

SUCCESSFUL INSPECTION OF LINEAR ROD PUMP AT KILLANOOOLA -1 DW-1 PRL13 SOUTH AUSTRALIA

HIGHLIGHTS

- **Inspection of K-1 DW-1 indicates surface pump in excellent condition**
- **Essential and sufficient power source nearby ready for connection**

Australian Oil and Gas explorer and developer, Red Sky Energy (ROG: ASX) (Red Sky or the Company) is pleased to advise that a successful inspection of the surface pump at the Killanoola – 1 DW-1 well has been completed. This well is part of the Killanoola Oil Project (**Killanoola**) located in the Penola Trough, South Australia, within Red Sky's newly acquired PRL13.

On Wednesday 12 May 2021, an inspection of the above ground portion of the linear rod pump (**LRP**) at the Killanoola-1 DW-1 well site was undertaken. 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 testing.

The LRP runs with three (3) phase power. Critically there are power lines nearby to which Red Sky can connect to if the pump needs to be run for 24 hours per day over long periods.

Once all surface components have been checked and declared fit for purpose Red Sky is planning a short test run. 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. If successful, this should increase production rates significantly.

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

"The Red Sky team was pleased to find the pump in such good order. Next steps in the short term are servicing the control box, bring in 3 phase power and test the electric motor. At the same time we will work to establish topside facilities and make progress in applying for production testing approval. We are pushing to extract full value from the resources at Killanoola as soon as possible."



Figure 1: Killanoola 1 surface pump

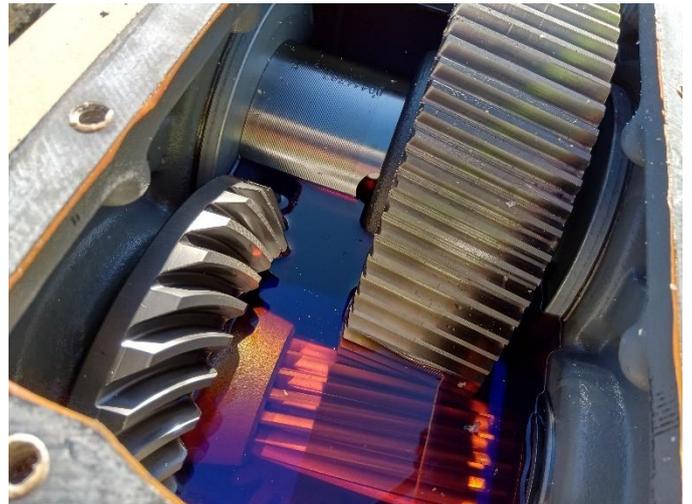


Figure 2: inside pump gear box

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 which was in stark contrast to the previous net pay estimates of 1.5m ([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.

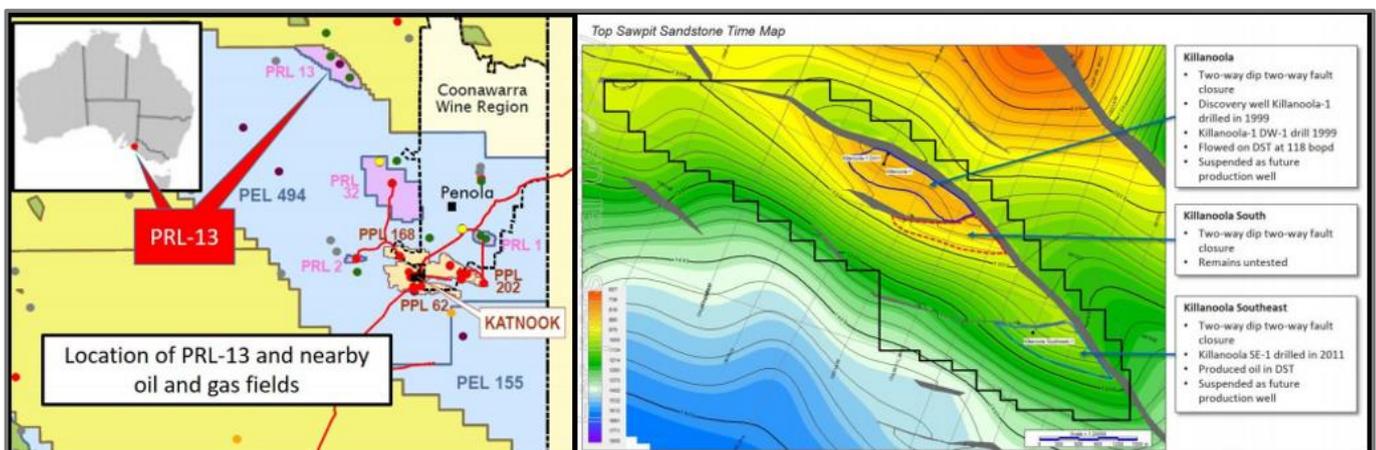


Figure 1: Killanoola Location

-ENDS-

Released with the authority of the board.

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

www.redskyenergy.com.au

For more information:

Andrew Knox
Managing Director
+61 407 356 557
andrew.knox@redskyenergy.com.au

Mark Flynn
Investor Relations
+61 416 068 733
info@redskyenergy.com.au

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.