

Killanoola and Innamincka Progress

HIGHLIGHTS

- **Activity Notification in final stages with SA Government DEM**
- **Topside works ongoing at DW-1 in anticipation of approval**
- **Final planning commenced at SE-1 to allow production tubing to be run**
- **3D seismic acquisition discussions and planning on track**
- **Innamincka drilling to commence in December with civil works to start this month**

Australian Oil and Gas explorer and developer, Red Sky Energy (ROG: ASX) (Red Sky or the Company) is pleased to provide notification on the current progress at both the Killanoola Oil Project (Killanoola) and the Innamincka Dome Projects (Innamincka).

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

"We are encouraged by the measured progress that is being made across all our projects in South Australia at this time. The Red Sky team continues to navigate unexpected delays and is making solid headway on the current activities. Red Sky has also continued discussions with landowners for the forthcoming 3D seismic acquisition over the entirety of PRL13 and it should commence shortly.

The receipt of notification that Santos now expects to commence drilling at the Yarrow well in December is excellent news to round out CY2021 with Red Sky free carried through the drilling of this well. We look forward to providing further updates and results in due course."

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. There are currently three activities ongoing.

DW-1 - Activity Notification is in final stages with the Government of South Australian (**SA Government**) Department for Energy and Mining (**DEM**) for approval to commence testing of the existing 5 metres of pay at DW-1. Works are ongoing for preparation of topsides in anticipation of approval.

SE-1 - The DEM required production tubing be in the well at SE-1 before wireline perforation testing can commence to better facilitate production testing. This requires a rig to be brought in to run the production tubing which Red Sky, to achieve better cost containment, does not intend to complete the wireline perforation of the zones of interest until ready at DW-1. In lieu of this, the Company is in advanced negotiations to acquire a workover platform to allow production tubing to be run without the need of significant expense to mobilise a rig. Red Sky will own the platform and be able to utilise it for well workovers at the Company's discretion for future well intervention activities.

3D Seismic Acquisition

The Company has been discussing the seismic acquisition with affected landowners and is pleased to advise that all discussions were most satisfactory. The Company wishes to thank those landowners for their understanding and assistance. An additional associated activity license has been applied for surrounding the PRL13 licence, AAL295, to allow the seismic acquisition to exceed the licence limits by approximately 5km², to better facilitate and improve the imaging. This license has been approved. Acquisition is still proposed to commence post the Beach Energy Dombey survey, which is commencing late next month.

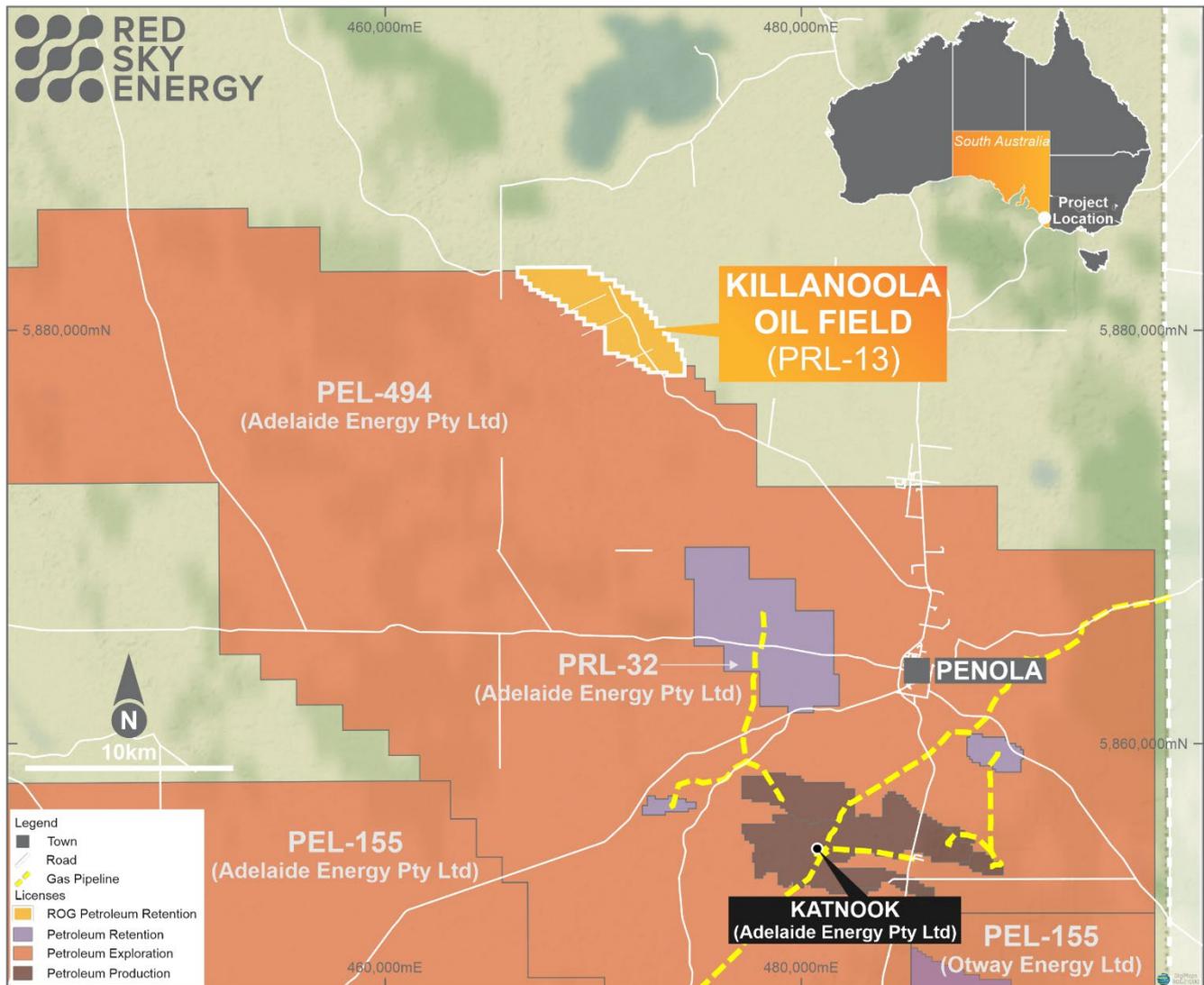


Figure 1: Killanoola Oil Field (PRL-13) location map

(Adelaide Energy Pty Ltd is a subsidiary of Beach Energy Ltd (ASX:BPT))

Innamincka Dome Projects

Santos Limited (ASX:STO) has advised it is now expected to commence drilling at the Yarrow well in the last week of December 2021. Civil works are scheduled to commence later this month on 27 November 2021. Red Sky is free carried through the drilling of this well.

Yarrow has previously been estimated to have a 2C contingent resource of 18BCF. A further 20BCF 2C of associated gas is estimated at the Flax oil field 8km to the south east of Yarrow.

A pipeline of approximately 20km would potentially be built to tie into the grid at Napowie to the south of the Yarrow gas field. The pipeline is expected to have a gross capacity of 20mmcfpd (4mmcfpd net to Red Sky).

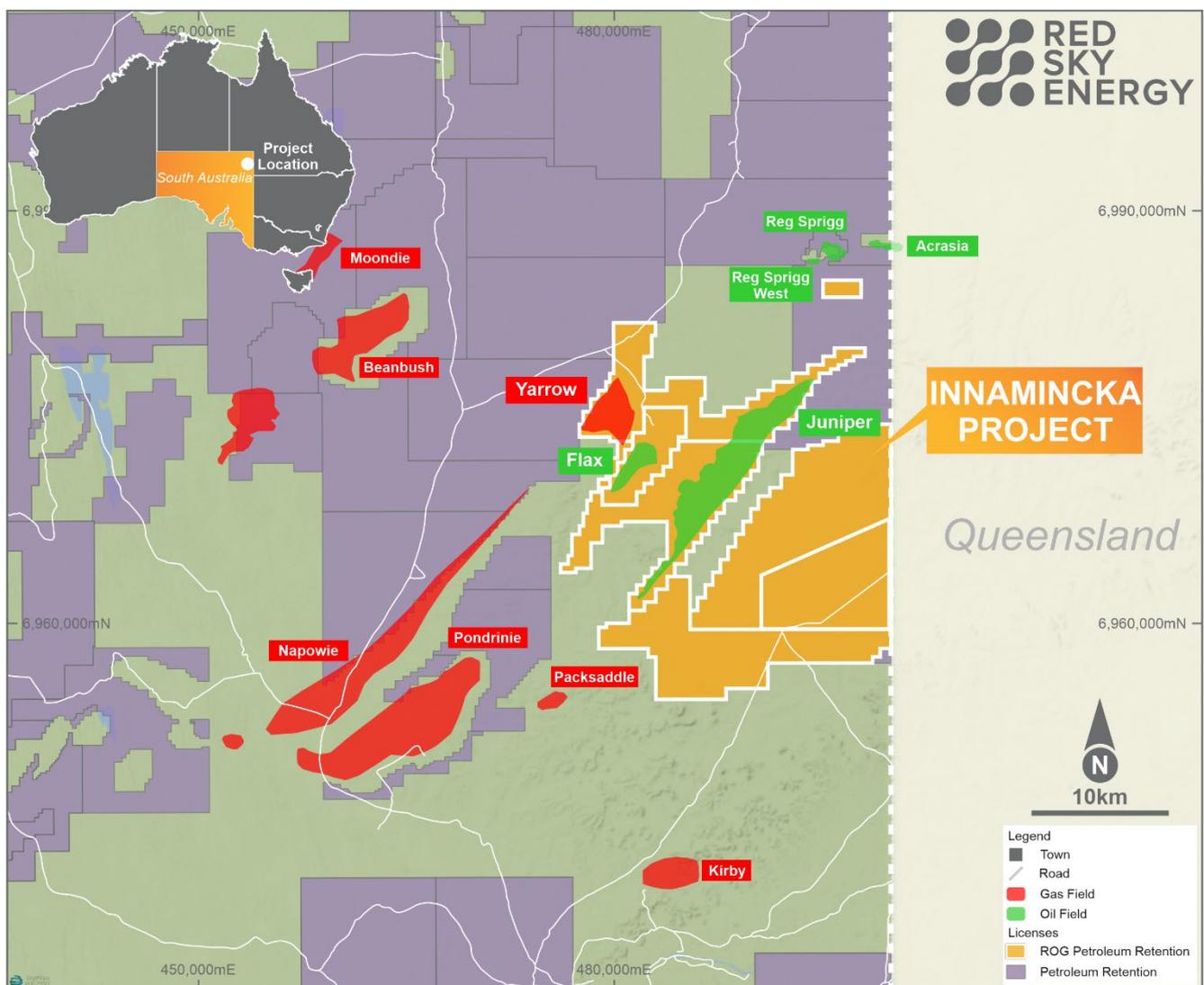


Figure 2: Innamincka Dome Projects location map

Santos Farm Out Terms

Santos to earn an 80% interest and operatorship (ROG: 20%) in Red Sky's onshore Cooper Basin retention licences PRL 14, 17, 18, 180, 181 and 182, collectively known as the Innamincka Dome Projects. The terms provide for Santos to:

- Fund 100% of 50km² of 3D seismic over the existing Yarrow gas field in PRL 17, up to a maximum cost of A\$1.0 million.
- Fund 100% of an appraisal well in the Yarrow gas field in PRL 17 up to a maximum gross cost of A\$3.0 million.
- Fund 100% of a horizontal appraisal well in the Flax oil and gas field in PRL 14, up to a maximum gross cost of A\$5 million.
- Subject to satisfactory appraisal outcomes, initially fund 100% of any approved development of the fields, with Santos to be repaid for Red Sky's share of such development expenditure out of Red Sky's share of production.

-ENDS-

Released with the authority of the board.

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

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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.