

Red Sky Energy Signs Landmark Contract For Block 6/24, Offshore Angola

HIGHLIGHTS

- **Red Sky awarded a 35% interest in Block 6/24 offshore Angola in the Kwanza Basin**
- **Block 6/24 has an aerial size of 4,930km² and is covered by 1,531km² of 2D seismic and 1,465km² of 3D seismic**
- **Following Red Sky's assessment of the materials contained in the data room for Block 6/24, the Company estimates that there is significant potential for oil to be found in Block 6/24**
- **The Company's review and analysis of all data available also indicates that 9 wells have been drilled in Block 6/24, with one of the wells discovering the Cegonha oil field. Preliminary assessments indicate a potential commercial discovery. Geological and Geophysical studies are now being initiated to firm up the resources of this discovery**
- **Block 6/24 is located in an area with several oil discoveries and high prospectivity**

Red Sky Energy (ROG: ASX) (**Red Sky** or the **Company**) is pleased to advise that the Angolan National Agency for Oil, Gas and Biofuels (**ANPG**) and Red Sky signed a Risk Service Contract (**RSC**) on 31 December 2024 for offshore Block 6/24 in partnership with ACREP Exploração Petrolífera SA (**ACREP**) and Sonangol Exploracao e Produção SA (**Sonangol E&P**). The RSC for offshore Block 6/24 is the result of direct negotiations undertaken by Red Sky with ANPG.

Red Sky Managing Director, Andrew Knox, commented:

"Over the past few years, Red Sky has been evaluating opportunities to acquire producing or near-production assets. The company is actively pursuing prospects created by major energy companies' global shift away from fossil fuels.

The signing of the RSC Block 6/24 marks our first entry into Angola and is a transformational milestone for Red Sky. Block 6/24 contains a potential commercial oil discovery that the JV partners plan to evaluate for early production and cash flow generation. The Block also has substantial resource potential based on the existing 2D and 3D seismic data. The JV partners plan to prove up these resources, further improving the economics of the Block. Several parties have expressed interest in providing 100% project finance for the development.

This transaction enhances our asset base with a high prospectivity offshore block and provides substantial diversification benefits, complementing our Innamincka gas and Killanoola oil projects in South Australia. This strategic move positions Red Sky for sustained growth and stability by balancing our investment portfolio across different geographical regions and resource types."

Block 6/24 Ownership and Location

- Sonangol E&P is the operator of the Block with a 50% participating interest. Red Sky Energy will hold a 35% participating interest, and ACREP will hold the remaining 15% participating interest.
- Block 6/24 is located 12 kilometres offshore Angola in the Kwanza Basin, in water depths ranging from 70 to 80 metres. The Block is covered by 1,531km² of 2D seismic and 1,465 km² of 3D seismic.
- Red Sky was granted access to a data room by the Angolan National Agency for Oil, Gas and Biofuels (**ANPG**) during the direct negotiation process. As a result of its review of the materials in that data room, the Company estimates that there is significant potential for oil to be found in Block 6/24. In addition, the Block contains the Cegonha oil discovery, and further studies are to be undertaken to determine the commerciality of that discovery.

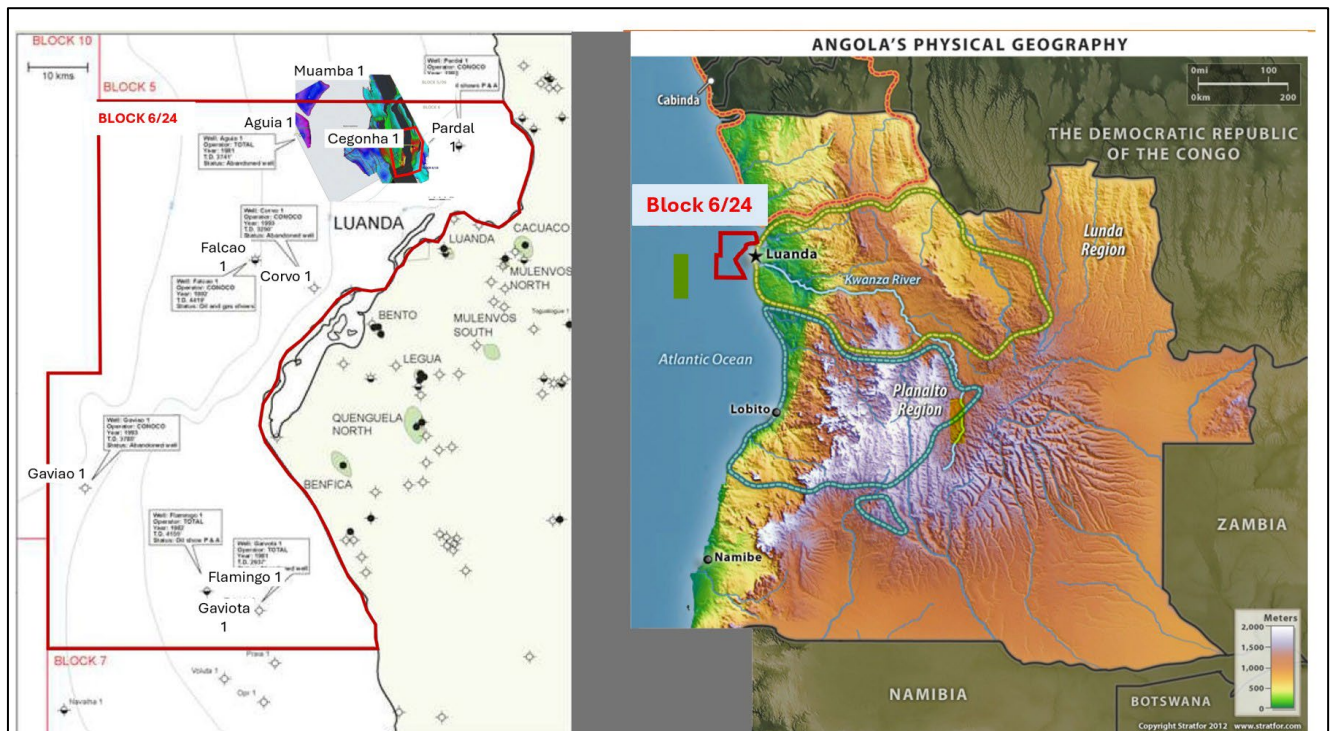


Figure 1: Block 6/24 Location

Next Steps

The immediate next steps following the signing of the Risk Service Contract (RSC) include:

- Implementation of a Joint Venture Operating Agreement (JVOA): Formalising roles, responsibilities, and operational frameworks among the JV partners.
- Parliamentary Ratification: Approval of the RSC by the Angolan Parliament, expected within approximately 90 days.

- Execution of Geological & Geophysical (G&G) Studies: Over the first three years, focusing on seismic reprocessing and detailed subsurface evaluation.
- Optional Well Decision: A decision on drilling an optional well in Year 4, contingent on the results of initial studies.

Angola Context

In recent years, Angola has made significant strides to create a more favourable environment for foreign investment, particularly in the oil and gas sector. The country has implemented regulatory reforms to streamline the process for foreign investors, making it easier to do business in the country. This includes the establishment of the Angolan National Agency for Oil, Gas and Biofuels (**ANPG**) to oversee the oil and gas sector.

Angola is investing in infrastructure development, which supports the operations of foreign companies, particularly in the oil and gas industry. It has also been actively seeking and establishing strategic partnerships with foreign companies to further develop its natural resources and maximise their value.

Relative stability, in conjunction with security and an attractive exploration and production landscape, provides the country with the edge over regional peers. While challenges remain, Angola is generally considered friendly to foreign investment, particularly in sectors like oil and gas, where it seeks to leverage foreign expertise and capital to develop its resources.

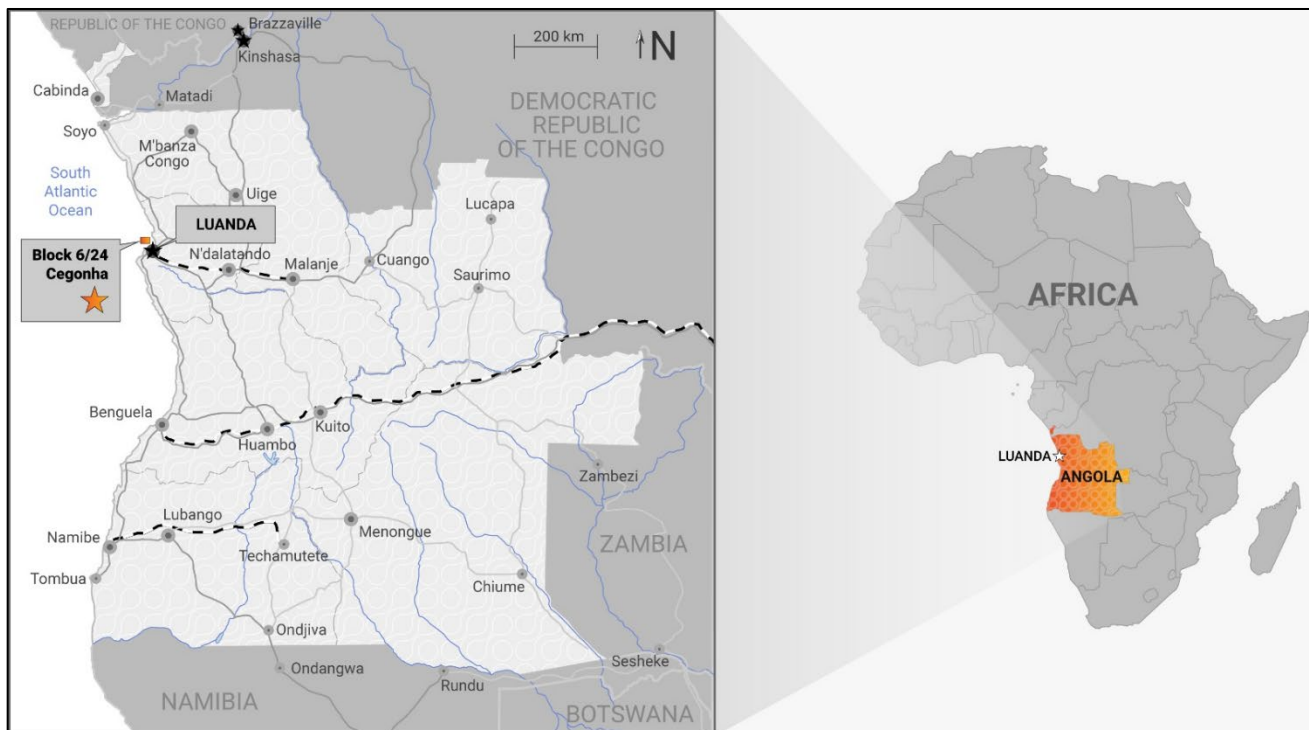


Figure 2: Angola location map with the approximate location of Block 6/24

Red Sky will benefit from the Risk Service Contract (RSC) in Angola in several significant ways:

Cash Flow: The discovery of the Cegonha oil field in Block 6/24 allows Red Sky and its JV partners to pursue bringing the field into production, generating substantial cash flow, which can be reinvested into further development or other company operations.

Resource Expansion: The Block has additional prospects identified through seismic data, providing opportunities for future discoveries and resource expansion. Successfully proving these resources will further enhance the Block's economics.

Enhanced Market Position: A successful venture in Angola will bolster Red Sky's market position, showcasing its ability to operate internationally and manage significant projects, potentially attracting further investment and partnership opportunities.

Long-Term Growth: The potential for substantial oil production and additional discoveries in Block 6/24 sets the stage for long-term growth. Increased reserves and production capabilities will improve the Company's overall value and operational scale.

Risk Service Contract

The Risk Service Contract (**RSC**) entered into by Red Sky is an agreement typically used in the oil and gas industry where one or more companies (the contractors) agree to explore, develop, and produce hydrocarbons in a specific area on behalf of the host government or national oil company. The key features of the RSC include:

Assumption of Operational and Financial Risk: The contractor parties (Red Sky, ACREP, and Sonangol E&P) assume all financial and operational risks associated with the undertaking of exploration, development, and production activities within the Block.

Cost Recovery: The contractors are entitled to recover their exploration and development costs from the production revenues generated from the sale of hydrocarbons produced from Block 6/24.

Profit Share: In addition to cost recovery, the contractors earn a share of the profits generated from the sale of such hydrocarbons based on certain performance metrics set out in the RSC.

Ownership and Control: ANPG retains ownership of all hydrocarbons produced from Block 6/24. However, it is contractually required to make payments in kind to the contractors on account of their cost recovery and profit share entitlements when such hydrocarbons are sold. Sonangol E&P, as the operator appointed under the RSC, is afforded exclusive operational control of all exploration and production activities undertaken in Block 6/24.

Duration: The RSC has an initial 6-year exploration and appraisal period, and if no commercial discovery is made or declared, the RSC expires at the end of this period. If a commercial discovery is made or declared, then the RSC remains in force and effect for a further 30 years in respect of the applicable development area.

Minimum Work Obligations: The RSC requires that the contractors undertake geological and geophysical studies and seismic data reprocessing during the first 3 years of the initial research period, and if they elect to enter the 4th year, they are then obliged to drill an exploration or appraisal well, If however they do not elect to enter the 4th year, then they are taken to have withdrawn from the RSC without penalty.

-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.