

INNAMINCKA: RE-ENTRY OF YARROW 1 ON TRACK FOR EARLY NOVEMBER**HIGHLIGHTS**

- 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
- Production revenue from Yarrow 3 since inception totals \$3 million, primarily driven by gas sales, with additional revenue from ethane, LPG, and condensate
- 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

Red Sky Energy (ASX: ROG) (**Red Sky** or the **Company**) is pleased to announce that Santos Limited (ASX:STO) (Santos) has advised that the re-entry of the Yarrow 1 well in the Innamincka Dome remains on schedule to commence in the first week of November. 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.

Red Sky holds a 20% working interest in six Petroleum Retention Licences (PRLs 14, 17, 18, 180, 181, and 182) in the Innamincka Dome, with Santos operating the project with an 80% stake.

Commenting on Yarrow 1 Well's re-entry, Red Sky Managing Director, Andrew Knox, said:

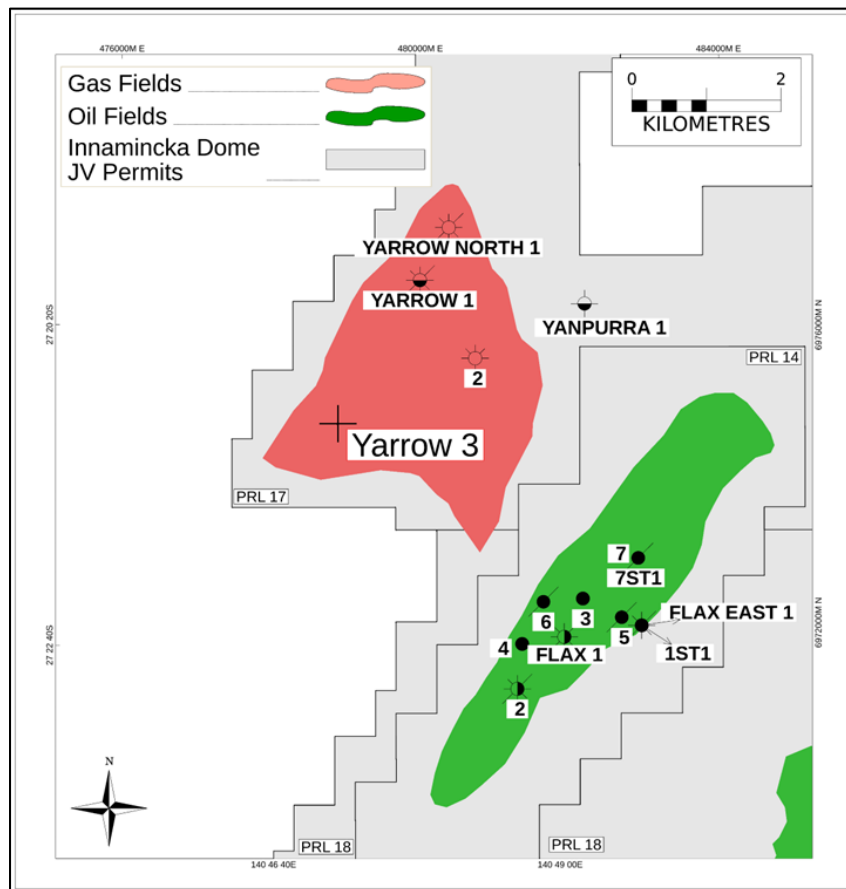
"We are excited to announce the re-entry of the Yarrow 1 well in the first week of November, thanks to the dedicated efforts of the Santos team. Their operational expertise has delivered promising results, with negligible reservoir pressure depletion and a sustained gas flow rate of approximately 1.8 million standard cubic feet per day.

Santos' plan for fracture stimulation is crucial for boosting productivity, and we look forward to potential production rates of 1.6 to 3.6 million standard cubic feet per day post-stimulation. With all downhole work set for completion by January 2025, we anticipate a fully operational well by Q2 2025, further enhancing value for our shareholders.

Since the first gas production receipts at Yarrow 3 commenced in November 2023, Red Sky has generated \$3 million in revenue, underscoring the Innamincka Dome's commercial viability. With a robust bilateral gas sales agreement with Origin Energy, we anticipate continued strong performance from this asset.

"The re-entry of Yarrow 1 will complement this revenue stream, further enhancing Red Sky's ability to generate sustainable cash flows for its shareholders. The potential production rates of Yarrow 1, post-fracture stimulation, reflect the significant upside potential of this field."

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Figure 1: Location of Yarrow 1 Well

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.

Innamincka Dome Projects

In [December 2023](#), Red Sky Energy confirmed its first revenues from the bilateral gas sales agreement with Origin Energy (ASX:ORG) for November, following Santos's successful pipeline construction and grid tie-in. Since the first gas production receipts began in November 2023, Yarrow 3 has generated \$3 million in cash receipts, with a significant portion derived from gas sales.

In collaboration with Santos, Red Sky completed a 3D seismic acquisition program at the Innamincka Dome in [December 2023](#). This program started in [October 2023](#) and aimed to gather detailed subsurface data to inform future drilling and exploration decisions. The cost-effective program will enhance the understanding of subsurface structures crucial for well placement, and the interpretation of the seismic data is expected to be finalised by Q1 2025.

No new development wells are expected until later in 2025, aligning with Red Sky's strategy to optimise current production while preparing for future growth. The Company anticipates sustained cash flows from Yarrow 3 throughout 2024 and 2025, supported by the gas sales agreement and additional revenue streams from associated condensate, LPG, and ethane sales.

The re-entry of Yarrow 1 is just one part of Red Sky's broader operational strategy within the Innamincka Dome. This region remains a cornerstone of the Company's production growth plans, and we continue to actively explore further opportunities for optimising existing assets and expanding our production base. These efforts, combined with disciplined capital management and strategic partnerships, position Red Sky for sustainable value creation over the long term.

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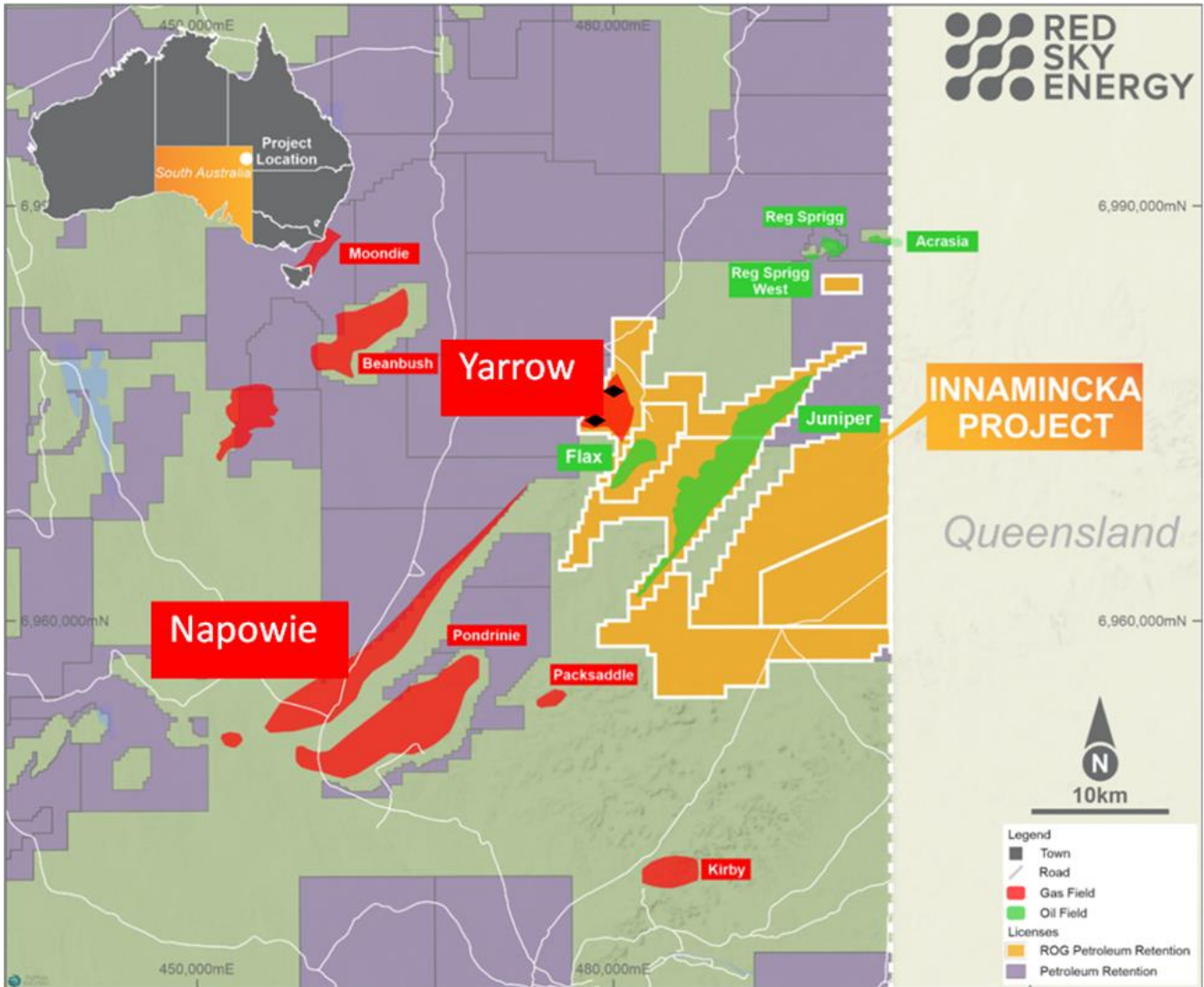


Figure 2: Innamincka Dome Projects location map with Yarrow and Napowie highlighted

-ENDS-

Released with the authority of the board.

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

Contact:

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

Mark Flynn
Investor Relations
irX Advisors
 +61 416 068 733
mark.flynn@irxadvisors.com

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.

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