead Red Sky's operational team whose first task will be to restart production at the recently acquired Cooper Basin Innamincka Dome project. In conjunction with this he will assess the project's so far unexploited oil and gas fields and tenements.

Mr Lodwick is a manager and geophysicist with over 35 years of experience in the industry. He has managed exploration and production projects around the world including South East Asia and Australasia.

Mr Lodwick's previous experience includes exploration manager for an ASX listed company of onshore and offshore acreage in the Otway Basin. He was also Principal Geophysicist with an international consultancy where he managed projects in Thailand, Gabon, Philippines and Malaysia.

Subsequent Events

On 6 July 2018, Mr Andrew Knox was appointed as the new Managing Director.

On 10 July 2018, the Company announced on the ASX a conditional agreement to acquire Beach Energy's interests in the Innamincka Dome oil and gas project in South Australia. Only nominal consideration of \$1 is payable however Red Sky will be responsible for discharging all obligations arising in respect of the assets purchased, including all liabilities relating to the decommissioning, abandonment, rehabilitation, remediation or restoration of those assets. Completion of the acquisition remains subject to the satisfaction of certain conditions precedent.

On 17 July 2018, Mr William (Bill) Lodwick was appointed as the new Exploration and Development Manager.

On 18 July 2018, the Company issued 150,000,000 shares at a price of \$0.004 raising \$600,000 before costs.

On 31 July 2018, the Company released a Prospectus offering shareholders the right to participate in a non-renounceable rights issue of 1 new fully paid ordinary share (New Share) for every 5 shares held at an issue price of 0.4 cents per New Share.

On 17 August 2018, the non-renounceable rights issue offer closed with a total of 13,293,509 New Shares subscribed for raising \$53,174 before costs.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires the consolidated entity's auditors, RSM Australia Partners, to provide the directors with a written Independence Declaration in relation to their review of the financial report for the period ended 30 June 2018. The written Auditor's Independence Declaration is set out in the following page of this report.

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

On behalf of the Directors



Andrew Knox
Managing Director
7 September 2018

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Red Sky Energy Limited for the half year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

RSM

RSM AUSTRALIA PARTNERS



P T SEXTON
Partner

Dated: 7 September 2018
Melbourne, Victoria

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FINANCIAL REPORT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 30 June 2018

	Notes	Half Year End 30/06/2018 \$	Half Year End 30/06/2017 \$
Interest revenue		190	1,167
Administrative expenses		(127,629)	(207,282)
Consultancy costs		(206,207)	(23,945)
Director fees		(140,325)	(118,038)
Interest expense		(1,791)	(53,401)
Loss from continuing activities before income tax		(475,762)	(401,499)
Income tax expense		-	-
Loss for the period		(475,762)	(401,499)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Foreign currency translation		40,775	(43,078)
Total comprehensive loss for the period, net of tax		(434,987)	(444,577)
Basic and diluted (loss) per share (cents)	8	(0.08)	(0.25)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	30 June 2018 \$	31 December 2017 \$
Current Assets			
Cash and cash equivalents		18,384	209,178
Receivables		12,745	56,213
Prepayments		3,054	40,680
Total Current Assets		34,183	306,071
Non Current Assets			
Other financial assets		20,000	41,478
Exploration and evaluation		958,594	917,819
Property, plant and equipment		1,105	1,406
Total Non Current Assets		979,699	960,703
Total Assets		1,013,882	1,266,774
Current Liabilities			
Trade and other payables		553,313	348,424
Borrowings		-	22,794
Total Current Liabilities		553,313	371,218
Total Liabilities		553,313	371,218
Net Assets		460,569	895,556
Equity			
Issued share capital	7	37,495,890	37,495,890
Reserves		89,805	49,030
Accumulated losses		(37,125,126)	(36,649,364)
Total Equity		460,569	895,556

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 30 June 2018

	Notes	Half Year End 30/06/2018	Half Year End 30/06/2017
		\$	\$
Cash flows from operating activities			
Payments to suppliers (GST inclusive) and employees		(209,689)	(278,951)
Interest received		190	927
Interest paid		(1,791)	(9,241)
Net cash used in operating activities		(211,290)	(287,265)
Cash flows from investing activities			
Exploration and evaluation costs		(28,187)	(56,840)
Proceeds from refunded deposits		21,477	-
Payments for office equipment		-	(1,999)
Net cash used in investing activities		(6,710)	(58,839)
Cash flows from financing activities			
Proceeds from issue of convertible notes		50,000	800,000
Repayment of borrowings		(22,794)	(325,000)
Proceeds from issues of shares		-	130,000
Net cash flows provided by financing activities		27,206	605,000
Net (decrease)/increase in cash and cash equivalents		(190,794)	258,896
Cash and cash equivalents at the beginning of the half year period		209,178	185,604
Cash and cash equivalents at the end of the half year period		18,384	444,500

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 June 2018

Consolidated	2018			
	Issued Capital	Accumulated Losses	Reserves	Total Equity
Balance at beginning of period	37,495,890	(36,649,364)	49,030	895,556
Loss for the period	-	(475,762)	-	(475,762)
Other comprehensive loss for the period	-	-	40,775	40,775
Total comprehensive loss for the period	-	(475,762)	40,775	(434,987)
Transactions with equity holders in their capacity as equity holders				
Issues of share capital	-	-	-	-
Total transactions with equity holders in their capacity as equity holders	-	-	-	-
Balance at the end of the period	37,495,890	(37,125,126)	89,805	460,569
Consolidated	2017			
	Issued Capital	Accumulated Losses	Reserves	Total Equity
Balance at beginning of period	35,464,476	(37,146,489)	1,755,561	255,548
Loss for the period	-	(401,499)	-	(401,499)
Other comprehensive loss for the period	-	-	(43,078)	(43,078)
Total comprehensive loss for the period	-	(401,499)	(43,078)	(444,577)
Transactions with equity holders in their capacity as equity holders				
Issues of share capital	224,366	-	-	224,366
Transfer of reserves (Performance Rights)	180,000	-	(180,000)	-
Transfer of reserves (expired Options)	-	1,490,000	(1,490,000)	-
Total transactions with equity holders in their capacity as equity holders	404,366	1,490,000	(1,670,000)	224,366
Balance at the end of the period	36,050,842	(36,057,988)	42,483	35,337

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

NOTES TO THE INTERIM FINANCIAL REPORT

1. REPORTING ENTITY

Red Sky Energy Ltd is a company domiciled in Australia. The consolidated half year financial statements of the Company as at and for the six months ending 30 June 2018 comprises Red Sky Energy Ltd and its subsidiaries (together referred to as the "consolidated entity" or "Group") and the consolidated entities interests in associated and jointly controlled entities.

The annual financial report of the entity as at and for the year ended 31 December 2017 is available upon request from the Red Sky Energy website www.redskyenergy.com.au, the ASX website or the Company's registered office at Level 17, 500 Collins Street, Melbourne, Victoria, Australia 3000.

2. STATEMENT OF COMPLIANCE

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

The consolidated half year financial statements do not include all of the notes and information normally included in annual financial statements. Accordingly this report should be read in conjunction with the consolidated annual financial statements for the year ended 31 December 2017 and any public announcements made by Red Sky Energy Ltd during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the consolidated entity in the consolidated half year financial statements are the same as those applied by the consolidated entity in its consolidated financial statements for the year ended 31 December 2017. Comparative figures have been adjusted to conform to changes in presentation for the current period.

4. ESTIMATES

The preparation of the half year financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing the consolidated half year financial statements the judgments made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2017.

5. GOING CONCERN

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

- As at 30 June 2018, current liabilities exceeded current assets by \$519,130 (31 December 2017: \$65,147);
- The consolidated entity incurred a loss of \$475,762 (2017: loss \$401,499); and
- Net cash outflows from operating activities were \$211,290 (2017: net outflow \$287,265) for the half year ended 30 June 2018.

This matter indicates the existence of a material uncertainty which may cast doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Notwithstanding this, the Directors are satisfied that the consolidated entity will have sufficient cash resources to meet its working capital requirements in the future. The Directors have reviewed the cashflow forecasts and believe that for a period in excess of 12 months from the date of signature of the financial report, the consolidated entity has the ability to meet its debts as and when they fall due. The Directors believe there are sufficient funding strategies and alternatives to meet working capital requirements should the need arise including:

- Cash inflows are expected to be raised from future capital raisings; and
- Consideration of re-arranging agreements on existing projects through sale or deferring expenditure.

The following equity raisings have occurred subsequent to 30 June 2018:

- On 18 July 2018, the Company issued 150,000,000 shares at a price of \$0.004 raising \$600,000 before costs; and
- On 17 August 2018, a rights issue offer closed with a total of 13,293,509 shares subscribed for raising \$53,174 before costs.

On the basis that sufficient cash inflows are expected to be raised from future capital raisings (pursuant to ASX listing rules 7.1 and 7.1A) to fund further activities for at least 12 months after the date of this report, the Directors are of the opinion that the consolidated entity will be able to continue as a going concern, and that the use of the going concern basis of accounting is appropriate.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

6. SEGMENT INFORMATION

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

Geographical areas - The Group's exploration assets are located in the United States.

7. EQUITY SECURITIES ISSUED

	Half year 30 June 2018	Half year 30 June 2017
	\$	\$
a) Issued Capital		
Opening balance – 608,727,909 ordinary shares (2017: 6,161,396,921)	37,495,890	35,646,476
Consolidation of share capital in 2017 1 for 50 (reduction 6,038,168,796)		
Share issues during the half year:		
- 67,678,004 shares to creditors	-	94,366
- 32,500,000 shares issued @ \$0.004	-	130,000
Transfer from reserves (Performance Rights)	-	180,000
Closing Balance – 608,727,909 ordinary shares (2017: 223,406,129)	37,495,890	36,050,842

b) Options

Expiry Date	Exercise Price (cents)	Number on issue – Dec 2017	Issued during the half year	Lapsed during half year	Exercised during half year	Number on issue - June 2018
30/11/2019	1.00	248,309,480	32,500,000	-	-	280,809,480
Total		248,309,480	32,500,000	-	-	280,809,480

8. LOSS PER SHARE

	Half year 30 June 2018	Half year 30 June 2017
	\$	\$
Net loss	(475,762)	(401,499)
Basic earnings per share (EPS) (cents)	(0.08)	(0.25)
	Number	Number
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS (post consolidation)	608,727,909	158,158,640
Dilutive EPS is not adjusted as it would result in a reduction of the loss per share.	(0.08)	(0.25)

9. EVENTS SUBSEQUENT TO BALANCE DATE

On 6 July 2018, Mr Andrew Knox was appointed as the new Managing Director.

On 10 July 2018, the Company announced on the ASX a conditional agreement to acquire Beach Energy's interests in the Innamincka Dome oil and gas project in South Australia. Only nominal consideration of \$1 is payable however Red Sky will be responsible for discharging all obligations arising in respect of the assets purchased, including all liabilities relating to the decommissioning, abandonment, rehabilitation, remediation or restoration of those assets. Completion of the acquisition remains subject to the satisfaction of certain conditions precedent.

On 17 July 2018, Mr William (Bill) Lodwick was appointed as the new Exploration and Development Manager.

On 18 July 2018, the Company issued 150,000,000 shares at a price of \$0.004 raising \$600,000 before costs.

On 31 July 2018, the Company released a Prospectus offering shareholders the right to participate in a non-renounceable rights issue of 1 new fully paid ordinary share (New Share) for every 5 shares held at an issue price of 0.4 cents per New Share.

On 17 August 2018, the non-renounceable rights issue offer closed with a total of 13,293,509 New Shares subscribed for raising \$53,174 before costs.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

10. CONTINGENT ASSETS AND LIABILITIES

There are no contingent liabilities or contingent assets.

DIRECTORS DECLARATION

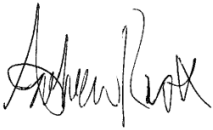
FOR THE HALF YEAR ENDED 30 JUNE 2018

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

1. the financial statement and notes set out on pages 7 to 13, are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the financial position of the consolidated entity as at 30 June 2018 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



.....
Andrew Knox
Managing Director

7 September 2018

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF RED SKY ENERGY LIMITED

We have reviewed the accompanying half-year financial report of Red Sky Energy Limited which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Red Sky Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Red Sky Energy Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the half-year then ended; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 5 to the financial statements, which indicates that the consolidated entity incurred a net loss of \$475,762 during the half year ended 30 June 2018 and reported net cash outflows from operating activities of \$211,290. In addition, as at 30 June 2018 the consolidated entity had a working capital deficit of \$519,130. These conditions, along with other matters as set forth in Note 5 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



RSM AUSTRALIA PARTNERS



P T SEXTON
Partner

Dated: 7 September 2018
Melbourne, Victoria

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