

8 March 2019

APPLICATION FOR MINISTERIAL CONSENT TO ACQUIRE INNAMINCKA DOME PROJECT CAPITAL RAISING

Highlights

- Red Sky proceeds to application stage for Innamincka Dome licenses
- Beach to support Red Sky's application to the Minister
- Red Sky initiates capital raising pursuant to ASX Placement Capacity

Red Sky Energy Limited (**Red Sky** or **the Company**, ASX: ROG) is pleased to advise that, through its wholly owned subsidiary Red Sky (NT) Pty Ltd, it has made application for Ministerial consent to transfer the Innamincka Dome licenses from Beach Energy Ltd (**Beach**, ASX: BPT) to Red Sky.

This application follows agreement to amend the Sale and Purchase Agreement (**SPA**) with Acer Energy Pty Ltd, a Beach subsidiary, to acquire that subsidiary's interests in the Innamincka Dome Project in the Cooper Basin, South Australia. The principal term of which is that Beach will continue to provide financial security for the licenses. Red Sky will provide an escrowed financial assurance of \$800,000 and should Beach not be released from the financial security within six months then the licenses will revert back to Beach and the escrowed funds are forfeit. This amendment now means all conditions have been satisfied under the SPA once Ministerial consent has been granted.

Red Sky are now proceeding with the application for Ministerial consent.

The Innamincka Dome Project comprises a portfolio of six highly prospective petroleum tenements (PRLs) near the township of Innamincka in northeast South Australia. Beach's interest in this portfolio comprises a 100% owned and operated stake in:

- PRL14 (Flax oil field which was previously producing);
- PRL17 (Yarrow gas field);
- PRL18 (Juniper oil field);
- PRL180;
- PRL181; and
- a 75% interest in PRL182 (remaining 25% being purchased from Bengal Energy (Australia) Pty Ltd).

The purchase of Beach's interest in the Innamincka Dome Project is inclusive of all existing production infrastructure, storage tanks, yards and camp facilities. This infrastructure is modern and in excellent operating condition. The project was suspended in 2015 due to the downturn in oil and gas markets. The Company will initiate "re-start" planning for the Innamincka Dome Project immediately with a focus on resuming oil and gas production at Flax as soon as possible.

The acquisition will afford Red Sky with a significant opportunity to leverage the recovery from the oil price downturn by returning quality shut-in assets to production at the Flax field. Further significant opportunities exist within the unexploited Yarrow gas field and the Juniper oil field. Evaluation of the remaining highly prospective tenements provides even more opportunities.

Mr. Andrew Knox, CEO of Red Sky, has agreed to lend to the Company the escrow amount (\$800,000) as an unsecured loan which he has agreed will not become repayable in circumstances where the demand for repayment would create an event of insolvency for the Company. The term is for up to 18 months at an interest rate of 10% per annum. The loan terms provide for the issue of 66,670,000 ordinary fully paid shares to Mr Knox, the issue of which is subject to shareholder approval. If that approval is not obtained, the Company will pay Mr Knox an establishment fee of \$100,000. Otherwise, the loan contains terms which are typical for agreements of a similar nature.

The Chairman Mr Guy Le Page commented *"having the licenses transferred to Red Sky is a landmark event which will provide the foundation for the future success of the Company. The Board thanks Mr Knox for his financial support which has enabled this funding arrangement to be negotiated. Mr Knox's personal support is validation of, and inspires great confidence in, the quality of the Innamincka Dome Project."*

Capital raising and issue of shares

The Company has entered into a mandate with Taylor Collison on a best endeavours basis to place 190M fully paid ordinary shares (81,070,879 per LR7.1A and 108,929,121 per LR7.1) at an issue price of \$0.0018 (0.18 cents) per share to raise \$342,000 before associated costs.

In addition, the Company will issue 100M shares to Taylor Collison upon Completion of the arrangement with Beach (see ASX announcement 10 July 2018).

As a means of minimizing cash spend, the Directors have agreed to shares in lieu of their outstanding fees and accruals up until the end of January 2019. These shares will be settled at the same price and terms as those issued under the placement with Taylor Collison. These shares will be subject to shareholder approval at a soon-to-be-convened shareholders meeting.

About Red Sky Energy Limited

Red Sky Energy is an Australian incorporated public company based in Melbourne, Australia and listed on the Australian Securities Exchange.

The Company's principal activities are the exploration for and production of hydrocarbons.

Current assets include 100% working interest in the Gold Nugget gas production in Wyoming, USA. In addition Red Sky is currently active in seeking to acquire near field development assets onshore and offshore Australasia and South East Asia.

Any queries regarding this announcement should be directed to the Company on +613 96140600 or e-mail: admin@redskyenergy.com.au.

- ENDS -