

BINDING AFE EXECUTED WITH SANTOS FOR TWO YARROW WELLS

HIGHLIGHTS

- **Binding AFE executed with Santos for 2026 Yarrow development program**
- **Red Sky to maintain 20% working interest in Yarrow field**
- **Placement commitments received to raise \$1.0 million to support participation**
- **Rights Issue to fund remaining AFE commitment**
- **Yarrow located within producing Innamincka gas system with existing infrastructure**
- **Program targets near-term production and cash flow with commencement of the first Yarrow development well expected imminently**

Red Sky Energy (ROG: ASX) (**Red Sky** or the **Company**) advises it has executed a binding Authority for Expenditure (**AFE**) with joint venture partner Santos Limited for two Yarrow wells within the Innamincka Dome, Cooper Basin, South Australia.

Execution of the AFE secures Red Sky's participation in the next phase of development at the producing Yarrow gas field. Commencement of drilling for the first of the two Yarrow wells is expected imminently.

The two-well program represents the next phase of development within the producing Yarrow field and follows the successful tie-in and commissioning of Yarrow 1 in November 2025 ([See ASX Announcement 18 November 2025](#)).

Innamincka Dome – Production Base Established

Red Sky holds a 20% working interest across six PRLs (14, 17, 18, 180, 181 and 182) within the Santos-operated Innamincka Dome Joint Venture.

The Innamincka Dome is a proven gas-producing region of the Cooper Basin with established infrastructure, gas gathering systems and processing facilities operated by Santos.

Red Sky Managing Director, Andrew Knox, commented:

"This is a key step for Red Sky. We have executed the Yarrow AFE alongside Santos and secured our position in the next phase of development within a producing gas system. With the placement commitments received and an underwritten Rights Issue planned, we have a clear path to fund our participation. These wells sit within existing infrastructure and provide a direct pathway to near-term production and cash flow."

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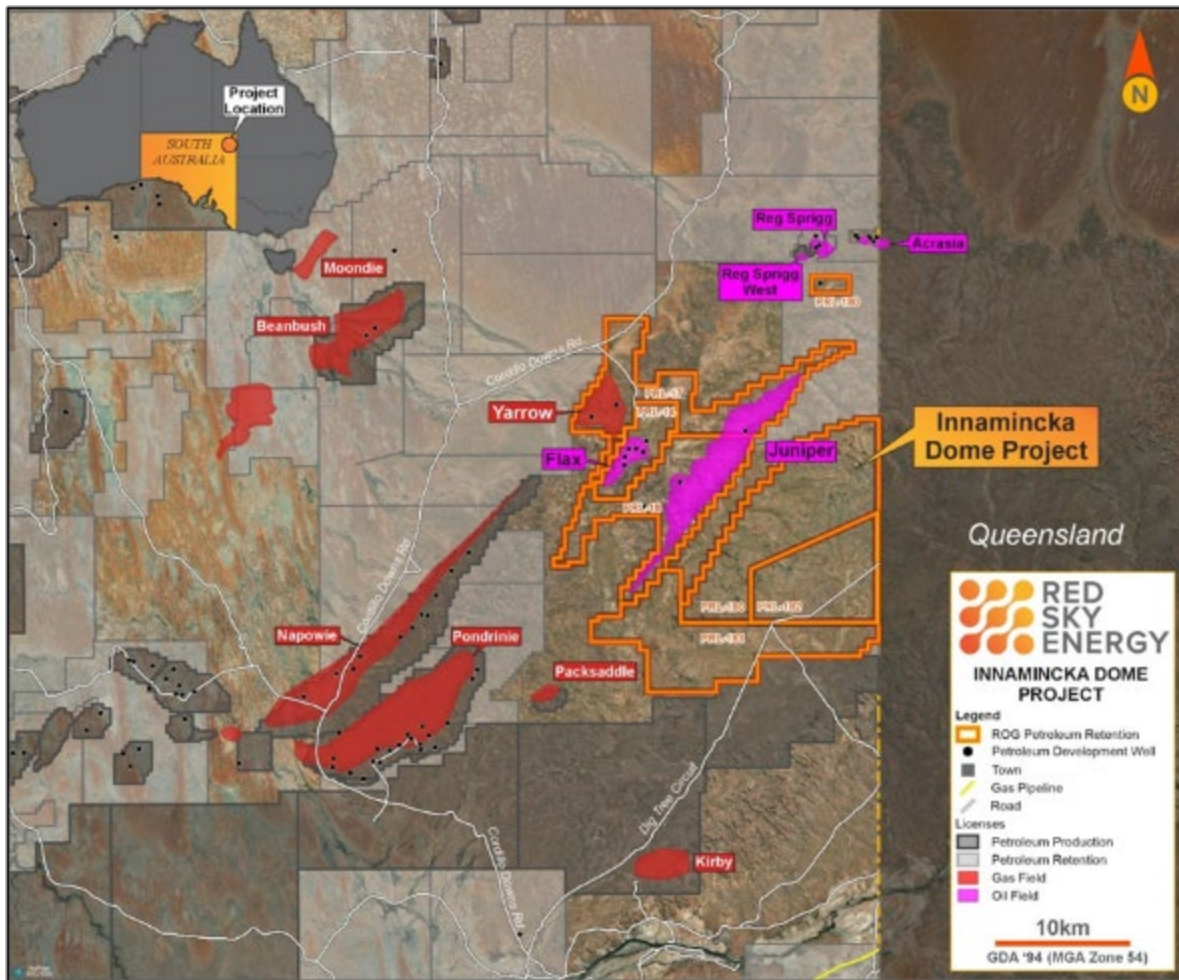


Figure 1: Innamincka Dome Projects location map with Yarrow and Napowie highlighted

Yarrow 1 – Online and Performing Above Expectations

Yarrow 1 was successfully tied in and brought online in November 2025 (See [ASX Announcement 18 November 2025](#)). Initial production reached approximately 2.4 MMscf/d, exceeding the AFE P50 expectation of 1.6 MMscf/d. The well underwent a two-stage hydraulic fracture stimulation across the Patchawarra and Tirrawarra formations, delivering flowback rates of approximately 1.8 MMscf/d. Yarrow 1 materially increased combined Innamincka production and strengthened near-term cash flow (See [ASX Announcement 27 January 2026](#)). Early production performance validated the re-entry and stimulation strategy and demonstrated the capacity to unlock additional value from discovered resources tied into existing infrastructure.

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Yarrow 3 – Stable Cash Generating Asset

Yarrow 3 has generated total cash receipts of \$5.5 million since production commenced in August 2023 (See [ASX Announcement 27 January 2026](#)). Revenue is predominantly derived from natural gas sales, supplemented by LPG and condensate. During the December 2025 quarter alone, receipts totalled \$0.63 million. The well continues to deliver steady production and provides a stable operating cash flow base. Since production began, Yarrow 3 has demonstrated consistent deliverability and underpins Red Sky’s funding capacity for further development.

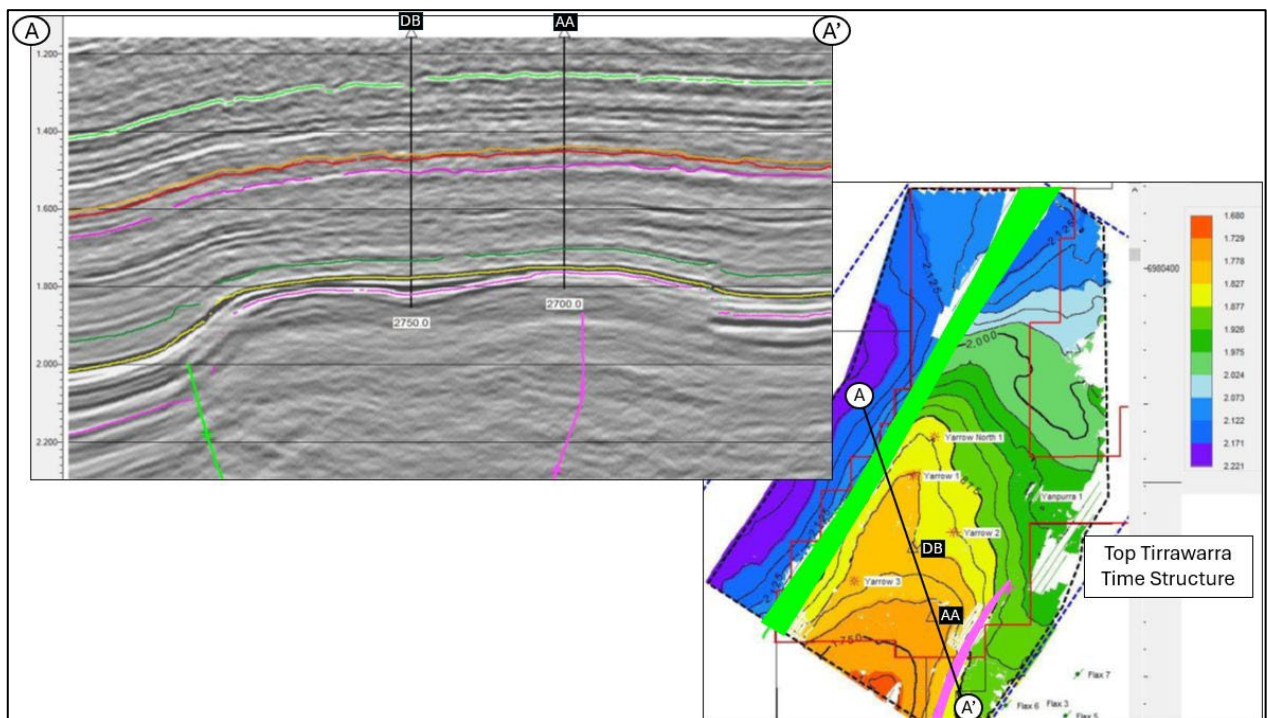


Figure 2: Yarrow field structure map and seismic section highlighting proposed 2026 well locations (A–A’ cross section)

3D Seismic and 2026 Development

Interpretation of the 3D seismic dataset across PRLs 14 and 17 has been completed and is informing future development planning ([See ASX Announcement 27 January 2026](#)). Further development drilling at Innamincka is anticipated during 2026. The proposed AFE relates to the next phase of development at Yarrow within this broader producing fairway.

The Innamincka Dome benefits from:

- Established Santos-operated infrastructure
- Gas gathering and processing facilities
- Proximity to existing production
- Proven commercial gas accumulations

The Board considers participation in the 2026 Yarrow program to be aligned with the Company's strategy of low-cost, short-cycle development tied into existing infrastructure. Participation in the AFE provides exposure to incremental production growth within an established field environment.

Funding Update

Red Sky has received firm commitments to raise \$1.0 million (before costs) through a placement, as announced on 31 March 2026. The Company intends to undertake a non-renounceable Rights Issue to fund the balance of its participation in the Yarrow program.

Red Sky's share of the Yarrow AFE is estimated at approximately:

- ~ \$2.0 million for the two Yarrow wells

The placement represents the initial funding component, with the Rights Issue expected to fund the remainder of the commitment.

-ENDS-

Released with the authority of the board.

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

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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.

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