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ASX ANNOUNCEMENT

MAJOR RESERVES UPGRADE

Key Points:

- **Maiden 2P reserves certified;**
- **210% increase in 3P reserves;**
- **Important milestone towards commerciality.**

The directors of Red Sky Energy Limited (“Red Sky” or “the Company”) are pleased to advise the results from the latest independent reserves certification of the Company’s acreage in the Clarence Moreton Basin in north east NSW.

The updated reserves certification was based on the results of the recently drilled Annvale #1 and Talma #1 wells and has now certified 2P reserves and resulted in a 210% increase in 3P reserves.

Refer attached map for permit and well locations.

The certified reserves on a 100% basis are:

| | |
|-------------------------------------|--------------------|
| PEL 479 - Probable Reserves (2P) | 17 PJ recoverable |
| PEL 479 - Possible Reserves (3P) | 159 PJ recoverable |
| PEL 457 - Possible Reserves (3P) | 221 PJ recoverable |
| PEL 457 - Contingent Resources (2C) | 629 PJ recoverable |

This reserves statement has been certified by Mr Tim Hower of MHA Petroleum Consultants (Denver) who is a qualified person as defined in ASX Listing Rule 5.11. The reserves have been developed in accordance with the Society of Petroleum Engineers’ Petroleum Resources Management System. Mr Hower has consented to this release.

Commenting on this upgrade, Managing Director Rohan Gillespie said, “This is an important milestone for Red Sky. To put these gas volumes in perspective, the 2P and 3P reserves alone, if used to fuel local power generation, would be sufficient to provide all the electricity needs for the communities between Coffs Harbour and Tweed Heads for 20 years.

This gives us the impetus to start planning production pilots and gas commercialisation.”

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Red Sky Energy is an Australian exploration company focused on coal seam gas. It has extensive acreage in Queensland and New South Wales which could supply into the emerging LNG industry in eastern Australia. The Company has booked reserves in the prospective Clarence Moreton Basin, and has a drilling program underway to earn a 70% interest in four permits. The board of directors and management team have over 100 years of energy industry experience and have been involved in the coal seam gas industry since inception in Australia. Directors of the Company are Gerrit de Nys (Non Executive Chairman), Rohan Gillespie (Managing Director), Guy le Page (Non Executive Director) and Murray Durham (Executive Director).

