

RED SKY ENERGY LIMITED

ACN 099 116 275

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Red Sky Energy Limited ("the Company") will be held at Level 17, 500 Collins Street, Melbourne, Victoria at 12:00 pm (Melbourne, Victoria time) on Thursday 6 March 2014.

Further details in respect of each of the resolutions proposed in this Notice of General Meeting are set out in the Explanatory Memorandum accompanying this Notice of General Meeting. The details of the resolutions contained in the Explanatory Memorandum should be read together with, and form part of, this Notice of General Meeting.

BUSINESS

RESOLUTION: APPROVAL FOR DISPOSAL OF JOINT VENTURE INTERESTS

To consider and, if thought fit, to pass the following as an ordinary resolution with or without amendment:

"That, for the purposes of ASX Listing Rules 11.1.2 and 11.2, Shareholders approve the Company's assignment of its 20% interests in the PEL 457 and PEL 479 Joint Ventures, the reduction of the amount payable to the Company if PEL 479 is renewed, and the reduction of the exercise price of a previously granted option which may be exercised if PELA 135 is granted, as described in the Explanatory Memorandum accompanying and forming part of the Notice of General Meeting."

Voting Exclusion Statement:

The Company will disregard any votes cast on the Resolution by:

- a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and
- an associate of that person (or those persons).

However, the entity need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By the order of the Board



Adrien Wing
Company Secretary

Dated 31 January 2014

The accompanying Explanatory Memorandum and the Proxy Form and Voting Instructions form part of this Notice of Meeting.

PROXY AND VOTING INSTRUCTIONS

Proxy Instructions

A member who is entitled to vote at a meeting may appoint:

- (a) one proxy if the member is only entitled to one vote; and
- (b) one or two proxies if the member is entitled to more than one vote.

Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the member's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes in which case any fraction of votes will be disregarded.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be lodged at the registered office of the Company or sent by facsimile transmission to the Company's registered office on (03) 9614 0550 not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the member or his/her attorney duly authorised in writing or, if the member is a corporation, in a manner permitted by the Corporations Act. A proxy given by a foreign corporation must be executed in accordance with the laws of that corporation's place of incorporation.

The proxy may, but need not, be a member of the Company.

A proxy form is attached to this Notice.

If you sign and return the proxy form and do not appoint a proxy, you will have appointed the Chair of the meeting as your proxy.

Corporate Representatives

Any corporation which is a member of the Company may authorise (by certificate under common seal or other form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the chairperson of the Meeting) a natural person to act as its representative at any general meeting.

Voting Entitlement

For the purposes of the Corporations Act and Corporations Regulations shareholders entered on the Company's Register of Members as at 7:00 pm 5 March 2014 (Melbourne, Victoria time) are entitled to attend and vote at the meeting.

On a poll, members have one vote for every fully paid ordinary share held. Holders of options are not entitled to vote.

How the Chair Will Vote Undirected Proxies

The Chair of the meeting will vote undirected proxies on, and in favour of, all of the proposed resolution.

RED SKY ENERGY LIMITED
ACN 099 116 275
("the Company")

NOTICE OF GENERAL MEETING

EXPLANATORY MEMORANDUM

PURPOSE OF INFORMATION

This Explanatory Memorandum ("this Memorandum") accompanies and forms part of the Company's Notice of General Meeting to be held at Level 17, 500 Collins Street, Melbourne, Victoria at 12:00 pm (Melbourne, Victoria time) on Thursday 6 March 2014. The Notice of General Meeting incorporates, and should be read together with, this Memorandum.

THE RESOLUTION

Assignments

The Company proposes assigning its 20% interests in the PEL 457 and PEL 479 Joint Ventures to ERM Gas Limited [ACN 126 836 799] ("ERM Gas"), one of the joint venture participants, for a total consideration of \$500,000 payable in two instalments of \$250,000 each as described below.

The agreement for the assignment is subject to approval by the Company's shareholders, as shareholder approval is required for the purposes of ASX Listing Rules 11.1.2 and 11.2. The Resolution seeks that approval.

ASX Listing Rules 11.1.2 and 11.2 require shareholder approval for a significant change to the nature or scale of a listed company's activities and the disposal of a listed company's main undertaking. The Company has previously undertaken energy development activities primarily focused on gas. It also has development of solar energy generation capacity as a significant and growing focus. At present, whilst progress has been made in respect of development of solar energy generation capacity including securing a site for a 2.5MW solar generation capacity and successfully installing two demonstration solar generation units, that development is in relatively early stages. The Company's historical gas development activities may be viewed as, or as having been, its main or dominant undertaking albeit more recently as a reduced proportion of its overall undertakings. Further details are provided below and have been the subject of announcements to ASX including the Company's 2012 Annual Report and report for the half year ended 30 June 2013.

As a result, and to avoid any uncertainty about whether the assignment involves a change of activities or disposal of main undertaking despite the growing importance of and focus of solar energy generation development, the Company considers it appropriate to seek shareholder approval for the proposed assignment of its interests in the PEL 457 and PEL 479 Joint Ventures, while noting that at present it is subject to ERM Gas's option it retains an interest in gas development activities through its PELA 135 application referred to below.

Reductions

The Resolution also seeks approval for the change of the amounts payable by ERM Gas if PEL 479 is renewed (from \$1 million to \$750,000) and (separately) if ERM Gas exercises an option to acquire the Company's indirect interest in the petroleum exploration licence which would be granted if PELA 135 is approved from \$150,000 to a nominal \$1.00, these changes are part of the transaction with ERM Gas.

THE PEL 457 AND PEL 479 JOINT VENTURES

In August 2011 the Company and its wholly owned subsidiary Cydonia Resources Pty Ltd [ACN 137 806 181] entered an agreement with Clarence Moreton Resources Pty Ltd [ACN 140 886 853] ("CMR") to farm in to joint ventures for petroleum exploration licence 457 (PEL 457) and petroleum exploration licence 479 (PEL 479) in the Clarence Moreton Basin in New South Wales ("the PEL 457 and PEL 479 Joint Ventures"). The farm in agreement also included potential joint ventures for other areas which did not proceed or which it was subsequently agreed the Company and its subsidiaries would cease to participate in.

In September 2012 ERM Gas as became a party to the PEL 457 and PEL 479 Joint Ventures. ERM Gas is a wholly owned subsidiary of ERM Power Limited [ACN 122 259 223] (ASX: EPW). The Company holds a 20% interest in the PEL 457 and PEL 479 Joint Ventures. ERM Power Limited subscribed for shares in the Company at the time becoming a participant in the PEL 457 and PEL 479 Joint Ventures, and as at the date of this Memorandum holds 150 million shares of the Company (approximately 8.92% of the issued shares of the Company). No further shares are to be issued as part of this transaction.

Subject to shareholder approval and the conditions set out below, the Company has agreed to assign its 20% interests in the PEL 457 and PEL 479 Joint Ventures to ERM Gas for a total consideration of \$500,000, payable in cash. The consideration is payable in two instalments of \$250,000 each. The first instalment is conditional upon and payable within 5 business days of receiving confirmation from NSW Trade & Investment's Division of Resources and Energy of the lodgement of transfer documents for the Company's 20% interest in PEL 457, and the second is conditional upon and payable within 5 business days of receiving confirmation of the registration of the Company's 20% interests in PELs 457 and 479.

The Company will also receive \$435,000 from an account which was established at the time ERM Gas became a participant in the PEL 457 and PEL 479 Joint Ventures which was used for payments of the Company's contributions to Joint venture expenditure. The funds are to be released from the account in two instalments of 50% each, at same times and upon the same conditions as the instalments of the consideration for the assignment are payable.

As part of the transaction, the Company has agreed to the reduction of the payment of \$1 million that was previously agreed to be payable to it by ERM Gas upon PEL 479 being renewed to \$750,000 on the basis that the payment is no longer subject to the renewal and is to be received within 5 business days of the Resolution being passed and the other conditions of the transaction below being fulfilled or waived.

The transaction is conditional upon the following conditions being fulfilled or waived, in addition to the passing of the Resolution:

1. approval by the Board of ERM Gas's parent, ERM Power Limited;
2. the written consent of CMR (which consent has been received).

PELA 135 FARM IN

The Company's wholly owned subsidiary Summerland Way Energy Pty Ltd [ACN 145 896 064] has applied for a petroleum exploration licence ("PELA 135") over the area of CMR's petroleum special prospecting authority PSPA 37 and surrounding areas. The petroleum exploration licence under PELA 135 has not yet been granted.

At the time ERM Gas became a participant in the PEL 457 and PEL 479 Joint Ventures Summerland Way and CMR each granted an option to ERM Gas to acquire a 100% farm in interest in the petroleum exploration licence which would be granted if PELA 135 is

approved. The terms of the option included payments of \$150,000 to each of the Company and CMR if ERM Gas exercised the option. The Company is required to issue 15 million fully paid ordinary shares to CMR if the application is granted and ERM Gas does not exercise its option (and the Company through Summerland Way would be the 100% holder of the granted petroleum exploration licence).

Whilst it is not considered that the change of the option terms would itself required shareholder approval, the approval is sought because the change forms part of the transaction by which the Company would assign its 20% interests in the PEL 457 and PEL 479 Joint Ventures and if the option were to be exercised the Company would no longer have an interest or potential interest in petroleum exploration licences in the Clarence Moreton Basin.

CHANGE TO THE NATURE AND SCALE OF THE COMPANY'S ACTIVITIES

PEL 457 and PEL 479 Joint Ventures

If Shareholders approve the proposed assignment of the Company's interests in the PEL 457 and PEL 479 Joint Ventures and the change of the terms of the option in respect of PELA 135, and the transaction proceeds, the Company would cease to have interests in petroleum exploration licences in the Clarence Moreton Basin. As noted above Company's historical gas development activities may be viewed as, or as having been, its main or dominant undertaking albeit more recently as a reduced proportion of its overall undertakings. If the transaction proceeds, the Company's interests in the PEL 457 and PEL 479 Joint Ventures would cease to be part of its undertaking and its other activities would instead be its main undertaking.

In the past 3 years the Company has directly or indirectly contributed funds totalling \$3.2 million to the PEL 457 and PEL 479 Joint Ventures (excluding the Company's administrative costs). In the 2013 and 2014 calendar years only administrative costs were incurred.

The Company would not be required to fund future expenditure in respect of PELs 457 and 479, or to manage or monitor the management of or protection and maintenance of those PELs if its interests are assigned.

The anticipated effect on the Company's assets and liabilities of the assignment of the Company's interests in the PEL 457 and PEL 479 Joint Ventures is shown in the following pro-forma statement of financial position.

RED SKY ENERGY LIMITED
PRO-FORMA STATEMENT OF FINANCIAL POSITION
(upon completion of the transaction)

	Management 31 Dec 2013 (unaudited) \$	ERM Transaction \$	Pro-forma 31 Dec 2013 (unaudited) \$
CURRENT ASSETS:			
Cash and cash equivalents	571,364	1,250,000	1,821,364
Prepayments	43,510	-	43,510
Other receivables	45,252	-	45,252
TOTAL CURRENT ASSETS	660,126	1,250,000	1,910,126

	Management 31 Dec 2013 (unaudited) \$	ERM Transaction \$	Pro-forma 31 Dec 2013 (unaudited) \$
NON-CURRENT ASSETS:			
Other financial assets	41,000	-	41,000
Exploration and evaluation	1,250,000	(1,250,000)	-
Intangibles – solar projects	893,255	-	893,255
TOTAL NON-CURRENT ASSETS	2,184,255	(1,250,000)	934,255
TOTAL ASSETS	2,844,381	-	2,844,381
CURRENT LIABILITIES:			
Trade and other payables	371,235	-	371,235
TOTAL CURRENT LIABILITIES	371,235	-	371,235
TOTAL LIABILITIES	371,235	-	371,235
NET ASSETS	2,473,146	-	2,473,146
EQUITY:			
Issued share capital	31,505,176	-	31,505,176
Reserves	1,490,000	-	1,490,000
Retained earnings	(30,522,030)	-	(30,522,030)
TOTAL EQUITY	2,473,146	-	2,473,146

Past expenditure is described above. The Company's required contribution to minimum expenditure to maintain the permits until expiry of the current licence term (or the period of the term most recently sought to be extended), excluding the Company's administrative costs, is estimated to be minimal. Because the likely expenditure and potential income (if any) from exploration cannot be established in advance beyond the short term with certainty, it is not possible to state conclusively the effect the assignment of the Company's interests in the PEL 457 and PEL 479 Joint Ventures would have on revenue and expenses.

The Company anticipates these expenses would not be incurred or need to be funded if its interests in the PEL 457 and PEL 479 Joint Ventures are assigned. No income would have been anticipated to be received until development of the licence areas had advanced to the point of production, with no time line or proposal for this being available (and it not being expected that production would be likely to commence until completion of feasibility studies, the grant of production licences and further development work the cost or timing of which the Company is unable to determine with certainty at this time). Any expenditure would have needed to be funded by the Company. Accordingly, other than for receipt of the \$500,000 consideration for the assignments, the earlier receipt of \$750,000 in lieu of \$1 million (which receipt is no longer conditional upon renewal of PEL 479) and release of \$435,000 from the holding account (each as described above) the assignment of the interests would not affect the income or receipts of the Company in the near to medium term.

PELA 135

The Company does not presently incur significant expenditure or receive any income in respect of PELA 135. The expenditure is restricted to administrative costs and the fees which

were payable in respect of the application. The expenditure savings if application is granted and the option is exercised would depend on the minimum expenditure requirements that apply to the licence when granted, which cannot be determined in advance. The change of the terms of the option therefore do not affect the Company's current expenses or income, or expenses or income (other than the non-receipt of the potential pre-amendment option payment of \$150,000 if the licence is granted and the option is exercised) in the near to medium term. The anticipated effect on the Company's assets and liabilities is also expected not to be significant, and is included in the above pro forma.

Other activities of the Company

The Company presently is an Australian energy development company focused on gas and solar. Its involvement in gas will be reduced by the assignment of the interests in the PEL 457 and PEL 479 Joint Ventures. The PELA 135 application is still in progress. If granted that interest would be dependent upon whether ERM Gas exercises its option, and the Company's assessment of the terms of the grant.

The Company's wholly owned subsidiary Soleir Limited and its wholly owned subsidiaries (collectively "Soleir"), is a developer of utility scale solar energy generation projects, based on proven photovoltaic (PV) technology. Soleir and its undertaking were acquired by the Company in November 2012. Soleir is seeking to implement proposals in respect of solar generation facility opportunities and plans to reduce solar project costs including in financing, permitting, support structure and grid connection costs. Soleir is initially directed towards regional NSW where it considers there is solid electricity growth, good grid infrastructure and high solar intensity. The Soleir business is underpinned by the viability of its solar projects to operate as peaking power plants in the electricity market, thereby receiving time-of-day premiums in line with other peaking power plants such as gas and hydro.

Soleir has secured a lease of land in Dubbo and is developing plans for a 2.5MW solar generating capacity at that site. It is the Company's intention to continue with the development of that site and to acquire and develop further opportunities for solar energy generation and sales.

The Company has made and will make announcements to ASX about its gas and solar development proposals and programs, which are available at the ASX website www.asx.com.au, on the Company's website redskyenergy.com.au, and upon request. Shareholders can also refer to the summaries of the Company's activities and detailed financial and other reports in its 2012 Annual Report, and to the 30 June 2013 report.

COMPLETION OF THE TRANSACTION

If the Resolution is passed and the conditions described above are fulfilled or waived, it is anticipated that the transaction will be completed within one month after the general meeting, subject to the transfer of the Company's interests being registered by NSW Trade & Investment's Division of Resources and Energy.

The Company will make further announcements to ASX regarding the progress and, if applicable, the completion of the transaction or if an event occurs which indicates that the above conditions will not be fulfilled or waived.

RED SKY ENERGY LIMITED

ACN 099 116 275
("the Company")

PROXY FORM

Full name of shareholder(s) (member(s)):

Address:

I/We being a member(s) of Red Sky Energy Limited ("the Company") and entitled to attend and vote at the meeting of the Company to be held at Level 17, 500 Collins Street, Melbourne, Victoria at 12:00 pm (Melbourne, Victoria time) on 6 March 2014 appoint:

(mark the applicable box)

OR:

the Chair of the meeting^

.....
(Full name of proxy)

or if the person named above fails to attend the meeting, or if no person is named, the Chair^ of the meeting as my/our proxy to attend that meeting and vote on my/our behalf at that meeting and any adjournment or postponement of that meeting in accordance with the following directions (or if no directions have been given, as the proxy sees fit).

If two proxies are appointed, the proportion of voting rights this proxy represents is%.

^ Note: The Chair intends voting undirected proxies in favour of the Resolution.

VOTING DIRECTIONS FOR YOUR PROXY

To instruct your proxy how to vote, place a mark in the box in appropriate column. If you do not instruct your proxy how to vote on a resolution, your proxy may vote as he or she thinks fit or abstain from voting.

I/We direct my/our proxy to vote as indicated below:

Resolution	Approval for disposal of joint venture interests	For	Against	Abstain
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<p>If an individual: 1st individual</p> <p>_____ (Signature)</p> <p>_____ Name (print)</p> <p>Date: ____/____/____</p>	<p>2nd individual (joint holder)</p> <p>_____ (Signature)</p> <p>_____ Name (print)</p> <p>Date: ____/____/____</p>	<p>If a company: EXECUTED by: _____ in accordance with the _____ Corporations Act</p> <p>_____ (Signature - Director)</p> <p>_____ (Signature – Director/Secretary)</p> <p>[] mark here if sole director and sole secretary</p> <p>Date: ____/____/____</p>
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This proxy and any power of attorney or other authority under which it is signed (or a certified copy) must be lodged at:

- Level 17, 500 Collins Street, Melbourne, Victoria, 3000; or
- by facsimile on 03 9614 0550 by 12.00pm on 4 March 2014, being not less than 48 hours before the time for holding the meeting or adjourned meeting as the case may be.