

SEPTEMBER 2024 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS




Innamincka

- Production revenue from Yarrow 3 has generated cash receipts of \$2.73m year to date
- Approximately 75% of receipts are from gas sales with the balance from ethane, LPG and condensate
- The well's current flow rate is steady, indicating stable operational performance
- Re-entry of Yarrow 1 well in the Yarrow gas field is scheduled to commence in the first week of November 2024
- This re-entry is anticipated to enhance production capabilities significantly, contributing to Red Sky's future cash flows
- Surveillance and flow testing in September 2024 indicated minimal reservoir pressure depletion and low water production, suggesting strong future well performance
- Flow test results show the well can produce approximately 1.8 MMscf/d
- Analysis identified high wellbore skin, leading to a planned fracture stimulation to improve gas flow and overall well productivity
- Planned work involves re-sleeving the casing and conducting fracture stimulation in two stages, with anticipated post-fracture production rates of 1.6 to 3.6 MMscf/d.
- All downhole work is expected to be completed by Jan 2025, with the well becoming fully operational in Q2 2025
- The Yarrow 1 re-entry is expected to further bolster Red Sky's cash flow in 2025, complementing revenue streams from Yarrow 3
- Successful completion of the re-entry at Yarrow 1 positions Red Sky for enhanced long-term cash flows from its Innamincka portfolio, supporting the Company's growth strategy

Killanoola

- Negotiations continue with other potential crude buyers
- Red Sky intends to drill a high-impact well, KN2, based on 3D seismic interpretation,
- Drilling a vertical well at the KN2 site will enhance operational efficiency
- The same rig will be used for the workover at DW1 and the completion of the suspended SE1 well
- Discussions are underway with Operators for rig contractor selection and timing
- The Activity Notification (AN) for the KN2 well pad is being prepared for submission to SA DEM

Corporate

-  Red Sky continues to actively work opportunities, focusing on South East Asia and Sub-Saharan Africa
-  Managing Director Andrew Knox participated in the Angola Oil and Gas Conference in Luanda in October
-  The Company has cash reserves as at 30 September 2024 of \$3.1m

Red Sky Energy (ASX: ROG) (**Red Sky** or the **Company**) pleased to present its September 2024 Quarterly Activities Report.

Innamincka Dome Projects

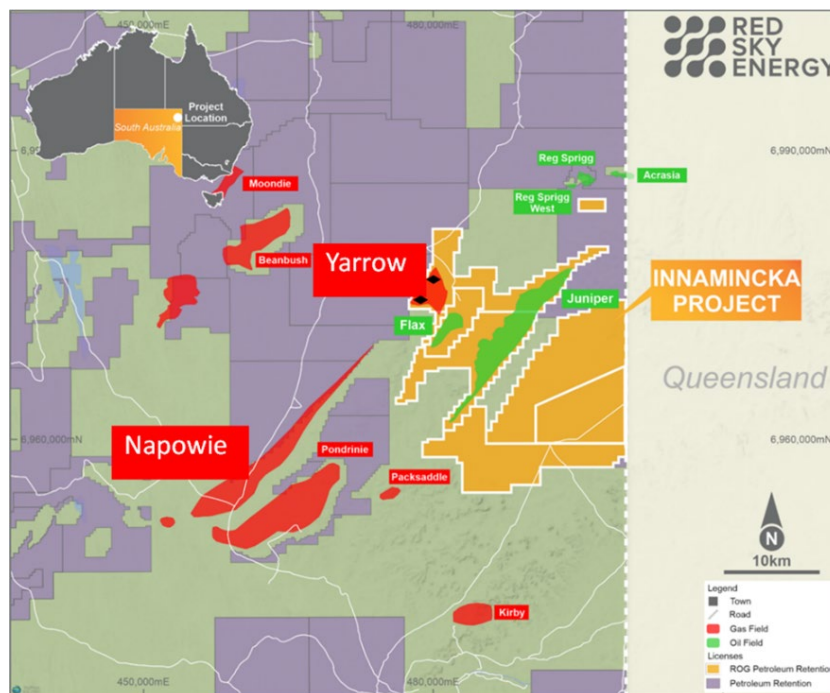
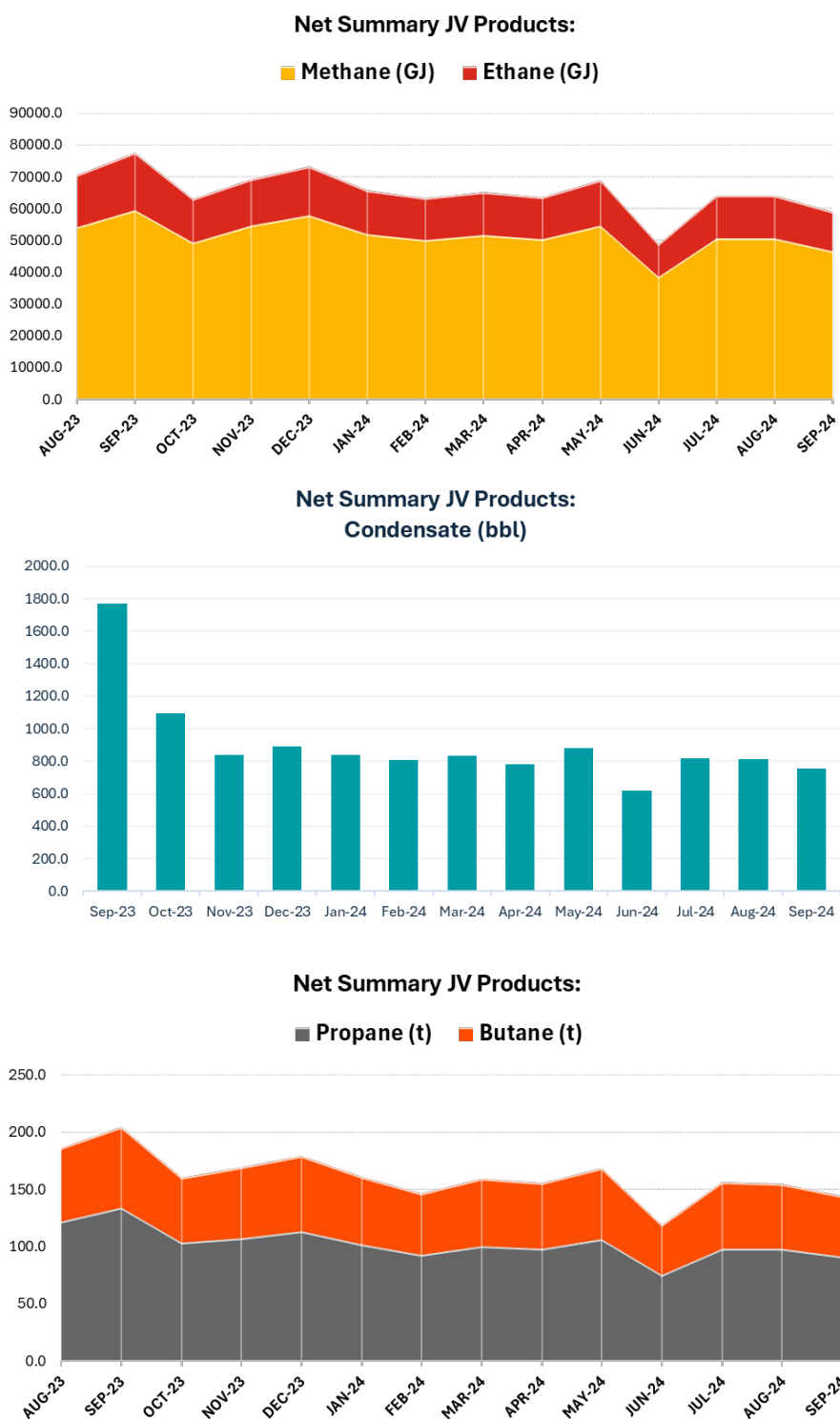


Figure 1: Innamincka Dome Projects location map with Yarrow and Napowie highlighted

In December 2023, Red Sky confirmed the receipt of its first revenues for the month of November under the bilateral gas sales agreement (MBA) with Origin Energy Limited (ASX:ORG), following the completion of the pipeline construction by Santos Limited (ASX:STO) and its successful tie-in to the grid south of the Yarrow gas field.

Since first gas production in August 2023 up to end September 2024, production revenue from Yarrow 3 has generated \$2.86 million in cash receipts. Approximately 76% of these receipts come from gas sales, with the remaining balance derived from ethane, LPG, and condensate. Despite some substantial down time the steady current raw gas flow rate underscores the project's stability and the Company's future ability to deliver consistent results.

Figure 2: Yarrow Summary JV Products (100%): Monthly Production Summary



The production revenue generated from Yarrow 3 has resulted in cash receipts totalling \$0.63 million for the September quarter. The revenue stems primarily from gas sales, with \$0.17 million derived from LPG and condensate.

The receipts summary for the September quarter is:

DESCRIPTION	VOLUME	\$000's
Methane/Ethane GJs	35,031	459
LPG Tonnes	146	132
Condensate Bbls	312	38
TOTAL		629

Re-Entry of Yarrow 1

Post end of quarter, Red Sky announced that Santos had advised that the re-entry of the Yarrow 1 well in the Innamincka Dome remained on schedule to commence in the first week of November (refer to [ASX Announcement 28 October 2024](#)). This re-entry is a critical milestone in the Company's growth strategy, expected to unlock significant gas production potential and enhance the Company's future cash flow profile.

Santos completed surveillance gathering for the Yarrow 1 well in September 2024. The static pressure survey and flow test results indicated negligible reservoir pressure depletion and low water production, positively reflecting the well's performance. During a repeatable flow test conducted over three days, sustained gas flow to the surface was estimated at approximately 1.8 million standard cubic feet per day at around 500 psig FTHP.

Additionally, the pressure transient analysis (PTA) of the surface pressure build-up (PBU) suggests a relatively high wellbore skin (+10), supporting the case for implementing fracture stimulation to enhance well productivity. As a result, Santos recommends proceeding directly with the full recompletion and fracture stimulation plan as scheduled to improve gas output and reduce wellbore skin effects.

Given the low water production observed during flow testing, the decision has been made to skip the cased hole neutron logging scope. The remaining downhole work will involve a 7-inch casing re-sleeve to selectively fracture and stimulate the Patchawarra and Tirrawarra formations in two stages. Following these enhancements, the updated project rate assessment post-fracture stimulation is expected to be between 1.6 and 3.6 million standard cubic feet per day with a 2-3/8 inch single tubing configuration.

Santos anticipates completing all downhole work by January 2025, followed by the construction of the flowline, with the well expected to be fully operational in Q2 2025.

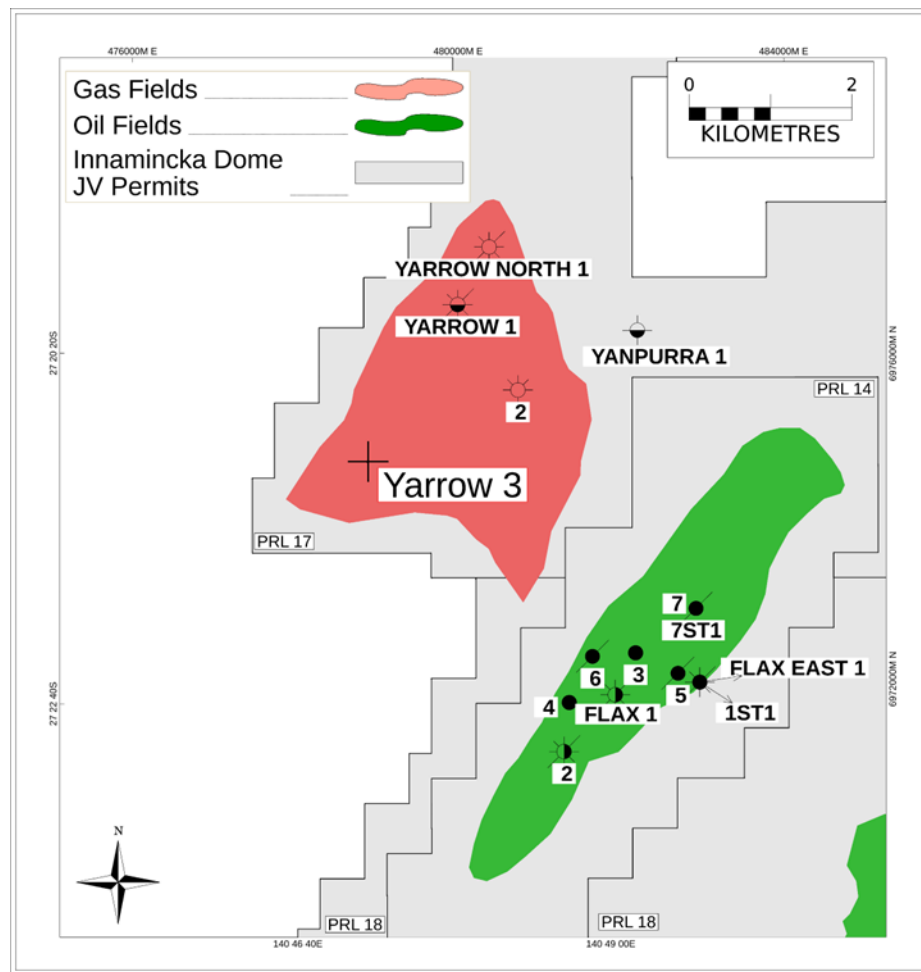


Figure 3: Location of Yarrow 1 Well

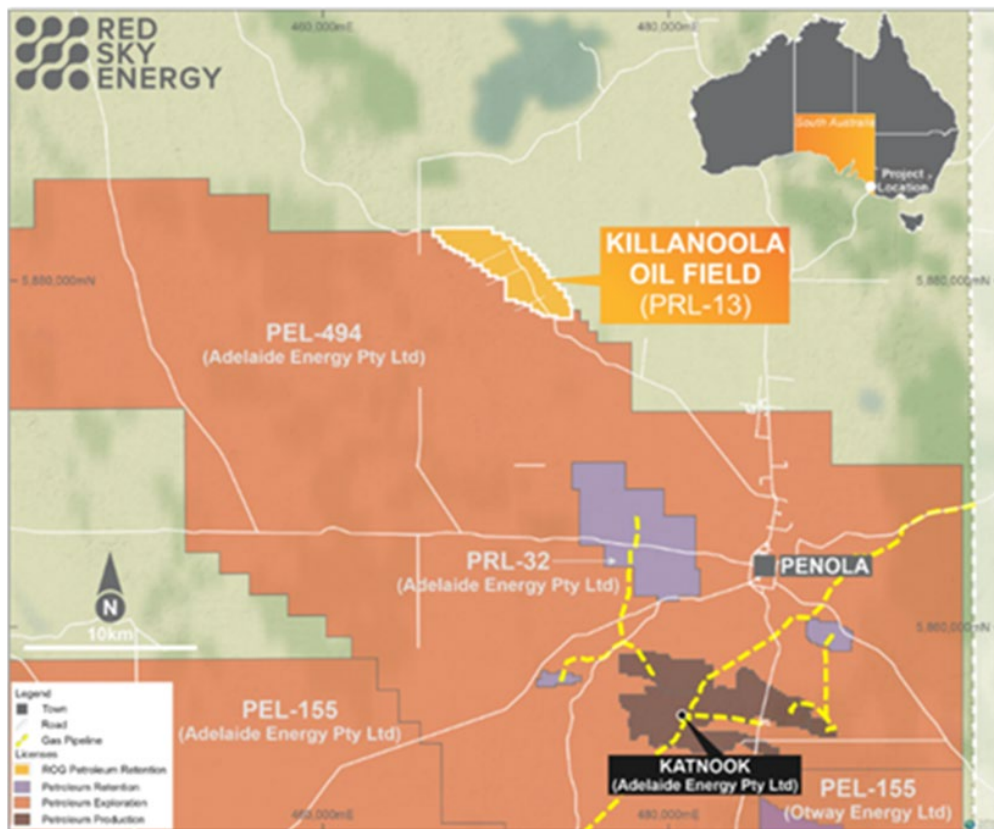
3D Seismic Interpretation

In December 2023, Red Sky, in partnership with Santos, successfully completed a 3D seismic acquisition program at the Innamincka Dome, specifically covering areas in PRL14 and PRL17. The program, which started in October, aimed to gather detailed subsurface data to inform future drilling and exploration decisions.

All field operations concluded with the demobilisation of crews and equipment. The joint venture with Santos was cost-effective, leading to a shared benefit from the seismic data, which will enhance understanding of the subsurface structures crucial for well placement and exploration. The focus has now shifted to the processing and interpretation of the acquired seismic data.

The seismic data interpretation is expected to be completed by the first quarter of 2025, with no new development wells planned until late 2025. This schedule supports Red Sky's strategy of optimising current production while setting the stage for future growth. This seismic acquisition is vital for Red Sky as it provides the necessary data to make informed decisions on where to drill, potentially increasing the efficiency and success rate of drilling operations. Red Sky holds a 20% working interest in six PRLs (14, 17, 18, 180, 181, 182) at the Innamincka Dome.

Killanoola Project



**Figure 4: Killanoola Oil Field (PRL-13) location map
(Adelaide Energy Pty Ltd is a subsidiary of Beach Energy Ltd (ASX:BPT))**

In August 2023, Red Sky finalised an agreement with Viva Energy Australia Pty Ltd (ASX:VEA) to purchase all crude from the Killanoola oil field project, subject to required quality specifications. Delivery will be made to Viva Energy's Geelong refinery by road tanker, approximately four hours southeast of the project site.

Discussions are ongoing regarding flow assurance, considering options such as heating or blending, while negotiations with other potential crude buyers are also in progress.

In December, works to prepare the well for the extended production test commenced after Red Sky received approval from the Government of South Australia (SA) Department for Energy and Mining (**DEM**), and contractors were mobilised to the site. However, operations at the DW1 well were suspended shortly after due to a downhole mechanical failure of the existing pump, which led to the well losing its capacity to lift fluid to the surface. Operations were halted pending the installation of a new pump, which will be part of the 2024 work programme.

Despite encountering mechanical issues, initial flow rates were promising. An initial rate of 62 bbl/day, on an increasing trend, was observed.

Killanoola Forward Plan

Red Sky has decided to drill a high-impact well, KN2, based on 3D seismic interpretation, with the well pad for KN2 shown in the accompanying figure. The spud date for KN2 is subject to costs, alignment with other operators to form a drilling consortium and offtake agreement(s). Drilling a vertical well at this site is expected to provide more efficient operations. The same rig will be used for the workover at DW1 and the completion of the suspended well at SE1. Work on the AN for the KN2 well pad is in progress.

This revised approach aligns with our broader strategy to optimise resource utilisation, reduce operational risks and costs, and enhance shareholder value through careful and calculated project management.



Figure 5: Location of well pad to be built at KN2

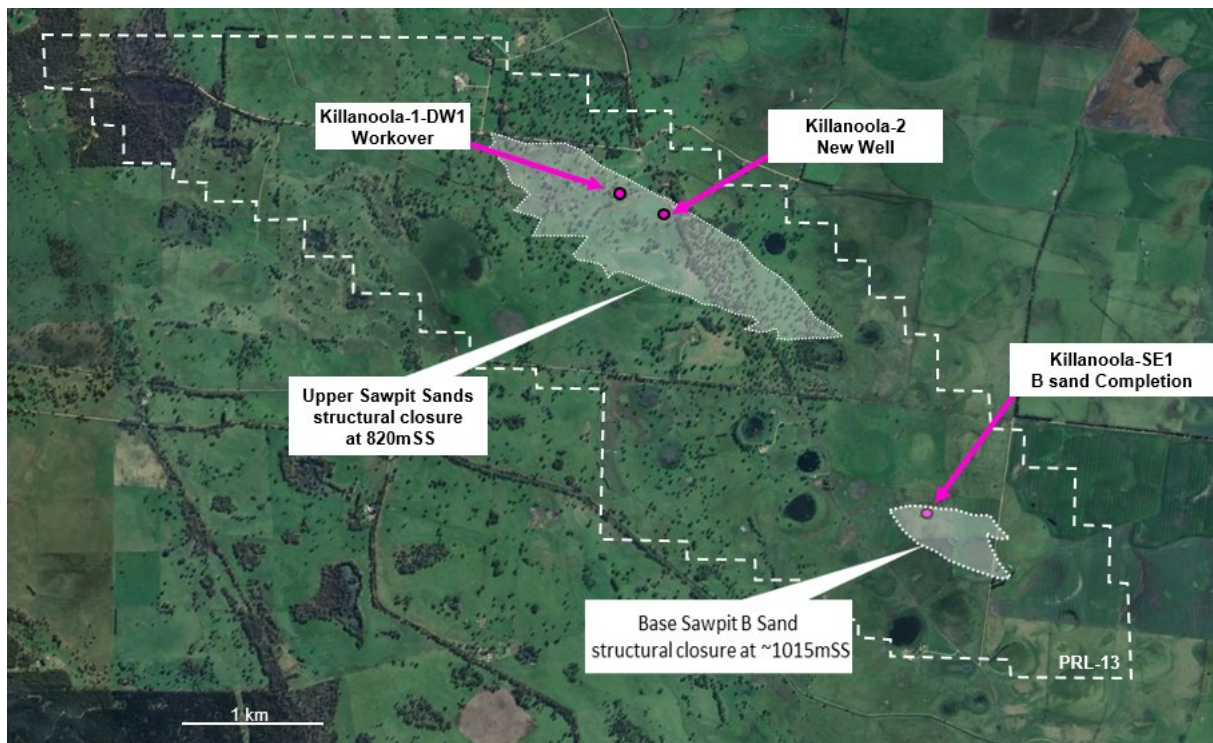


Figure 6: Aerial View of the Revised Forward Programme

Outlook

Innaminka Projects – Red Sky expects sustained cashflows from Yarrow 3 throughout the calendar year 2024 and 2025, facilitated by its bilateral sales agreement with Origin Energy. The Company also anticipates additional revenue streams from the operator's sale of associated condensate, LPG, and ethane.

The Yarrow 1 re-entry is anticipated to strengthen Red Sky's cash flow in 2025, adding to revenue streams from Yarrow 3. Successful completion of this re-entry will well position Red Sky for sustained long-term cash flows from its Innamincka portfolio, aligning with the Company's growth strategy.

The Yarrow 3 3D seismic interpretation is expected to be completed by Q1 2025. Further development wells are expected to be drilled from late 2025, at the earliest. This timeline supports Red Sky's strategic focus on optimising production while preparing for future expansions.

Killanoola Oil Projects – Despite revisions to the Killanoola forward plan, the project is still on track to becoming a material oil project for Red Sky's future cash flow. Red Sky signed a sales agreement with Viva Energy for all crude produced subject to specifications. The Company plans to drill the high-impact KN2 well, based on 3D seismic data, with a vertical approach expected to improve operational efficiency. Red Sky aims to achieve increased volumes of recoverable oil.

Strategic Acquisitions

Red Sky is assessing opportunities in two regions of interest, South East Asia and Sub-Saharan Africa, as part of its strategy of acquiring producing or near production assets. A number of potential acquisitions are currently being pursued.

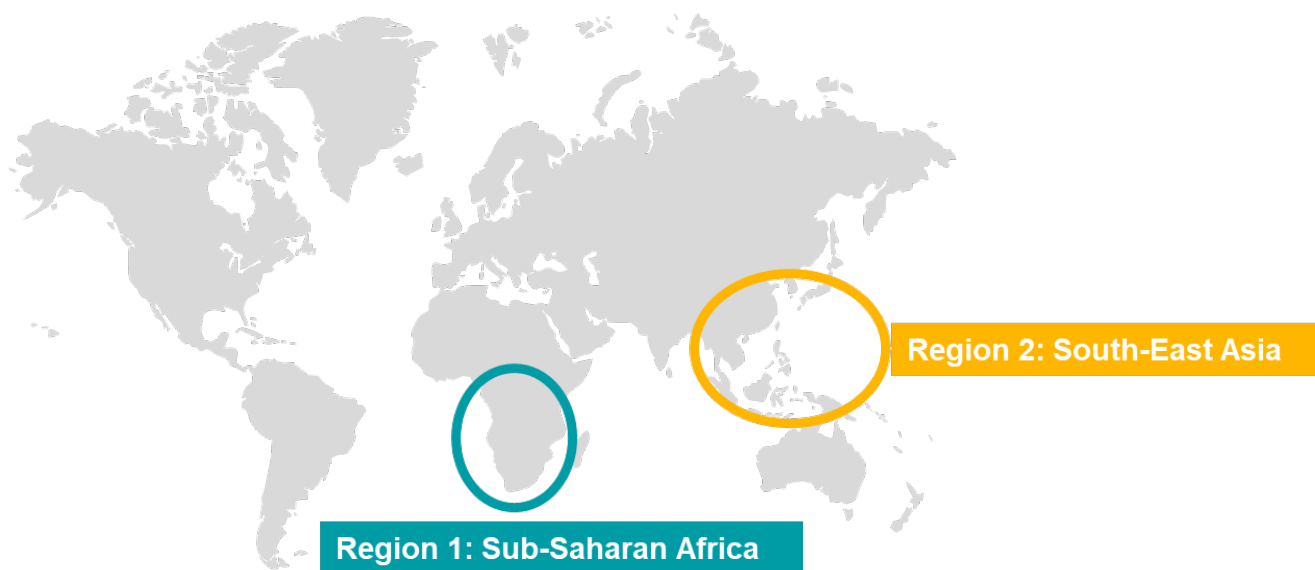


Figure 7: Red Sky's regions of interest for strategic acquisitions

Post end of quarter, Red Sky's Managing Director, Andrew Knox, and New Ventures Manager, Serge Toulekima, attended the [Angola Oil and Gas Conference](#) in Luanda, Angola. Focused on diversifying and de-risking its asset base, Red Sky is attracted by Angola's favourable environment for oil and gas investment. Andrew joined a panel of experts for a roundtable discussion on ["Synergies through Collaboration: International Ventures in Angola's Oil Sector."](#)

Red Sky views Angola as an attractive market, with the Company expressing interest in non-operated opportunities, particularly in joining an already-producing block. Angola offers significant prospects, including both exploration prospects and the potential to buy into existing production. Additionally, the local content and possibilities for vertical integration downstream further enhance Angola's appeal for Red Sky.



Figure 8: Red Sky Energy Managing Director, Andrew Knox, and New Ventures Manager, Serge Toulekima, at the Angola Oil and Gas Conference



Figure 9: Red Sky's Andrew Knox speaking at a roundtable at the Angola Oil and Gas Conference

Corporate**Cash**

The Company has cash reserves as at 30 September 2024 of \$3.1m.

Related party disclosure

In line with its obligations under ASX Listing Rule 5.3.5, Red Sky Energy Limited notes that the only payments to related parties of the Company, as advised in the Appendix 5B for the period ended 30 September 2024, pertain to payments to directors for fees, salary and superannuation.

-ENDS-

Released with the authority of the board.

For further information on the Company and our projects, please visit: www.redskyenergy.com.au

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Forward Looking Statements

Various statements in this report constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward-looking statements and involve unknown risks, expectations, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or impliedly portrayed herein.

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.

Appendix 1

EXPLORATION PROJECTS

Australian Interests

Project		Interest owned %
Innamincka Dome, South Australia	PRL 14	20.00
Innamincka Dome, South Australia	PRL 17*	20.00
Innamincka Dome, South Australia	PRL 18	20.00
Innamincka Dome, South Australia	PRL 180	20.00
Innamincka Dome, South Australia	PRL 181	20.00
Innamincka Dome, South Australia	PRL 182	20.00
Killanoola, South Australia	PRL 13	100.00

* Production occurred on this licence during the quarter.

United States Interests

Project		Interest owned %
Gold Nugget Gas Prospect (GN 1-23)	Fremont County, Wyoming	70.00 *

* 70% interest with an entitlement to 50% of profits from GN 1-23 until final payment of the further US\$450,000 cash component of the purchase price. The vendors 30% retained interest will be transferred to Red Sky upon the remaining payment of US\$450,000 to be satisfied from profits of the well.

Notes

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 as a result 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.

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:

$$N = 7,758 V_b \phi S_{oi} B_{oi} = 7,758 A h \phi (1 - S_{wi}) B_{oi}$$

- 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 ft²,
- 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 a real 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 is used to select net pay. These procedures can be acceptable when a definite relationship exists between porosity and permeability.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

RED SKY ENERGY LIMITED

ABN

99 099 116 275

Quarter ended ("current quarter")

30 SEPTEMBER 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	629	2,732
1.2	Payments for		
	(a) exploration & evaluation – including assessing potential new projects	(48)	(135)
	(b) development		
	(c) production	(227)	(682)
	(d) staff costs (not included above)	(77)	(224)
	(e) administration and corporate costs	(332)	(554)
1.3	Dividends received (see note 3)		
1.4	Interest received	27	70
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other – net GST from prior quarter	(26)	(116)
1.9	Net cash from / (used in) operating activities	(54)	1,091
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) exploration & evaluation	(161)	(644)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	(e) investments		
	(f) other – security bond		
	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
	2.3 Cash flows from loans to other entities		
	2.4 Dividends received (see note 3)		
2.5	Other – bond refund	(161)	(644)
2.6	Net cash from / (used in) investing activities		

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities		

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,332	2,670
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(54)	1,091

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(161)	(644)
4.4	Net cash from / (used in) financing activities (item 3.10 above)		
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	3,117	3,117

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,012	1,252
5.2	Call deposits	2,105	2,080
5.3	Bank overdrafts		
5.4	Other		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,117	3,332

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	124
6.2	Aggregate amount of payments to related parties and their associates included in item 2	30
<p>Payments in 6.1 relate to Director salaries and company secretary consulting services. Payments in 6.2 relate to a portion of the Managing Director salary.</p> <p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p>		

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (insurance funding)		
7.4 Total financing facilities		
7.5 Unused financing facilities available at quarter end		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(54)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(161)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(215)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,117
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	3,117
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	14.5
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: n/a	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: n/a	

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: n/a

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:30/10/2024.....

Authorised by:Board of Directors.....

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.