

## Red Sky Energy to Progress Low Capex Gas Option at Yarrow Project

### HIGHLIGHTS

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- Yarrow Project contains a 2C Contingent Resource of 20 bcf of natural gas
- This volume of gas is worth about \$200 million at current East Coast Australia AUD prices
- Scoping commenced on a five-year project to deplete the Contingent Resource
- Major items of capex are six to ten vertical wells and the pipeline to tie into the grid
- Positive initial discussions with commercial banks to debt-finance the pipeline

Australian Oil and Gas explorer and developer, Red Sky Energy (ROG: ASX) (“Red Sky” or “the Company”) is pleased to provide the results of its recently completed strategic review on its 100% owned Yarrow Gas Project located in Australia’s Cooper Basin.

#### Managing Director and CEO, Andrew Knox, commented:

*“Our 100% owned Yarrow Gas Project has the potential to be a very low capex gas project and we expect to be able to debt-finance the pipeline. We are targeting a five-year operation designed to deplete the existing Contingent Resource which, based on current gas prices, would deliver around \$200m in revenue.*

*The Yarrow Gas Project complements our Flax Oil and Gas Project by providing the potential for additional early revenues built on very low capex.*

*In addition to the above, we have commenced a strategic process to determine the most appropriate way to finance exploration activities on our larger 100% Juniper and 180/181/182 Oil and Gas Projects.”*

### Background

On 20 May 2019, the Company completed the full acquisition of four Cooper Basin oil and gas projects known collectively as The Innamincka Dome Projects. Into and post the acquisition the Company has been working on a strategic review of the Projects. With respect to the Yarrow Gas Project, it is a conventional natural gas project that contains a 2C contingent resource of 20 bcf of natural gas. The Project is located within 25 kms of the gas tie in to the pipeline grid which supplies gas across East Coast Australia. Three wells have been drilled to define the field with flow rates tested on well “Yarrow-1” delivering 3.6mmcf / per day of natural gas.

### **Yarrow Gas Project Strategy**

The Company has completed high level work to scope a project designed to deplete the Contingent Resource over a five-year period. The Project will require a 3D seismic survey to better define the field and enable computer modelling of reservoirs and production. Based on the models, locations and specifications for the vertical production wells and a pipeline can be finalised in the Field Development Plan.

Total project capital comprises the 3D seismic, development drilling and production infrastructure including the pipeline.

The gas pipeline is estimated to cost A\$12.3 million. Discussions with Australian commercial banks indicate that debt-financing would be available for this entire amount.

The Company believes it could begin producing gas from Yarrow within three years from commencement based on the following overlapping activities:

1. Completion of 3D seismic, interpretation and models (1 year);
2. Completion of Field Development Plan (6 months);
3. Completion of development wells drilling;
4. Completion of production infrastructure and pipeline; and
5. Start production within 3 years.

### **Juniper and 180/181/182 Oil and Gas Projects Strategy**

Juniper and 180/181/182 are large exploration projects that appear to have substantial oil and gas potential.

The Company has commenced a strategic process to determine the most appropriate way to finance exploration activities. Options include:

1. Self funding from equity and earnings from operations at Flax and Yarrow;
2. Farm-in partner funding; and
3. Asset sales.

The Company expects to report on outcomes of this process in the 2H CY2019.

**ENDS**

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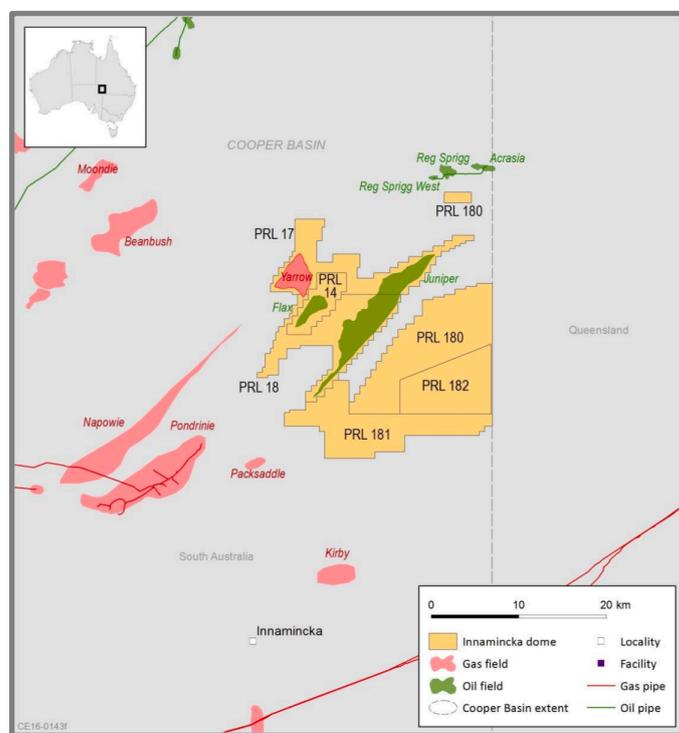
**About Red Sky Energy Limited**

Red Sky Energy is an ASX listed oil and gas development company with four 100% highly prospective projects located in Australia's Cooper Basin. The Company's initial development targets are; 1) the Flax Project that contains a 2C contingent resource of 9.9m barrels of oil and 24 BCF of natural gas with in place infrastructure and six production wells that produced around 180k barrels of oil between 2009 and 2015 when it was closed down due to low Australian dollar oil prices; and 2) the Yarrow Project that contains a 2C contingent resource of 20 BCF of natural gas. These projects are expected to deliver near term revenues with modest capital expenditure requirements.

The Company's other two projects are significant with Juniper an oil and gas target with modest existing 2C oil and gas contingent resources with significant exploration potential, and PRLs 180/181/182 with an oil and gas target that is substantially under explored.

Other assets include 100% working interest in the Gold Nugget gas production in Wyoming, USA.

The Company is focused on moving its near term revenue projects into production whilst establishing the optimum model to explore the larger two substantially under explored projects.



**Figure 1: Map showing Company's Projects located in Cooper Basin, South Australia**