



Red Sky Energy

Focus on near term production...a business update.

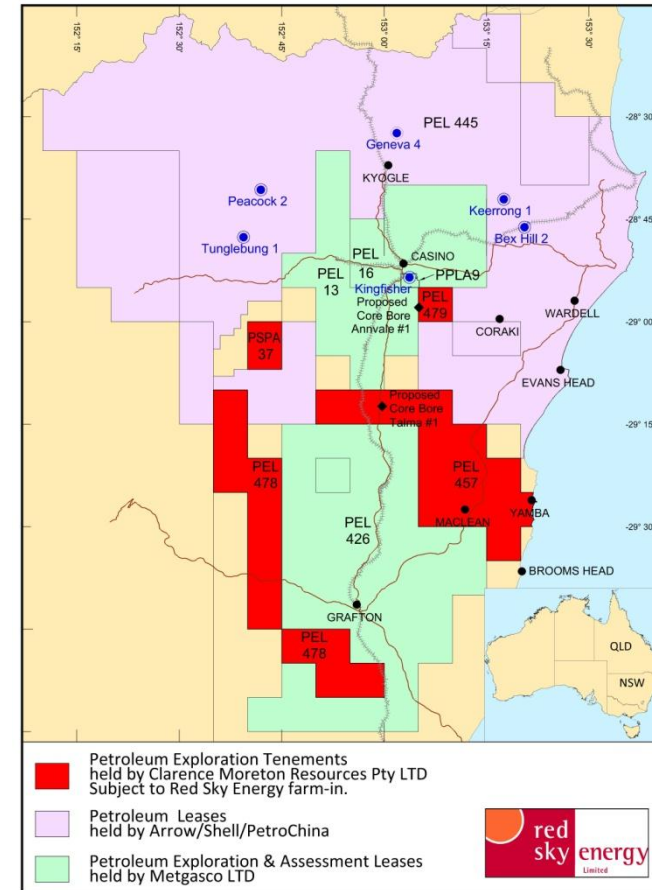
Rohan Gillespie, Managing Director
3rd May 2011



Clarence Moreton Basin – results to date



- “ Two core hole program
 - . Annvale #1 and Talma #1
 - . Target Walloon coal measures
 - . Completed last month
- “ Very successful program
 - . ~ 20 metres of gassy coals in each well
 - . Major upgrade to certified reserves
- “ Red Sky Energy delivered on promises



Major reserves position



Walloon Coals

Reserves independently certified by MHA Petroleum Consultants (100% basis).

Probable Reserves	2P	17PJ
Possible Reserves	3P	380PJ
Contingent Resources	2C	629PJ

Within permits PEL 479 and 457.

Red Sky has earned 30% interest in these permits

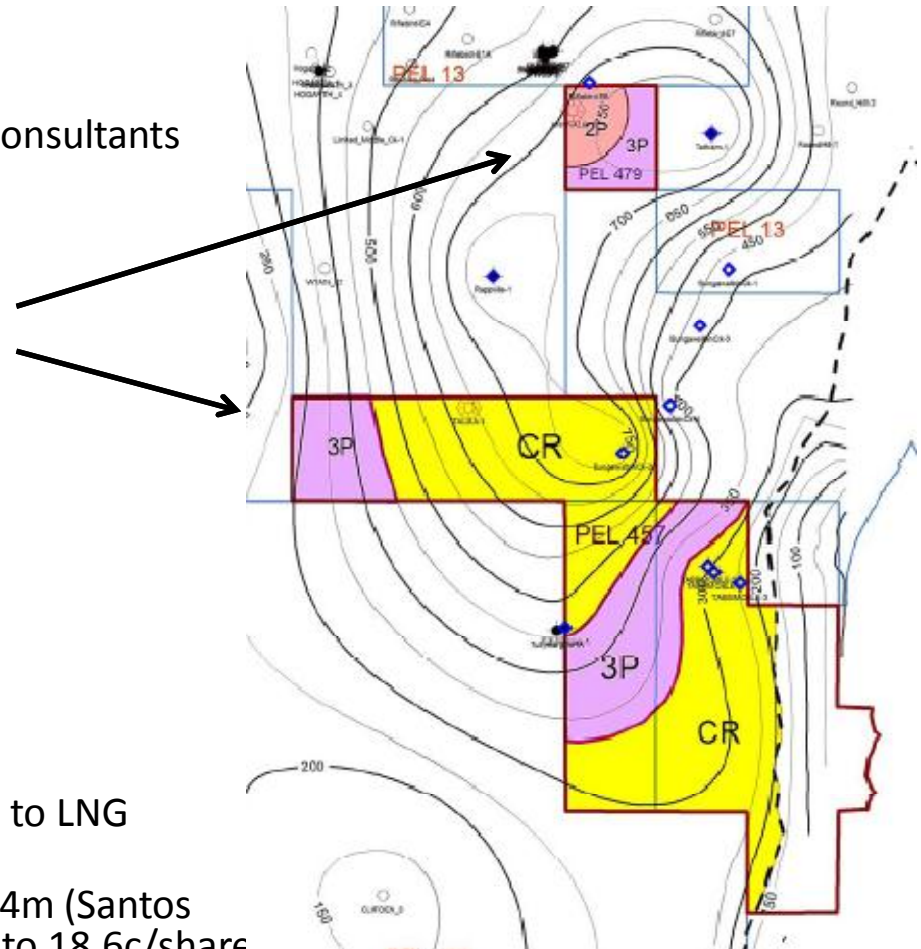
Totals > 1 TCF of recoverable gas

Gross revenue value of \$4billion at today's gas prices

Value based on Queensland coal seam gas deals linked to LNG transactions:

30% interest worth \$79m (BG/QGC acquisition) to \$224m (Santos part sale to Petronas) – equates to Red Sky 6.6c/share to 18.6c/share

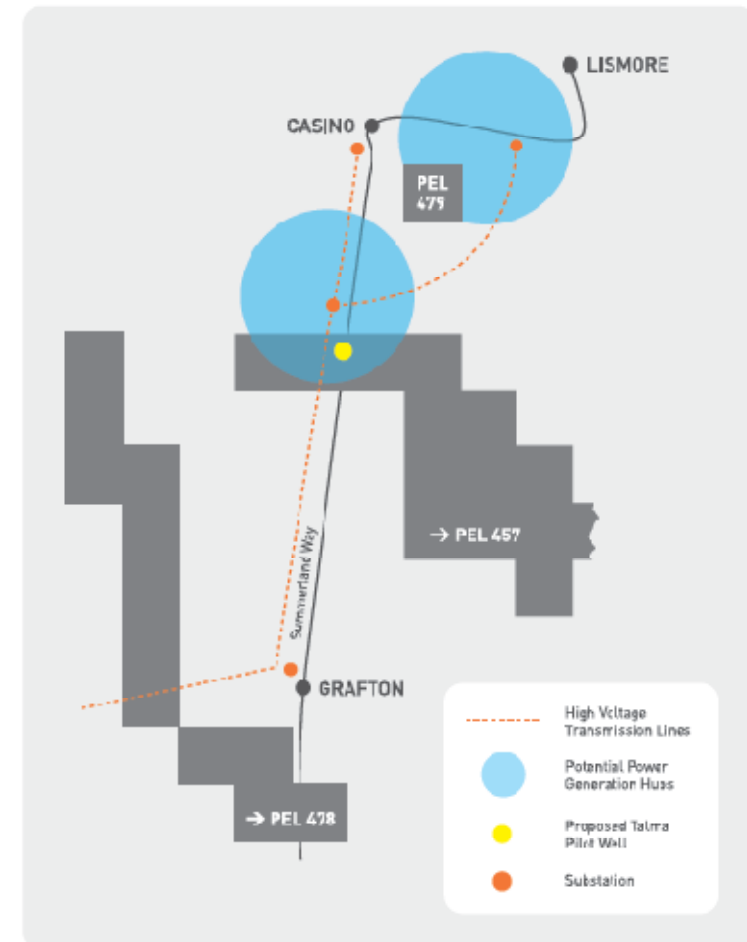
Value could be realised when Gladstone LNG developers seek gas for more trains



Power generation - alternative gas market



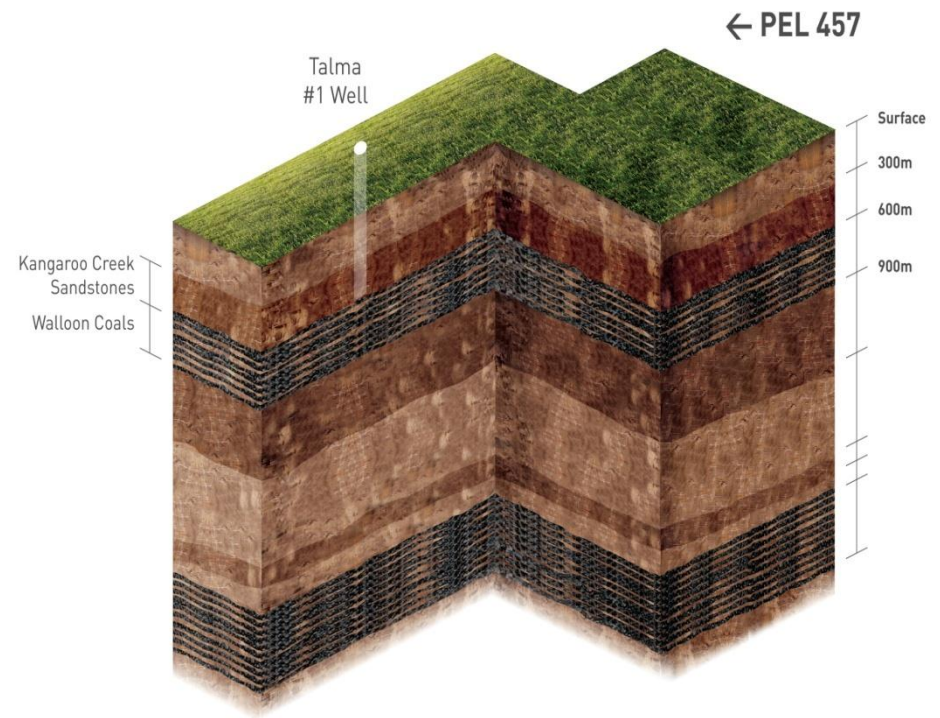
- “ Gas into power is a viable option
 - . Significant local demand (~250MW)
 - . Nearby high voltage electricity grid
 - . Confirmed by specialist consultant
- “ Gas prices expected to rise strongly
 - . LNG pricing linked to oil price
 - . Likely to flow through to domestic gas prices within 3-5 years (as happened in WA)
- “ Red Sky acreage well positioned
 - . Close to major power demand
 - . Close to electricity grid sub-stations
- “ Makes sense
 - . Comparable gas pricing to that selling into LNG
 - . Major use of gas
 - . 250MW could consume half of Red Sky's recoverable gas resource
 - . Potentially nearer term than LNG



New gas play – Kangaroo Creek formation



- “ New gas discovery
- “ Found in the recent Talma well
- “ Gassy sandstone resource sitting above Walloon coals
- “ Attractive features
 - . Shallow, hence low cost development
 - . Laterally extensive
 - . Thick – up to 300 metres
 - . Expect minimal water extraction during gas production
 - . Not expected to use fracking



Near term power opportunity



Strategic drivers

- “ Quickest route to production
 - . Match power station to Kangaroo Creek resource
 - . Small power station more do-able
- “ Materiality
 - . Value created could be significant in terms of Red Sky cents per share
- “ Demonstrates producibility
 - . Show Clarence Moreton Basin is a viable gas resource
 - . Show Red Sky can deliver on value

 to be called Summerland Way Power Project

Summerland Way Power Project



- “ Pre-feasibility study completed
 - . Involved major engineering consultants
 - . Grid connection study undertaken
 - . Project configuration and costings assessed
 - . Site options assessed close to Kangaroo Creek gas resource

- “ Project configuration
 - . Size 27MW for ease of grid connection
 - . Use of gas engines most economic

- “ Funding options
 - . Initial discussions held
 - . Infrastructure funds keen to invest

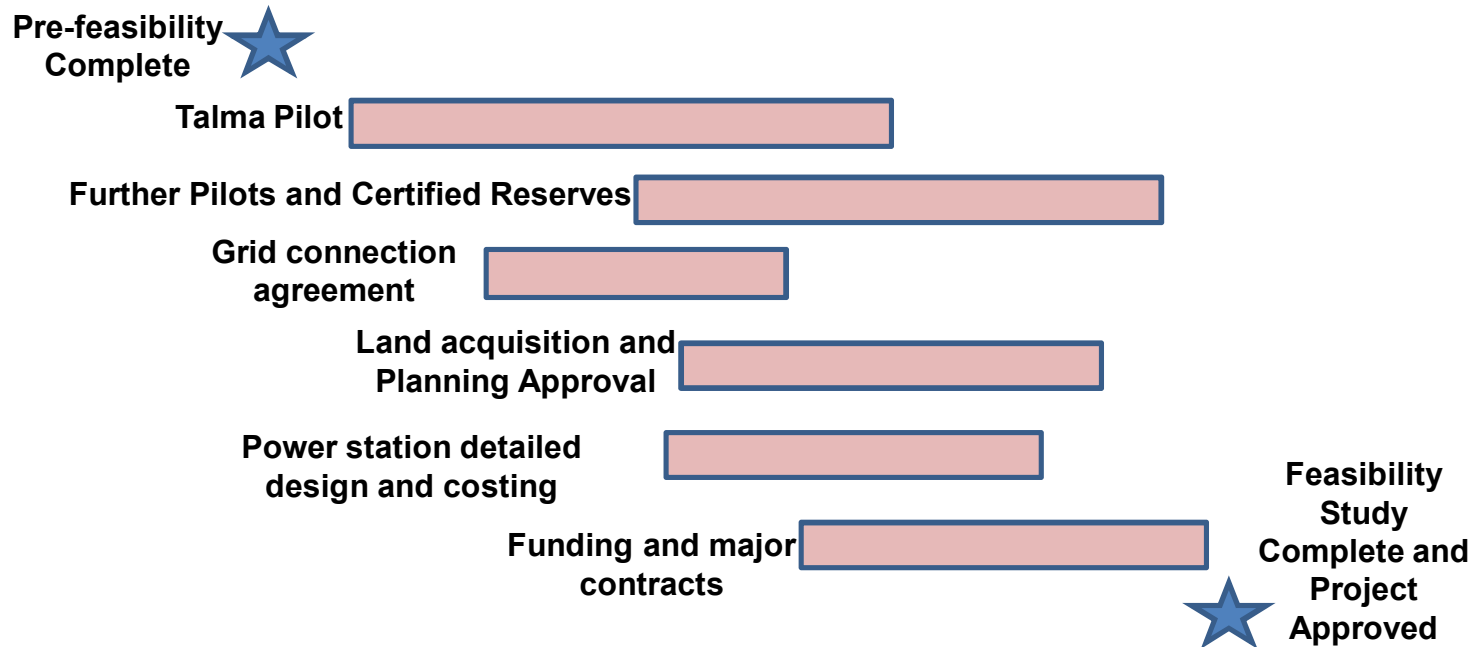
- “ Attractive opportunity
 - . Cost competitive power project
 - . Estimated \$30m NPV – 2.8c per share value
 - . Target project go-ahead within 2 years



Forward plan



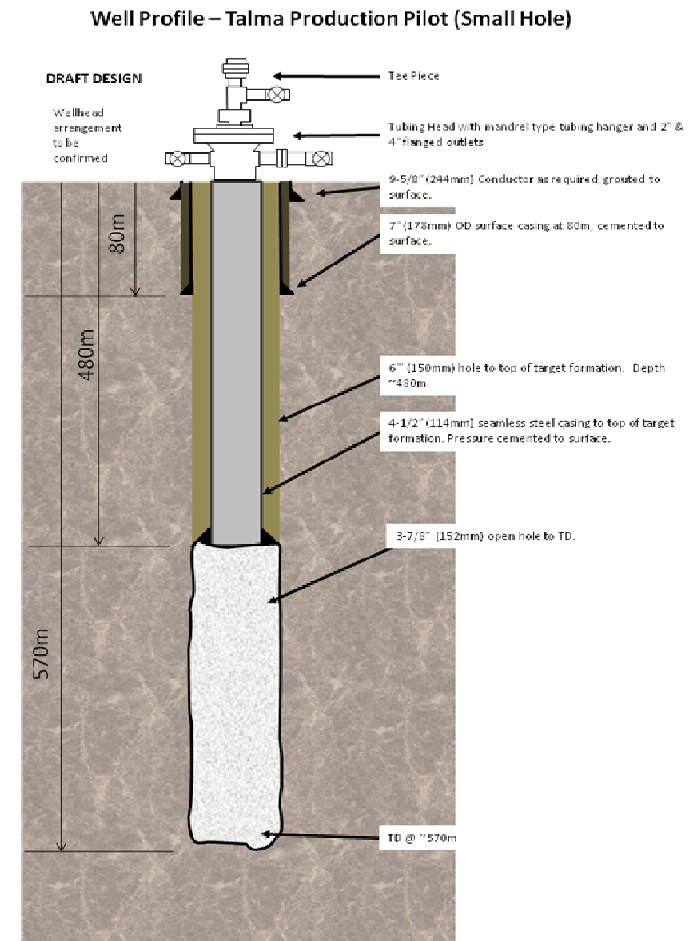
- “ Feasibility Phase
 - . Confirm gas resource
 - . Confirm project costs
 - . Negotiate major contracts
 - . Secure funding
 - . Target project go-ahead in 2013



Key initial step - Talma Pilot



- “ Single well pilot
- “ Located adjacent to the Talma #1 well site
- “ The process to secure regulatory approvals has commenced
- “ Landowner consents in place.
- “ Planned to drill the pilot well during June/July 2011
- “ Operating in August 2011.
- “ Operate the pilot well over an extended period, in excess of one year.
- “ Production volumes during the first few months of testing should provide a good indication of the size and quality of the resource.
- “ Extended testing over several months could allow initial reserves certification.



Capital structure



ROG.AX	Shares (m)	Listed Options (m)	Unlisted Options (m)
As of 28 th April 2011	1,231	298 (2 cents, exercisable to 2/9/11)	268 (200m @ 4 cents till 18/9/14, 60m @ 2.25 cents – directors)
TOTAL	1,231	298	268

- “ **Market capitalisation : \$21m at 1.7 cents/share**
- “ **Cash balance of \$1.4m as of 31st March 2011**

Red Sky Energy team



- “ **Rohan Gillespie:** Managing Director. As Vice President and Chief Operating Office, Rohan created and led BHP Billiton’s CSG business . He has extensive experience in gas commercialisation including power generation and petrochemicals. Prior roles include credit executive with Commonwealth Bank, corporate development with Ceramic Fuel Cells and Renewable Energy Corp, and gas business development with BHP Petroleum.
- “ **Gerrit de Nys:** Non executive Chairman. Gerrit has an impressive trackrecord of business building. He formed the construction materials division of the Hong Kong based Shui On Group, and with IMC Group he grew the shipyard operations in Thailand into a business enterprise. Gerrit is also a non executive director with Horizon Oil.
- “ **Guy Le Page:** Non-executive Director. Guy is a Director and Corporate Advisor for RM Capital, which specialises in resources. He is actively involved in a range of corporate initiatives from mergers and acquisitions, initial public offerings to valuations, consulting and corporate advisory roles.
- “ **Murray Durham:** Non-executive Director. Murray spent his early career as a geologist with Shell in Canada. Since then he has built extensive commercial experience in gas marketing with BHP Billiton and Apache.

Fundamentals of gas in Eastern Australia



LNG market in Gladstone creates huge demand

- “ Two projects committed, two more likely to follow
 - . Initial 8 trains totalling ~34mtpa of LNG
 - . Buyers want evidence full 20 years of contracted gas is there
 - . Requires ~55TCF of gas
 - . Another 27TCF of gas if third trains committed
- “ BG says they have enough for three trains - 21TCF of resources
 - . Need to convert all of this to reserves, unlikely to happen

Domestic gas market is significant as well

- “ Power generation
 - . No-one is building any more coal fired generation
 - . Last one was by QLD Govt owned CS Energy committed in 2004
 - . Gas will supply most of growth
 - . Requires ~20TCF of gas over next 20 years
- “ Industrial gas market
 - . Needs ~7TCF over next 20 years

LNG companies will need more gas

- “ LNG and domestic market require at least 80TCF up to 110TCF over next 20 years
- “ Major conventional gas fields in Bass Strait and Moomba in steep decline
- “ Energy Quest states 2010 2P reserves for CSG of 35TCF
- “ Major LNG companies will need to access gas from juniors!!!

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