19 April 2023

Andrew Knox
Executive Director
Red Sky Energy
Level 2, 480 Collins Street
Melbourne VIC 3000

BY Email: **andrew.knox@redskyenergy.com.au**

Dear Sir,

Re: Independent Competent Person's Report on the Discovered Petroleum Initially In Place (PIIP) in the Killanoola Oil Project, PRL-13, Penola Trough, South Australia.

Red Sky Energy Limited (the **"Company"** or **"Red Sky Energy"** or **"ROG"** or the **"Operator"**) commissioned Global Resources & Infrastructure Pty Ltd (**"GRI"**) to provide to them an independent Competent Person's Report (**"CPR"**) on the discovered Petroleum Initially In Place (**"PIIP"**) in the Killanoola Oil Project, PRL-13, Penola Trough, South Australia (the **"Petroleum Asset"**), held by Red Sky Energy for an effective date of 31 March 2023.

This evaluation has been carried out in accordance with the Petroleum Resources Management System (PRMS) approved in 2018 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers. The report has been prepared and supervised by the Competent Person.

To comply with Section 4.2 of PRMS (2018), resource estimates may be prepared using either deterministic or probabilistic methods. A deterministic estimate is a single discrete scenario within a range of outcomes that could be derived by probabilistic analysis. This evaluation used the deterministic methodology.

The Scope of Report contains the authorization and purpose of the report and describes the methodology and parameters used in preparing this report.

The Summary of discovered Petroleum Initially In Place in this independent Competent Person's Report utilises the data and interpretations derived from the recent 3-D seismic survey completed by ROG combined and integrated with information on the Killanoola-1, Killanoola-1 DW-1 and Killanoola SE-1 wells along with estimations of oil reservoir (petrophysical) conditions prepared by ResEval Consulting (**"ResEval"**), as at 22 March 2021 for the Killanoola SE-1 well and at 3 May 2021 for the Killanoola-1 and Killanoola-1 DW-1 wells within potential pay zones in the Sawpit Sandstone; and incorporates available geological, geophysical, petrophysical, engineering, environmental data and information and market information.

The Discussion contains descriptions of the interests, discovered Petroleum Initially In Place and geology and geophysics, and maps at Top and Base Sawpit Sandstone level and Isopach maps of this lithologic unit covering each well.

The Petroleum Initially In Place of the oil field are summarized in Table 1.

In the preparation of this report, we have relied upon information obtained from many sources including drilling reports, well-bore logs, well completion reports, test results, core analyses, formation tests data, maps of geophysical and geological interpretation, information applicable to field operations and a description of potential development activities as provided by the Operator including timing, cost and expected results.

Estimates of discovered Petroleum Initially In Place should be regarded only as estimates that may change as further well drilling, production history and additional information become available. Not only are such discovered Petroleum Initially In Place estimates based on the information that is currently available, but such estimates are also subject to the uncertainties inherent in the application of judgmental factors in interpreting such information.

Our report is to be used for the specific purposes stated herein and any other use is invalid. No one should rely on our report as a substitute for their own due diligence. No reference to our name or our report, in whole or in part, in any document you prepare or distribute to third parties may be made without our written consent. All files, work-papers or documents developed by us during the engagement will be our property.

We consent to the submission of this report, in its entirety, to securities regulatory agencies and stock exchanges, including by the Company to the Australian Securities Exchange in accordance with its regulations. We have given and have not withdrawn our written consent to the inclusion of our firm's name and our report and references thereto in the circular of the Company.

Yours faithfully,
Global Resources & Infrastructure Pty Ltd

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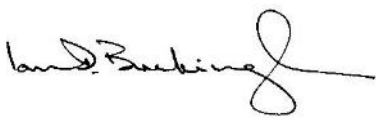
Ian D. Buckingham
Competent Person

Certificate of Qualification

I certify that, to the best of my knowledge and belief:

- I am a qualified geologist and a Member of the Petroleum Exploration Society of Australia, an Active Member of the American Association of Petroleum Geologists and Member of the AAPG Energy Minerals Division and a Fellow Australasian Institute of Mining and Metallurgy.
- I graduated from the Royal Melbourne Institute of Technology with Associateship (1973) and Fellowship Diplomas in Geology (1974), with extra subjects in Mining Engineering and Metallurgy; I graduated from Victorian Institute of Colleges with a Bachelor of Applied Science (Applied Geology) in 1977 and commenced a Master of Applied Science (Applied Geology) in 1978. In 1994 I completed a Master of Business Administration at RMIT University.
- I have worked in the petroleum and mining industries since graduation and I have extensive experience, more than 40 years, in the petroleum industry. I have been involved in a wide range of areas encompassing geological exploration, production engineering, geophysical acquisition, project and company management, project quality control, valuation and due diligence of resources projects.
- The statements of fact contained in this report are true and correct.
- I participated directly in the evaluation of these assets and properties and preparation of this report for the Company, dated 10 April 2023 and the parameters and conditions employed in this evaluation were examined by me.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results and my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction that favours the cause of the client.
- No other person provided significant assistance to me in my role as the Competent Person for this report.
- I have undertaken previous petroleum evaluations and/or valuation assignments for the Company during previous years including a review of the PIIP for the Killanoola Oil Field in 2022 prior to the acquisition of the 3-D Seismic Survey.



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Ian D. Buckingham
ARMIT, FRMIT, BAppSc, MBA,
MAAPG, MPESA, FAusIMM

Executive Summary

Red Sky Energy is a public company listed on the Australian Securities Exchange, through its wholly owned subsidiary company Red Sky (Killanoola) Pty Ltd it owns and is Operator of Petroleum Retention Licence 13 (PRL-13) in the Penola Trough of South-East South Australia (hereinafter referred to as "PRL-13 or "the Petroleum Asset").

PRL-13 covers a total area of 17.5 km^2 and is located nearby to the Haselgrove and Jacaranda Ridge Gas Fields and approximately 25 km NW of the Katnook Gas Fields and processing facility. The location of PRL-13 can be seen in Figure 1 below and Figure 2 of this report, and further location details in regard to coordinates are shown in Table 1 and Figure 3.

The current lease term of the Petroleum Asset is that it will expire on 31 January 2027 and Red Sky Energy is expected to renew the lease and continue to operate the field beyond the current term.

First discovered in 1998, the Killanoola oil field was discovered by the Killanoola-1 well at a depth of 850 metres. Red Sky has advised that previous flow tests have recorded rates of up to 300 barrels of oil per day. In 2011, the second well Killanoola Southeast-1 was drilled within the PRL-13 area and discovered oil. The well is currently suspended and awaiting testing. In 1998 the Killanoola-1 DW-1 well was drilled, it also discovered oil.

There are currently 3 wells on the field, none of which are currently producing.

In February 2021, Red Sky Energy acquired Beach Energy's interest in the Killanoola Field through its subsidiary Red Sky (Killanoola) Pty Ltd. Red Sky Energy holds a 100% interest in the Killanoola Oil Field.

The crude oil tested has a specific gravity of 36.7ºAPI. No appreciable natural gas has been identified and no Gas to Oil Ratio (GOR) has been determined. The reservoir is expected to have a strong aquifer. Crude oil and produced water are expected to be trucked out of the field to the buyer and disposal site respectively.

Table 1 below summarises the discovered petroleum initially in place of the Killanoola Oil Field as of 31 March 2023. GRI has estimated that the discovered Petroleum Initially In Place ranges from 28.9 mmbbls to 157.4 mmbbls. Our preferred value is 135.5 mmbbls.

Natural gas is not being considered in the resource estimates.

Table 1: Summary of discovered Petroleum Initially In Place of the PRL-13 Killanoola Oil Field as of 31 March 2022.

Killanoola Oil Field	Discovered Petroleum Initially In Place (mmbbls)		
	Low	Best	High
	28.9	135.5	157.4

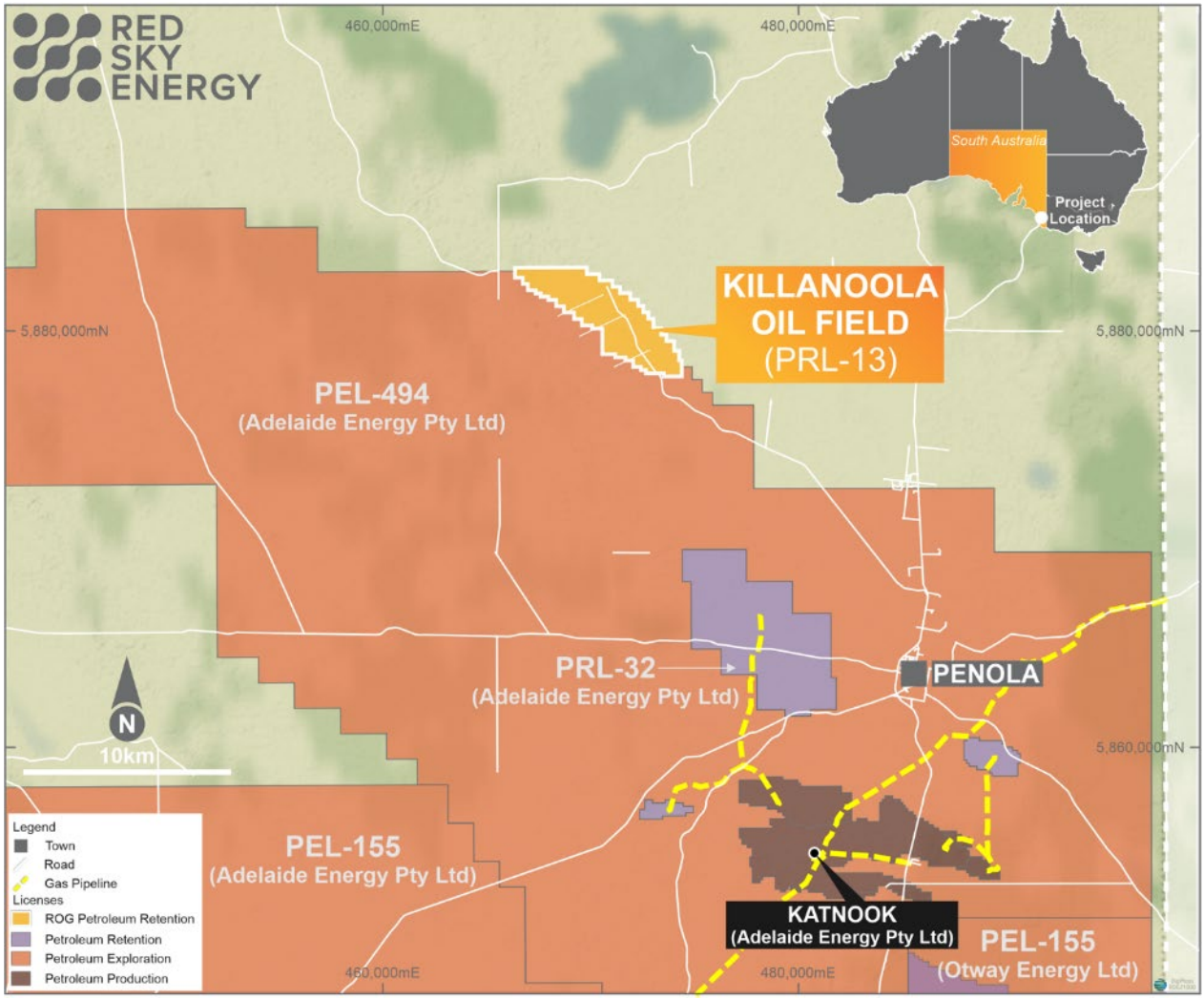

Figure 1 - Location of PRL 13 Tenement (Source: Red Sky Energy).

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Glossary of Terms (Abbreviations & Definitions)

UNIT	COMMENT
2D	Two dimensional
3D	Three dimensional
1P	Proved Reserves
2P	Proved plus Probable Reserves
3P	Proved plus Probable plus Possible Reserves
ºAPI	Degrees API (American Petroleum Institute)
Avg	Average
bbl	Barrels
BHP	Bottom hole pressure
B_g	Gas Formation Volume Factor
B_o	Oil Formation Volume Factor
ºC	Degrees Celsius
Condensate	Liquid petroleum excluding crude oil and LPG produced at surface by processing or separation of natural gas from gaseous / gas condensate reservoir
cp	Centipoise
Crude Oil	Liquid petroleum, other than condensate and LPG, produced by separation at the surface from a liquid reservoir in its natural state before the same has been refined but after extraction of water and foreign substances
Est.	Estimated
EUR	Estimated Ultimate Recovery
G&G	Geological and Geophysical
GOR	Gas to Oil Ratio
kg/cm^2	Kilograms per square centimetre
km	Kilometres
km^2	Square kilometres
m	Meters
m^2	Square meters
m^3	Cubic meters
m^3/d	Cubic meters per day
Mboe	Thousand barrels of oil equivalent
Mboed	Thousand barrels of oil equivalent per day
MMboe	Million barrels of oil equivalent
md	Millidarcies
Mm^3	Thousands of cubic meters
Mm^3/d	Thousands of cubic meters per day
MMm^3	Millions of cubic meters
MMBO	Million barrels of Oil
Natural Gas	All hydrocarbons which at standard atmospheric conditions of pressure and temperature are in a gaseous phase including non-hydrocarbon gas

	which is in association with and produced together with such gaseous hydrocarbons
OOIP	Original Oil in Place
P10	10% probability
P50	50% probability
P90	90% probability
p.a.	Per annum
Pg	Geological probability of successful discovery
PIIP	Petroleum Initially In Place
ppm	Parts per million
PRMS	Petroleum Resource Management System
S_w	Water saturation
Temp.	Temporarily
WI	Working Interest
WOR (or WORP)	Water to Oil Ratio

1. INTRODUCTION AND SCOPE OF REPORT

Red Sky Energy Limited (the **"Company"** or **"Red Sky Energy"** or **"ROG"** or the **"Operator"**) commissioned Global Resources & Infrastructure Pty Ltd (**"GRI"**) to provide to them an independent Competent Person's Report (**"CPR"**) on the discovered Petroleum Initially In Place (**"PIIP"**) in the Killanoola Oil Project, PRL-13, Penola Trough, South Australia (the **"Petroleum Asset"**), held by Red Sky Energy for an effective date of 31 March 2023.

1.1. *Nature of the Brief*

This evaluation has been carried out in accordance with the Petroleum Resources Management System (PRMS) approved in 2018 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers. The report has been prepared and supervised by the Competent Person who is qualified under the Rules Governing the Listing of Securities on the Australian Securities Exchange Limited.

To comply with Section 4.2 of PRMS, resource estimates may be prepared using either deterministic or probabilistic methods. A deterministic estimate is a single discrete scenario within a range of outcomes that could be derived by probabilistic analysis. This evaluation used the deterministic methodology.

1.2. *Scope and Purpose of the Report*

GRI's work program involved two phases:

- Phase 1: review of information provided; discussions with Company personnel regarding the project and work that had been undertaken to date; and to collect and review further documents provided by Red Sky Energy and held on the public domain; and
- Phase 2: analysis of the data provided, compile the first draft of the report, review additional data and finalise the report.

1.2.1. Authorisation

The Company authorised this evaluation. The technical analyses were undertaken by GRI during February, March and April 2023.

The Report is intended only for the use of the person to whom it is addressed. GRI assumes no responsibility whatsoever to any person other than the Company in respect of, or arising out of, the contents of this Report. If others, choose to rely in any way on the contents of this report they do so entirely on their own risk.

The title to this report shall not pass to the Company until all professional fees have been paid in full.

1.2.2. Purpose

The purpose of this report is to prepare a third-party independent appraisal of the Petroleum Asset, owned by Red Sky (Killanoola) Pty Ltd, a wholly owned subsidiary of Red Sky Energy, in the PRL 13 tenement in South Australia, in support of the Company's filing on the Australian Securities Exchange as a notice to Shareholders.

Estimates of discovered Petroleum Initially In Place should be regarded only as estimates that may change as further well drilling, production history and additional information become available. Not only are such discovered Petroleum Initially In Place estimates based on the information that is currently available, but such estimates are also subject to the uncertainties inherent in the application of judgmental factors in interpreting such information.

1.2.3. Reserve definitions

The following definitions, extracted from PRMS have been used in preparing this report.

Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by development and production status.

Proved Reserves – Proved Reserves are those quantities of petroleum which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90-percent probability that the quantities recovered will equal or exceed the estimate.

Unproved Reserves – Unproved Reserves are based on geoscience and/or engineering data similar to that used in estimates of Proved Reserves, but technical or other uncertainties preclude such reserves being classified as Proved. Unproved Reserves may be further categorized as Probable Reserves and Possible Reserves.

Probable Reserves – Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50-percent probability that the actual quantities recovered will equal or exceed the proved-plus-probable reserves estimate.

Possible Reserves – Possible Reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable than Probable Reserves. The total quantities

ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate.

Reserves Status Categories – Reserves status categories define the development and producing status of wells and reservoirs.

Developed Reserves – Developed Reserves are expected quantities to be recovered from existing wells and facilities. Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-Producing.

Developed Producing Reserves – Developed Producing Reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate. Improved recovery reserves are considered producing only after the improved recovery project is in operation.

Developed Non-Producing Reserves – Developed Non-Producing Reserves include shut-in and behind-pipe Reserves. Shut-in Reserves are expected to be recovered from (1) completion intervals which are open at the time of the estimate, but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells which will require additional completion work or future recompletion prior to the start of production. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.

Undeveloped Reserves – Undeveloped Reserves are quantities expected to be recovered through future investments: (1) from new wells on undrilled acreage in known accumulations, (2) from deepening existing wells to a different (but known) reservoir, (3) from infill wells that will increase recovery, or (4) where a relatively large expenditure (e.g. when compared to the cost of drilling a new well) is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

1.2.4. Resource definitions

The following definitions, extracted from PRMS have been used in preparing this report.

Total Petroleum Initially-in-place is that quantity of petroleum that is estimated to exist originally in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production plus those estimated quantities in accumulations yet to be discovered (equivalent to "total resources").

Discovered Petroleum Initially-in-place is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production.

Production is the cumulative quantity of petroleum that has been recovered at a given date. While all recoverable resources are estimated and production is measured in terms of the sales product specifications, raw production (sales plus non-sales) quantities are also measured and required to support engineering analyses based on reservoir voidage.

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, by the application of development project(s) not currently considered to be commercial owing to one or more contingencies. Contingent Resources have an associated chance of development. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the range of uncertainty associated with the estimates and should be sub-classified based on project maturity and/or economic status.

Undiscovered Petroleum Initially-in-place is that quantity of petroleum estimated, as of a given date, to be contained within accumulations yet to be discovered.

Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity.

Unrecoverable is that portion of Discovered or Undiscovered Petroleum Initially-in-Place quantities which is estimated, as of a given date, not to be recoverable by future development projects. A portion of these quantities may become recoverable in the future as commercial circumstances change or technological developments occur; the remaining portion may never be recovered due to physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.

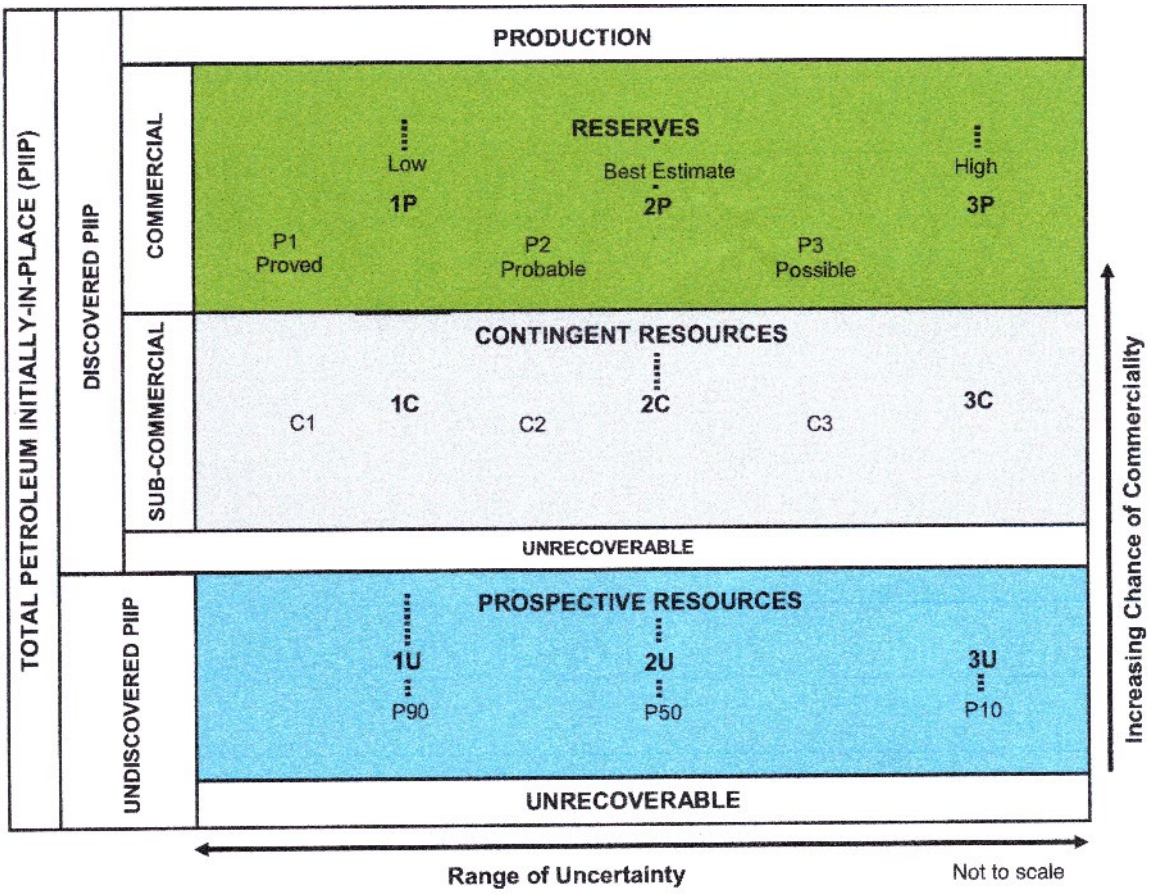

Figure 2 Resources classification framework (PRMS, 2018).

1.3. *Sources of Information*

Sources of information and data used in the preparation of this report includes:

- Past independent third-party Reserves Estimations.
- Reports prepared by the Operator.
- Presentations prepared by the Operator.
- Geological reports and Maps.
- Geophysical Reports and Interpreted Maps of Seismic data.
- Original Oil In Place Volumetric Calculations by the Operator.
- Well completion reports.
- Previous knowledge of and working experience of the Competent Person.

1.4. *Statement of Independence of GRI*

Neither GRI nor the author of this Report have any material existing or contingent interest in the outcome of the Report, nor do they have any pecuniary or other interest that could be reasonably regarded as being capable of affecting their independence.

GRI has previously undertaken reviews of petroleum projects in the USA and Australia for Red Sky Energy but has no prior association with the Company in relation to the petroleum asset that is the subject of this Report. GRI has no beneficial interest in the outcome of the technical assessment conducted in connection with the preparation of the Report, which is being capable of affecting its independence. GRI's fee for preparing the Report is based on its normal professional daily rates plus reimbursement for incidental expenses. The payment of GRI's professional fee is not contingent upon the outcome of the Report.

1.5. *Warranties*

The Company has represented in writing to GRI that full disclosure has been made of all material information and that, to the best of its knowledge and understanding, such information is complete, accurate and true.

1.6. *Indemnities*

The Company has provided GRI with an indemnity under which GRI is to be compensated for any liability and/or any additional work or expenditure resulting from any additional work required:

- which results from GRI's reliance on information provided by the Company which is inaccurate or incomplete; or
- which relates to any consequential extension workload through queries, questions or public hearings arising from the Report.

1.7. *Consents*

GRI consents to the Report being included, in full, and the reference to GRI's name and the name of the author of the Report in the Shareholders' Circular to be issued by Company, in the form and context in which the technical assessment is provided, and not for any other purpose.

2. SUMMARY OF ASSETS

2.1. *Petroleum Asset and Ownership*

Petroleum Retention Licence No. 13 is located on the northern margin of the Penola Trough, South-East South Australia, situated between the towns of Penola to the east and Naracoorte to the north. PRL 13 covers an area of 17.5 km^2.

The Killanoola Oil Field was discovered in 1998 by Adelaide Petroleum with the drilling of Killanoola-1 well. The oil was discovered within the Sawpit Sandstone A at a depth of 863 metres and at Killanoola-1DW1 at 856 metres. The oil is a 36.7° API waxy crude. Previous flow tests of the well have recorded rates of up to 300 barrels of oil per day. After initial testing the well was plugged back and deviated in 1998. The deviated well (DW) is called Killanoola-1DW-1. Further testing can be performed on this well.

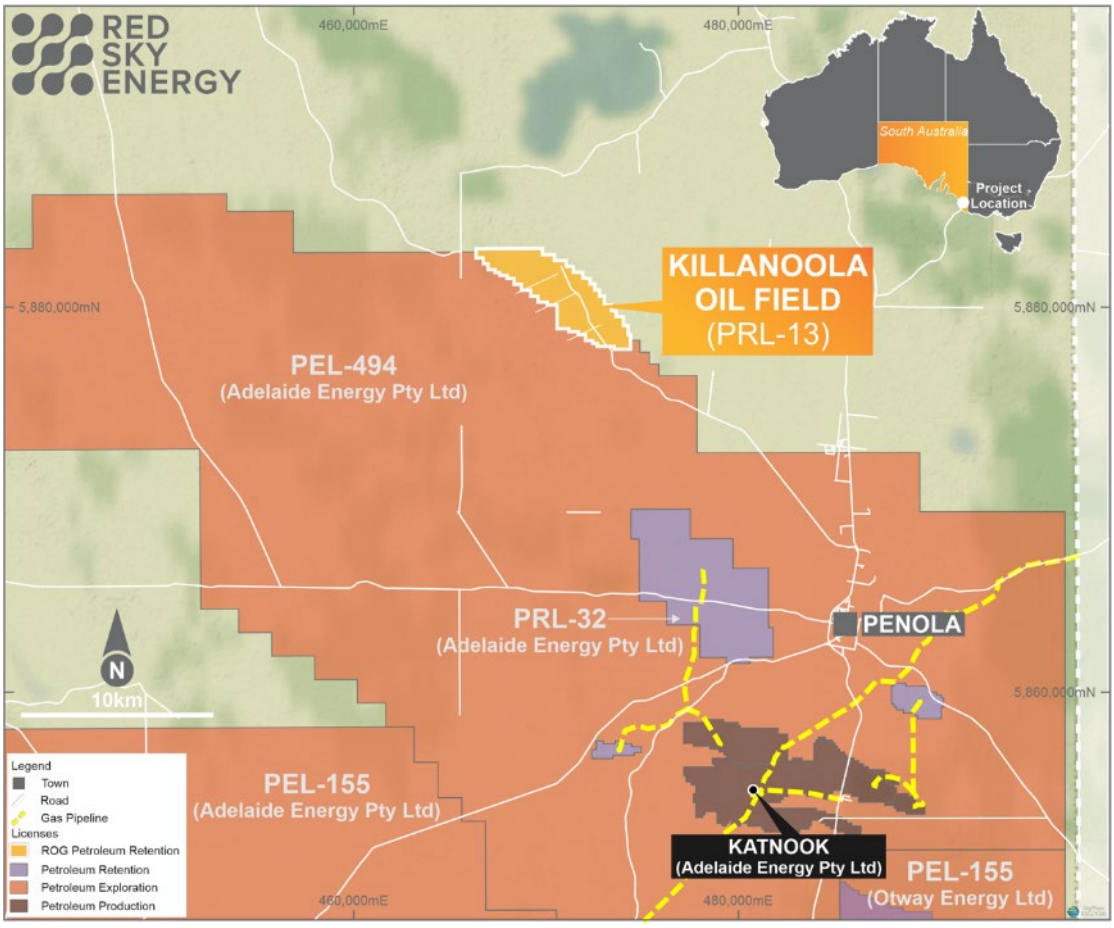

Figure 3 - Location of PRL 13 Tenement (Source: Red Sky Energy).

An independent petrophysical report commissioned by Red Sky Energy in 2021 on the Killanoola-1DW-1 well identified potentially 37 metres of additional oil bearing pay zones within the 149-metre-thick Sawpit Sandstone. This evaluation adds significantly to the currently perforated pay zone of 5 metres. Future geological and geophysical studies will focus on integrating these findings into new reservoir and structure models. This evaluation by GRI of discovered Petroleum Initially In Place has utilised this new information and in conjunction with the geological results from Killanoola-1 and the Killanoola

Southeast-1 well, drilled in 2011, where a further 16 metres of Net Pay, which was in stark contrast to the previous net pay estimates of 1.5 metres of oil, was estimated and was then complemented by the available seismic data plus the latest results of the 3D Seismic programme has enabled the estimation of the discovered PIIP. Although the Killanoola Southeast-1 well discovered oil it has not been completed. Six Drill Stem Tests (DST)were run at Killanoola Southeast-1 before suspending the well.

Table 2 - PRL 13 Boundary Co-ordinates

DESCRIPTION OF AREA
All that part of the State of South Australia, bounded as follows:-
Commencing at a point being the intersection of latitude 37°12'00"S AGD66 and longitude 140°37'15"E GDA94, thence east to longitude 140°39'35"E GDA94, south to latitude 37°12'05"S GDA94, east to longitude 140°40'00"E GDA94, south to latitude 37°12'15"S GDA94, east to longitude 140°40'25"E GDA94, south to latitude 37°12'25"S GDA94, east to longitude 140°40'40"E GDA94, south to latitude 37°12'35"S GDA94, east to longitude 140°41'00"E GDA94, south to latitude 37°12'45"S GDA94, east to longitude 140°41'15"E GDA94, south to latitude 37°12'55"S GDA94, east to longitude 140°41'25"E GDA94, south to latitude 37°13'05"S GDA94, east to longitude 140°41'35"E GDA94, south to latitude 37°13'15"S GDA94, east to longitude 140°41'45"E GDA94, south to latitude 37°13'30"S GDA94, east to longitude 140°42'00"E GDA94, south to latitude 37°13'40"S GDA94, east to longitude 140°42'10"E GDA94, south to latitude 37°13'50"S GDA94, east to longitude 140°42'25"E GDA94, south to latitude 37°14'05"S GDA94, east to longitude 140°42'35"E GDA94, south to latitude 37°14'20"S GDA94, east to longitude 140°42'40"E GDA94, south to latitude 37°14'45"S GDA94, west to longitude 140°42'05"E GDA94, north to latitude 37°14'40"S GDA94, west to longitude 140°41'30"E GDA94, north to latitude 37°14'35"S GDA94, west to longitude 140°41'20"E GDA94, north to latitude 37°14'30"S GDA94, west to longitude 140°41'05"E GDA94, north to latitude 37°14'20"S GDA94, west to longitude 140°40'50"E GDA94, north to latitude 37°14'15"S GDA94, west to longitude 140°40'30"E GDA94, north to latitude 37°14'10"S GDA94, west to longitude 140°40'05"E GDA94, north to latitude 37°13'30"S GDA94, west to longitude 140°39'45"E GDA94, north to latitude 37°13'25"S GDA94, west to longitude 140°39'25"E GDA94, north to latitude 37°13'15"S GDA94, west to longitude 140°39'10"E GDA94, north to latitude 37°13'05"S GDA94, west to longitude 140°38'50"E GDA94, north to latitude 37°12'55"S GDA94, west to longitude 140°38'35"E GDA94, north to latitude 37°12'45"S GDA94, west to longitude 140°38'20"E GDA94, north to latitude 37°12'40"S GDA94, west to longitude 140°38'05"E GDA94, north to latitude 37°12'35"S GDA94, west to longitude 140°37'55"E GDA94, north to latitude 37°12'30"S GDA94, west to longitude 140°37'40"E GDA94, north to latitude 37°12'20"S GDA94, west to longitude 140°37'30"E GDA94, north to latitude 37°12'10"S GDA94, west to longitude 140°37'15"E GDA94, and north to point of commencement.

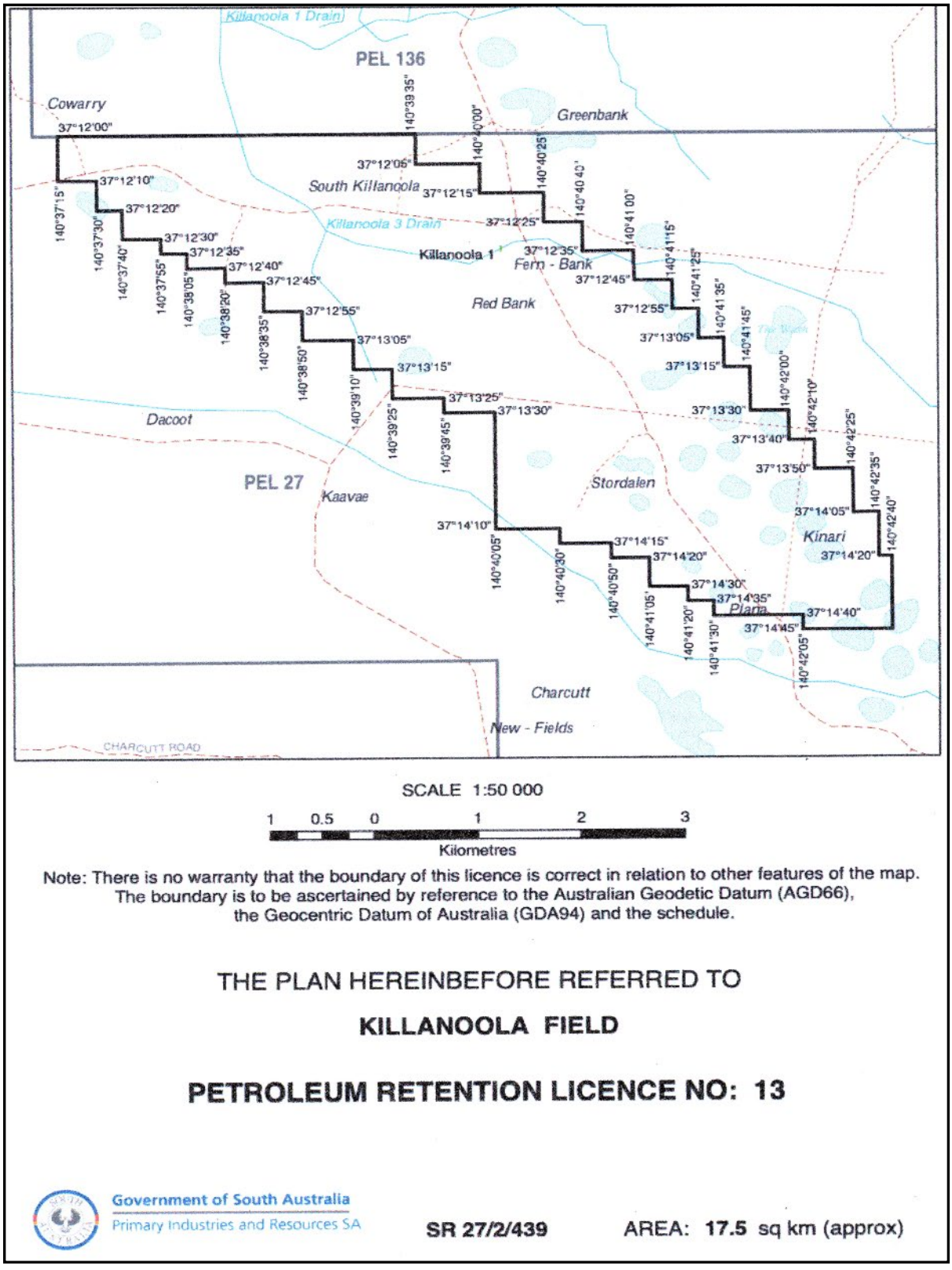

Figure 4 - Plan of PRL 13, Killanoola Field

Killanoola is situated on the northern edge of the Penola Trough within the onshore Otway Basin. Jurassic to Cretaceous aged sediments were deposited in a Rift-Drift setting as a result of the

separation of the Australian and Antarctic continental plates. This rifting and drifting actions have resulted in a series of NW-SE trending half grabens containing fluvial to lacustrine sediments. The reservoir zone at Killanoola is the Sawpit Sandstone, it is a member of the Pretty Hill formation, which contains very thick, good quality sands in the Central Penola trough but becomes less well developed towards the NE where Killanoola is situated.

Petrophysical reports commissioned by Red Sky on the Killanoola-1DW-1 and Killanoola Southeast-1 wells identified potentially 37 metres of additional oil bearing pay zones within the 149 metre thick Sawpit Sandstone and an additional 16 metres of Net Pay respectively (See ASX Announcement 22 March 2021). These evaluations add significantly to the currently perforated pay zone of 5 metres at Killanoola-1DW-1 and to the discovered PIIP for the field. Red Sky is now working to revise the work programme to include testing of the newly identified pay zones.

Red Sky is considering perforating and testing these potential pay zones in the wells. This testing, if successful, will allow Red Sky to book reserves associated with Killanoola-1DW-1 and Killanoola SE -1.

As shown on Table 3 below, there are 3 wells drilled in PRL 13 none of which are currently on production. Minor testing using Drill Stem Testing has been undertaken on Killanoola-1, Killanoola-1DW-1 and Killanoola Southeast-1, an extended production test and fluid sampling test have been carried out at Killanoola-1DW-1.

Table 3 - Wells in PRL 13.

Well Name & Number	Status
Killanoola – 1	Plugged and Abandoned
Killanoola-1DW-1	Completed with 2-7/8 inches tubing and shut in
Killanoola SE-1	Cased & suspended
Total	3

Solution gas is expected to be very low and no information on the Gas to Oil Ratio (GOR) is available.

2.2. *Surface Facilities*

A wellhead with a Linear Rod Pump has been installed at Killanoola-1DW-1; however, the well is currently shut-in. There are no surface facilities at Killanoola Southeast-1.

3. BASIN GEOLOGY AND PETROLEUM SYSTEMS

3.1. *Basin Geology*

The Otway Basin is a large, broadly northwest-trending basin encompassing onshore and offshore parts of South Australia and Victoria, and Tasmanian waters (Figure 5) and formed as part of a Southern Rift System that developed along Australia's southern margin in response to Jurassic to Cretaceous rifting, break-up and eventual separation of Australia and Antarctica.

Initial rifting in the Otway Basin occurred in the Late Jurassic to Early Cretaceous with rift progression from west to east (Figure 6). This Early Cretaceous rift axis is located in the present onshore areas and consists of numerous W to NW trending rift depocentres in the west (e.g. Robe and Penola Troughs) and northeast trending depocentres in the east (e.g. Torquay Subbasin). The different trends reflect the varying local responses to extension due to fundamental rheological differences between basement of the Delamerian and Lachlan fold belts. First-stage rifts had limited lateral extent, but as extension progressed the rift basins expanded with initial rift fill comprising dominantly carbonaceous lacustrine shales and minor interbedded volcanics and sandstone. Increased extension and faulting created significant accommodation space, which was filled by amalgamated, fluvio-lacustrine syn-rift facies of the Crayfish Group. A thick, post-rift, mudstone-dominated, volcaniclastic succession was deposited during a relatively structurally quiescent basin phase in the Aptian and Albian.

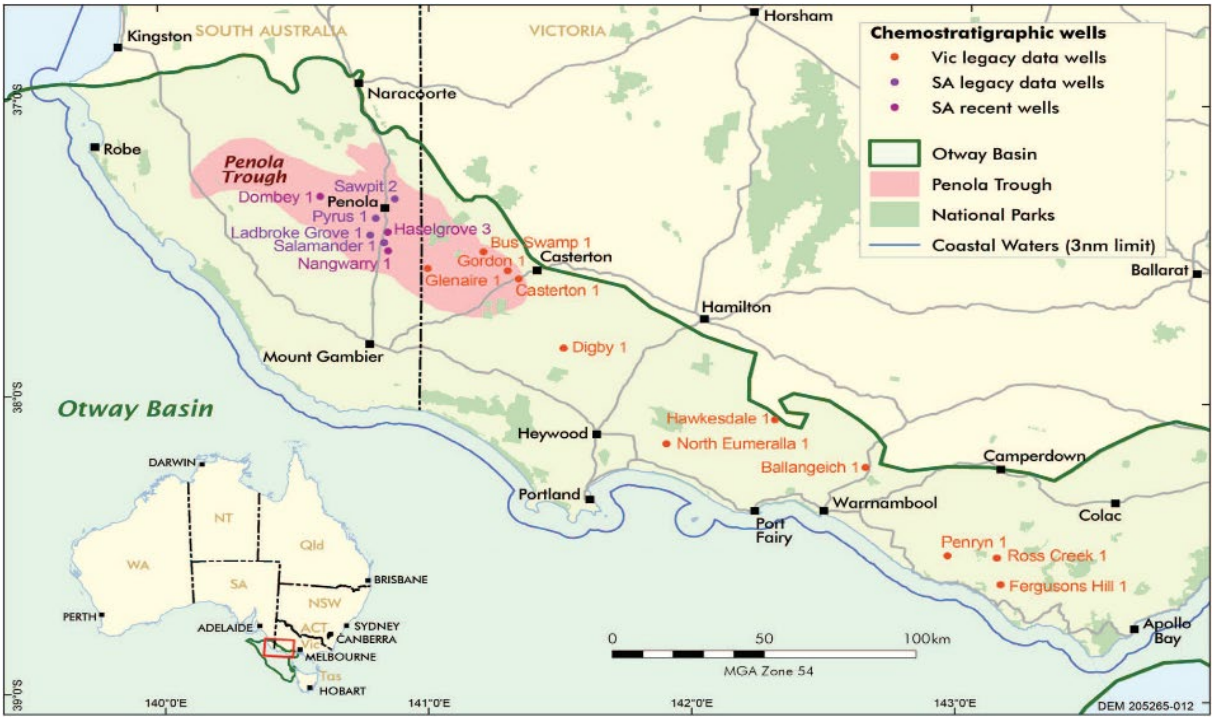

Figure 5 - Location of the Otway Basin with Penola Trough highlighted. (Source: Bendall et al, 2020).

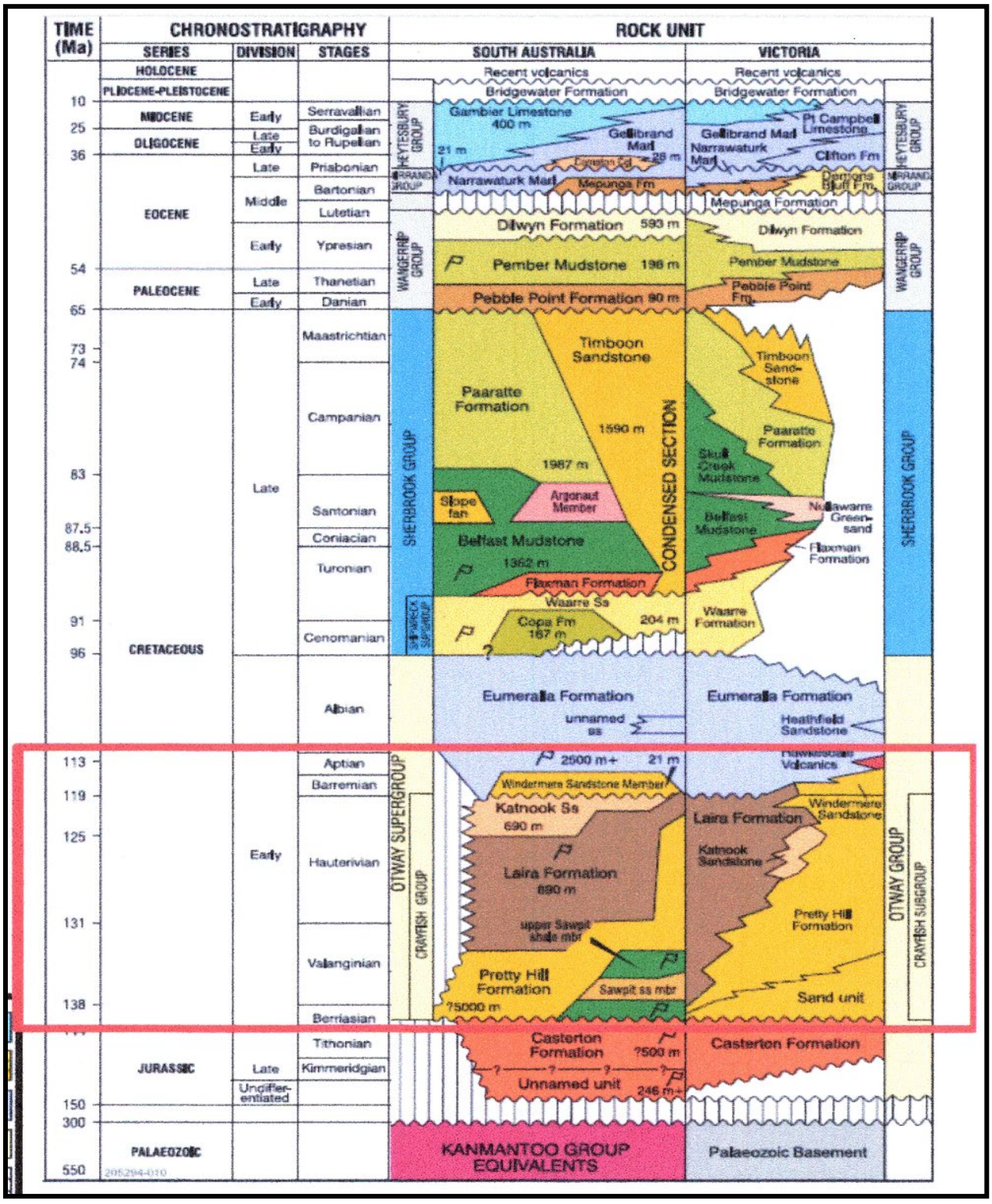

Figure 6 - The geological timescale of the Otway Basin. (Source: Alexander, 2021).

Rifting recommenced in the early Late Cretaceous in the western and central parts of the Otway Basin and culminated in the late Maastrichtian, which is marked by a prominent unconformity. This regional

unconformity represents the time of continental extension and breakup between Australia and Antarctica.

Cainozoic successions were deposited along the continental shelf and slope as Australia and Antarctica slowly drifted apart. A change to fast continental drift in the Middle Eocene resulted in the final separation of Australia and Antarctica and the cessation of Tasman Sea spreading. From the Miocene to Recent, the Otway Basin has been under a compressive stress regime. This phase of basin development has resulted in fault reactivation, folding and local basin inversion.

The effects of compression are most pronounced in the Otway and Strzelecki Ranges where significant uplift and folding has occurred. Pliocene to Recent volcanism is also evident in the Otway Basin, particularly in onshore Victoria and southeastern South Australia.

3.2 Depositional Environment of the Sawpit Sandstone

The Sawpit Sandstone was deposited in a predominantly high energy, low sinuosity environment where the sediment load was high in sand and low in mud and silt. The area was characterised by vertical stacking of wide, shallow channels (Figure 7).

The Best Case scenario would be that the oil-bearing upper Sawpit Sandstone (Alexander 2021) is a sheet splay, with blocky channel sands underneath.

The Low Case would be ratty isolated channels in a lower energy environment.

3.3 Petroleum System Summary

The primary targets at the Killanoola Oil Field are Early Cretaceous rotated fault blocks orientated in a NW-SE direction with major downthrown to the northeast faulting along its northern margin. The new 3D seismic data has further defined these structures and indicate that the Killanoola Southeast structure is similar, but smaller than the Killanoola structure. (See Figure 9 and Figure 10).

The reservoir is the Sawpit Sandstone which is sealed by the Upper Sawpit Shale and Laira Formation.

The oil is generated from within the oil prone Early Cretaceous lacustrine shales with closure resulting from the development of a NW-SE anticlinal features with plunge to the SW and reliance on fault sealing to the north. See Figures 9 and 10.

There are certain risks that need to be considered in evaluating the Petroleum System. These include:

- Shallow faulting in the Laira formation may impose a serious seal risk
- Faulting in the area is very likely to be much more complex in this area than is discernible on 2D seismic
- Fluvial reservoirs are prone to high uncertainty in facies prediction
- Reservoir compartmentalisation
- Fault driven
- Lateral facies changes

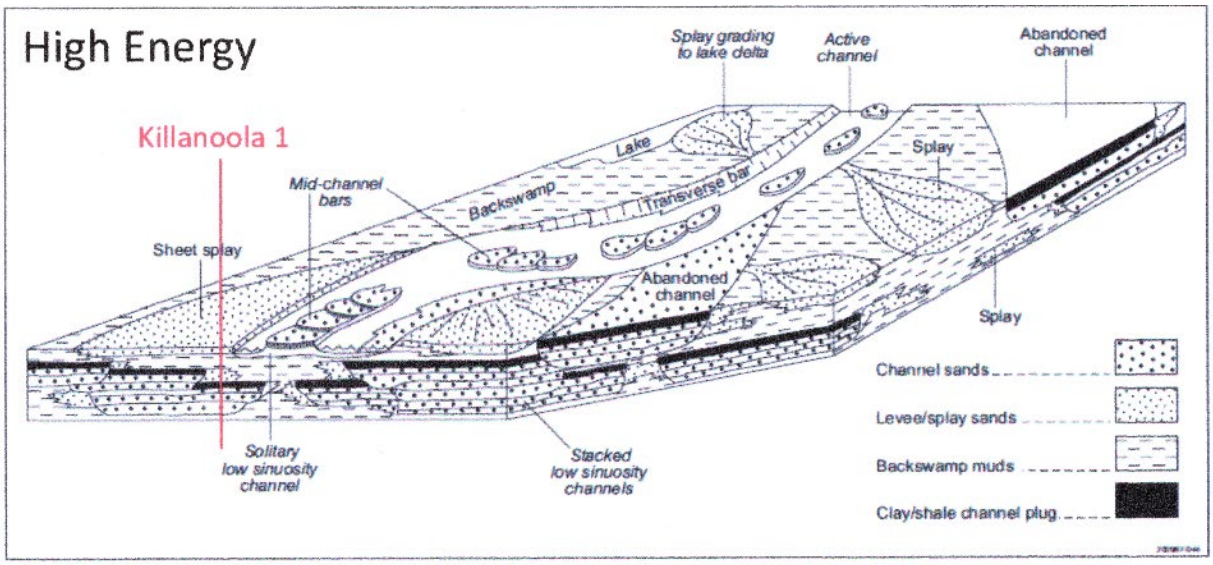

Figure 6.9 Schematic block model of low sinuosity fluvial systems, illustrating lateral and vertical elationships among environments and component lithologies (after Davies et al., 1993)

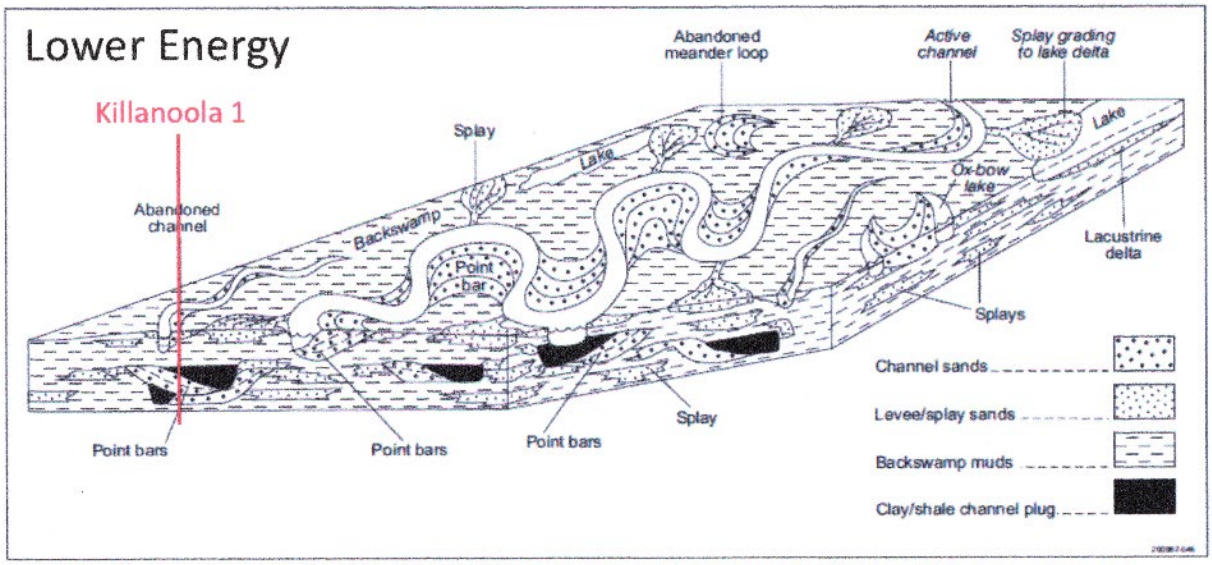

Figure 6.10 Schematic block model of high sinuosity fluvial systems, illustrating lateral and vertical relationships among environments and component lithologies (after Davies et al., 1993)

Figure 8 - Source: Alexander, 2021.

4. KILLANOOLA FIELD

4.1. Killanoola-1 and Killanoola-1DW-1

4.1.1 Introduction

The discovery well, Killanoola-1, was plugged back and deviated in 1998. The deviated well (DW) is called Killanoola-1DW-1. Further testing can and will be performed in this well.

In May 2021, ResEval Consulting Pty Ltd ("ResEval") at the request of Red Sky Energy, reviewed these two wells that had been drilled by previous operators, with particular attention to the Sawpit Sandstone and its petrophysical properties. ResEval concluded that at Killanoola-1DW-1, a total of 42.8m of net pay, within the 149m thick Sawpit Sandstone, had been identified.

They concluded that their evaluation had added three new pay zones and 37.5 meters extra net oil column to the 5.3m of pay previously identified and tested by previous operators.

The three new Sawpit Sandstone sub-units were ranked by reservoir quality with a 16.5m interval within sub-unit B seen as the most promising for future production testing. This interval is from 895m to 911.5m. Sub-unit C was also considered a good candidate for future testing.

Killanoola-1 reached a total depth (TD) of 1179m MDRT on 24 April 1998 and Killanoola-1DW-1 was placed on production test and produced over 1000 barrels of oil during an extended production test in 1999.

The following logs were run at Killanoola-1 (Table 3):

Table 3 – Logs run on Killanoola-1

Suite / Run Log		Interval (m)	Comments
S1/R1	GR	1161.5-Surface	Repeat 893-812m
	Den-CNL	1161.5-338	
	HALS	1169-340	
	AS (DT)	1157-330	
	SP	1146.5-341	
S1/R2	FMI-GR	1093-382.3	
S1/R3	CST-GR	1090-717.5	shot 30 / 29 rec

Following confirmation of mobile oil, a deviated well (Killanoola-1DW-1) was drilled.

The following logs were run at Killanoola-1DW-1 (Table 4):

Table 4 – Logs run on Killanoola-1DW-1

Suite / Run Log		Interval (m)	Comments
S1/R1	GR	998-339	Repeat 875-805m
	Den-CNL	998-327	
	HALS	1007-339.5	
	AS (DT)	995-339	
	SP	983-341	
S1/R2	FMI-GR	1009.5-430	
S1/R3	CST-GR		shot 20 / 19 rec

No conventional cores were cut in Killanoola-1 or Killanoola-1DW-1. Side wall cores were cut in both wells

A single drill stem test (DST) was run in both Killanoola-1 and Killanoola-1DW-1 over the following intervals:

- Killanoola-1: 841.5 to 846.5m MDRT
- Killanoola-1DW-1: 831.1 to 856m MDRT

2 7/8" production tubing was run in the hole and was set to 1002m at Killanoola-1DW-1 and perforated over the following intervals:

- 841.5 to 847.5m (5 shots/ft.)
- 848.5 to 855.5m (5 shots/ft.)

An extended production test was performed at Killanoola-1DW-1. A full review of the test is described below (Killanoola-1DW-1 Extended Production Test).

4.1.2 Killanoola_1DW-1 Extended Production Test

A 7" production casing shoe was set at 1002mMDKB and the well perforated and completed with 2 7/8" tubing perforations were over the following intervals:

- 841.5 to 847.5m (5 shots/ft.)
- 848.5 to 855.5m (5 shots/ft.)

The purpose of the test was threefold, to determine:

- Long term deliverability
- Reservoir drive mechanism
- Oil reserves

Testing was undertaken from 19 Jan 1999 to 24 Feb 1999 (37 days) with a cumulative production of 902bbls (approximately 24bbl/day).

The ultimate recovery calculated (assuming minimum oil rate 5bopd) varied depending on the decline curve selected.

- 6085 bbl. (exponential decline)
- 17228 bbl. (harmonic decline)

Due to operational issues and scatter in production data the ultimate recovery was highly speculative.

Extensive well bore damage was noted between the DST skin and extended production test skin. The damage (and low flow rates) was possibly due to fines migration from the high clay content noted in the reservoir sand ultimately leading to a very low recovery factor.

The final recommendation proposed by the operator was:

- No further production testing on Killanoola-1DW-1
- The well should be plugged and abandoned.

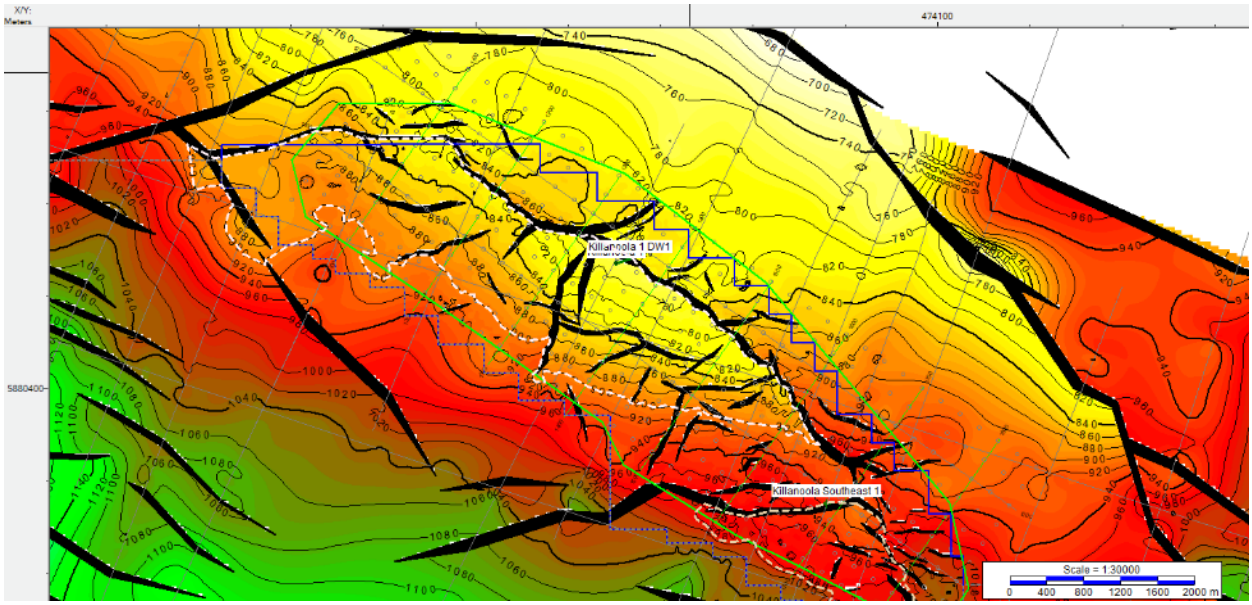

Figure 9 – 2D & 3D Top Sawpit Sandstone Depth Structure Map (Average Velocity. Depth Conversion). White dashed line represents possible LCC/OWC 900.1 mTVD (closure area = 7.53 km2) at base of interpreted good porosity HC/pay from Petrophysics.

4.2. Killanoola Southeast-1

Killanoola Southeast-1 well is located 3.4km SE of the Killanoola-1DW-1 oil discovery and approximately 25 km NW of Penola, (Figure 10). The well was operated by Adelaide Energy Limited and spudded on 14 April 2011 @ 20:00hr. The well was drilled as a vertical well and intersected the top Sawpit sandstone at 1015.5m and reached a total depth (TD) of 1773 mMDRT on 24 April 2011 @ 16:30hr. The well was cased and suspended.

Following logs were run:

- Run1: HALS-DSLC-PEX-GR (1165 to 36m)

No conventional or side wall cores were cut in Killanoola Southeast-1:

Six (6) drill stem tests (DST's) were run as follows:

Table 5 - Killanoola Southeast-1 Drill Stem Tests (Source: ResEval, 2021)

DST #	TOP m	BASE m	Intervalm	Recovery	Comments		
1	1012	1052	40	965.0m water & oil cut mud	Successful test	HI perm zone	Water salinity 157, 000ppm
2	1023	1050.39	27.39	905.9m Fm Water	Successful test	HI perm zone	Water salinity 157, 000ppm
Reset #1	1013.5	1040.8	27.3	990.0m Fm Water	Successful test	HI perm zone	Water salinity 157, 000ppm
Reset #2	1000	1027	27	606 .0m water with oil at top	Successful test	HI perm zone	Water salinity 157, 000ppm
3	1014	1026.48	12.48	483.55m Fm Water	Successful test	HI perm zone	Water salinity 157, 000ppm
Reset #3	999.52	1012	12.48	40.77m of oil	Successful test	HI perm zone	Water salinity 180, 000ppm

ResEval (2021) indicated that it had identified a well-developed hydrocarbon column within the Sawpit Sandstone. A series of drill stem tests (DSTs) spanning the interval 1052 to 999.52m established an oil flow and oil cut mud.

The petrophysical evaluation confirmed possible pay sands over the Sawpit Sandstone. Whilst the Sawpit Shale sand unit and the upper three Sawpit Sandstones A, B & C are all interpreted as hydrocarbon bearing, the basal Sawpit Sandstone unit D appears to be “water wet”. Sawpit Sands B & C clearly show a fining upper sequence as observed from the gamma ray character with the better defined reservoir character at the base of each sandstone unit.

The nature of the hydrocarbon is difficult to determine solely from the log data however DST results would suggest oil.

- Sums & Averages over Sawpit Sandstone:
    - Reservoir 36.6m:
        - Porosity 15.6%
        - Water Saturation 76.1%
        - Shale Volume 31.6%
    - Pay 16.3m:
        - Porosity 21.2%
        - Water Saturation 61.5%
        - Shale Volume 25.0%

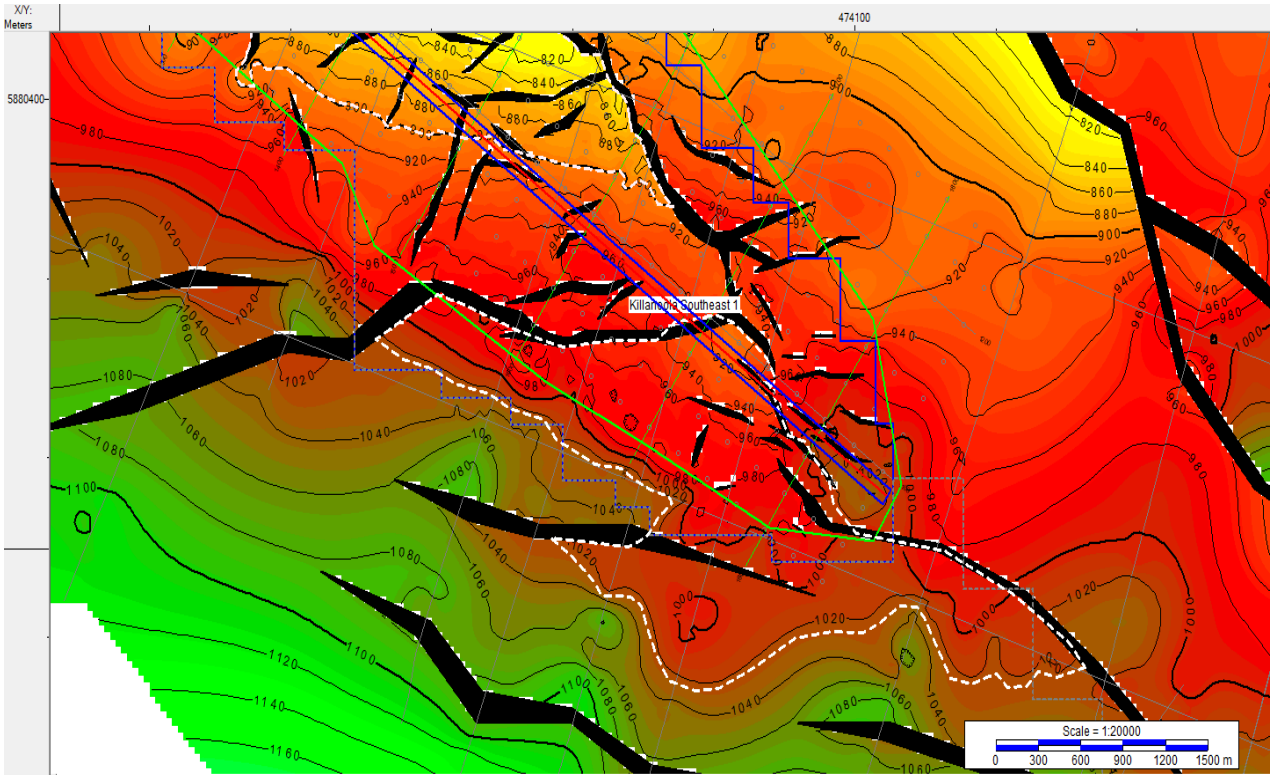

Figure 10 – 3D Interpreted Killanoola Southeast Structure. Possible OWC is outlined at 1,025 mTVD by dashed white line (Closure = 4.04 km2, Relief = 115 metres).

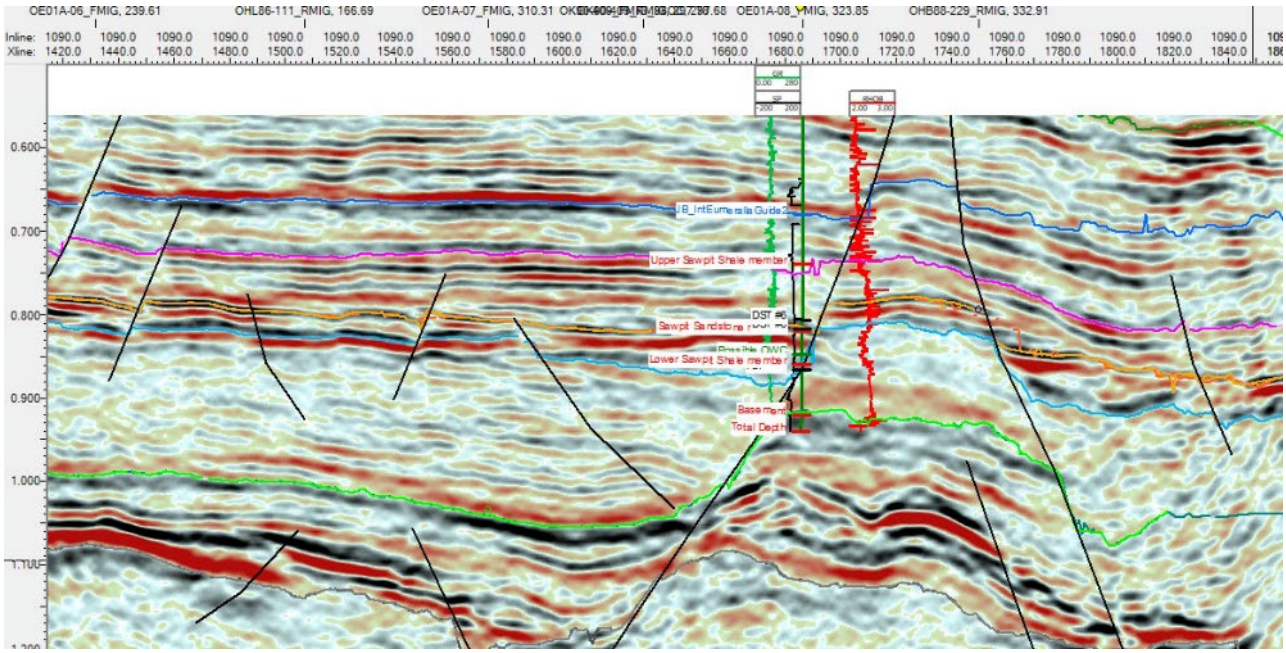

Figure 11 – 3D Seismic line through Killanoola Southeast Well with well trajectory interpreted to have penetrated fault plane at Sawpit Sandstone level.

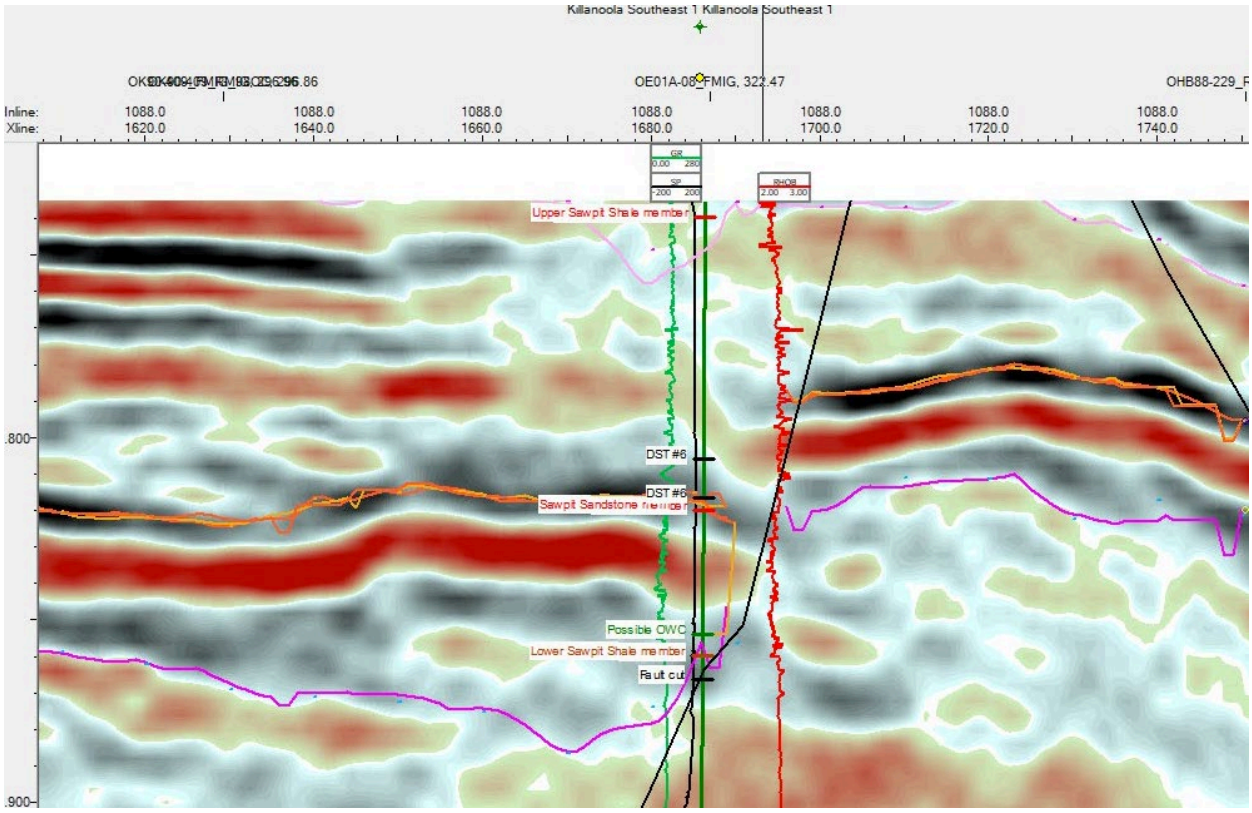

Figure 12 – Enhanced view of 3D Seismic line through Killanoola Southeast Well with well trajectory interpreted to have penetrated the Sawpit Sandstone reservoir on the down-thrown side of the fault.

Interpretation of the new 3D seismic data appears to indicate that the trajectory of the Killanoola Southeast-1 well passed through a fault plane at approximately the target reservoir depth. It is our opinion that damage/fracture zones on both sides of this fault may affect sealing properties of the fault. The interpretation indicates that the well intersection of the Oil Water Contact is only 18 metres from the fault plane, on the low side of the fault.

The interpretation suggests that the high block to southeast of the existing well remains untested, and that the well intersection was to the northeast on the down-thrown side of the main structure. Note: closure extends beyond the permit area.

4.3. Killanoola 3-D Seismic Survey

In March 2022, “Red Sky Energy Limited”, engaged Dayboro to process the newly acquired Lodwick 3D Seismic Survey from PRL 13 that were acquired in February 2022 by Velseis.

The Lodwick 3D consisted of approximately 15 km^2 of seismic acquisition covered an. area of simple topography, and relatively straight forward surface conditions. The seismic data is of high quality and the objective of the survey was to better delineate the Sawpit Sandstone reservoir, within which oil was intercepted at a depth of 850m in the Killanoola-1 well. In this region of the Penola Trough, the seismic basement sits at between 1000 and 2000ms. Accumulations of natural gas are not considered important, and true amplitude processing was not required.

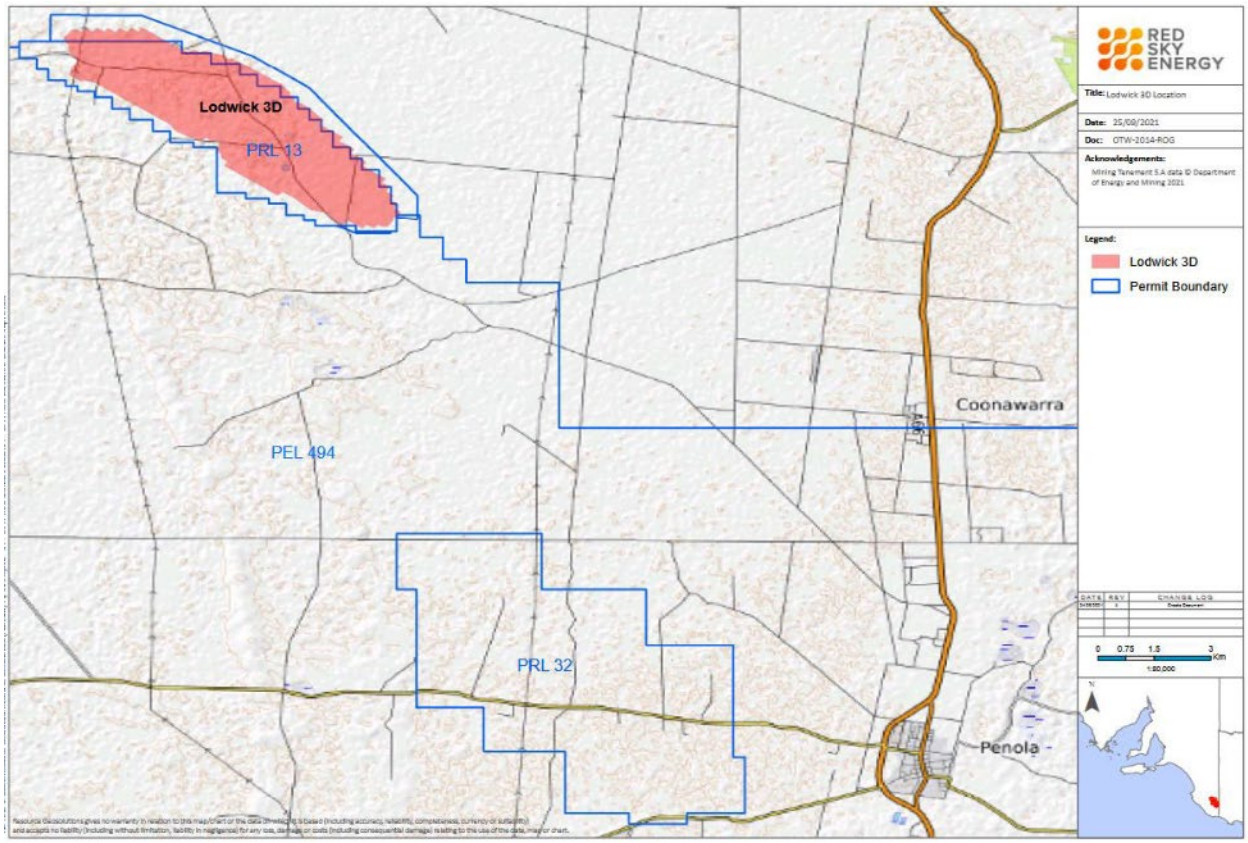

Figure 13 – Basemap showing location of Lodwick 3D seismic survey.

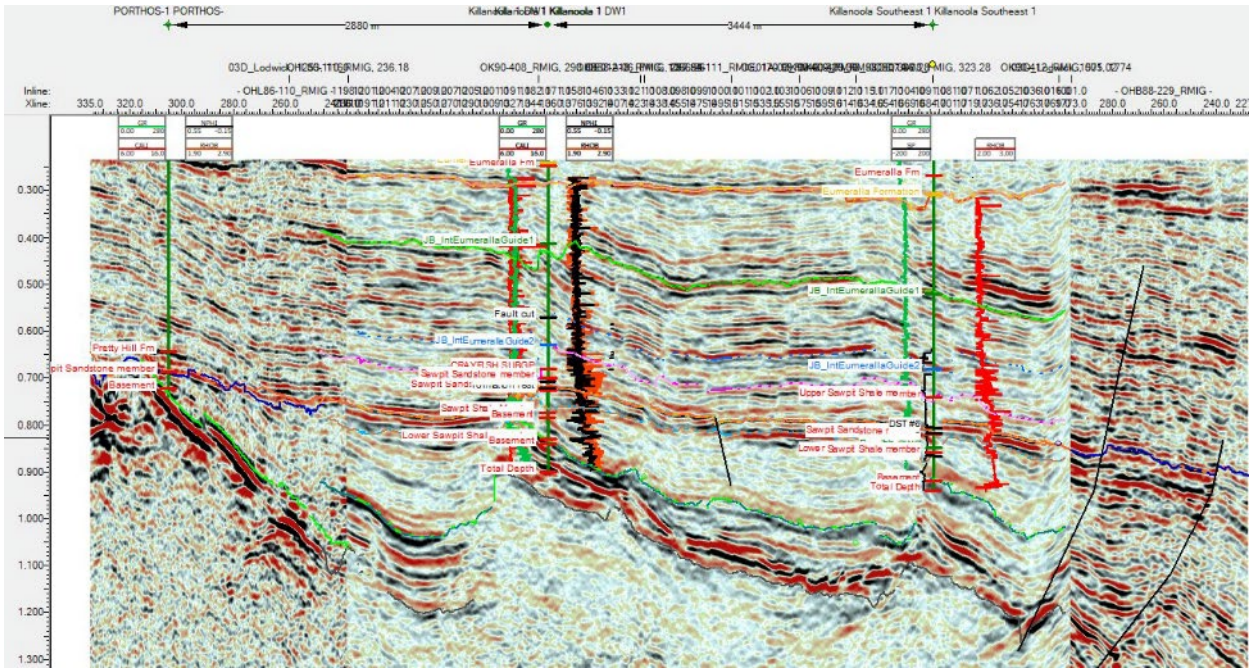

Figure 14 - Composite line showing Killanoola 3-D Survey: random line with 2-D Line OHL86-110 on left end and line OHB88-229 on right end.

It was concluded that the high fold, and high quality seismic data in combination with the relatively simple processing flow focussing on accurate velocities and statics, has produced a final processed 3D pre-stack time migration product that is highly continuous and relatively noise free. The processing flow has made the most out of the available bandwidth. The expression of the faulting is clear and relatively sharp, and the target zone is well imaged.

4.4. *Reservoir Characteristics*

The Killanoola fields have very high salinities with Rw values from DST data in Killanoola Southeast-1 indicating salinities of >150k ppm NaCl. The DST data indicates good permeability over the Sawpit Sandstone. Insufficient production testing has been undertaken to determine the potential drive mechanism, but a strong saltwater drive may be present that should sustainably maintain reservoir pressures and performance.

The oil is about 34ºAPI and is located approximately 850m at Killanoola-1 & 1DW-1 and at approximately 990m at Killanoola Southeast-1 below surface.

4.5. *Methodology for Calculating discovered Petroleum Initially In Place*

At its current stage of development, the Killanoola Oil project, in accordance with definitions established by the PRMS (2018), contains oil in the discovered Petroleum Initially In Place (PIIP) category. No greater levels of certainty have yet been established.

The discovered Petroleum Initially In Place is estimated deterministically by:

1. Extrapolating and analysing the estimated area and thickness of the structure. The boundaries to defining this volume are determined by the interpretation of the physical parameters of the top of the Sawpit Sandstone utilising seismic data,
2. Identifying the oil-water contact (OWC) identified in the wells drilled on the structure,
3. Estimating the net thickness of the oil column,
4. Applying a porosity factor to obtain the potential total void space contained in that rock volume,
5. Applying a generalised water saturation to the rock void volume,
6. The remaining porosity volume is then assumed to contain oil, which is then converted to barrels for ease of understanding.

Finally, to remain compliant with PRMS (2018) requirements and because of using the deterministic method, GRI used the Low/Best/High nomenclature to represent the discovered PIIP. These estimates were developed using various changes to the size of the structural compartments as interpreted.

4.6. *Formula for Calculating PIIP*

For undersaturated crude, the reservoir contains only connate water and oil with their respective solution gas contents. The initial or original oil in place can be estimated from the volumetric equation:

$$N=7,758V_b\phi S_{oi}B_{oi}=7,758Ah\phi 1-S_{wi}B_{oi}$$

- The constant 7,758 is the number of barrels in each acre-ft,
- V_b is bulk volume in acre-ft,
- ϕ is the porosity (ϕV_b is pore volume),
- S_{oi} is the initial oil saturation,
- B_{oi} is the initial oil formation volume factor in reservoir barrels per stock tank barrel,
- A is area in ft^2,
- h is reservoir thickness in ft, and
- S_{wi} is the initial water saturation.

In addition to the uncertainty in determining the initial water saturation, the primary difficulty encountered in using the volumetric equation is assigning the appropriate porosity-feet, particularly in thick reservoirs with numerous non-productive intervals. One method is to prepare contour maps of porosity-feet that are then used to obtain areal extent. Another method is to prepare isopach maps of thickness and porosity from which average values of each can be obtained. Since recovery of the initial oil can only occur from permeable zones, a permeability cut-off determined by ResEval was used to obtain the net reservoir thickness. Intervals with permeabilities lower than the cut-off value are assumed to be non-productive. The absolute value of the cut-off will depend on the average or maximum permeability and can depend on the relationship between permeability and water saturation. A correlation between porosity and permeability is often used to determine a porosity cut-off. In cases in which reservoir cores have been analysed, the net pay can be obtained directly from the permeability data. This was not the case at any of the Killanoola wells as no cores were cut. When only logs are available, permeability will not be known; therefore, a porosity cut-off was used to select net pay. These procedures can be acceptable when a definite relationship exists between porosity and permeability.

4.7. *Original Volumes in Place*

GRI has undertaken volumetric calculations to determine the discovered Petroleum Initially In Place (PIIP) considering the distribution of net pay in two interpreted structures that together comprise the Killanoola Oilfield. It is important to understand that the hydrocarbons volumes represent an estimation of the total volumes of hydrocarbons that might be in place within the two structures but should not be considered to be the volumes of potentially recoverable hydrocarbons, which will be ultimately determined by the production techniques employed, the costs associated with their production and the market prices of these hydrocarbons at future times. The two structures are illustrated in Figure 15 and identified as Killanoola and Killanoola SE.

Killanoola comprises the Killanoola-1 and Killanoola-1DW-1 wells and is located in the northwest sector of the tenement while Killanoola Southeast is located in the southeast sector. The closures on each structure are outlined in white dashed lines.

At Killanoola-1 (1-DW-1 – production tested) the structure is bound to the northeast by a series of large NW-SE trending interfingering faults downthrown to the northeast. At the western end of the structure these faults appear to curve to an east-west orientation with downthrow to the north. The structure, based on the 3D data appears to be more gently dipping to the Southwest than was originally interpreted from the 2D seismic data with wider spaced depth contours and should, according to the geometry, accommodate greater volumes than that interpreted using the 2D data. Based on the production testing the ODT 803.1 mTVD is shown in Figure 15 as a Green dashed line with a closure area equal to 0.85 km2. The Oil Water Contact interpreted to be at 900.1 mTVD is identified by the white dashed line in the Southern part of the structure. This area of closure is equivalent to 7.53 km2 and is marked at the base of the interpreted good porosity HC/Pay based on the Petrophysics.

The Killanoola SE structure contains the Killanoola Southeast-1 well. The 3D interpretation of this structure indicates that it is slightly larger than previously mapped using the 2D seismic data and is seen to be another horst block along the same series of faults as the Killanoola structure, with down to the northeast and down to the north faults. Integrating the 3D seismic with the 2D seismic interpretation enables the closing contour to be mapped at 1025 mTVD. However, reservoir analysis has mapped a Lowest Known Oil at 1083m with a Transition Zone up to 1069m. Based on the current mapping, the structure covers a mapped areal closure of 4.04 km^2 (1000 acres) and has a relief of 115 metres (377.3 ft). Within this relief Net Pay has been determined to be 16.3 metres (53.5 ft). Based on these data the structure could potentially contain original PIIP of from 15.3 mmbbls up to 37.2 mmbbls.

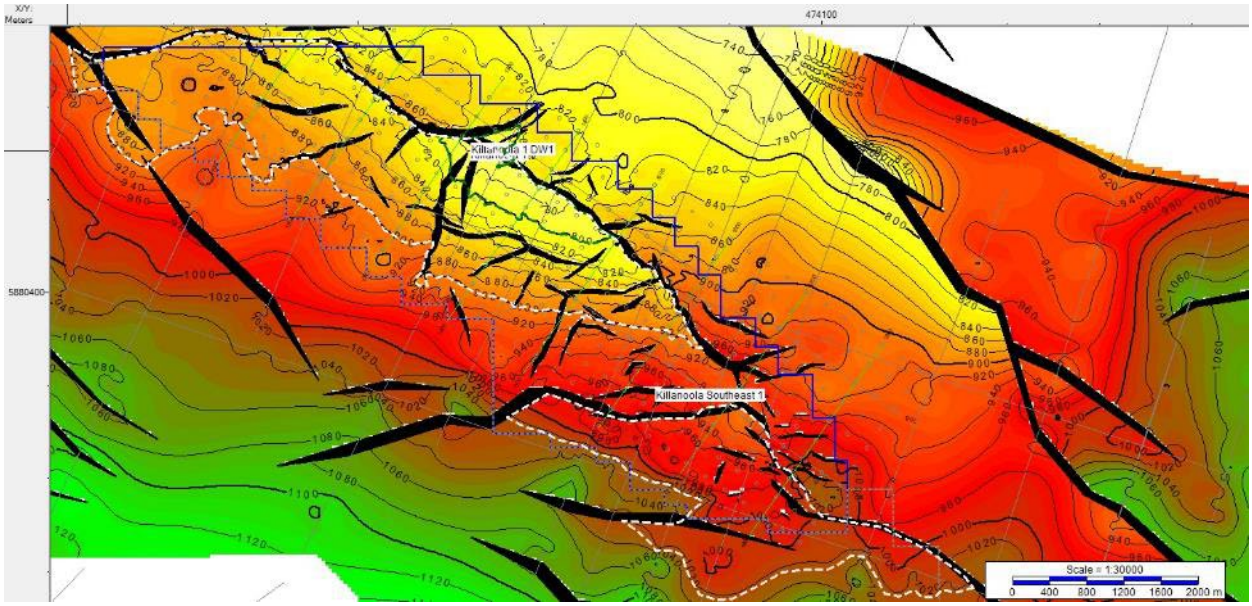

Figure 15 – 2D_3D Top Sawpit Sandstone Member Depth Structure Map (Average Velocity Depth Conversion)

As discussed in Section 4.2, the latest interpretation of the Killanoola Southeast structure appears to indicate that the trajectory of the Killanoola Southeast-1 well passed through a fault plane at approximately the target reservoir depth. Damage/fracture zones on both sides of this fault may affect its sealing properties with the well intersection of the Oil Water Contact is only 18 metres from the fault plane, on the low side of the fault. The interpretation suggests that the high block to southeast of the existing well remains untested.

The values are presented in Table 6 below and are regarded as adequate and reasonable, based on our knowledge of the area.

Table 6 - PIIP of structural compartments in the Killanoola Oil Field, PRL-13.

Killanoola Oil Field PIIP (Barrels)							
	Structure	**Area (Acres)**	**Net Pay (ft)**	**Porosity (Ø)**	**Oil Saturation (Soi)**	**Initial Oil FVF (Boi)**	**PIIP (mmbbls)**
A	K-1 & K-1DW-1	210	140	0.169	0.32	1.1	**13.6**
B	K-1 & K-1DW-!	1860	140	0.169	0.32	1.1	**120.2**
C	K SE-1	410	53.5	0.212	0.385	1.1	**15.3**
D	K SE-1	1000	53.5	0.212	0.385	1.1	**37.2**
A+C	**Low estimate**	620					**28.9**
B+C	**Best estimate**	2270					**135.5**
B+D	**High estimate**	2860					**157.4**

NOTE: **A** Comprises Killanoola-1 (K-1) and Killanoola-1DW-1 (K-1DW-1) mapped area of closure to ODT 803.1 mTVD with "green" line closing contour.

B Comprises the mapped closure area of white dashed closing contour with Killanoola-1 and Killanoola-1DW-1 at the LCC/OWC 900.1 mTVD with closure equal to 7.53 km2 at base of interpreted good porosity as determined from Petrophysics.

C Comprises the area of mapped closure in white dashed line for Killanoola Southeast-1 (K SE-1) of a possible OWC (FWL) 1,025 mTVD of 1.65 km2 with relief of 115 metres.

D Killanoola Southeast-1 composite of downthrown side and upthrown side to closure at possible OWC (FWL) 1,025 mTVD equal to an area of 4.04 km2 and relief of 115 metres.

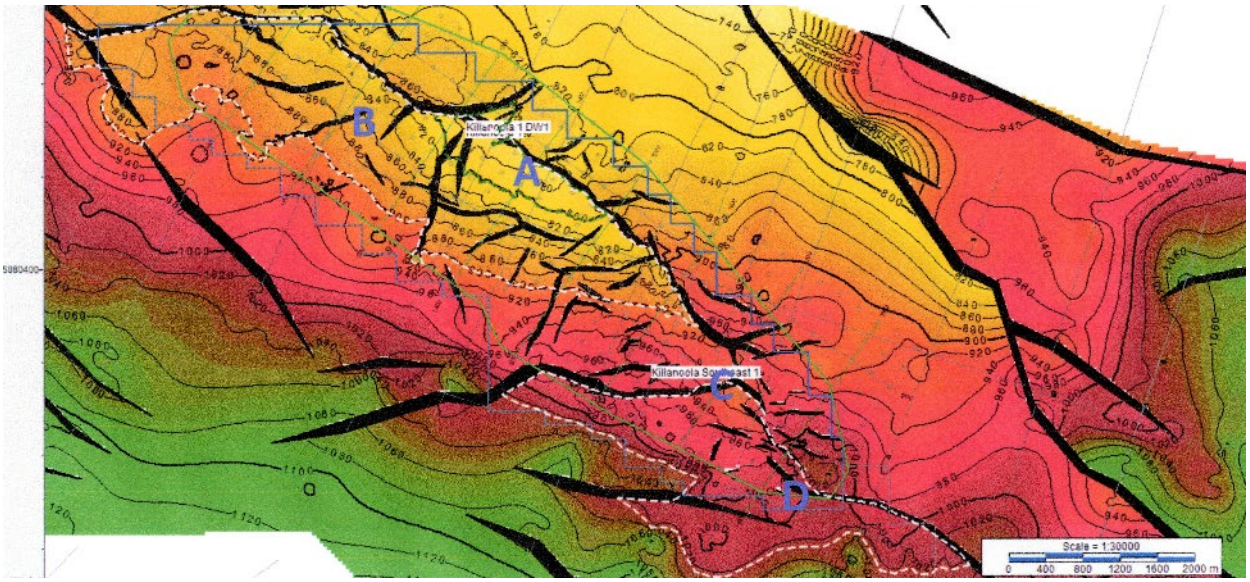

Figure 16 – 2D – 3D Top Sawpit Sandstone Depth Structure Map (Average Velocity Depth Conversion) illustrating structural compartments as discussed in Table 6.

As required, to remain compliant with PRMS (2018) when using the deterministic method, GRI has determined Low/Best/High volumes to represent the discovered PIIP. These estimates were developed using various changes to the size of the structural compartments as described above.

GRI has calculated that the **Low estimate of 28.9 mmbbls** should be represented by what we have described as the small-mapped closure of Killanoola-1 and Killanoola-1DW-1 (Structures A+C above) based on the production testing and including the Killanoola South-1 plus Killanoola SE-1 as represented by the area of mapped closure for a possible OWC (FWL) 1,025 mTVD of 1.65 km^2 with relief of 115 metres.

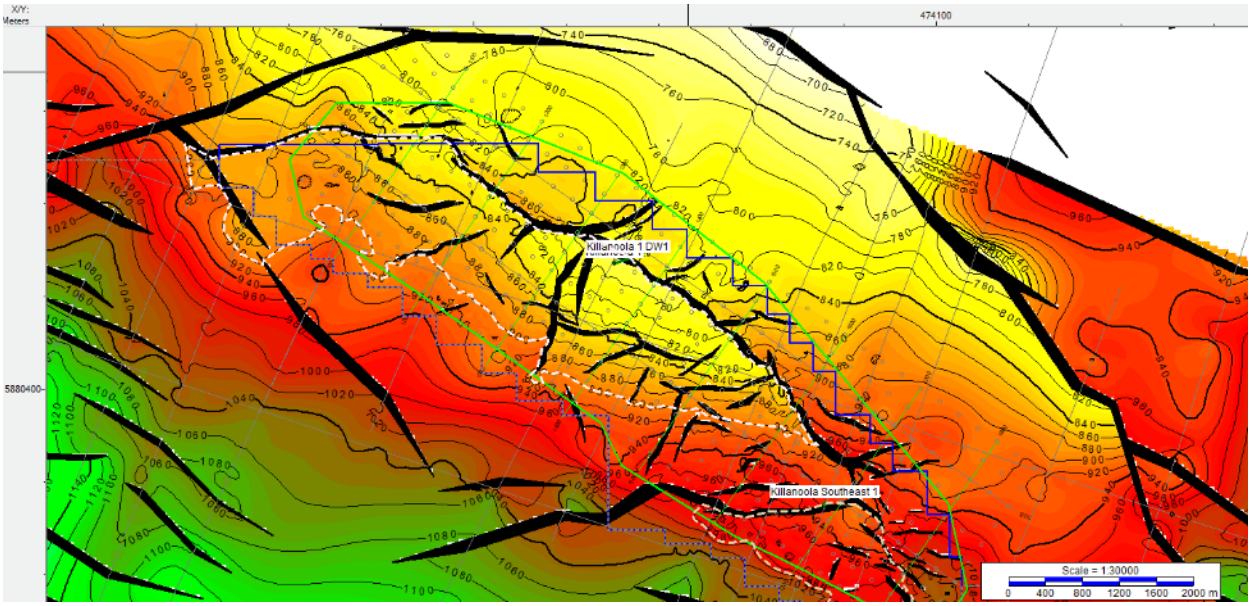

Figure 17 - 2-D & 3-D Top Sawpit Sandstone Depth Structure Map (Average Velocity Depth Conversion) Killanoola Field closure at possible OWC 900 mTVD – Area = 7.53 km^2

We have chosen the mapped closure area of white dashed closing contour for Killanoola-1 and Killanoola-1DW-1 at the LCC/OWC 900.1 mTVD with closure equal to 7.53 km^2 at the base of the interpreted good porosity, as determined from Petrophysics, along with the area of mapped closure (white dashed line) for Killanoola Southeast-1 of a possible OWC (FWL) 1,025 mTVD of 1.65 km2 with relief of 115 metres to represent our **Best estimate of 135.5 mmbbls** as we are aware from drilling results that both structures contain oil. However, the location of the fault at Killanoola Southeast-1 may present some problems, with the potential for leakage around the fault reducing the potential volume of oil in the structure. We have therefore estimated that our Best estimate value is 135.5 mmbbls.

We have chosen the mapped closing contour for Killanoola-1 and Killanoola-1DW-1 at the LCC/OWC 900.1 mTVD with closure equal to 7.53 km2 and the area of mapped closure for Killanoola Southeast-1 with possible OWC (FWL) 1,025 mTVD equal to an area of 4.04 km2 and relief of 115 metres to represent the **High volume estimate of 157.4 mmbbls**.

5. PROJECT RISKS

Table 7 - Risk analysis guideline.

Likelihood of Risk (within 7 years)	Consequence of Risk		
	Minor	Moderate	Major
Likely	Medium	High	High
Possible	Low	Medium	High
Unlikely	Low	Low	Medium

The main risks pertaining to this project are as follows:

Resource/Reserve Risk (Low to Medium)

Estimates of resources and reserves may change when new information becomes available or new factors arise. Any adjustment could affect the development and operational plans, which could materially and adversely affect the revenue of the Project and the valuation of the Project. There can be no assurance the recovery from exploratory drilling and production testing will be the same under full production conditions. If the reserves are overestimated in either quantity or quality, the profitability of the project will be adversely affected. If, however the quantity or quality is underestimated the profitability of the project will be enhanced.

Underestimation of the operation costs risk (Medium to High)

The operating cost estimates are based on several assumptions. The business is capital intensive and the development and exploitation of resources, the depreciation and out of order of machinery and equipment and the expansion of production capacity require substantial capital expenditure. There may be potential increases to operating costs which arise from unforeseen operating complexities due to increases in drilling, completion, fuel prices or inflation. Operations may not be completed in the scope of the time planned, may exceed the original budgets and may not achieve the intended economic results or commercial viability, all of which could have a material adverse effect on the results of operations and the business.

Oil/Gas Price Risk (Medium)

The world economy is currently unstable resulting in widely fluctuating oil/gas prices. Current price for oil/gas have been fluctuating and it is not possible to predict if the price will continue to rise or fall in the future. The marketability and actual price received for the oil/gas will depend on the quality of the oil/gas produced and the availability and proximity of markets.

A summary of the main Project risks are included and ranked by their importance as follows:

Table 8 - Risk assessment of the Project.

Risk Issue Likelihood Consequence	Likelihood	Consequence Rating	Risk
Geological			
Resource/Reserve significantly not achieved beyond the limits implied by the PRMS classifications	Unlikely	Major	Medium
Significant Unexpected Faulting	Unlikely	Moderate	Low
Unexpected Groundwater Ingress	Unlikely	Moderate	Low
Economic Conditions			
Oil/Gas Price	Possible	Moderate	Medium
Inflation Increases	Possible	Minor	Low
Change in Interest Rate	Possible	Minor	Low
Loss of Demand	Unlikely	Major	Medium
Industrial Disruption	Possible	Minor	Low
Sovereign Risk	Possible	Moderate	Medium
Environmental			
Significant Unpredicted Subsidence	Unlikely	Moderate	Low
Ecology Damage	Unlikely	Minor	Low
Extra costs in environment restoration	Unlikely	Minor	Low
Contamination of Local aquifers	Unlikely	Minor	Low
Capital and Operating Costs			
Project Timing Delays	Possible	Minor	Low
Capital Cost Increase	Possible	Moderate	Medium
Operating Costs Underestimated Significantly	Unlikely	Major	Medium
Licensing and permitting	Possible	Moderate	Medium
Operational Risk			
Underperformance of Plant and Machinery	Possible	Moderate	Medium
Adverse Weather Condition	Unlikely	Moderate	Low
Natural Hazard	Possible	Moderate	Medium
Lack of Work Force	Unlikely	Moderate	Low

6 CONCLUDING REMARKS

We reiterate that the discovered petroleum initially in place values contained in this report are based on information provided by the Operator.

We have employed our best professional endeavours and judgements to arrive at the results and conclusions that are presented in this report. However, we do not guarantee the accuracy of the results, as all evaluations are opinions based usually on indirect inferences.

Under no circumstances should our evaluation be considered as the sole basis for making operational or investment decisions such as acquisitions, investments, drilling, production or of any other nature. As such we renounce all responsibilities for any demands, losses, costs, damages or expenses of any kind resulting from the reliance on the assessments contained within this report.

We declare that Global Resources & Infrastructure Pty Ltd does not have any interests of any kind in the assets being evaluated in this report.

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