

COMPANY INFORMATION

RED SKY ENERGY LIMITED
ABN [94 099 116 275]

COMPANY DIRECTORS

Kerry Smith: Executive Chairman
Clinton Carey: Managing Director
Russell Krause: Non Exec Director
Bill Rinehart: Non Exec Director
Adrien Wing: Non Exec Director

STOCK EXCHANGE LISTING

ASX Code: ROG

Current Shares on Issue:
5,798,056,921

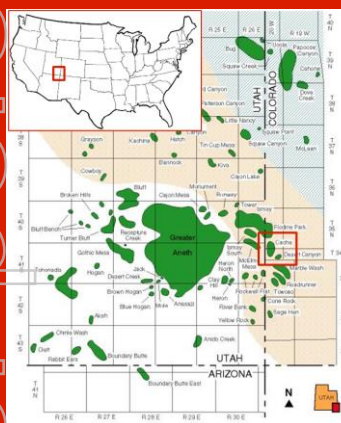
Options:
160,000,000

Market Capitalisation:
\$5.78m

EXISTING PROJECTS

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°



Production significantly enhanced at Gold Nugget Gas Field

19 Jan 2015

Highlights

- Production at Gold Nugget has improved from 150 million cubic feet per day (mcfpd) to between 350 - 1600 mcfpd (a 2 - 6.5 times increase)
- Expected settled production rate of 500 -1,000 mcfpd
- Improved production will result in generating revenue of between A\$50,000 - A\$100,000 per month
- Well contains between 2 - 5 billion cubic feet (bcf) of gas with a production life of 30 - 50 years
- Funding to complete acquisition of Golden Nugget pursuant to binding term sheet currently being finalised following completion of due diligence

Red Sky Energy Limited ("Red Sky" or "the Company") is pleased to announce that production has been significantly enhanced at the Gold Nugget Gas Field, Wyoming, USA ("Gold Nugget") due to a number of technical improvements completed through the due diligence period.

Gold Nugget is located in the Wind River Basin in Wyoming, one of the largest gas producing basins in the USA. Gold Nugget is a proven gas field with a discovery well (completed to 14,000ft in 2004), Well #1-23, that has historically produced 150 mcfpd of gas and 5 barrels of oil per day.

Pursuant to the term sheet entered into by the Company in October 2015 a US\$100,000 deposit was spent on optimizing the existing well. This gas resulted in increased production of between 350 – 1600 mcfpd of gas, expected to settle at a rate of between 500 and 1,000 mcfpd, which will generate revenues of between A\$600,000 - \$1.2 million per annum. This production rate makes the Gold Nugget a profitable gas field.

The Company has been delighted by the improvement of the well which has led to it paying an additional A\$100,000 extending the completion date for the acquisition for a further 90 days. The total consideration for Gold Nugget is US\$800,000, to be satisfied by a combination of cash and shares, which is yet to be finalised. To satisfy the consideration Red Sky is in advanced discussions with a number of groups to procure a funding facility.

The existing well and associated pipeline cost over US\$8 million to complete but Red Sky was able to purchase this for US\$800,000 which continues to demonstrate the opportunities available to the Company to develop a significant portfolio of quality oil and gas assets.

Gold Nugget is 320 acres and wells can be drilled at 5 acre spacing's, with each well expecting to contain between 2-5BCF of gas and having an expected production life of between 30 and 50 years. Due to the depth of any new well being 8,600 to 13,500ft, the Company is unlikely in the short to medium term to complete any further wells but ROG now has a significant in ground gas asset in its portfolio.

Clinton Carey, Managing Director, commented, "this is an excellent result and exceeded our expectations. This asset further demonstrates the Company's ability to identify assets which are profitable in this environment but contain significant in ground reserves providing substantial leverage to rising gas prices. The Company will continue to assess how best to develop the asset most likely to be through joint venture."

ENDS

For further information please contact:

Managing Director	Company Secretary
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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 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.