

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: Company Secretary

STOCK EXCHANGE LISTING

ASX Code: ROG

Current Shares on Issue:
 5,828,056,921

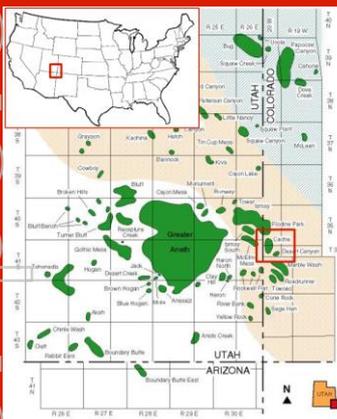
Options:
 160,000,000

Market Capitalisation:
 \$5.83m

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°



Convertible Loan Note Issue Successfully Completed

26 May 2016

Red Sky Energy Limited (“Red Sky” or “the Company”) is pleased to announce that it has successfully completed the issue of a Convertible Loan Note (“the Note”) to raise A\$350,000. The Note issue was taken up by professional and sophisticated investors.

Proceeds of the Note issue were applied to the US\$40,000 balance of the cash consideration for the acquisition of the Gold Nugget Gas Field, Wyoming, USA (“Gold Nugget”). This satisfied the obligation to advance USD\$40,000 pursuant to the revised terms of the acquisition of Gold Nugget announced on 4 May 2016. The balance of the Note will be applied for the development and potential acquisition of other target projects.

A summary of the key terms of the Note are tabled below:

Term	12 months
Interest Rate	15% p.a.
Conversion	50% of the face value of the Note held by the Lender can be converted into ordinary shares at 0.1 cents per share
Security	First mortgage over the 100% owned subsidiary which has acquired Gold Nugget

Commenting on the Note, Clinton Carey, Managing Director of Red Sky Energy, said, “Through completing this Loan Note, the Company was able to complete the acquisition of Gold Nugget. The compressor which is required to stabilise the production at Gold Nugget has been secured with technical work to be completed this week for its installation. The completion of this work will provide an excellent platform for the Company to go forward. It is expected the compressor will provide constant gas production with an expected settled production rate likely to be between 500 - 1,000 MCFPD.

This Note will allow us to continue the assessment and potential acquisition of further targets.”

About Gold Nugget

Gold Nugget is located in the Wind River Basin in Wyoming, one of the largest gas producing basins in the USA. Gold Nugget is in a proven gas field with a discovery well (completed to 14,000ft in 2004), Well #1-23, has historically produced 150 mcfpd of gas and 5 barrels of oil per day. The #1-23 well cost in excess of US\$8 million to complete.

An optimisation program that was undertaken on the existing well resulted in returns of between 150 – 1200 mcfpd of gas. Further technical due diligence increased production through very strong gas pressures, however these pressures caused blow out difficulties. In order to achieve constant production, it was determined a compressor is required to provide constant gas production. This compressor will determine what this well is capable of producing at full capacity.

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 itself but ROG now has a significant in ground gas asset in its portfolio and will continue assess potential joint venture partners.

ENDS

For further information please contact:

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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.