



RED SKY ENERGY LIMITED (the "Company")

WEBSITE DISCLOSURE

Company's Website Disclosure on Corporate Governance

Introduction

Red Sky Energy Ltd ("**Company**") has adopted a Corporate Governance Manual which forms the basis of a comprehensive system of control and accountability for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent they are applicable to the Company, the Board has adopted the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* ("**Principles & Recommendations**").

To read the ASX Principles & Recommendations click here:

<http://asx.ice4.interactiveinvestor.com.au/ASX0701/Corporate%20Governance%20Principles/EN/>

The Company is pleased to make the following information on its corporate governance practices available on this website:

Recommendation	
1.3	Board Charter
4.4	Audit Committee
2.6	Nomination Committee
8.4	Remuneration Committee

Policies and procedures

Policy and procedure for selecting/re-appointing of directors
Securities trading policy
Code of conduct (summary)
Continuous disclosure policy (summary)
Shareholder communication policy
Risk management policy (summary)
Remuneration policy (summary)

Policy History :	Version 4.0
Established :	10 February 2010 (Version 1)
Last Review :	30 June 2015 (Version 4)
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RED SKY ENERGY LTD ("COMPANY")

BOARD CHARTER

1. Role of the Board

The role of the Board is to provide leadership for and supervision of the Company's senior management. The Board provides the strategic direction of the Company and regularly measures the progression by senior management of that strategic direction.

2. Role of Senior Management

Those who have the opportunity to materially influence the integrity, strategy and operation of the Company and its financial performance are considered to be part of senior management.

The role of senior management is to progress the strategic direction provided by the Board. In particular, the chief executive officer, or equivalent, is responsible for the day-to-day activities of the Company in advancing the strategic direction.

3. Responsibilities of the Board

The Board is collectively responsible for promoting the success of the Company by:

- (a) overseeing the Company, including its control and accountability systems;
- (b) appointing the chief executive officer, or equivalent, for a period and on terms as the directors see fit and, where appropriate, removing the chief executive officer, or equivalent;
- (c) ratifying the appointment and, where appropriate, the removal of senior executives, including the chief financial officer and the company secretary;
- (d) ensuring the Company's *Policy and Procedure for Selection and (Re)Appointment of Directors* is reviewed in accordance with the Company's *Nomination Committee Charter*;
- (e) approving the Company's policies on risk oversight and management, internal compliance and control, *Code of Conduct*, and legal compliance;
- (f) satisfying itself that senior management has developed and implemented (i) a system of risk management and (ii) a system of internal control in relation to financial reporting risks and reviewed the effectiveness of those systems;
- (g) assessing the effectiveness of senior management's implementation of systems for managing material business risk including the making of additional enquiries and to request assurances regarding the management of material business risk, as appropriate;

- (h) monitoring, reviewing and challenging senior management's performance and implementation of strategy;
- (i) ensuring appropriate resources are available to senior management;
- (j) approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- (k) monitoring the financial performance of the Company;
- (l) ensuring the integrity of the Company's financial (with the assistance of the Audit Committee) and other reporting through approval and monitoring;
- (m) providing overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;
- (n) appointing the external auditor (based on recommendations of the Audit Committee) and the appointment of a new external auditor when any vacancy arises, provided that any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company;
- (o) engaging with the Company's external auditors and Audit Committee;
- (p) monitoring compliance with all of the Company's legal obligations, such as those obligations relating to the environment, native title, cultural heritage and occupational health and safety; and
- (q) make regular assessment of whether each non-executive director is independent in accordance with the Company's *Policy on Assessing the Independence of Directors*.

The Board may not delegate its overall responsibility for the matters listed above. However, it may delegate to senior management the responsibility of the day-to-day activities in fulfilling the Board's responsibility provided those matters do not exceed the Materiality Threshold as defined below.

Directors are encouraged to request information from senior executives where they consider such information necessary to make informed decisions.

The Board must convene regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities. It is usual practice for the Board to meet at least six times a year.

4. Materiality Threshold

The Board has agreed on the following guidelines for assessing the materiality of matters:

Materiality – Quantitative

Balance sheet items

Balance sheet items are material if they have a value of more than 5% of pro-forma net asset.

Profit and loss items

Profit and loss items are material if they will have an impact on the current year operating result of 5% or more.

Materiality – Qualitative

Items are also material if:

- (a) they impact on the reputation of the Company;
- (b) they involve a breach of legislation or may potentially breach legislation;
- (c) they are outside the ordinary course of business;
- (d) they could affect the Company's rights to its assets;
- (e) if accumulated they would trigger the quantitative tests;
- (f) they involve a contingent liability that would have a probable effect of 5% or more on balance sheet or profit and loss items; or
- (g) they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 5%.

Material Contracts

Contracts will be considered material if:

- (a) they are outside the ordinary course of business;
- (b) they contain exceptionally onerous provisions in the opinion of the Board;
- (c) they impact on income or distribution in excess of the quantitative tests;
- (d) any default, should it occur may trigger any of the quantitative or qualitative tests;
- (e) they are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests;
- (f) they contain or potentially trigger change of control provisions;
- (g) they are between or for the benefit of related parties; or
- (h) they otherwise trigger the quantitative tests.

Any matter which falls within the above guidelines is a matter which triggers the materiality threshold ("**Materiality Threshold**").

5. Statement of Position or Authority

The division of responsibilities between the Chair, the lead independent director, if any, and the Managing Director is set out below.

6. Responsibilities of the Chair

The Chair is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function and for the briefing of all directors in relation to issues arising at Board meetings. The Chair is also responsible for shareholder communication and arranging Board performance evaluation. The Chair should facilitate the effective contribution of all directors and promote constructive and respectful relations between directors and between board and senior management.

Any other position which the Chair may hold either inside or outside the Company should not hinder the effective performance of the Chair in carrying out their role as Chair of the Company.

7. Responsibilities of the Lead Independent Director

Where the Chair is not an independent director, a lead independent director will be appointed. The lead independent director will take over the role of the Chair when the Chair is unable to act in that capacity as a result of their lack of independence.

8. Responsibilities of the Managing Director

The Managing Director is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out their responsibilities the Managing Director must report to the Board in a timely manner on those matters included in the Company's risk profile, all relevant operational matters and any other matter that is likely to have to fall within the Materiality Threshold.

All reports to the Board must present a true and fair view of the Company's financial condition and operational results.

The Managing Director is also responsible for appointing and, where appropriate, removing senior executives, including the chief financial officer and the company secretary, with the approval of the Board. The Managing Director is responsible for evaluating the performance of senior executives.

9. Responsibilities of Non-Executive and/or Independent Directors

The Board determines whether each of the non-executive directors of the Company is independent on a regular basis in accordance with its *Policy on Assessing the Independence of Directors*. The Board recognises the importance of the appropriate balance between independent and non-independent representation on the Board. In making this determination, the Board takes into account the skills and experience required, in the context of the Company's operations and activities.

The independent directors may meet without other directors present, if appropriate.

The non-executive directors may meet without senior management present at times scheduled from time to time. Such meetings may be facilitated by the Chair or the lead independent director, as appropriate.

10. Directors and Officers

Individual directors should devote the necessary time to the tasks entrusted to them. All directors should consider the number and nature of their directorships and calls on their time from other commitments.

Directors and officers of the Company should be aware of their legal obligations, some of which are set out in the *Overview of Duties Imposed on Directors of Public Companies*.

11. Responsibilities of Senior Management

Senior Management is responsible for supporting the Managing Director and to assist the Managing Director implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior Management is responsible for reporting all matters which fall within the Materiality Threshold at first instance to the Managing Director or, if the matter concerns the Managing Director, then directly to the Chair or the lead independent director, as appropriate.



RED SKY ENERGY LTD ("COMPANY")

NOMINATION COMMITTEE CHARTER

1. Composition

The Nomination Committee shall comprise the full Board.

From time to time, non Committee members may be invited by the Committee to attend meetings of the Committee, if it is considered appropriate.

2. Role

The role of the Nomination Committee is to effectively examine the selection and appointment practices of the Company, although the Board retains ultimate responsibility for these practices.

3. Operations

The full Board shall meet as the Committee at least once a year and otherwise as required. Minutes of all meetings of the Committee are to be kept. Committee meetings will be governed by the same rules as set out in the Company's Constitution, as they apply to meetings of the Board.

4. Responsibilities

(a) Size and Composition of the Board

To ensure that the Board has the appropriate blend of directors with the necessary expertise and relevant industry experience, the Committee shall:

- (i) regularly review the size and composition of the Board, and make recommendations to the Board on any appropriate changes;
- (ii) identify and assess necessary and desirable director competencies and provide advice on the competency levels of directors with a view to enhancing the Board;
- (iii) make recommendations on the appointment and removal of directors;
- (iv) make recommendations on whether any directors whose term of office is due to expire should be nominated for re-election;

- (v) regularly review the time required from non-executive directors and whether non-executive directors are meeting that requirement.

(b) Selection Process of new Directors

The Committee shall review the Company's *Policy and Procedure for Selection and (Re)Appointment of Directors*. Such procedure should be transparent to promote investor understanding and confidence in the process.

The Committee is empowered to engage external consultants in its search for a new director.

The initial appointment of a new Director is made by the Board. The new Director will be required to stand for election at the Company's next general meeting.

(c) Performance Appraisal Competency

The Committee shall:

- (i) develop a process for evaluation of the performance of the Board, Board committees; and when deemed appropriate by the Chair, individual Board members in accordance with the Company's Process for Performance Evaluation;
- (ii) implement ways of enhancing the competency levels of directors;
- (iii) consider and articulate the time required by Board members in discharging their duties efficiently;
- (iv) undertake continual assessment of directors as to whether they have devoted sufficient time in fulfilling their duties as directors;
- (v) develop a process for and carry out an evaluation of the performance of the Managing Director in accordance with the Company's *Process for Performance Evaluation*;
- (vi) review and implement the Company's *Induction Program*;
- (vii) ensure new directors participate in the *Induction Program*; and
- (viii) provide all directors with access to ongoing education relevant to their position in the Company.

(d) Succession Plans

The Committee shall review the Board's succession plans. Succession plans are to assist in maintaining the appropriate balance of skills, experience and expertise on the Board.

5. Authority and Resources

The Company, through the Board, is to provide the Committee with sufficient resources to undertake its duties. The Committee has the authority, as it deems necessary or appropriate, to access advice from external consultants or specialists.



RED SKY ENERGY LTD ("COMPANY")

AUDIT COMMITTEE CHARTER

1. Composition of the Audit Committee

The Committee is to include at least three members, a majority of which are to be independent.

At least one member is to have relevant qualifications and experience.

From time to time, non Committee members may be invited by the Committee to attend meetings of the Committee, if it is considered appropriate.

2. Role of the Audit Committee

The role of the Audit Committee is to:

- (a) monitor and review the integrity of the financial reporting of the Company, reviewing significant financial reporting judgments;
- (b) review the Company's internal financial control system and, in the absence of a separate risk committee, risk management systems;
- (c) monitor, review and oversee the external audit function including matters concerning appointment and remuneration, independence and non-audit services;
- (d) monitor and review compliance with the Company's *Code of Conduct*; and
- (e) perform such other functions as assigned by law, the Company's Constitution, or the Board.

3. Operations

The Committee meets at least half yearly, with further meetings on an as required basis.

Minutes of all meetings of the Committee are to be kept and the minutes and a report of actions taken or recommended to be given at each subsequent meeting of the full Board. Committee meetings will be governed by the same rules, as set out in the Company's Constitution as they apply to the meetings of the Board.

4. Authority and Resources

The Company is to provide the Committee with sufficient resources to undertake its duties, including provision of educational information on accounting policies and other financial topics relevant to the Company, and such other relevant materials requested by the Committee.

Policy History :

Established :

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The Committee has rights of access to management and has the authority to seek explanations and additional information from the Company's external auditors, without management present, when required.

The Committee has the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee has the authority, as it deems necessary or appropriate, to retain independent legal, accounting or other advisors.

5. Reporting to the Board and Shareholders

The Committee is to report to the Board at least once a year on the following matters:

- assessment of whether external reporting is consistent with Committee members' information and knowledge and is adequate for shareholder needs;
- assessment of the management processes supporting external reporting;
- recommendations for amending the Company's *Procedures for the Selection and Appointment of the External Auditor* and procedures for the rotation of external audit engagement partners;
- recommendations for the appointment or, if necessary, the removal of the external auditor;
- assessment of the performance and independence of the external auditors. Where the external auditor provides non-audit services, the report should state whether the Audit Committee is satisfied that provision of those services has not compromised the auditor's independence; and
- the results of the Committee's review of risk management and internal control systems.

6. Responsibilities

Annual responsibilities of the Committee are as set out in the *Audit Committee Charter – Annual Action Points*.



RED SKY ENERGY LTD ("COMPANY")

REMUNERATION COMMITTEE CHARTER

1. Composition

The Remuneration Committee shall comprise a minimum of three members, the majority of whom shall be non executive and independent directors. The Committee shall be chaired by an independent director.

From time to time, non Committee members may be invited by the Committee to attend meetings of the Committee, if it is considered appropriate.

2. Role

The function of the Committee is to assist the Board in fulfilling its corporate governance responsibilities with respect to remuneration by reviewing and making appropriate recommendations on:

- (a) remuneration packages of executive directors, non-executive directors and senior executives; and
- (b) employee¹ incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

3. Operations

The Committee shall meet at least once a year and otherwise as required. Minutes of all meetings of the Committee are to be kept and the minutes and a report of actions taken to be given at each subsequent meeting of the full Board. Committee meetings will be governed by the same rules as set out in the Company's Constitution, as they apply to meetings of the Board.

4. Responsibilities

The responsibilities of the Committee include a review of and recommendation to the Board on:

- (a) the Company's *Remuneration Policy* and framework ;
- (b) senior executives' remuneration and incentives; and
- (c) superannuation arrangements (pursuant to Superannuation Guarantee Charge legislation "SGC").

¹ In this policy references to "employees" includes directors, officers and employees and contract "employees" supplying services to the Company through a contractual arrangement.

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Executive Remuneration

In considering the Company's *Remuneration Policy* and levels of remuneration for executives, the Committee makes recommendations which:

- (a) motivates executive directors and senior executives to pursue long term growth and success of the Company within an appropriate control framework;
- (b) demonstrates a clear correlation between senior executives performance and remuneration;
- (c) aligns the interests of key leadership with the long-term interests of the Company's shareholders; and
- (d) prohibits executives from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

To the extent that the Company adopts a different remuneration structure for its executive directors, the Committee shall document its reasons for the purpose of disclosure to stakeholders.

Non-Executive Remuneration

In considering the Company's *Remuneration Policy* and levels of remuneration for non-executive directors, the Committee is to ensure that:

- (e) fees paid to non-executive directors are within the aggregate amount approved by shareholders and make recommendations to the Board with respect to the need for increases to this aggregate amount at the Company's annual general meeting;
- (f) non-executive directors are remunerated by way of fees (in the form of cash and superannuation benefits (where SGC applicable));
- (g) non-executive directors are not provided with retirement benefits other than statutory superannuation entitlements (where SGC applicable); and
- (h) non-executive directors are entitled to participate in equity-based remuneration schemes designed for executives.

To the extent that the Company adopts a different remuneration structure for its non-executive directors, the Committee shall document its reasons for the purpose of disclosure to stakeholders.

Incentive Plans and Benefits Programs

The Committee is to:

- (i) review and make recommendations concerning long-term incentive compensation plans, including the use of shares, share options and other equity-based plans. Except as otherwise delegated by the Board, the Committee will administer equity-based and employee benefit plans, and as such will discharge any responsibilities under those plans, including making and authorising issues of equity, in accordance with the terms of those plans;

- (j) ensure that incentive plans are designed around appropriate and realistic performance targets that measure relative performance and provide rewards when they are achieved; and
- (k) continually review and if necessary improve any existing benefit programs established for employees.

5. Authority and Resources

The Company is to provide the Committee with sufficient resources to undertake its duties. The Committee has the authority, as it deems necessary or appropriate, to obtain advice from external consultants or specialists in relation to remuneration related matters.



RED SKY ENERGY LTD ("COMPANY")

POLICY AND PROCEDURE FOR SELECTION AND (RE) APPOINTMENT OF DIRECTORS

New Directors

It is the Policy of the Board that in determining candidates for the Board, the following process shall occur.

1. The Nomination Committee (or equivalent) evaluates the range of skills, experience and expertise of the existing Board. In particular, the Nomination Committee (or equivalent) is to identify the particular skills that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors on the Board.
2. A potential candidate is considered with reference to their skills and expertise in relation to other Board members.
3. If relevant, the Nomination Committee (or equivalent) recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

Board Renewal

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Re-appointment of directors is not automatic.

Size and Composition of the Board

The Board should be structured in such a way that it has a proper understanding of, and competence to deal with, the current and emerging issues of the business and encourages enhanced performance of the Company.

Reference is made to the Company's size and operations as they evolve from time to time.

Commitment to the Board

Non-executive Directors shall provide to the Nomination Committee (or equivalent), prior to their appointment or re-election, details of other commitments and an indication of the time involved in carrying out those other commitments.

All directors should consider the number and nature of their directorships and calls on their time from other commitments.

Informing Shareholders

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Shareholders shall be informed of the names of candidates submitted for election as directors. In order to enable shareholders to make an informed decision regarding the election, the following information shall be supplied to shareholders:

1. biographical details (including competencies and qualifications and information sufficient to enable an assessment of the independence of the candidate);
2. details of relationships between the candidate and the Company; and the candidate and directors of the Company;
3. directorships held;
4. particulars of other positions which involve significant time commitments;
5. the term of office currently served by any directors subject to re-election; and
6. any other particulars required by law.



RED SKY ENERGY LIMITED (the “Company”)

SUMMARY OF CODE OF CONDUCT

The board has adopted a Code of Conduct which requires Directors, management and employees to deal with the Company’s customers, suppliers, competitors and each other with honesty, fairness and integrity and to observe the rule and spirit of the legal and regulatory environment in which the Company operates. The Code prohibits Directors, management and employees from involving themselves in situations where there is a real or apparent conflict of interest between themselves and the interest of the Company. The Company also has a policy on financial and other inducements. Directors, management and employees are required to respect the confidentiality of all information of a confidential nature acquired in the course of the Company’s business. Directors, management and employees must protect the assets of the Company to ensure availability for legitimate business purposes. The Company acknowledges its responsibility to shareholders, the community and the individual. The Company will use its best endeavors to ensure a safe work place and maintain proper occupational health and safety practices.

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Red Sky Energy Limited

Share Trading Policy

1. Introduction

1.1 The shares of Red Sky Energy Limited ACN 099 116 275 (Company) are listed on the Australian Securities Exchange, ASX Limited (ASX).

1.2 This policy outlines:

- (a) when directors, senior management and other employees may deal in Company Securities;
- (b) when directors, senior management and other employees may deal in listed Securities of another entity (because they may obtain inside information about another entity's securities while performing their duties for the Company); and
- (c) procedures to reduce the risk of insider trading.

2. Defined terms

In this policy:

Company Securities includes shares in the Company, options over those shares and any other financial products of the Company whether traded on ASX or unlisted except for Excluded Trading.

Closed Period means the period between:

- (a) 1 January and the day of release of the Appendix 5B Report to the ASX;
- (b) 1 April and the day of release of the Appendix 5B Report to the ASX;
- (c) 1 July and the day of release of the Appendix 5B Report to the ASX;
- (d) 1 October and the day of release of the Appendix 5B Report to the ASX;
- (e) Any other periods from time to time when the Company is considering matters which are subject to Listing Rule 3.1A as resolved by the Board of the Company.

Designated Officer means a director or person engaged in the management of the Company, whether as an employee or consultant.

Disclosure Officer means the person appointed to act as Disclosure Officer under the Company's market disclosure policy or the Chairman.

Employee means a person under the employ of the Company, whether as an employee or consultant and may include a Designated Officer.

Excluded Trading means trading in the following circumstances which are considered excluded from the Share Trading Policy:

- (a) transfers of securities of the Company already held into a superannuation fund or other saving scheme in which the Designated Officer or Employee is a beneficiary;
- (b) an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the securities of the Company) where the assets of the fund or other scheme are invested at the discretion of a third party;
- (c) where a Designated Officer or Employee is a trustee, trading in the securities of the Company by that trust provided the Designated Officer or Employee is not a beneficiary of the trust and any decision to trade during a Closed Period is taken by the other trustees or by the investment managers independently of the Designated Officer or Employee;
- (d) undertakings to accept, or the acceptance of, a takeover offer;
- (e) trading under an offer or invitation made to all or most of the security holders, such as, a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rate issue;

- (f) a disposal of securities of the Company that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement. In this circumstance, the Designated Officer or Employee must have informed the Board of the Company prior to entering into such an arrangement over the securities;
- (g) the exercise (but not the sale of securities following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a Closed Period or the Company has had a number of consecutive Closed Periods and the Designated Officer or Employee could not reasonably have been expected to exercise it at a time when free to do so; and
- (h) trading under a non-discretionary trading plan for which prior Written Clearance has been provided by the Board of the Company and where:
 - the Designated Officer or Employee did not enter into the plan or amend the plan during a Closed Period;
 - the trading plan does not permit the Designated Officer or Employee to exercise any influence or discretion over how, when or whether to trade; and
 - the Company's Share Trading Policy does not allow for cancellation of a trading plan during a Closed Period other than in exceptional circumstances.

Written Clearance means any form of writing, including any typed electronic form.

3. Insider trading

- 3.1 If a person has information about securities and the person knows, or ought reasonably to know, that the information is inside information, it is likely to be illegal for the person to:
- (a) deal in the securities;
 - (b) procure another person to deal in the securities; or
 - (c) give the information to another person who the person knows, or ought reasonably to know, is likely to:
 - (i) deal in the securities; or
 - (ii) procure someone else to deal in the securities.
- 3.2 Insider trading is a criminal offence. It is punishable by substantial fines or imprisonment or both. A company may also be liable if an Employee or director engages in insider trading.
- 3.3 Insider trading may also attract civil penalties. A court may impose substantial pecuniary penalties for insider trading and order payment of compensation to persons who suffer loss or damage because of insider trading.

4. What is inside information?

- 4.1 Inside information is information that:
- (a) is not generally available; and
 - (b) if it were generally available, would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the relevant securities.
- 4.2 Information is generally available if it:
- (a) is readily observable;
 - (b) has been made known in a manner likely to bring it to the attention of persons who commonly invest in securities of the relevant type and a reasonable period for that information to be disseminated has elapsed since it was made known; or
 - (c) consists of deductions, conclusions or inferences made or drawn from information falling under paragraphs 4.2(a) or 4.2(b).

5. What is dealing in securities?

5.1 Dealing in securities includes:

- (a) applying for, acquiring or disposing of, securities;
- (b) entering into an agreement to apply for, acquire or dispose of, securities; and
- (c) granting, accepting, acquiring, disposing, exercising or discharging an option or other right or obligation to acquire or dispose of securities.

5.2 A decision to join, or subscribe for shares under, any dividend reinvestment plan is not dealing in Company Securities.

6. When Employees may deal :

6.1 An Employee (who is not a Designated Officer) may deal in Company Securities or the listed securities of another entity if he or she does not have information that he or she knows, or ought reasonably to know, is inside information in relation to Company Securities or those securities of the other entity.

7. When Employees may not deal:

7.1 An Employee (who is not a Designated Officer) may not deal or procure another person to deal in Company Securities or the listed securities of another entity if he or she has information that he or she knows, or ought reasonably to know, is inside information in relation to Company Securities or those securities of the other entity.

8. When a Designated Officer may deal:

8.1 A Designated Officer may only deal in Company Securities outside of a Closed Period unless Written Clearance has been obtained under Paragraph 10; and

8.2 A Designated Officer may deal in the listed securities of another entity if he or she does not have information that he or she knows, or ought reasonably to know, is inside information in relation to those securities.

9. When a Designated Officer may not deal :

9.1 A Designated Officer may not deal or procure another person to deal in Company Securities if he or she has information that he or she knows, or ought reasonably to know, is inside information in relation to Company Securities; or

9.2 A Designated Officer may not deal or procure another person to deal in the listed securities of another entity if he or she has information that he or she knows, or ought reasonably to know, is inside information in relation to those securities.

10. Clearance from the Disclosure Officer :

10.1 Before dealing in Company Securities in a Closed Period, a Designated Officer must first inform the Disclosure Officer and obtain Written Clearance.

10.2 The Disclosure Officer may only give Written Clearance during a Closed Period if:

- (a) there is no matter about which there is inside information in relation to Company Securities (whether or not the Designated Officer knows about the matter) when the Designated Officer requests clearance or proposes to deal in Company Securities;
- (b) the Disclosure Officer has no other reason to believe that the proposed dealing breaches this policy; and
- (c) the request is considered an exception circumstance under Paragraph 11.

10.3 The Disclosure Officer must keep a written record of:

- (a) any information received from a Designated Officer in connection with this policy;

and

(b) any Written Clearance given under this policy.

11. Exceptional circumstances

11.1 The Disclosure Officer may give clearance for a Designated Officer to buy or sell Company Securities in exceptional circumstances where the Designated Officer would otherwise not be able to do so under this policy.

11.2 The Disclosure Officer may not give clearance under the exception in paragraph 11.1 if there is a matter about which there is inside information in relation to Company Securities (whether or not the Designated Officer knows about the matter) when the Designated Officer requests clearance or proposes to deal in Company Securities.

11.3 The Disclosure Officer will decide if circumstances are exceptional.

11.4 Exceptional circumstances include:

- (a) financial hardship;
- (b) requirements under a court order or court enforceable undertakings; or
- (c) other exceptional circumstances as determined by the Chairman or Chief Executive Officer (if Chairman is involved).

11.5 If the Disclosure Officer has any doubt in making a determination under this clause such discretion should be exercised with caution.

12. Dealings by associated persons and investment managers:

12.1 If a Designated Officer may not deal in the Company Securities, he or she must prohibit any dealing in the Company Securities by:

- (a) any associated person (including family or nominee companies and family trusts); or
- (b) any investment manager on their behalf or on behalf of any associated person unless such dealing is Excluded Trading.

12.2 For the purposes of paragraph 12.1, a Designated Officer must:

- (a) inform any investment manager or associated person of the periods during which the Designated Officer may and may not deal in Company Securities; and
- (b) request any investment manager or associated person to inform the Designated Officer immediately after they have dealt in Company Securities.

12.3 A Designated Officer does not have to comply with paragraphs 12.1 and 12.2 to the extent that to do so would breach their obligations of confidence to the Company.

13. Communicating inside information

13.1 If an Employee (including a Designated Officer) has information that he or she knows, or ought reasonably to know, is inside information in relation to Company Securities or the listed securities of another entity, the Employee must not directly or indirectly communicate that information to another person if he or she knows, or ought reasonably to know, that the other person would or would be likely to:

- (a) deal in Company Securities or those securities of the other entity; or
- (b) procure another person to deal in Company Securities or the securities of the other entity.

13.2 An Employee must not inform colleagues (except the Disclosure Officer) about inside information or its details.

14. Speculative dealing :

14.1 A Designated Officer may not deal in Company Securities on considerations of a short term nature.

15. Use of brokers

15.1 An Employee who deals in the company's securities should use only one broker. Employees may not use broker credit unless written approval has been obtained from the Board of the Company prior to execution of such credit.

16. Breach of policy

16.1 A breach of this policy by an Employee is serious and may lead to disciplinary action, including dismissal in serious cases. It may also be a breach of the law.

17. Distribution of policy

17.1 This policy must be distributed to all Employees and Designated Officers.

18. Assistance and additional information:

18.1 Employees who are unsure about any information they may have in their possession, and whether they can use that information for dealing in securities, should contact the Disclosure Officer.



RED SKY ENERGY LTD (“THE COMPANY”)

PROCEDURE FOR THE SELECTION, APPOINTMENT AND ROTATION OF EXTERNAL AUDITOR

1. Responsibility

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as per the recommendations of the Audit Committee. Any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company.

2 Selection Criteria

Mandatory criteria

Candidates for the position of external auditor of the Company must be able to demonstrate complete independence from the Company and an ability to maintain independence through the engagement period. Further, the successful candidate must have arrangements in place for the rotation of the audit engagement partner on a regular basis.

Other criteria

Other than the mandatory criteria mentioned above, the Board may select an external auditor based on criteria relevant to the business of the Company such as experience in the industry in which the Company operates, references, cost and any other matters deemed relevant by the Board.

3 Review

The Audit Committee will review the performance of the external auditor on an annual basis and make any recommendations to the Board.



RED SKY ENERGY LIMITED (the “Company”)

SUMMARY OF POLICY ON CONTINUOUS DISCLOSURE

The board has adopted Compliance Procedures to assist it to comply with the ASX Listing Rules disclosure requirements. Under the Compliance Procedures, a Responsible Officer is appointed who is primarily responsible for ensuring the Company complies with its disclosure obligations. The duties of the Responsible Officer are set out in the Compliance Procedures. The Compliance Procedures provide guidelines as to the type of information that needs to be disclosed and encourages thorough recording of disclosure decision making. The Compliance Procedures contain information on avoiding a false market, safeguarding confidentiality of corporate information, and information on external communication for the purpose of protecting the Company's price sensitive information. The Compliance Procedures also provide guidance relating to potential disclosure material.

<u>Policy History :</u>	Version 4.0
Established :	10 February 2010 (Version 1)
Last Review :	30 June 2015 (Version 4)
Review frequency :	At least annually



RED SKY ENERGY LTD ("COMPANY")

SHAREHOLDER COMMUNICATION POLICY

The Board aims to ensure that the shareholders are informed of all major developments affecting the Company.

Electronic Communication

The Company makes available on its website the following information on a regular and up-to-date basis:

- Information briefings to media and analysts
- Notices of meetings and explanatory materials
- Financial information including annual reports
- All other Company announcements.

The Company provides shareholder materials directly to shareholders through electronic means. A shareholder may request a hard copy of the Company's annual report to be posted to them.

In addition to the above, provision is made on the Company's website for shareholders to register to receive information updates.

Meetings

The Company considers general meetings to be an effective means to communicate with shareholders.

The Company provides information in the notice of meeting that is presented in a clear, concise and effective manner.

Policy History :

Established :

Last Review :

Review frequency :

Version 4.0

10 February 2010 (Version 1)

30 June 2015 (Version 4)

At least annually



RED SKY ENERGY LIMITED (the “Company”)

SUMMARY OF RISK MANAGEMENT POLICY

The Board has adopted a Risk Management Policy. Under the Policy, the Board delegates day-to-day management of risk to the Chief Executive Officer (or equivalent). The Policy sets out the role of the Chief Executive Officer (or equivalent) and accountabilities. It also contains the Company's risk profile and describes some of the policies and practices the Company has in place to manage specific business risks.

Policy History :
Established :
Last Review :
Review frequency :

Version 4.0
10 February 2010 (Version 1)
30 June 2015 (Version 4)
At least annually

Corporate Governance Statement

The Board of Directors of Red Sky Energy Limited (**Red Sky or the Company**) is responsible for the corporate governance of the Company and its subsidiaries. The Board guides and monitors the business and affairs of Red Sky Energy Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

The table below summarises the Company's compliance with the ASX Corporate Governance Council's Principles and Recommendations.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
	Corporate Governance Council Recommendation	Compliance	Disclosure
1.1	<p>A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	Complies	<p>The Board is responsible for the overall corporate governance of the Company.</p> <p>The Board has adopted a Board charter that formalises its roles and responsibilities and defines the matters that are reserved for the Board and specific matters that are delegated to management.</p> <p>The Board's role is to ensure the following Key Objectives of the Company are met:</p> <p>(a) increase long term value for shareholders through the development of assets within an appropriate framework which safeguards the rights and interests of the Company's shareholders; and</p> <p>(b) ensure the Company is properly managed. (Key Objectives)</p> <p>The Board is collectively responsible for promoting the success of the Company by:</p> <p>(a) Supervising the Company's framework of control and accountability systems to enable risk to be assessed and managed;</p> <p>(b) Ensuring the Company is properly managed;</p> <p>(c) Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;</p> <p>(d) Approval of the annual budget;</p> <p>(e) Monitoring the financial performance of the Company;</p> <p>(f) Approving and monitoring financial and other reporting;</p> <p>(g) Overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;</p> <p>(h) Liaising with the Company's external auditors as appropriate; and</p> <p>(i) Monitoring, and ensuring compliance with, all of the Company's legal obligations, in particular those obligations relating to the environment, native title, cultural heritage and occupational health and safety.</p>

1.2	<p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	Complies	<p>(a) The Board is responsible for ensuring it is comprised of individuals who are best able to discharge the responsibilities of directors having regard to the law and the best standards of governance.</p> <p>(b) This will necessarily include undertaking background and other checks before appointing a person or putting them forward to security holders as a candidate for election as a director, as well as providing all material information relevant to a decision for election as a director. The qualifications, experience and special responsibilities of the Board members are set out in the Directors Report of the Financial Statements for the year ended 31 December 2014.</p>
1.3	<p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	Complies	<p>The directors have received a letter agreement setting out the terms of their appointment.</p>
1.4	<p>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	Complies	<p>The Board has appointed an experienced Company Secretary who is directly accountable to the Board.</p>
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p>	Does not Comply	<p>(a) The Board supports diversity of employees with differing skills, values and backgrounds and experiences, and will continue to employ staff on their merits and on a fit for purpose basis.</p> <p>(b) Company does not have a diversity policy.</p> <p>(c) However, as a measurement of gender diversity, the proportion of women employees in the consolidated entity as at 31 December 2014 are as follows:</p> <p style="padding-left: 40px;">Women on the Board: 0%</p> <p style="padding-left: 40px;">Women in senior executive roles: 0%</p> <p style="padding-left: 40px;">Women in management position: 0%</p> <p style="padding-left: 40px;">Women in the organisation: 0%</p>

	<p>1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes); or</p> <p>2) the whole organisation (including how the entity has defined “senior executive” for these purposes); or</p> <p>3) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.</p>		The Company is not a relevant employer under the Workplace Gender Equality Act.
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Complies	<p>(a) The performance of directors is assessed and reviewed by the Board. To determine whether it is functioning effectively, the Board shall:</p> <ul style="list-style-type: none"> – review its Corporate Governance Charter annually; and – perform an evaluation of the Board’s performance at intervals considered appropriate. <p>(b) The Board has conducted a performance evaluation of the Board as a whole, its Committees, the Chairman, individual Directors, and the governance processes which support Board work since the date of last year’s report. The evaluation was facilitated by the Chairman and provided a confidential forum for directors to consider areas that required attention. On completion of the evaluation the Board agreed steps to enhance the performance of the Board and its committees.</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Complies	The Board prepare strategic objectives. These objectives must then be met by senior executives including the Managing Director as part of their key performance targets. The Board evaluates the MD’s contribution to the Company’s key objectives. These reviews will occur annually.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ol style="list-style-type: none"> 1. has at least three members, a majority of whom are independent directors; and 2. is chaired by an independent director, and disclose the charter of the committee, the members of the committee; and 3. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings: OR <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	Complies	<p>The Nomination Committee is comprised of a majority of Non-Executive Directors.</p> <ul style="list-style-type: none"> ▪ The Committee has three members, two of which are independent non-executive directors. ▪ The Board appoints a Non-Executive Director, as the Chair of the Committee. <p>The Board has adopted a Nomination Committee charter.</p> <p>The Nomination Committee meets at least once per annum. Attendance at the committee meetings is provided in the Director's Report of the Financial Statements for the year ended 31 December 2014.</p> <p>The role of the Nomination Committee is to:</p> <ul style="list-style-type: none"> ▪ Determine the necessary and desirable competencies of Directors; ▪ Determine the state of Director nominees for election to the Board and to identify and recommend candidates to fill casual vacancies; and ▪ Review Board succession plans
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	Does not comply	<p>The Company supports the appointment of Directors who bring a wide range of business and professional skills and experience. While the Company does not have or disclose a formal skills matrix it does consider directors attributes prior to any appointment. The qualifications, skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the annual report and their attendance at Board and Committee meetings is included in the Directors' Report.</p>

2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendations but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	Complies	<p>The majority of the Board's directors are considered independent.</p> <p>The Board considers Directors to be independent where they are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgment. The Board has adopted a definition of independence based on that set out in Principle 2 of the ASX Corporate Governance Council Principles and Recommendations. The Board will review the independence of each Director in light of interests disclosed to the Board from time to time.</p> <p>In accordance with the definition of independence above, and the materiality thresholds set, the following Directors of Red Sky Energy Limited are considered to be independent:</p> <table border="0" data-bbox="969 507 2022 630"> <thead> <tr> <th data-bbox="969 507 1288 534">Name</th> <th data-bbox="1288 507 2022 534">Position</th> </tr> </thead> <tbody> <tr> <td data-bbox="969 550 1288 577">Russell Krause</td> <td data-bbox="1288 550 2022 577">Non-Executive Director, Chairman</td> </tr> <tr> <td data-bbox="969 593 1288 620">Adrien Wing</td> <td data-bbox="1288 593 2022 620">Non-Executive Director</td> </tr> </tbody> </table> <p>Clinton Carey is not considered to be an independent director due to his role as Managing Director.</p>	Name	Position	Russell Krause	Non-Executive Director, Chairman	Adrien Wing	Non-Executive Director
Name	Position								
Russell Krause	Non-Executive Director, Chairman								
Adrien Wing	Non-Executive Director								
2.4	A majority of the board of a listed entity should be independent directors.	Complies	The Board is comprised of three Directors of which two are independent and therefore, complies with the best practice recommendation that Boards contain a majority of independent Non- executive Directors.						
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Complies	Russell Krause is an independent Non-Executive Director of the Board. Russell Krause is the Chairman and Clinton Carey is the Managing Director of the Company.						
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Complies	The Board's induction program provides incoming directors with information that will enable them to carry out their duties in the best interests of the Company. This includes supporting ongoing education of Directors for the benefit of the Company. Members of the Board are able to take independent professional advice at the expense of the Company.						

PRINCIPLE 3 – ACETHICALLY AND RESPONSIBLY

3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	Complies	<p>The Board has adopted a Code of Conduct. The code establishes a clear set of values which emphasise a culture encompassing strong corporate governance, sound business practices and good conduct from an ethical stand point.</p> <p>The code is available on the Company’s website.</p>
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PRINCIPLE 4 – SAFEGUARD INTEGRITY INCORPORATE REPORTING

4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <ol style="list-style-type: none"> 1. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and 2. is chaired by an independent director, who is not the chair of the board; <p>and disclose:</p> <ol style="list-style-type: none"> 3. the charter of the committee; 4. the relevant qualifications and experience of the members of the committee; and <p>(b) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR</p> <p>(c) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	Complies	<p>The Board has established an Audit & Risk Committee to focus on issues relevant to the integrity of the Company’s financial reporting and provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial statements.</p> <ul style="list-style-type: none"> ▪ The Committee has three members, two of whom are independent non-executive directors. ▪ Adrien Wing, an independent Non-Executive Director, is the Chair. <p>The Board has adopted an Audit & Risk Committee charter.</p> <p>In accordance with the information suggested in <i>Guide to Reporting on Principle 4</i>, the Company has disclosed full details of its Directors in the Directors’ Report attached to this Annual Report including each director’s qualifications, their membership of the committee, number of meetings held and attendance at Audit Committee meetings.</p> <p>The Audit & Risk Committee meets at least twice per annum. Attendance at the committee meetings is provided in the Directors Report of the Financial Statements for the year ended 31 December 2014.</p> <p>The members of the Audit & Risk Committee are appointed by the Board and recommendations from the committee are presented to the Board for further discussion and resolution.</p> <p>The Audit & Risk Committee charter contains information on procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners (which is determined by the Audit & Risk Committee); and is available on the Company’s website.</p>
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4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Complies	Following a recommendation by the Committee to the Board of Directors to approve the annual and half year financial accounts, the Managing Director and Chief Financial Officer (or Company Secretary) state in writing to the Board that the Company's Financial Reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards; and that this statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Complies	The external auditors are requested to attend the Annual General Meeting and are available to answer shareholders' questions about the conduct of the audit and preparation of the Auditor's Report.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

5.1	A listed entity should: <ul style="list-style-type: none"> (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it. 	Complies	<ul style="list-style-type: none"> (a) The Company has adopted a Communications and Continuous Disclosure policy to ensure that it complies with the continuous disclosure regime under the ASX Listing Rules and the Corporations Act 2001. (b) the Company's Communications and Continuous Disclosure policy is available on the Company's website.
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PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

6.1	A listed entity should provide information about itself and its governance to investors via its website.	Complies	The Company has adopted shareholder communications protocols which are contained in the Communications and Continuous Disclosure policy. The Company uses its website (www.redskyenergy.com.au), annual report, market disclosures and media announcements to communicate with its shareholders, as well as encourages participation at general meetings.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Complies	The Company is committed to: <ul style="list-style-type: none">– ensuring that shareholders and the financial markets are provided with full and timely information about the Company's activities in a balanced and understandable way through the annual and half yearly reports, ASX releases, general meetings and the Company's website;– complying with continuous disclosure obligations contained in the applicable ASX Listing Rules and the Corporations Act in Australia; and– encouraging shareholder participation at general meetings.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Complies	The board encourages full participation of shareholders at the Company's annual general meetings and any general meetings to ensure a high level of accountability and identification with the Company's strategy. The external auditor will also be invited to attend the annual general meeting of shareholders and will be available to answer any questions concerning the conduct, preparation and content of the auditor's report.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Complies	The Company's registrar, Link Market Services, provides the option for shareholders to receive and send communications electronically.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose the charter of the committee; the members of the committee; and	Complies	Ultimate responsibility for risk oversight and risk management rests with the Board and risk management issues are considered at every Board meeting. (a) The Audit & Risk Committee is responsible for ensuring that risks and mitigation of these risks are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Committee and the Board of Directors. (b) The Audit & Risk Committee is chaired by an independent director. (c) Attendance at the committee meetings is provided in the Directors Report of the Financial Statements for the year ended 31 December 2014. A copy of the Audit & Risk Committee Charter is available on the Company's website.
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	<p>(3) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR</p> <p>(4) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>		
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	Complies	<p>(a) The Company has undertaken to critically analyse its current policy on risk oversight and management designed to promote a culture of risk control throughout the Company. The Board intends to review and oversee the operation of systems of risk management regularly to ensure that the significant risks facing the Company are identified, that appropriate control, monitoring and reporting mechanisms are in place and that risk is appropriately dealt with.</p> <p>(b) During the period under review the risk management framework was reviewed by the Board.</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; OR</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluation and continually improving the effectiveness of its risk management and internal control processes.</p>	Complies	<p>The Company does not have an internal audit function. The Board identifies and manages operational, financial and compliance risks which could prevent the Company from achieving its objectives. The Audit and Risk Committee actively encourages the External Auditor to raise internal control issues, and oversees management's timely remediation thereof.</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	Complies	<p>The Company has identified key risks within the business. In the ordinary course of business, management monitor and manage these risks.</p> <p>Key operational and financial risks are presented to and reviewed by the Board at each Board meeting.</p>

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	Complies	<p>The Board has established a Remuneration Committee.</p> <ul style="list-style-type: none"> ▪ The Committee has three members. There has always been a majority of independent non-executive directors on the Committee. ▪ Adrien Wing, an independent Non-Executive Director, is the Chair. <p>The Company complies with the guidelines for executive and non-executive director remuneration, details of which are included in the Remuneration Report contained within this Annual Report.</p> <p>No senior executive is involved directly in deciding their own remuneration.</p> <p>A summary of attendance is available in the Director's Report in the Financial Statements for the year ended 31 December 2014.</p> <p>The Remuneration Committee charter is available on the Company's website.</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	Complies	<p>The details of the remuneration paid to Directors and Officers is included in the Remuneration Report of the annual report.</p>

8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	Does not comply	<p>The Company's Share Trading Plan does not currently contain a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. The matter is under review, as part of a broader review of the Company's Remuneration Structure.</p>
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Red Sky's corporate governance practices were in place for the financial year ended 31 December 2014 and to the date of signing the Directors' Report.

Various corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by the Company, refer to our website: www.redskyenergy.com.au.