

COMPANY INFORMATION

RED SKY ENERGY LIMITED
ABN [94 099 116 275]

COMPANY DIRECTORS

Kerry Smith: Executive Chairman
Clinton Carey: Managing Director
William Reinhart: Non Exec
Director
Russell Krause: Non Exec Director
Adrien Wing: Non Exec Director

STOCK EXCHANGE LISTING

ASX Code: ROG

Current Shares on Issue:
5,692,366,921

Performance Rights:
75,000,000

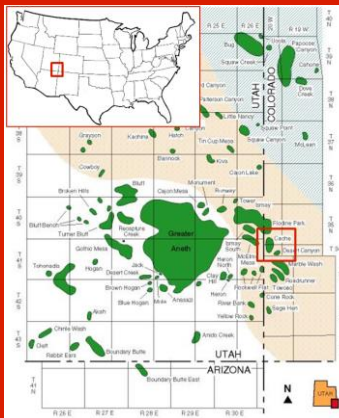
Options:
160,000,000

Market Capitalisation:
\$5.692 million

PROJECT

Cache Oilfield, Montezuma County,
Colorado, USA

- Conventional Oil
- Discovered in 1964
- Produced over 5m barrels
- OOIP approx. 24m barrels*
- Recoverable Reserve 5.1-6m barrels*
- API 44-45°



Cache Acquisition & Capital Raising Completed

31 July 2015

Highlights

- First acquisition completed under new strategy to build a portfolio of conventional onshore US based oil and gas assets
- ROG has acquired its 50% equity interest in the Cache Oilfield ("Cache") through the issue of 1.369 billion fully paid ordinary shares issued at a deemed value of \$0.001 as approved at the recent general meeting
- 50% Cache interest was independently valued of US\$29.66m - \$35.27m, with **preferred valuation of US\$30.02m***
- Cache is located in Colorado, USA, was discovered in 1964 and has produced in excess of 5 million barrels to date
- **~24 million barrels Original Oil In Place ("OOIP"); ~5m barrels still remain recoverable***
- Highly credentialed incoming technical & corporate team forms part of transaction
- Associated capital raising completed which raised \$1.742 million (before costs) through the issue of 1.742 fully paid ordinary ROG shares.
- Funds will be applied to drilling a **new well targeting 250 - 500 BOPD** (IVR* assumes rate of 350 BPD) production and working capital
- Pipeline of conventional oil & gas assets identified which the Company is pursuing

Red Sky Energy Limited ('ROG' or the 'Company') is pleased to announce it has completed its acquisition of the 50% equity interest in the Cache Oilfield, Montezuma County, Colorado, USA (Cache). In addition to the acquisition ROG has also completed an associated capital raising of \$1.742 million through the issue of 1.742 million fully paid ROG shares at an issue price of \$0.001.

Implementation of the transaction and capital raising was approved by shareholders at the Extraordinary General Meeting (EGM) held on 17 July 2015 where all resolutions were passed. The Notice of Meeting despatched as part of supporting documentation for the EGM included an Independent Expert's Report and Independent Valuation Report (IVR)* assessing the acquisition which provided an opinion as to the fair market value for the 50% interest of Cache being acquired of between \$29.66m - \$35.27m, with a preferred valuation of \$30.02m.

* Refer to the Independent Valuation Report (IVR) which accompanied the Notice of Meeting – see page 3 for further details.

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Under the terms of the acquisition ROG has now acquired the 50% equity interest in Cache through the issue of 1.369 million fully paid ROG shares at a deemed price of \$0.001. Further to the acquisition of Cache and associated capital raising, Mr Kerry Smith and Mr Bill Rinehart have also joined the ROG board as well as Ed Coalson being engaged as a project consultant. The incoming team forms have over 100 years combined experience in, locating, evaluating and developing oil and gas interests in mainland USA. The incoming Directors and management team are currently evaluating several additional projects for possible acquisition in the near term.

The in-country team will now implement its plan to complete a new production well at Cache. The permitting process is under way and the Company anticipates receiving its permit in the coming weeks. The Company intends to use modern horizontal-multilateral drilling and completion techniques to potentially enhance the oil production rates. By drilling laterally within the reservoir intervals the Company believes it can maximise the probability of intersecting zones of higher porosity and permeability leading to sustainable oil flow rates. Within the IVR* it has assumed production rates of between 250 and 500 BOPD for the first well, with a preferred production rate of 350 BOPD.

Russell Krause, Chairman commented "The board is delighted to have completed the first acquisition under its new strategy to develop a quality onshore conventional oil and gas portfolio. The strategy is to acquire existing producing oil and gas fields which have been underexploited and whereby modern techniques can enhance production. The success in horizontal drilling of oil resources, along with CO2 injection techniques used in older fields has shown that production can be increased and significantly extended.

"ROG has chosen Texas, the Mid-Continent and the Rocky Mountain regions as our initial areas of concentration since they are active oil and gas markets in which our team has a significant network and has successfully operated assets and within which numerous acquisition and strategic partnership opportunities exist.

"Cache will provide an excellent platform from which to restore shareholder as well as execute the board's broader asset, and more specifically its in-ground reserve, aggregation strategy."

Further detail in relation to the share issues including an Appendix 3B will be released shortly.

ENDS

For further information please contact:

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Company Secretary
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*** Independent Valuation Report:** Refer to the “Independent Valuation Report considering the Fair Market Value of the equity interest available to Red Sky Energy Limited in the Cache Oilfield, Colorado, USA” prepared by Global Resources & Infrastructure Pty Ltd [ABN 45 132 038 861] (the Independent Valuation Report or “IVR”) which accompanied the Company’s Notice of the General Meeting released to ASX as an announcement on 16 June 2015 under the Company’s ASX code ROG). The IVR contains detailed assumptions and further information which should be referred to when considering references to the IVR in this announcement

QUALIFIED PETROLEUM RESERVES AND RESOURCES EVALUATOR

Information in this report relating to hydrocarbon reserve estimates have been compiled by Mr Ian Buckingham, Director of Global Resources and Infrastructure Pty Ltd and author of the Independent Valuation Report included in the Company’s Notice of Meeting for extraordinary general meeting held on 17 July 2015, released to ASX as an announcement on 16 June 2015 with the consent of Mr Buckingham. Ian has over 40 years of experience in petroleum geophysics and geology and is a member of the AAPG. Ian consented to the inclusion of the information relating to prospective hydrocarbon reserves in the form and context in which it appears in the IVR. The prospective reserve estimates contained in this report are in accordance with the standard definitions set out by the Society of Petroleum Engineers, Petroleum Resource Management System. The Company confirms it is not aware of any new information or data that materially affects the information included in the IVR and that all the material assumptions and technical parameters underpinning the estimates in the IVR continue to apply and have not materially changed.

FORWARD-LOOKING STATEMENTS

This document may include forward-looking statements. Forward-looking statements include, but are not necessarily limited to the Company’s planned exploration program and other statements that are not historic facts. When used in this document, words such as “could”, “plan”, “estimate”, “expect”, “intend”, “may”, “potential”, “should” and similar expressions are forward-looking statements. Although the Company believes that its expectations reflected in these statements are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements.

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Red Sky Energy Limited

ABN

94 099 116 275

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | a) 1,369,450,435
b) 1,742,000,000
c) 150,000,000 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Ordinary fully paid shares |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p style="text-align: center;">Yes</p>
<p>5 Issue price or consideration</p>	<p>(a) \$0.001 each (b) \$0.001 each (c) Nil</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>(a) The acquisition of 50% of the units of Cache Martini No. 1 LLC, a company incorporated in Wyoming, USA</p> <p>(b) Placement to be used for the Cache Funding Contribution (being the contribution of funds by the Company to the development and administration of the Project and/or investigation and acquisition of new opportunities and projects for Cache) and for working capital and to pay for the costs of the offer and</p> <p>(c) Conversion of Performance Rights</p> <p>Refer to Notice of Meeting lodged with ASX on 16 June 2015 for further information.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p style="text-align: center;">Yes</p>

+ See chapter 19 for defined terms.

6b	The date the security holder resolution under rule 7.1A was passed	28 May 2015
6c	Number of +securities issued without security holder approval under rule 7.1	Nil
6d	Number of +securities issued with security holder approval under rule 7.1A	N/a
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	3,261,450,435
6f	Number of +securities issued under an exception in rule 7.2	Nil
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/a
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Refer to Annexure 1 below
7	<p>+Issue dates</p> <p>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</p> <p>Cross reference: item 33 of Appendix 3B.</p>	On or about 3 August 2015

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

	Number	+Class
8 Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	5,692,366,921	Ordinary shares

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	60,000,000	Options exercisable at 2.25 cents on or before 31 March 2016
	100,000,000	Options exercisable at \$0.009 on or before 20 December 2016
	75,000,000	Performance Rights

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	None
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Part 2 - Pro rata issue

11 Is security holder approval required?	
12 Is the issue renounceable or non-renounceable?	
13 Ratio in which the +securities will be offered	
14 +Class of +securities to which the offer relates	
15 +Record date to determine entitlements	

+ See chapter 19 for defined terms.

- | | | |
|----|--|--|
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | |
| 17 | Policy for deciding entitlements in relation to fractions | |
| 18 | Names of countries in which the entity has security holders who will not be sent new offer documents

<small>Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.</small> | |
| 19 | Closing date for receipt of acceptances or renunciations | |
| 20 | Names of any underwriters | |
| 21 | Amount of any underwriting fee or commission | |
| 22 | Names of any brokers to the issue | |
| 23 | Fee or commission payable to the broker to the issue | |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders | |
| 25 | If the issue is contingent on security holders' approval, the date of the meeting | |
| 26 | Date entitlement and acceptance form and offer documents will be sent to persons entitled | |

+ See chapter 19 for defined terms.

Appendix 3B New issue announcement

- 27 If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders
- 28 Date rights trading will begin (if applicable)
- 29 Date rights trading will end (if applicable)
- 30 How do security holders sell their entitlements *in full* through a broker?
- 31 How do security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do security holders dispose of their entitlements (except by sale through a broker)?
- 33 ⁺Issue date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of ⁺securities
(*tick one*)
- (a) ⁺Securities described in Part 1
- (b) All other ⁺securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

⁺ See chapter 19 for defined terms.

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of +securities for which +quotation is sought
- 39 +Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?
- If the additional +securities do not rank equally, please state:
- the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
-

+ See chapter 19 for defined terms.

Appendix 3B New issue announcement

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

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42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)

Number	+Class

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.


- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:  Date: ...31 July 2015.....
(Director & Company secretary)

Print name: ...Adrien Wing.....

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	1,680,916,486
<p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>420,229,112 shares issued per Appendix 3B dated 14 November 2014. Approved by shareholders on 11 March 2015.</p> <p>125,000,000 shares issued per Appendix 3B dated 9 April 2015. Approved by shareholders on 11 March 2015.</p> <p>204,770,878 shares issued per Appendix 3B dated 5 May 2015. Approved by shareholders on 11 March 2015.</p> <p>3,261,450,435 shares issued per this Appendix 3B. Approved by shareholders on 17 July 2015</p>
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	0
“A”	5,692,366,921

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	853,855,083
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p><i>Insert</i> number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“C”	-
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	853,855,038
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	-
Total [“A” x 0.15] – “C”	853,855,038 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	5,692,366,921
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	569,236,692
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items 	-
“E”	-
Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	569,236,692
Subtract “E” <i>Note: number must be same as shown in</i>	-

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<i>Step 3</i>	
Total ["A" x 0.10] – "E"	569,236,692 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.