

# STRATEGIC ALLIANCE FORMED WITH RM CAPITAL PROPOSED 50 TO 1 CONSOLIDATION AND BOARD

## CHANGES

**15 December 2016**

### COMPANY INFORMATION

RED SKY ENERGY LIMITED  
ABN [94 099 116 275]

### COMPANY DIRECTORS

Clinton Carey: Managing Director  
Guy le Page: Non Exec Director  
Russell Krause: Non Exec Director  
Adrien Wing: Non Exec Director and  
Company Secretary

### STOCK EXCHANGE LISTING

ASX Code: ROG

Current Shares on Issue:  
6.161B

Options:  
100,000,000

Market Capitalisation:  
\$6.161m (last sale)

### EXISTING PROJECTS

Gold Nugget Gasfield, Wind River Basin,  
Wyoming, USA

- Field located is one of largest producing basins in USA
- Discovery well completed to 14,000 ft
- Existing well and associated pipeline cost over \$8 million
- Field is 320 acres
- Wells can be drilled at 5-acre spacing's,
- Each well expected to contain between 2-5BCF of gas with expected production life of 30-50 years

[www.redskyenergy.com.au](http://www.redskyenergy.com.au)

Red Sky Energy Limited ("Red Sky" or "the Company") is pleased to announce that it has entered into a binding, conditional heads of agreement with RM Corporate Finance Pty Ltd ("RM Corporate") whereby RM Corporate has agreed to act as lead manager and/or underwriter for a \$1,000,000 Convertible Note placement and a \$500,000 non-renounceable rights issue.

The Company will seek shareholder approval for the Convertible Note, as well as, seek approval for a reconstruction of the Company's securities on a 50:1 consolidation, an issue of approximately 18.9 million new shares (on a post consolidation basis, to be voluntarily escrowed for 12 months from issue) to eliminate related party debts, and conversion of existing convertible notes with a face value of \$50,000. The timetable for the shareholder meeting, which is anticipated to be held about the first week of March 2017 and consolidation will be advised in further announcements. A preliminary appendix 3A.3 Notification of reorganisation of capital - security consolidation or split accompanies this announcement.

Shareholder approval will also be sought to refresh the Company's capacity to issue further shares, to issue options or other securities yet to be determined to incoming Board members, and to issue to RM Capital of 35 million shares with a 1 for 2 free attaching option with an exercise price of 1 cent expiring on 30 November 2019 and shares calculated on the basis of being \$10,000 of shares at a 15% discount to a 5 day volume weighted average price (VWAP) at the end of each month of its mandate with 1 for 2 free attaching options having the same terms as above (all on a post consolidation basis). RM Corporate will also receive a total 6% fee on the placement of convertible notes. Further detail including the total of the monthly calculation of shares to be issued to RM Capital will be included in the notice of meeting when issued.

The Convertible Note will have an interest rate of 8%pa (payable in shares at 80% of the 5 day VWAP at the end of each calendar month). The Convertible Note will convert into shares at the lower of 0.5 cents or 80% five day VWAP together with one for two free attaching options exercisable at 1.0 cent each on or before 30 November 2019 (on a post 50: 1 consolidation basis of Red Sky).

The funds raised under the convertible note will be used to repay existing short term convertible notes with a total face value of \$300,000 plus accrued interest, settle existing unrelated creditors, seek other opportunities and working capital.

The terms of the rights issue including the ratio and record date have yet to be established. The rights issue will take place within 9 months.

Mr Kerry Smith and Mr William Reinhart will resign as directors and Mr Guy Le Page and Mr Adrien Wing (existing Company Secretary) will be appointed to the Board.

The Company thanks the contribution provided by both Mr Smith and Mr Reinhart and welcomes both Mr Wing and Mr Le Page onto the board.

All contracts with directors have been terminated, with Mr Clinton Carey moving to the position of Non-Executive Director.

The heads of agreement is conditional upon the off market transfer of approximately 1,284.5 million shares held by certain vendors of the former Cache Martini project including Mr Smith which is to be arranged by RM Corporate, the resignations of Mr Smith and Mr Reinhardt and RM Capital providing loan funding of at least \$450,000 as an advance pending the issue of the new Convertible Notes.

RM Capital's obligations in respect of the Convertible Note placement and non-renounceable rights issue are also conditional upon the required shareholder approvals for the placement of new Convertible Notes, the issues of shares and options described above, the consolidation, and Red Sky's continued compliance with the Listing Rules, Corporations Act and all other applicable laws and regulations.

Red Sky Energy will continue to develop its interest in the Gold Nugget project in Wyoming whilst looking for other strategic investments in North America and Australia.

Red Sky Director, Mr. Clinton Carey commented....."We are very pleased to build a strategic allegiance with RM Capital. The funding raised under the Convertible Note and proposed rights issue will place the Company in a strong financial position to build a stronger Red Sky Energy through 2017.

ENDS

For further information please contact:

Managing Director

Clinton Carey

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**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. 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. 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 and that all the material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

+Rule 3.20.4, 7.18-7.24A, 15.3, Appendix 7A paragraphs 8 &amp; 9.

## Appendix 3A.3

### Notification of reorganisation of capital – \*security consolidation or split

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.

Please note that two or more corporate actions on the same \*security may not run with different record dates if the timetables result in overlapping (but not identical) ex-periods. It is permissible to run different corporate actions with the same record date except in the case of reorganisations – consolidations/splits which cannot run at the same time as any other corporate action for that entity.

If you are an entity incorporated outside Australia, for \*securities other than CDIs / depository interests, please obtain and provide an International Securities Identification Number (ISIN) for the class(es) of \*securities to be created during your corporate action. The ISIN(s) should be advised in the Further Information section of this form. Further information on this requirement can be found in the Online Forms section of ASX Online for companies.

\*Denotes minimum information required for first lodgement of this form.

\*\*Denotes information that must be provided on or before \*business day 0 of the relevant Appendix 6A or Appendix 7A timetable.

The balance of the information, where applicable, must be provided as soon as reasonably practicable by the entity.

#### Part 1 – Entity and announcement details

Question No.	Question	Answer
1.1	*Name of entity	RED SKY ENERGY LIMITED
1.2	*Registration type and number <i>One of ABN/ARSN/ARBN/ACN or other registration type and number (if "other" please specify what type of registration number has been provided).</i>	ABN 94 099 116 275
1.3	*ASX issuer code	ROG
1.4	*The announcement is <i>Tick whichever is applicable.</i>	<input checked="" type="checkbox"/> New announcement <input type="checkbox"/> Update/amendment to previous announcement <input type="checkbox"/> Cancellation of previous announcement
1.4a	*Reason for update <i>Mandatory only if "Update" ticked in Q1.4 above. A reason must be provided for an update.</i>	n/a
1.4b	*Date of previous announcement to this update <i>Mandatory only if "Update" ticked in Q1.4 above.</i>	n/a
1.4c	*Reason for cancellation <i>Mandatory only if "Cancellation" ticked in Q1.4 above.</i>	n/a

1.4d	<p>*Date of previous announcement to this cancellation</p> <p><i>Mandatory only if "Cancellation" ticked in Q1.4 above.</i></p>	n/a
1.5	<p>*Date of this announcement</p> <p><i>The date of lodgement of the form by the entity via ASX Online.</i></p>	14/12/2016
1.6	<p>*Applicable ASX *security code(s) and description(s) for reorganisation</p> <p><i>Please confirm the entity's *securities (quoted and unquoted) which will be affected by the reorganisation. Please note Listing Rule 7.21 in respect of *convertible *securities, Listing Rules 7.22.1 and 7.22.2 in respect of options and Listing Rule 7.24 in respect of partly paid *securities.</i></p>	<p>ASX *security code: ROG</p> <p>*Security description: Fully paid ordinary</p> <p>NOTE: ASX *security code: ROGOAM will have expired before consolidation (*Security description: Options exercisable at \$0.009 on or before 20 December 2016)</p>

## Part 2 – Approvals

Question No.	Question	Answer		
2.1	<p>*Are any of the below approvals required for the reorganisation before business day 0 of the timetable?</p> <ul style="list-style-type: none"> <li>• *Security holder approval</li> <li>• Court approval</li> <li>• Lodgement of court order with *ASIC</li> <li>• ACCC approval</li> <li>• FIRB approval;</li> <li>• Another approval/condition external to the entity required to be given/met before business day 0 of the timetable for the reorganisation.</li> </ul> <p><i>If any of the above approvals apply to the reorganisation before business day 0 of the timetable, please answer 'yes' and provide details at Q2.2. If "no" go to Part 3.</i></p> <p><i>The purpose of the question is to confirm that relevant approvals are received prior to ASX establishing an ex market in the *securities. If the entity wishes to disclose approvals or conditions which are to be resolved at a later date it should use Part 6 "Further information".</i></p>	YES		
2.2	<p><b>Approvals</b></p> <p><i>Select appropriate approval from drop down box as applicable. More than one approval can be selected. This question refers only to events which take place before business day 0 of the timetable. The purpose of the question is to confirm that relevant approvals are received prior to ASX establishing an ex market in the *securities. The "Date for determination" is the date that you expect to know if the approval is given for example the date of the *security holder meeting in the case of *security holder approval or the date of the court hearing in the case of court approval. If the entity wishes to disclose approvals or conditions which are to be resolved at a later date it should use Part 6 "Further information".</i></p>			
*Approval/condition	*Date for determination	*Is the date estimated or actual?	**Approval received/condition met?	Comments
*Security holder approval	TBA (anticipated to be about the first week of March 2017)	<input checked="" type="checkbox"/> Estimated <b>OR</b> <input type="checkbox"/> Actual	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Court approval	n/a	<input type="checkbox"/> Estimated <b>OR</b> <input type="checkbox"/> Actual	<input type="checkbox"/> Yes <input type="checkbox"/> No	

Lodgement of court order with +ASIC	n/a	<input type="checkbox"/> Estimated <b>OR</b> <input type="checkbox"/> Actual	<input type="checkbox"/> Yes <input type="checkbox"/> No	
ACCC approval	n/a	<input type="checkbox"/> Estimated <b>OR</b> <input type="checkbox"/> Actual	<input type="checkbox"/> Yes <input type="checkbox"/> No	
FIRB approval	n/a	<input type="checkbox"/> Estimated <b>OR</b> <input type="checkbox"/> Actual	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Other (please specify in comment section)	n/a	<input type="checkbox"/> Estimated <b>OR</b> <input type="checkbox"/> Actual	<input type="checkbox"/> Yes <input type="checkbox"/> No	

Amended 29/06/15

## Part 3 – reorganisation timetable and details

Question No.	Question	Answer
3.1	<p><b>**Record date</b></p> <p><b>COURT APPROVAL:</b> This is two *business days after the entity lodges the court order with ASIC and tells ASX – *business day 2 in the timetable. This is the date on which the register is closed to determine the register for the consolidation or split of *securities.</p> <p><b>NO COURT APPROVAL:</b> This is three *business days after the *security holder meeting – *business day 3 in the timetable. This is the date on which the register is closed to determine the register for the consolidation or split of *securities.</p> <p><b>ALL:</b> The *record date must be at least four *business days from the current date. Please note that the *record date and effective date cannot be changed (even to postpone it or cancel it) any later than 12 noon Sydney time on the day before the previous effective date advised.</p>	To be advised
3.2	<p><b>Date of *security holder meeting</b></p> <p>Same date as provided in Q2.2.</p>	To be advised (anticipated to be about the first week of March 2017)
3.3	<p><b>Last day for trading in pre-reorganised *securities</b></p> <p><b>COURT APPROVAL:</b> This is the *business day the entity lodges the court order with ASIC and tells ASX – *business day 0 in the timetable.</p> <p><b>NO COURT APPROVAL:</b> This is the *business day after *security holders approve the reorganisation – *business day 1 in the timetable.</p> <p><b>ALL:</b> Please note that the last day of trading cannot be changed (even to postpone it) any later than 12 noon Sydney time on the day before the previous effective date advised.</p>	To be advised
3.4	<p><b>*Effective date</b></p> <p>Trading in the re-organised *securities “ex-reorganisation” commences on a deferred settlement basis. If the *entity’s *securities are suspended from trading during this period there will be no *deferred settlement trading however ASX still captures this date.</p> <p><b>COURT APPROVAL:</b> This is the *business day after the entity lodges the court order with ASIC and tells ASX – *business day 1 in the timetable.</p> <p><b>NO COURT APPROVAL:</b> This is the second *business day after *security holders approve the reorganisation – *business day 2 in the timetable.</p>	To be advised



	<p><b>ALL:</b> Please note that the *record date and effective date cannot be changed (even to postpone it or cancel it) any later than 12 noon Sydney time on the day before the previous effective date advised.</p>	
3.5	<p>+Record date</p> <p>Same as Q3.1 above.</p>	To be advised
3.6	<p>First day for entity to send notices to *security holders of the change in the number of *securities they hold. First day for entity to register *securities on a post reorganised basis</p> <p><b>COURT APPROVAL:</b> This is the day after the *record date – *business day 3 in the timetable.</p> <p><b>NO COURT APPROVAL:</b> This is the day after the *record date – *business day 4 in the timetable.</p>	To be advised
3.7	<p>**Issue date. +Deferred settlement market ends. Last day for entity to send notices to *security holder of the change in the number of *securities they hold. Last day for *entity to register *securities on a post-reorganised basis</p> <p><b>COURT APPROVAL:</b> This is five *business days after the *record date – *business day 7 in the timetable.</p> <p><b>NO COURT APPROVAL:</b> This is five *business days after the *record date – *business day 8 in the timetable.</p> <p><b>ALL:</b> Please note that the *issue date cannot be changed (even to postpone it) any later than 12 noon AEST on the previous *issue date advised.</p>	To be advised
3.8	<p>Trading starts on a normal T+2 basis</p> <p><b>COURT APPROVAL:</b> This is six *business days after the *record date and the *business day after *issue date – *business day 8 in the timetable.</p> <p><b>NO COURT APPROVAL:</b> This is six *business days after the *record date and the *business day after *issue date – *business day 9 in the timetable.</p>	To be advised
3.9	<p>First settlement of trades conducted on a deferred settlement basis and on a normal T+2 basis</p> <p><b>COURT APPROVAL:</b> This is eight *business days after *record date and two *business days after T+2 trading starts – *business day 10 in the timetable.</p> <p><b>NO COURT APPROVAL:</b> This is eight *business days after *record date and two *business days after T+2 trading starts – *business day 11 in the timetable.</p>	To be advised

Amended 07/03/16

+ See chapter 19 for defined terms  
7 March 2016

Part 4 – reorganisation type and details

Question No.	Question	Answer
4.1	<p>*The reorganisation is</p> <p><i>Please select one. If "consolidation" please answer Q4.1a, if "split" please answer Q4.1b.</i></p>	<p>X *Security consolidation</p> <p><input type="checkbox"/> *Security split</p>
4.1a	<p>*Consolidation ratio</p> <p><i>Ratios may only be expressed as whole numbers. Fractional ratios will need to be multiplied up to a whole number (for example 1:1.5 should be expressed as 2:3). Where you consolidate five *securities into one *security, the answer above is 5.00 (pre-consolidation) *securities will be consolidated into 1.00 (post-consolidation) *security. To consolidate three *securities into two *securities, the answer above is 3.00 (pre-consolidation) *securities will be consolidated into 2.00 (post-consolidation) *securities.</i></p> <p><b>ALL:</b> <i>Please note that the ratio (multiplier or divisor) cannot be changed any later than 12 noon Sydney time on the day before the previous effective date advised.</i></p>	<p>the *securities will be consolidated on the basis that every</p> <p><u>  _FIFTY_ (50)_</u> (pre-consolidation) *securities will be consolidated into</p> <p><u>  _ONE_</u> (post-consolidation) *security (/ies)</p>
4.1b	<p><del>*Split ratio</del></p> <p><del><i>Ratios may only be expressed as whole numbers. Fractional ratios will need to be multiplied up to a whole number (for example 1:1.5 should be expressed as 2:3). Where you split each *security into five, the answer above is every 1.00 (pre-split) *security will be divided into 5.00 (post-split) *securities. To divide each two *securities into three *securities the answer is 2.00 (pre-split) *securities will be divided into 3.00 (post-split) *securities.</i></del></p> <p><del><b>ALL:</b> <i>Please note that the ratio (multiplier or divisor) cannot be changed any later than 12 noon Sydney time on the day before the previous effective date advised.</i></del></p>	<p><del>the *securities will be split on the basis that every</del></p> <p><del>_____ (pre-split) *security (/ies) will be divided</del></p> <p><del>into</del></p> <p><del>_____ (post-split) *securities.</del></p>
4.2	<p>*Scrip fraction rounding:</p> <p><i>Please select the appropriate description regarding how fractions will be handled. If you do not have a rounding policy please choose "Fractions rounded down to the nearest whole number or fractions disregarded".</i></p>	<p><input type="checkbox"/> Fractions rounded up to the next whole number</p> <p><input type="checkbox"/> Fractions rounded down to the nearest whole number or fractions disregarded</p> <p><input type="checkbox"/> Fractions sold and proceeds distributed</p> <p><del>Fractions of <b>0.5 and over</b> rounded up</del></p> <p><input type="checkbox"/> <del>Fractions <b>over 0.5</b> rounded up</del></p>

## Part 5 – \*Securities on issue before and after reorganisation

*A change to the terms or price of \*convertible securities should be advised in Part 6 – "Further information".*

Question No.	Question		Answer				
5.1	<b>**Securities on issue before and after the reorganisation</b> <i>Please confirm the number of the entity's *securities on issue before and after the reorganisation. Please note Listing Rule 7.21 in respect of *convertible securities, Listing Rules 7.22.1, 7.22.2 in respect of options and Listing Rule 7.24 in respect of partly paid *securities. If an estimate is provided please provide the actual amounts as soon as reasonably practicable and no later than the *issue date.</i>						
ASX *security code	ASX *security description	Quoted/unquoted	Number on issue before reorganisation	Number on issue after reorganisation	Estimate/ Actual		
ROG	FPO	QUOTED	6,161,396,921	123,227,938	Estimated or Actual		
5.2	<b>*Exercise price of options</b> <i>Please confirm the exercise price of options on issue before and after the reorganisation. Please note Listing Rule 7.21 in respect of *convertible securities, and Listing Rules 7.22.1, 7.22.2 in respect of options.</i>						
ASX *security code	ASX *security description	Quoted/unquoted	Currency	Exercise price before reorganisation	Exercise price after reorganisation		
N/A							
5.3	<b>*Partly paid *securities affected by the reorganisation</b> <i>Please confirm the effect of the reorganisation on "paid to" and "unpaid" amounts for partly paid *securities on issue before and after the reorganisation. Please note Listing Rule 7.21 in respect of *convertible securities and Listing Rule 7.24 in respect of partly paid *securities. If there is more than one *security please include the additional *securities.</i>						
ASX *security code	ASX *security description	Quoted/unquoted	Currency	Paid up amount before re-organisation	Paid up amount after re-organisation	Unpaid amount before re-organisation	Unpaid amount after re-organisation
N/A							

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## Part 6 – Further Information

Question No.	Question	Answer
6.1	Further information relating to the reorganisation <i>Please provide any further information relating to this reorganisation.</i>	Refer to the Company's announcement of 14/12/2016

Introduced 22/09/14