

Red Sky Energy Limited – Company Update

December 22, 2016

COMPANY INFORMATION

RED SKY ENERGY LIMITED
ABN [94 099 116 275]

COMPANY DIRECTORS

Clinton Carey: Non Exec Director
Russell Krause: Non Exec Director
Adrien Wing: Non Exec Director
Guy Le Page: Non Exec Director

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

Cache Oilfield, Montezuma County,
Colorado, USA

- Conventional Oil
- On Care and Maintenance
- OOIP approx. 24m barrels

Situation Update

- Red Sky Energy Limited ("Red Sky") continues to be focused on the development of the Gold Nugget Gas Field ('Gold Nugget') pursuant to its ongoing strategy of building a quality US based portfolio of onshore conventional oil and gas assets.
- The compressor has been installed and fitted at Gold Nugget at GN #1-23, and due to increased pressures and water production it has not produced consistent gas flows as envisaged. The Directors are waiting for a formal update on production and what is now required to maintain consistent gas flow. The company will make further updates as information becomes available.
- Red Sky has concluded that with current oil prices it has written down the Cache field. The Directors decision to impair this asset came from the ongoing costs associated in running the field and the ongoing cost of environmental maintenance.

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. 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.