

Red Sky Signs Gas Sales Agreement with Origin Energy

HIGHLIGHTS

- **Red Sky signs gas sales agreement for gas from Yarrow**
- **Intent is for Origin Energy to take all gas produced under a take or pay agreement**
- **Sales point ex the gate at Moomba**
- **Production is expected to ramp up and generate increased revenue**

Red Sky Energy (ASX:ROG) (**Red Sky** or the **Company**) is pleased to advise that that it has signed an umbrella bilateral gas sales agreement (MBA) with Origin Energy Limited (ASX:ORG) (**Origin Energy**) coinciding with the completion of construction of the pipeline by Santos Limited (ASX:STO) (**Santos**) and successful tie in to the grid to the south of the Yarrow gas field.

The MBA sets out the framework of terms and conditions under which transactions will be entered into between the parties. The intent is that sales will be for all gas produced until 1 January 2026 with provision for an agreed extension and structured under a take or pay arrangement.

Production from Yarrow 3 will translate into first revenues from the project for Red Sky.

Red Sky Managing Director, Andrew Knox, commented:

“Red Sky is very pleased with the umbrella gas sales agreement entered into with Origin. Red Sky intends to solely sell its share of gas production to Origin.

With this agreement now signed and following the processing phase the gas and liquids will be ready for delivery to market and first revenues from the project”.

Background

The Yarrow field has been estimated to have a 2C contingent resource of up to 18BCF. A further potential of 20BCF 2C of associated gas is estimated at the Flax oil field 8km to the south east of Yarrow (Flax is a shut in oil field with associated gas that has not yet been produced). Preliminary analysis of pressure data indicated connected volume from the Yarrow 3 well, our first producing well, is >1.7 BCF (EUR 1.3 BCF) with some residual water production. Peak rate of approximately 5MMscfd through a 36/64” choke with tubing head pressure of 780psi.

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

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



Figure 1: Wellhead at Yarrow 3 (Courtesy of Santos)

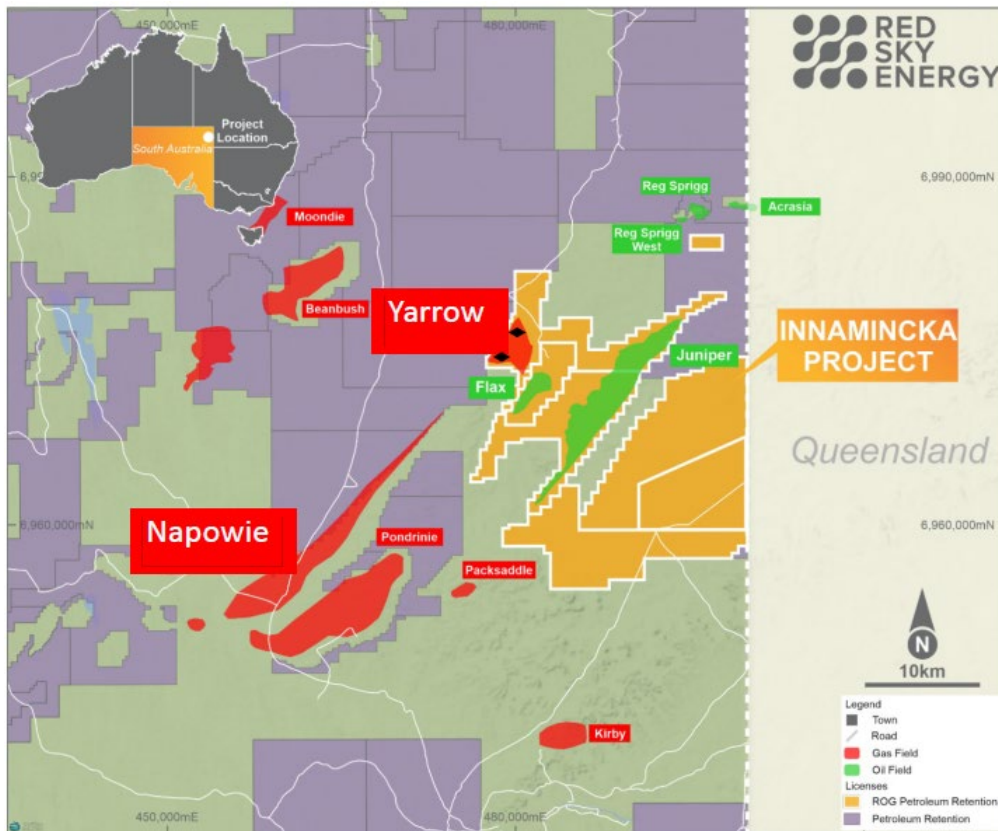


Figure 2: Innamincka Project Location

-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.