

Innamincka - Yarrow Production Commenced

HIGHLIGHTS

- **Santos has completed the Yarrow flowline connection to the network**
- **First gas production and online commissioning activities have commenced**
- **Revenue from Yarrow to Red Sky Energy expected in Q3 2023 once commercial agreements are finalised**

Red Sky Energy (ASX:ROG) (**Red Sky** or the **Company**) is pleased to announce that Santos Limited (**ASX:STO**) (**Santos**) has advised of the completion of construction of the pipeline of approximately 18km, tie in to the network to the south of the Yarrow gas field and completion of the Yarrow 3 well.

The pipeline has been predominantly laid underground with certain points above ground where necessary. Construction proceeded as planned. First gas production from the Yarrow 3 well and online commissioning activities have commenced. Red Sky remains in discussions to finalise commercial agreements for transportation, processed gas and liquids.

Production is expected to ramp up gradually as the gas is pressured up into the pipeline network for transport down to Moomba for processing. This in turn will translate into revenue for Red Sky.

Commenting on the Yarrow 3 Pipeline, Red Sky Managing Director, Andrew Knox, said:

“Red Sky is very pleased with the progress that Santos has made in building the pipeline and delivery of the gas to Moomba for processing. Once processed the gas and liquids will be ready for delivery to market and first revenues from the project.”



Figure 1: Yarrow Pipeline Completed (photos courtesy of Santos)



Figures 2 and 3: Yarrow Pipeline Completed (photos courtesy of Santos)

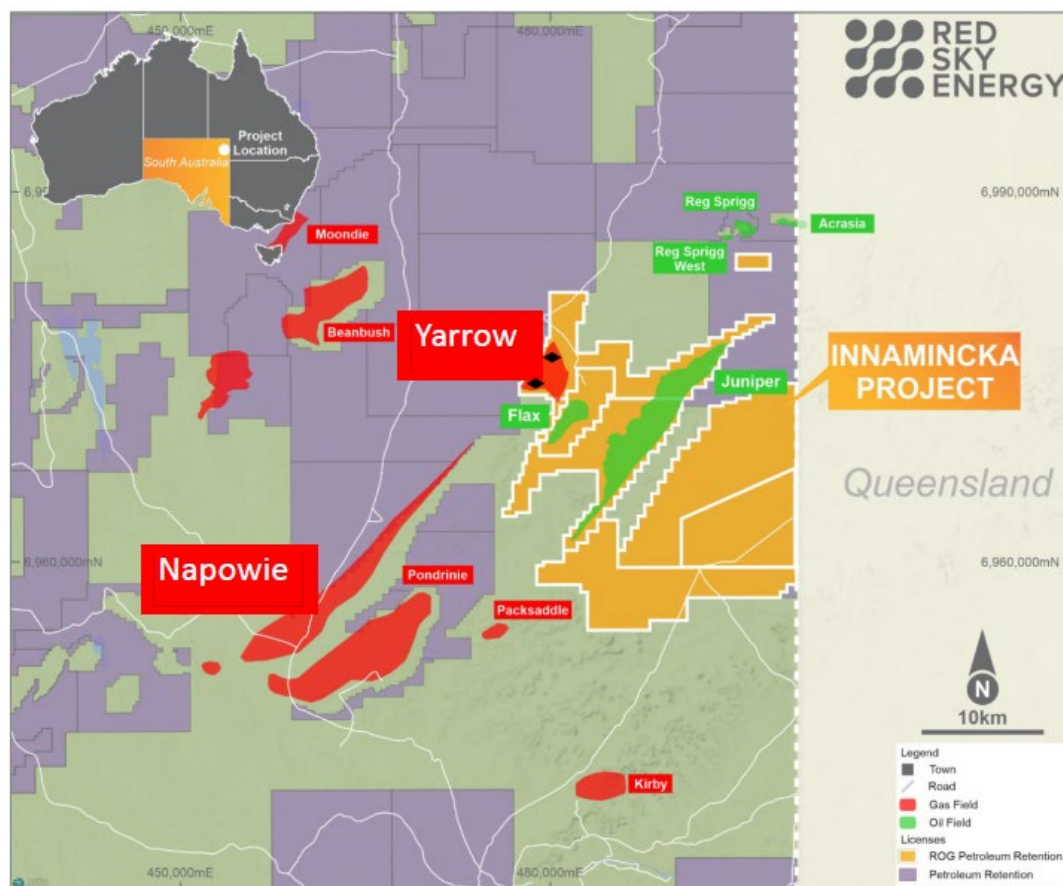


Figure 2: Innamincka Dome Project location map

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 18km pipeline connection in parallel with a proposal to re-enter Yarrow 1 and test the well with the view to also moving it to production and eventually tie in to the same pipeline.

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.

-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.