



NOTICE OF ANNUAL GENERAL MEETING

Including Explanatory Memorandum and Proxy Forms

RED SKY ENERGY LIMITED

ACN 099 116 275

TIME	11.00am (Melbourne time)
DATE:	31 May 2016
PLACE:	Institute of Chartered Accountants Level 3, 600 Bourke Street, Melbourne, Victoria 3000

This Notice of Annual General Meeting and the accompanying Explanatory Memorandum should be read in their entirety.

If Shareholders are in doubt as to the course you should follow, please consult your financial or professional adviser prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 3 9614 0600

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of Shareholders to which this Notice of Annual General Meeting relates will be held at 11.00am (Melbourne time) on 31 May 2016 at:

Institute of Chartered Accountants

Level 3, 600 Bourke Street, Melbourne, Victoria 3000.

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects the Company and your vote is important.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the time and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return it by:

- (a) post to Level 17, 500 Collins Street, Melbourne, Victoria 3000; or
- (b) Facsimile on facsimile number +61 3 9614 0550

So that it is received no later than 48 hours prior to the date of the Annual General Meeting.

Proxy Forms received later than this time will be invalid.

RED SKY ENERGY LIMITED

[ACN 099 116 275]

NOTICE OF GENERAL MEETING

Notice is given that the Annual General Meeting of Red Sky Energy Limited (“the Company” or “Red Sky”) will be held at the Institute of Chartered Accountants, Level 3, 600 Bourke Street, Melbourne, Victoria 3000 at 11.00am (Melbourne time) on 31 May 2016.

Further details in respect of each of the resolutions proposed in this Notice of Annual General Meeting are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting. The details of the resolutions contained in the Explanatory Memorandum should be read together with, and form part of, this Notice of Annual General Meeting.

BUSINESS

2015 ANNUAL FINANCIAL STATEMENTS

To receive and consider the annual financial report of the Company for the financial year ended 31 December 2015 together with the declaration of the Directors, the Directors’ Report, the Remuneration Report and the Auditors’ report.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass the following as a non-binding ordinary resolution:

“THAT the Remuneration Report be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum.”

Voting Note:

In accordance with the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by or on behalf of a member of the Company’s key management personnel (including the Directors) whose remuneration details are included in the Remuneration Report, or any of that person’s closely related parties such as close family members and any controlled companies of those persons (collectively referred to as a “Restricted Voter”). However, a Restricted Voter may cast a vote on Resolution 1 as a proxy if:

- it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 1; and
- it is not cast on behalf of a Restricted Voter.

If you have appointed the person chairing the meeting (“the Chair”) as your proxy or if the Chair may be appointed by default and you are not a Restricted Voter, the Chair can only cast your votes on Resolution 1 if you expressly consent to the Chair voting your undirected proxy on Resolution 1 by marking the box on the proxy form or if you direct the Chair how to vote by marking either ‘for’, ‘against’ or ‘abstain’ for this item of business. By marking the box on the Proxy Form you authorise the Chair to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Company’s key management personnel, and you will be taken to have directed the Chair to vote in accordance with his stated intention to vote in favour of Resolution 1.

Except as provided for above, any undirected proxies held by the Chair, other directors or Restricted Voters will not be voted and will be disregarded on Resolution 1. Please reference to the Proxy and Voting Instructions on page 6 of this notice.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR RUSSELL KRAUSE

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

“THAT Mr Russell Krause, a Director of the Company who will retire by rotation in accordance with ASX Listing Rule 14.4, being eligible for re-election, be re-elected as a Director of the Company.”

RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SHARES TO S3 CONSORTIUM PTY LTD [ACN 135 239 968] TRADING AS STOCKS DIGITAL

To consider and, if thought fit to pass with or without amendment, as an ordinary resolution the following:

“THAT for the purpose of ASX Listing Rule 7.4. the shareholders ratify the prior issue of 30,690,000 fully paid ordinary shares to S3 Consortium Pty Ltd [ACN 135 239 968] on the terms set out in the Explanatory Memorandum which accompanies and forms part of this Notice of Annual General Meeting.”

Voting Exclusion Statement:

The Company will disregard any vote cast on this Resolution by:

- a person who participated in the issue; or
- any associate of those persons.

However, the Company need not disregard a vote on this Resolution if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES TO GENII CAPITAL UK LTD

To consider and, if thought fit to pass with or without amendment, as an ordinary resolution the following:

“THAT for the purpose ASX Listing Rule 7.4. the shareholders ratify the prior issue of 30,000,000 fully paid ordinary shares to Genii Capital UK Ltd on the terms set out in the Explanatory Memorandum which accompanies and forms part of this Notice of Annual General Meeting.”

Voting Exclusion Statement:

The Company will disregard any vote cast on this Resolution by:

- a person who participated in the issue; or
- any associate of those persons.

However, the Company need not disregard a vote on this Resolution if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 5 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass with or without amendment, the following resolution as a **special resolution**:

“THAT pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, the shareholders approve the issue of equity securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum forming part of this Notice of Annual General Meeting.”

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by:

- persons who may participate in the proposed issue and persons who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary shares, if the resolution is passed; or
- an associate of those persons.

However, the Company need not disregard a vote on this Resolution if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

BY ORDER OF THE BOARD



Dated: 26 April 2016

The accompanying Explanatory memorandum and the Proxy and Voting Instructions form part of this Notice of Annual General Meeting.

PROXY AND VOTING INSTRUCTIONS

PROXY INSTRUCTIONS

A member who is entitled to vote at a meeting may appoint:

- one proxy if the member is only entitled to one vote; and
- one or two proxies if the member is entitled to more than one vote.

Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion of the member's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes in which case any fraction of votes will be disregarded.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be lodged at the registered office of the Company or sent by facsimile transmission to the Company's registered office on +61 3 9614 0600 not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the member or his/her attorney duly authorised in writing or, if the member is a corporation, in a manner permitted by the Corporations Act. A proxy given by a foreign corporation must be executed in accordance with the laws of that corporation's place of incorporation.

The proxy may, but need not, be a member of the Company.

A proxy form is attached to this Notice of Meeting.

If you sign the proxy form and do not appoint a proxy, you will have appointed the Chair of the meeting as your proxy. In that case, your shares will not be voted on Resolution 1 (Remuneration Report) unless you direct the Chair how to vote by marking the appropriate box on the proxy form or otherwise indicate your express consent to the Chair voting your votes on Resolution 1.

CORPORATE REPRESENTATIVES

Any corporation which is a member of the Company may authorise (by certificate under common seal or other form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the chairperson of the Meeting) a natural person to act as its representative at any Annual General Meeting.

VOTING ENTITLEMENT

For the purposes of the Corporations Act and Corporations Regulations shareholders entered on the Company's Register of Members as at 11.00am on 29 May 2016 (Melbourne time) are entitled to attend and vote at the meeting.

On a poll, members have one vote for every fully paid ordinary share held. Holders of options are not entitled to vote.

Subject to the restriction set out above, the Chair of the meeting will vote undirected proxies in favor of all of the proposed resolutions.

HOW THE CHAIR WILL VOTE UNDIRECTED PROXIES

The Chair of the meeting will vote undirected proxies on, and in favour of, all of the proposed resolutions. However, any undirected proxies held by the Chair of the meeting will not be voted in Resolution 1 unless the express consent of the shareholder is given in the proxy appointment.

PROXIES THAT ARE UNDIRECTED ON RESOLUTION 1 (REMUNERATION REPORT)

The Remuneration Report identifies key management personnel for the year ending 31 December 2015. Their closely related parties are defined in the Corporations Act 2001 (Cth) and include specified family members, dependents and companies they control.

Directors of the Company who are key management personnel whose remuneration details are included in the 2015 remuneration report, any other key management personnel whose remuneration details are included in the 2015 remuneration report, or any of their closely related parties, will not be able to vote on Resolution 1 or to vote undirected proxies held by them on Resolutions 1. The chair of the meeting will be able to cast undirected proxies in favour of Resolution 1 where expressly authorised to do so provided that the vote is not cast on behalf of a member of the Company's key management personnel or their closely related parties.

SPECIAL RESOLUTION

For a special resolution to be passed at least 75% of the votes validly cast on the resolution by shareholders (by number of shares) must be in favour of the resolution. Resolution 5 is a special resolution.

RED SKY ENERGY LIMITED
ACN 099 116 275
ANNUAL GENERAL MEETING
EXPLANATORY MEMORANDUM

INTRODUCTION

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the meeting to be held at the Institute of Chartered Accountants, Level 3, 600 Bourke Street, Melbourne, Victoria 3000 on 31 May 2016 at 11.00am.

This Explanatory Memorandum forms part of this Notice of Annual General Meeting which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

2015 ANNUAL FINANCIAL STATEMENTS

The 2015 Annual Financial Statements, comprising the Financial Report, Directors' Report and Auditor's Report for the year ended 31 December 2015 will be laid before the meeting. There is no requirement for shareholders to approve the Annual Financial Statements. However, shareholders will have the opportunity to ask questions about or make comments on the 2015 Annual Financial Statements and the management of the Company. A representative of the auditor will be invited to attend to answer questions about the audit of the Company's 2015 Annual Financial Statements.

The Company's 2015 Annual Financial Statements are set out in the Company's 2015 Annual Report which can be obtained from the Company's website, www.redskyenergy.com.au or upon request to Mr Adrien Wing of Level 17, 500 Collins Street, Melbourne, Victoria 3000.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Company is required, pursuant to the Corporations Act 2001 (Cth) ("**the Act**"), to propose a non-binding resolution regarding the 2015 Remuneration Report, which forms part of the Director's Report in the 2015 Annual Financial Statements. The Remuneration Report sets out the Company's remuneration arrangements for directors.

Shareholders attending the 2016 Annual General Meeting of the Company will have the opportunity to discuss and put questions in respect of the Remuneration Report. In addition, shareholders will be asked to vote on the Remuneration Report.

The resolution is advisory only and does not bind the Company or its Directors. The Board will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies. Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings ("AGM", shareholders will be required to vote at the second of those AGM's on a resolution (a "**spill resolution**") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director and CEO) must be put up for re-election. The vote at the Company's 2015 AGM on the Remuneration Report contained in the Company's 2015 Annual Financial Statements was passed with the support of more than 75% of votes thus a spill resolution will not be required in the event that 25% or more of votes that are cast are against the adoption of the 2015 Remuneration Report at the 2016 AGM. However in the event that 25% or more of votes that are cast are against the adoption of the 2015 Remuneration Report, shareholders should be aware that if there is a 'no' vote of 25% or more at the same resolution at the 2017 AGM would require a spill resolution be put to Shareholders.

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. In particular, Directors and other Restricted Voters must not vote on Resolution 1 and must not cast a vote as proxy, unless the proxy appointment gives a direction on how to vote, or the proxy is given to the Chair and you mark the box on, and submit, the Proxy Form, authorising the Chair to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of the Company's

key management personnel. Submitting the Proxy Form will be taken to have directed the Chair of the meeting to vote in accordance with the Chair's stated intention to vote in favour of Resolution 1.

Shareholders are urged to carefully read the Proxy Form.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR RUSSELL KRAUSE

Pursuant to article 5.1. of the Constitution of the Company, one- third of the Directors or, if their number is not a multiple of three, the number nearest to one-third, except the Managing Director, are required to retire by rotation at each AGM. The Company has four (4) Directors one of whom is the Managing Director. Accordingly, one Director is required to retire by rotation at the Annual General Meeting.

Additionally, under ASX Listing Rule 14.4, a Director must not hold office without re-election past the third annual general meeting following the Director's appointment, or three years, whichever is longer. A Director who retired in accordance with these provisions is eligible for re-election.

Accordingly, Mr Russell Krause retires by rotation and, being eligible, offers himself for re-election.

The non-candidate Directors unanimously support the re-election of Mr Russell Krause.

RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SHARES TO S3 CONSORTIUM PTY LTD [ACN 135 239 968] TRADING AS STOCKS DIGITAL

Resolution 3 seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for the prior issue of 30,690,000 ordinary fully paid shares to S3 Consortium Pty Ltd [ACN 135 239 968] trading as Stocks Digital ("**Stocks Digital**").

The Shares were issued as consideration for investor relations services provided to the Company by Stocks Digital.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 provides that where a company's shareholders ratify the previous issue of securities made pursuant to ASX Listing Rule 7.1 (provided that the previous issue of securities did not breach ASX Listing Rule 7.1.) those securities will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1.

By ratifying the prior issue of 30,690,000 ordinary fully paid shares to Stocks Digital, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity without the requirement to obtain prior shareholder approval.

The following information is provided in accordance with the requirements of ASX Listing Rule 7.5:

- (a) The number of securities previously issued was 30,690,000 ordinary fully paid shares;
- (b) The deemed issue price of the securities was \$0.001 per share as per the Company's announcement dated 18 August 2015;
- (c) The securities issued were ordinary fully paid shares in the Company having the same terms and rights as, and ranking equally with, the Company's existing listed fully paid ordinary shares;
- (d) The securities were issued to S3 Consortium Pty Ltd [ACN 135 239 968] trading as Stocks Digital;
- (e) There were no funds raised by the issue of the securities which were issued in lieu of a cash fee for advisory services provided to the Company.
- (f) A voting exclusion statement applies to this resolution.

RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES TO GENII CAPITAL UK LTD

Resolution 4 seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for the prior issue of 30,000,000 ordinary fully paid shares to Genii Capital UK Ltd (“**Genii Capital**”).

The Shares were issued as consideration for corporate consulting services provided to the Company by Genii Capital.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 provides that where a company’s shareholders ratify the previous issue of securities made pursuant to ASX Listing Rule 7.1 (provided that the previous issue of securities did not breach ASX Listing Rule 7.1.) those securities will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1.

By ratifying the prior issue of 30,000,000 ordinary fully paid shares to Genii Capital, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity without the requirement to obtain prior shareholder approval.

The following information is provided in accordance with the requirements of ASX Listing Rule 7.5:

- (a) The number of securities previously issued was 30,000,000 ordinary fully paid shares;
- (b) The deemed issue price of the securities was \$0.001 per share as per the Company’s announcement dated 13 April 2016;
- (c) The securities issued were ordinary fully paid shares in the Company having the same terms and rights as, and ranking equally with, the Company’s existing listed fully paid ordinary shares;
- (d) The securities were issued to Genii Capital.
- (e) There were no funds raised by the issue of the securities which were issued in lieu of a cash fee for advisory services provided to the Company
- (f) A voting exclusion statement applies to this resolution.

RESOLUTION 5 – APPROVAL OF 10% PLACEMENT CAPACITY

General

The ASX has introduced fund raising rules to provide more flexibility for smaller companies to raise additional capital in an easier and potentially less costly manner. ASX Listing Rule 7.1A enables eligible entities to issue ‘equity securities’ (as that term is defined in the ASX Listing Rules) up to 10% of its issued share capital through placements over a 12 month period after an AGM at which Listing Rule 7.1A approval is obtained (“**10% Placement Facility**”). The 10% Placement Facility is in addition to the Company’s 15% placement capacity under ASX Listing Rule 7.1. An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. As at the date of the Notice, the Company is an eligible entity.

Through Resolution 5 the Company is seeking shareholder approval by way of a special resolution to have the ability to issue equity securities under the 10% Placement Facility. The exact number of equity securities (if any) to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer below). The Company may use funds raised from any 10% Placement Facility for funding of specific projects and/or general working capital. It may also use the 10% Placement Facility to issue shares for non-cash consideration such as in connection with payments to vendors of new business opportunities or in lieu of cash payments to consultants and advisors (although the Company presently has no proposal to do so).

The Directors of the Company believe that Resolution 5 is in the best interests of the Company and unanimously recommend that shareholders vote in favour of Resolution 5.

ASX Listing Rule 7.1A

The ability to issue equity securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an AGM and any equity securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of equity securities of the Company. The Company, as at the date of the Meeting, will have one class of quoted equity securities, being ordinary fully paid shares.

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an AGM may issue or agree to issue, during the Placement Period (defined below), a number of equity securities calculated in accordance with the following formula:

$(A \times D) - E$

A is the number of shares on issue 12 months before the date of the issue or agreement to issue:

- (i) plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
- (ii) plus the number of partly paid shares that became fully paid in the 12 months;
- (iii) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under ASX Listing Rules 7.1 and 7.4;
- (iv) less the number of fully paid shares cancelled in the 12 months.

Note: that A is has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under ASX Listing Rules 7.1 or 7.4.

The ability of an entity to issue equity securities under ASX Listing Rule 7.1A is in addition to the entity's 15% placement capacity under ASX Listing Rule 7.1.

The issue price of equity securities issued under ASX Listing Rule 7.1A must be not less than 75% of the VWAP of equity securities in the same class calculated over the 15 trading days immediately before:

- the date on which the price at which the relevant equity securities are to be issued is agreed; or
- if the equity securities are not issued within 5 trading days of the date in dot point above, the date on which the equity securities are issued (the above being **Minimum Issue Price**).

Shareholder approval of the 10% Placement Facility under ASX Listing Rule 7.1A is valid from the date of the AGM at which the approval is obtained and expires on the earlier to occur of:

- the date that is 12 months after the date of the AGM at which the approval is obtained; or
- the date of the approval by shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking) (**Placement Period**).

The effect of Resolution 5 will be to allow the Company to issue the equity securities under ASX Listing Rule 7.1A during the 10% Placement Period separate to the Company's 15% placement capacity under ASX Listing Rule 7.1. Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

Information Required by Listing Rule 7.3A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the following information is provided in relation to the approval of the 10% Placement Facility:

- The minimum price at which equity securities will be issued under Listing Rule 7.1A is the Minimum Issue Price (as described and defined above).
- If Resolution 5 is approved by the shareholders and the Company issues equity securities under the 10% Placement Facility, the existing shareholders' voting power in the Company would be diluted as shown in Table 1 below. There is a risk that:
 - the market price for the Company's equity securities may be significantly lower on the date of the issue of the equity securities than on the date of the AGM; and
 - the equity securities issued may be issued at a price that is at a discount to the market price for the Company's equity securities on the issue date, which may have an effect on the amount of funds raised by the issue of the equity securities.
- Table 1 below shows the dilution of existing shareholders on the basis of:
 - The closing price of the Company's shares on the day before the date of this Notice (being \$0.001; and
 - The number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A.2.

Table 1 also shows:

- Two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary shares the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require shareholder approval (for example, a pro-rata entitlements issue or scrip issued under a takeover offer) or future placements under ASX Listing Rule 7.1 that are approved at a future shareholders' meeting.
- Two examples of where the price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Table 1 – Example Potential Issues under Listing Rule 7.1A

Variable "A" in ASX Listing Rule 7.1A.2		Dilution		
		\$0.0005 cents 50% decrease in Deemed Price	\$0.001 Deemed Price	\$0.002 100% Increase in Deemed Price
Current Variable A 5,828,056,921 shares	10% Voting Dilution (shares issued)	582,805,692	582,805,692	582,805,692
	Funds raised	\$291,403	\$582,806	\$1,165,611
50% increase in current Variable A 8,742,085,381 shares	10% Voting Dilution (shares issued)	874,208,538	874,208,538	874,208,538
	Funds raised	\$437,104	\$874,208	\$1,748,417
100% increase in current Variable A 11,656,113,842 shares	10% Voting Dilution (shares issued)	1,165,611,384	1,165,611,384	1,165,611,384
	Funds raised	\$582,805	\$1,165,611	\$2,331,223

The table above has been prepared on the following assumptions and should be reviewed on the following basis:

- (i) The Company issues the maximum securities available under the ASX Listing Rule 7.1A.
- (ii) The table does not demonstrate an example of dilution that may be caused to a particular shareholder by reason of placements under ASX Listing Rule 7.1A, based on that shareholder's holding at the date of the Meeting.
- (iii) The table only demonstrates the effect of issues of securities under ASX Listing Rule 7.1A. It does not consider placements made under ASX Listing Rule 7.1 (i.e. the "15% rule").
- (iv) The price of ordinary securities is deemed for the purposes of the table above to be \$0.001 cents, being the closing price of the Company's listed securities on ASX on the day before the date of this Notice ("**Deemed Price**"). The Deemed Price is indicative only and does not consider the 25% discount to market that the securities may be placed.
- (v) The table does not demonstrate the effect of listed or unlisted options being issued under ASX Listing Rule 7.1A, it only considers the issue of the fully paid ordinary securities (noting that the Company does not currently have any options on issue).
 - The Company will only issue and allot the equity securities during the 10% Placement Period. The approval under Resolution 5 for the issue of the equity securities will cease to be valid on expiration of the Placement Period (defined and described above).
 - The Company may seek to issue the equity securities for the following purposes:
 - Non-cash consideration such as in connection with payments to vendors of new business opportunities or in lieu of cash payments to consultants and advisors (although the Company presently has no proposal to do so). In such circumstances the Company will provide a valuation of the non-cash considerations as required by ASX Listing Rule 7.1A.3.
 - Cash consideration such as funding of specific projects and/or general working capital.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon issue of any equity securities under Listing Rule 7.1A.

- The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of equity securities will be determined on a case-by-case basis having regard to factors including but not limited to the following:
 - the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
 - the effect of the issue of the equity securities on the control of the Company;
 - the financial situation and solvency of the Company; and
 - advice from corporate, financial and broking advisers (if applicable).
- The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial shareholders and/or new shareholders who are not related parties or associates of a related party of the Company. Further, if the Company were to pursue an acquisition and were it to be successful in acquiring a new business opportunity, it is possible that the allottees under the 10% Placement Facility will be the vendors of such an opportunity.
- The Company has previously obtained shareholder approval under ASX Listing Rule 7.1A at its Annual General Meeting held on 28 May 2015. In the 12 months preceding the date of the 2016 Annual General Meeting and as at the date of this Notice, the Company has issued 3,397,140,435 equity securities and this represents 149.34% of the total number of equity securities on issue at the commencement of that 12 month period.
- The Company issued no shares pursuant to Listing Rule 7.1A during the year.

Details of each issue of equity securities by the Company during the 12 months preceding the date of the 2016 Annual General Meeting are in the table below:

Table 2 – Equity Securities issued by the Company during the preceding 12 months

Date of Issue	Number of Securities	Type of Security	Recipient of Securities	Issue Price and details of any discount	Consideration & Use of Funds as at the date of this Notice
04/08/2015	1,369,450,435	Shares	Cache Martini No. 1, LLC	\$0.001. No discount.	The acquisition of 50% of the units of Cache Martini No, 1 LLC, a company incorporated in Wyoming, USA to build a portfolio of conventional onshore US based oil and gas assets.
04/08/2015	1,742,000,000	Shares	Professional and sophisticated investors or investors who were otherwise except from the disclosure requirements of Chapter 6D of the Corporations Act.	\$0.001. No discount.	Placement to be used for the Cache Funding Contribution (being the contribution of funds by the Company to the development and acquisition of new opportunities in the USA and for working capital to pay for the costs of the offer.
04/08/2015	150,000,000	Conversion of Performance Rights (A & C) to shares.	To the Company's directors pursuant to the Notice of General Meeting dated 6 February 2015.	Nil.	Conversion of performance rights.
19/08/2015	30,690,000	Shares	S3 Consortium Pty Ltd [ACN 135 239 968] trading as Stocks Digital	\$0.001. No discount.	Consideration for investor relations services provided to the Company
19/08/2015	75,000,000	Conversion of Performance Rights (B) to Shares.	To the Company's directors pursuant to the Notice of General Meeting dated 6 February 2015.	Nil.	Conversion of performance rights
13/04/2016	30,000,000	Shares	Genii Capital UK Ltd	\$0.001. No discount.	Consideration for corporate consulting services.

A voting exclusion statement is included in the Notice to which this Memorandum relates. At the date of that Notice, the Company has not approached any particular existing shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the equity securities. No existing shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

PROXY FORM

RED SKY ENERGY LIMITED

[ACN 099 116 275]

The Company Secretary
Red Sky Energy Limited

By delivery:

Level 17, 500 Collins Street
Melbourne VIC 3000

By post:

Level 17, 500 Collins Street
Melbourne VIC 3000

By facsimile:

(03) 9614 0550

Name of Shareholder:

Address of Shareholder:

Number of Shares entitled to vote:

Please mark 'x' to indicate your directions. Further instructions are provided overleaf.

Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the Meeting.

Step 1 – Appoint a Proxy to Vote on Your Behalf

I/We being Shareholder/s of the Company hereby appoint:

The Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/or proxy to act generally at the meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Meeting of the Company to be held at 11.00am (Melbourne time) on 31 May 2016, at the Institute of Chartered Accountants, Level 3, 600 Bourke Street, Melbourne, Victoria and at any adjournment or postponement of that Meeting.

Important – If the Chairman is your proxy or is appointed as your proxy by default

The Chairman intends to vote all available proxies in favour of each Resolution. If the Chairman is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', 'against' or 'abstain' box in relation to each Resolution, you will be authorising the Chairman to vote in accordance with the Chairman's voting intentions on each Resolution even if a Resolution is connected directly or indirectly with the remuneration of a member of Key Management Personnel.

Step 2 – Instructions as to Voting on Resolutions

INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

	For	Against	Abstain*
Resolution 1 – Remuneration Report			
Resolution 2 – Re-election of Director – Mr Russell Krause			
Resolution 3 – Ratification of prior issue of shares to S3 Consortium Pty Ltd			
Resolution 4 – Ratification of prior issue of shares to Genii Capital UK Ltd			
Resolution 5 – Approval of 10% Placement Capacity			

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

* If you mark the Abstain box for a particular Resolution, you are directing your proxy note to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Authorised signature/s This section **must** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

The Chairman of the Meeting intends to vote all available proxies in favour of each Resolution.

Individual or Shareholder 1

Shareholder 2

Shareholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

Contact Daytime Telephone

Date

Insert name and address of Shareholder

Insert name and address of proxy

Omit if not applicable

Proxy Notes:

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and powers of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority must be deposited at or received by facsimile transmission at the office of the Company (Level 17, 500 Collins Street, Melbourne, Victoria, 3000 or facsimile (03) 9614 0550) not less than 48 hours prior to the time of commencement of the Meeting (AEST).

