

RIGHTS ISSUE UNDERWRITING AND COST REDUCTION PROGRAM

HIGHLIGHTS

- **Execution of Underwriting Agreement with CPS Capital Group Pty Ltd to fully underwrite the proposed 2 for 3 non-renounceable rights issue announced 31 March 2026**
- **Entities associated with Andrew Knox and Adrien Wing to each sub-underwrite \$500,000 (\$1,000,000 in aggregate), including take up of entitlements**
- **Non-renounceable Rights Issue to eligible shareholders to raise ~ \$4.2 million**
- **Board implements immediate cost reduction program - Managing Director and all Directors take 25% reduction in fees and salary**

Red Sky Energy (ROG: ASX) (Red Sky or the Company) is pleased to announce that it has executed an underwriting agreement with CPS Capital Group Pty Ltd [ABN 73 088 055 636] [AFSL 294848] (**Underwriter**) pursuant to which the Underwriter has agreed to fully underwrite the pro rata entitlement offer of the Company (**Rights Issue**). A summary of the terms of the underwriting agreement in accordance with Listing Rule 7.2 Exception 2 is set out in Annexure A.

The Rights Issue was announced to ASX on 31 March 2026.

Entities associated with Andrew Knox and Adrien Wing have agreed to each sub-underwrite \$500,000 (\$1,000,000 in aggregate), inclusive of each entity taking up its entitlements under the rights issue. A summary of the material terms of the sub-underwriting agreements between these related parties and the Underwriter in accordance with Listing Rule 10.12 Exception 2 is set out in Annexure B.

Details of the Rights Issue

Red Sky is conducting a non-renounceable pro rata entitlement offer (**Rights Issue**) to raise up to approximately AU\$4.2 million (before costs). Two (2) new shares under the Rights Issue will be offered for every three (3) shares held on the record date by eligible shareholders (being shareholders with a registered address in Australia, New Zealand or the United Kingdom at the record date) at an issue price of \$0.001 per share. An indicative timetable for the Rights Issue was released to ASX on 31 March 2026. An updated Appendix 3B for the Rights Issue was released at the same time as this announcement.

Cost Reduction Program

The Board of Red Sky Energy has implemented an immediate cost reduction program across the Company, focused on preserving capital and prioritising expenditure toward core development activities. As part of this initiative, the Managing Director and all Directors have agreed to a 25% reduction in fees and salary. The Company has also undertaken a reduction in staffing levels and is actively reviewing all operating costs to ensure a disciplined and efficient cost base.

-ENDS-

Released with the authority of the board.

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.

Annexure A

Terms of underwriting agreement

The Company has appointed CPS Capital Group Pty Ltd [ABN 73 088 055 636] [AFSL 294848] (**Underwriter**) to fully underwrite the Rights Issue. A summary of the terms of the underwriting agreement is set out below. Capitalised terms in this Annexure A that are not defined in this announcement are as defined in the underwriting agreement:

- The Underwriter is CPS Capital Group Pty Ltd [ABN 73 088 055 636] [AFSL 294848].
- Pursuant to the underwriting agreement, the Underwriter agrees to fully underwrite the Rights Issue.
- The underwriting is conditional upon the Company lodging the offer booklet (**Offer Document**) with ASX before 5:00pm (Perth time) on 21 April 2026 (or such later date agreed by the Underwriter).
- The fees to be received by the Underwriter comprise:
 - 6% of the underwritten amount (being the full subscription of the Rights Issue), plus GST as applicable; and
 - One option for every three shares issued under the Rights Issue (options have an exercise price of \$0.003 and expire 3 years from issue). The issue of these options is subject to shareholder approval. If shareholder approval is not obtained, the Company will pay the Underwriter a cash fee equal to 6% of the underwritten amount in lieu of issue of the options.
- The events that could lead to termination of the underwriting agreement are described below:
 - (a) (**Offer Withdrawn**): the Rights Issue is withdrawn by the Company;
 - (a) (**No Listing Approval**): the Company fails to lodge an Appendix 2A in relation to the Underwritten Shares with ASX by the time required by the Listing Rules, the Corporations Act or any other regulations;
 - (b) (**Corrective Disclosure**):
 - (1) the Underwriter, having elected not to exercise its right to terminate its obligations under this Agreement as a result of an occurrence as described in clause (i)(4) forms the view on reasonable grounds that a corrective document should be lodged with ASX to comply with the Corporations Act and the Company fails to lodge a corrective document in such form and content and within such time as the Underwriter may reasonably require; or
 - (2) the Company lodges a corrective document without the prior written agreement of the Underwriter (which agreement the Underwriter may not unreasonably withhold);
 - (c) (**Misleading Documents**): it transpires that there is a statement in the Offer Document that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Offer Document or if any statement in the Offer Document becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Offer Document is or becomes misleading

or deceptive or likely to mislead or deceive;

- (d) **(Restriction on issue)**: the Company is prevented from issuing the Underwritten Shares within the time required by this Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (e) **(ASIC application)**: an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Offer, provided that the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn;
- (f) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel and is not withdrawn or disposed of by the Shortfall Notice Deadline Date, either of which in the Underwriter's reasonable opinion has a Material Adverse Effect;
- (g) **(Indictable offence)**: a director or senior manager of the Company is charged with an indictable offence;
- (h) **(Market Movement)**: the S&P/ASX Small Ordinaries index falls by 10% or more below the level of the S&P/ASX Small Ordinaries index on the Execution Date at the close of trading;
 - (1) for at least two consecutive Business Days in the period between the Execution Date and the Business Day prior to the Settlement Date; or
 - (2) on the Business Day immediately prior to the Settlement Date; or
- (i) **(Termination Events)**: any of the following events occurs:
 - (1) **(Default)**: default or breach by the Company under this Agreement of any terms, condition, covenant or undertaking and the default or breach is either incapable of remedy or is not remedied within 10 Business Days after the Underwriter notifies the Company of the default or breach or by the Shortfall Notice Deadline Date, whichever is earlier;
 - (2) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in this Agreement is or becomes untrue or incorrect to a material respect;
 - (3) **(Contravention of constitution or Act)**: a material contravention by the Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
 - (4) **(Adverse change)**: an event occurs which gives rise to a Material Adverse Effect in relation to the assets, liabilities, financial position, trading results, profits, losses, prospects, business or operations of the Company;
 - (5) **(Misleading information)**: any information supplied at any time by the Company or

any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Issue or the affairs of the Company is or becomes misleading or deceptive or likely to mislead or deceive to a material respect;

- (6) **(Change in Act or policy)**: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy (except as publicly disclosed or proposed on or before the Execution Date);
- (7) **(Prescribed Occurrence)**: a Prescribed Occurrence occurs;
- (8) **(Suspension of debt payments)**: the Company suspends payment of its debts generally;
- (9) **(Event of Insolvency)**: an Event of Insolvency occurs in respect of the Company;
- (10) **(Judgment against the Company)**: a judgment in an amount exceeding \$100,000 is obtained against the Company and is not set aside or satisfied within seven days;
- (11) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings seeking damages in an amount exceeding \$100,000 are brought after the Execution Date commenced against the Company;
- (12) **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before the Issue without the prior written consent of the Underwriter (such consent not to be unreasonably delayed or withheld);
- (13) **(Change in shareholdings)**: a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company;
- (14) **(Timetable)**: there is a delay in any specified date in the Timetable which is greater than 3 Business Days, without the prior written consent of the Underwriter (such consent not to be unreasonably delayed or withheld);
- (15) **(Force Majeure)**: a Force Majeure affecting the Company's business or any obligation under the Agreement lasting in excess of seven days occurs;
- (16) **(Certain resolutions passed)**: the Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (17) **(Hostilities)**: hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has

been declared or not) involving any one or more of Australia, New Zealand the United States of America, the United Kingdom any member state of the European Union, Japan, the Peoples Republic of China or Indonesia, or a terrorist act is perpetrated on any of those countries or any diplomatic or political establishment of any of those countries elsewhere in the world, or a national emergency is declared by any of those countries; or

- (18) **(Adverse Change in Financial Markets):** there occurs any material adverse change or material adverse disruption to the political or economic conditions of financial markets in Australia, the United Kingdom, the United States of America or the international financial markets or any change or development involving a prospective change in national or international political, financial or economic conditions, including but not limited to the collapse of a major bank or financial institution;
- (19) **(Indices Fall):** any of the following indexes closes on any 2 consecutive trading days before the Shortfall Notice Deadline Date 10% or more below its respective level as at the close of business on the Business Day prior to the Execution Date:
- (i) ASX;
 - (ii) Dow Jones;
 - (iii) S&P 500;
 - (iv) Nasdaq;
 - (v) Russell 2000;
 - (vi) FTSE;
 - (vii) Nikkei; or
 - (viii) Shanghai SE Comp;

The events listed in clause (c), (g) and (i) do not entitle the Underwriter to exercise its rights of termination unless, in the reasonable opinion of the Underwriter reached in good faith, the event has or is likely to have, or those events together have, or could reasonably be expected to have, a Material Adverse Effect or could give rise to a liability of the Underwriter under the Corporations Act 2001 (Cth).

Annexure B

Terms of sub-underwriting agreement – related parties

Abacus Enterprises Pty Ltd (associate of Andrew Knox and accordingly a related party):

- The sub-underwriter is Abacus Enterprises Pty Ltd.
- The sub-underwriting is for \$500,000 including the entitlement of Abacus Enterprises Pty Ltd.
- No fee is payable to Abacus Enterprises Pty Ltd in respect of sub-underwriting of the entitlement of Abacus Enterprises Pty Ltd. Abacus Enterprises Pty Ltd will receive the following fees in respect of the sub-underwriting in excess of the entitlement of Abacus Enterprises Pty Ltd:
 - Up to 4% of the amount sub-underwritten in excess of the entitlement of Abacus Enterprises Pty Ltd; and
 - One option for every three shares issued under the Rights Issue (options have an exercise price of \$0.003 and expire 3 years from issue). The issue of these options is subject to shareholder approval. Abacus Enterprises Pty Ltd may receive a portion of the cash payment made by the Company to the Underwriter in the event shareholders do not approve the issue of options.
- Abacus Enterprises Pty Ltd does not have any rights of termination under the sub-underwriting agreement. The sub-underwriting commitment of Abacus Enterprises Pty Ltd will terminate immediately upon termination by the Underwriter of its obligations under the underwriting agreement (for whatever reason).

Northern Star Nominees Pty Ltd (associate of Adrien Wing and accordingly a related party):

- The sub-underwriter is Northern Star Nominees Pty Ltd.
- The sub-underwriting is for \$500,000 including the entitlement of Northern Star Nominees Pty Ltd.
- No fee is payable to Northern Star Nominees Pty Ltd in respect of sub-underwriting of the entitlement of Northern Star Nominees Pty Ltd. Northern Star Nominees Pty Ltd will receive the following fees in respect of the sub-underwriting in excess of the entitlement of Northern Star Nominees Pty Ltd:
 - Up to 4% of the amount sub-underwritten in excess of the entitlement of Northern Star Nominees Pty Ltd; and
 - One option for every three shares issued under the Rights Issue (options have an exercise price of \$0.003 and expire 3 years from issue). The issue of these options is subject to shareholder approval. Northern Star Nominees Pty Ltd may receive a portion of the cash payment made by the Company to the Underwriter in the event shareholders do not approve the issue of options.
- Northern Star Nominees Pty Ltd does not have any rights of termination under the sub-underwriting agreement. The sub-underwriting commitment of Northern Star Nominees Pty Ltd will terminate immediately upon termination by the Underwriter of its obligations under the underwriting agreement (for whatever reason).