

KILLANoola DW1 SITE ACTIVITY AND INNAMINCKA FIRST REVENUES

HIGHLIGHTS

- **Oil flows to surface at Killanoola DW1 located in the Penola Trough, South Australia**
- **New pump to be installed after equipment issues discovered during production testing**
- **Contractors have been demobilised with on-site project activities to resume in 2024**
- **First revenues from Innamincka**

Australian Oil and Gas explorer and developer, Red Sky Energy (ROG: ASX) (Red Sky or the Company) wishes to advise that it has suspended operations at the DW1 well within the Killanoola Oil Project (**Killanoola**) located in the Penola Trough, South Australia. Post receiving approval from the Government of South Australia (**SA**) Department for Energy and Mining (**DEM**) and mobilising contractors to site immediately, works to prepare the well for the extended production test commenced on Tuesday 5 December 2023.

Upon completing the piping and instrumentation work at surface, carrying out the pressure tests on the equipment at surface, and going through all safety checks, the well was opened for flow. An initial rate of 62 bbl/day on an increasing trend, was observed. A down hole mechanical failure of the existing pump led to the well losing its capacity to lift fluid to surface. After holding meetings with the pump manufacturer and trying to troubleshoot the problem, a decision was made to halt operations until a new pump is installed. The installation of this new pump will require a well intervention and will form part of the 2024 work programme.

Red Sky Managing Director, Andrew Knox, commented:

“Despite the mechanical failure of the pump, we are encouraged by the initial flow rate we observed, the heating system has demonstrated its value to manage the waxy crude, and we have completed this operation without any incident or accident. The performance of the wax inhibitor cannot be fully assessed now due to the short flow period. We remain upbeat for the coming year as the plan is to come back to the site to change out the pump and drill the additional wells that have been identified through the 3D seismic interpretation.

The Company is pleased with first revenues for the sale of processed gas from the Innamincka project which will continue on a regular basis with liquids sales to follow.”

Killanoola Forward Plan

Red Sky will look to contract a rig that will be used in 2024 for workover and drilling operations. Once this is secured, deploy the rig at Killanoola to drill two new wells and a workover:(i) a well some 400 metres south east of Killanoola-1 DW1; (ii) sidetrack the well Killanoola-SE1 to the new subsurface location identified by the 3D seismic interpretation(iii) Replace the defect pump at Killanoola-1 DW1 with a brand-new pump.



Figures 1-4: Killanoola Site Equipment and Activity December 2023

Innaminka First Revenues

Following production from Yarrow 3, the Company is also pleased to confirm first revenues for the month of November under the umbrella bilateral gas sales agreement (MBA) with Origin Energy Limited (ASX:ORG) (**Origin Energy**). This production and first revenues from the project for Red Sky follows the completion of construction of the pipeline by Santos Limited (ASX:STO) (**Santos**) and the successful tie in to the grid to the south of the Yarrow gas field. Sales of ethane, LPG and condensate proceeds by the operator are expected to follow.

-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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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.