Killanoola-2 Drilling Completed
Well Suspended for Future Completion

HIGHLIGHTS

- **Drilling safely reached total depth (TD) of 1,044m MD without incident**
- **Wireline logs completed using full GR, Sonic, Resistivity, Density and Neutron tools**
- **Petrophysical analysis confirms hydrocarbons in Upper Sawpit Sandstone**
- **Low permeability observed**
- **Well cased and suspended for future production**
- **Stimulation options under review**
- **Workover rig planning to test KN2 and DW1 performance**

Red Sky Energy Ltd (ASX: ROG) (**Red Sky** or **the Company**) advises that drilling operations at the Killanoola-2 (KN2) oil appraisal well, located in PRL-13 in South Australia's onshore Otway Basin, have been safely completed and the well has been cased and suspended with production pipe run as a potential future producer.

Following the overnight acquisition of neutron-density logs, Red Sky's petrophysicist completed a detailed petrophysical interpretation. The analysis confirms the presence of hydrocarbon-bearing zones in the Upper Sawpit Sandstone, albeit with limited production potential in its current unstimulated state.

The evaluation concluded that KN2 exhibits very similar characteristics to prior wells (K1, K1DW and K1SW1), with low matrix permeability, high water saturations and a high degree of shale interbedding. These factors reduce connectivity within the reservoir.

As such, and in line with the recommendation, the Company has elected not to proceed with the contingent Drill Stem Tests (DSTs). A wiper trip was conducted, and the well has now been cased and suspended as a potential future producer.

Red Sky Energy Managing Director, Andrew Knox, commented:

> *"We have advanced KN2 safely and efficiently, and now have two suspended wells that correlate closely to the 3D seismic model. Our next priority is testing the production potential through a fit-for-purpose completion and possible stimulation plan. We remain optimistic about unlocking value at Killanoola through targeted, regulatory-compliant artificial lift and stimulation."*

Forward Plan

Red Sky intends to:

- Complete both KN2 and the nearby DW1 well using a workover rig, and
- Evaluate the potential for stimulation, subject to regulatory approval.

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ASX Listing Rule 5.30 – Material Drilling Results

Category	Details
Basin	Otway Basin (onshore South Australia)
Permit	Petroleum Retention Licence 13 (PRL-13)
Well Name	Killanoola-2 (KN2)
Total Depth (TD)	1,044m Measured Depth
Target Formation	Upper Sawpit Sandstone
Hydrocarbon Shows	Yes – modest oil observed in petrophysical interpretation
Reservoir Quality	Poor – low permeability, high water saturation, shaley intervals
Wireline Logs	Gamma Ray, Sonic, Resistivity, Density, Neutron
DST	Not conducted due to anticipated low permeability
Well Status	Cased and suspended with production tubing installed
Forward Plan	Complete with workover rig alongside DW-1

The Company is reporting Total Petroleum Initially In-Place (PIIP) consistent with the SPE-PRMS classification framework under Listing Rule 5.25.3. The PIIP figures are sourced from the Company's announcement dated 21 April 2023, which includes an independent Competent Person's Report. These estimates are classified as prospective resources and are un-risked.

The estimates presented were derived using a deterministic method and represent un-risked best estimates. The aggregated values are arithmetic sums of individual reservoir estimates and do not reflect statistical aggregation.

No adjustments have been made for the chance of commercial development or discovery, and the reported prospective resources remain subject to significant technical and commercial risk.

-ENDS-

Released with the authority of the board.

Investor Q&A Now Open

Want to know more? Ask your questions directly on our website beside each announcement. Our team reviews submissions and will respond where appropriate.

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.

About Killanoola and KN2

The Killanoola Oil Project is located within PRL 13 in South Australia's Penola Trough (refer Figure 1). Red Sky's 3D seismic programme, completed in 2023, resulted in a 46% uplift in the field's Best Estimate Petroleum Initially In Place (PIIP), increasing to 135.5 million barrels. KN2 targets a previously undrilled structural high identified from this new data. (Refer Table 1and ASX Announcement 21 April 2023.)

Killanoola has a conditional offtake agreement with Viva Energy Australia Limited (ASX: VEA) and is in discussions with Santos Limited (ASX:STO) (operator of the SACB JV) regarding alternative offtake and processing at the Port Bonython facility.

Competent Persons Report

The information contained in this report that relates to petroleum resources is based on, and fairly represents, information compiled by Mr Ian D. Buckingham, who is a qualified petroleum engineer and Member of the Petroleum Exploration Society of Australia, an Active Member of the American Association of Petroleum Geologists and Member of the AAPG Energy Minerals Division and a Fellow Australasian Institute of Mining and Metallurgy. Mr Buckingham has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Buckingham consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

For the updated Independent Competent Person's Report (CPR), refer to: Independent Competent Person's Report on the Discovered Petroleum Initially In Place (PIIP) in the Killanoola Oil Project, PRL-13, Penola Trough, South Australia (19 April 2023). For further details, refer to Red Sky's ASX announcement dated 21 April 2023.

Cautionary Statement – Prospective Resource

The estimated quantities of petroleum that may be potentially recoverable by the application of a future development project(s) relate to undiscovered accumulations. These estimates are therefore subject to a high degree of uncertainty, and there has been insufficient exploration to determine the existence of a significant quantity of potentially movable hydrocarbons. There is no certainty that further exploration will result in the determination of a contingent resource or that development will result in a recoverable resource.

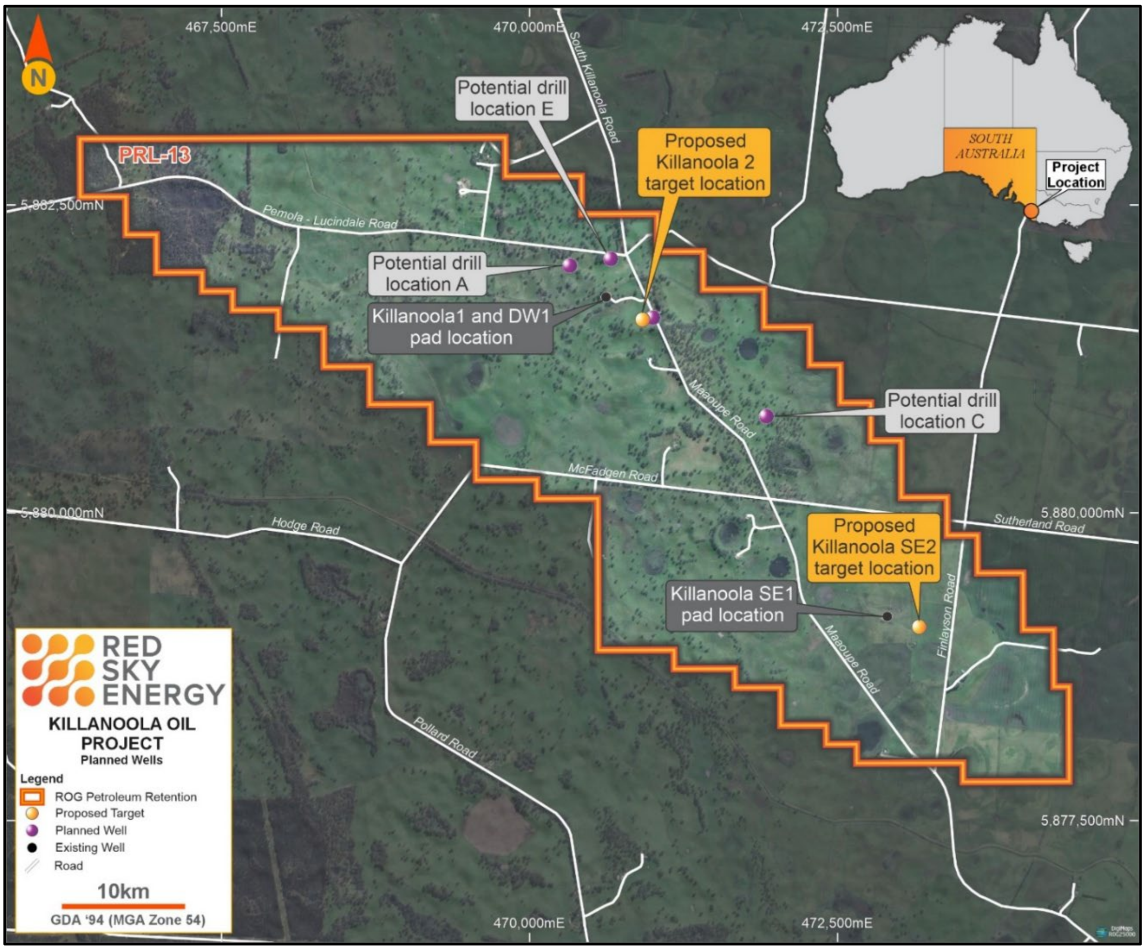

Figure 1: Killanoola Oil Project – Planned Wells (July 2025)

Table 1: Summary of discovered Petroleum Initially In Place (PIIP) of the PRL-13 Killanoola Oil Field (100%)

Killanoola Oil Field	Discovered Petroleum Initially In Place (mmbbls)		
	Low	Best	High
31 March 2022	57.2	93.0	98.6
19 April 2023	28.9	135.5	157.4
% Increase	(49.5)%	45.7%	59.6%

Table 1 above summarises the discovered petroleum initially in place of the Killanoola Oil Field as announced on 5 May 2022 and updated by GRI as at 19 April 2023. This evaluation was carried out in accordance with the Petroleum Resources Management System (PRMS) approved in 2018 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers. The report was prepared and supervised by the Competent Person.

An estimate of Petroleum Initially in Place (PIIP) was prepared as part of the 2023 Independent Resource Assessment (see ASX announcement dated 21 April 2023). The Company does not restate this estimate herein.