

SA GOVERNMENT APPROVAL RECEIVED TO COMMENCE OPERATIONS AT KILLANOOLA PRL13 SOUTH AUSTRALIA

HIGHLIGHTS

- **SA DEM approval received to commence operations at Killanoola PRL13**
- **Activity to begin immediately to test rods in the DW-1 well are free moving**
- **Surface pump to be recommissioned and production to be restarted**
- **Rig to be brought in to commence perforation work and complete both the DW1 and SE1 wells as producers**

Australian Oil and Gas explorer and developer, Red Sky Energy (ROG: ASX) (Red Sky or the Company) is pleased to advise that it has received approval from the Government of South Australian (**SA**) Department for Energy and Mining (**DEM**) to commence operations at the Killanoola Oil Project (**Killanoola**) located in the Penola Trough, South Australia, within Red Sky's newly acquired PRL13.

This follows an announcement on [17 May 2021](#) of a successful inspection of the surface pump at the Killanoola – 1 DW-1. The inspection of the above ground linear rod pump (**LRP**) at the Killanoola-1 DW-1 well site was undertaken where the internal components of LRP were found to be in good condition and mechanically sound. The control box and the electrical system including the motor have been scheduled for recommissioning if the rod test is successful.

With this Government approval, the rod components can be checked and potentially declared fit for purpose. Post this certification, Red Sky is planning a short test run and if the testing performs well, the pump will be turned on for an extended production test. During that period Red Sky will be able to ascertain more about the quality of the oil, the reservoir and also test enhanced oil recovery solutions.

Once this test period is completed Red Sky will re-enter the well to perforate the newly identified 37 metres of potential pay as well as the 16 metres of potential pay identified at SE-1. If successful, this should increase production rates significantly.

Commenting on the approval, Red Sky Managing Director, Andrew Knox, said:

"The Red Sky team is very pleased to have received government approval to commence operations and test the rods at DW-1. Further approvals will be required as we progress, but next steps post this testing in the short term are recommissioning the pump and acquiring topside equipment. We are pushing to extract full value from the resources at Killanoola as soon as possible."



Figure 1: Killanoola 1 surface pump

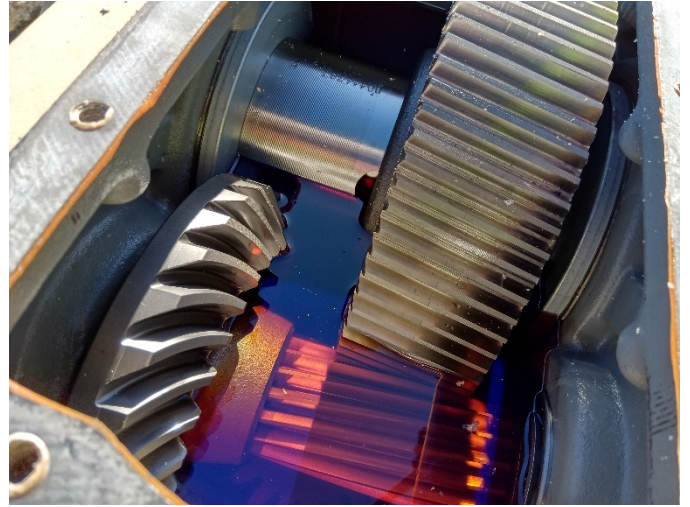


Figure 2: inside pump gear box

The Killanoola Project

The Killanoola oilfield was discovered by the Killanoola-1 well in 1998 at a depth of 850 metres. The oil is a 34° API waxy crude. Previous flow tests of the well have recorded rates of up to 300 bopd.

A petrophysical report commissioned by Red Sky 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. Red Sky is now working to revise the work programme to include testing of the newly identified pay zones. ([See ASX Announcement 6 May 2021](#))

These results followed the recent exceptional result of 16m of Net Pay for the Killanoola SE-1 well. ([See ASX Announcement 22 March 2021](#)).

Red Sky is preparing to perforate and test these newly identified pay potential zones in the wells. Planning is underway in line with our forward programme. This testing, if successful, will allow Red Sky to book reserves associated with Killanoola-1DW-1 and Killanoola SE -1.

-ENDS-

Released with the authority of the board.

For further information on the Company and our projects, please visit:

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Some of the more important of these risks, expectations and uncertainties are pricing and production levels from the properties in which the Company has interests and the extent of the recoverable reserves at those properties. In addition, the Company has a number of exploration permits. Exploration for oil and gas is expensive, speculative and subject to a wide range of risks. Individual investors should consider these matters in light of the personal circumstances (including financial and taxation affairs) and seek professional advice from their accountant, lawyer or other professional advisor as to the suitability for them of an investment in the Company.