



Level 17, 500 Collins Street,
Melbourne Victoria 3000

abn: 94 099 116 275
tel: +61 3 9614 0600
fax: +61 3 9614 0550
redskyenergy.com.au

ASX ANNOUNCEMENT

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Further Acquisition Update - Cache Oilfield, Colorado, USA

Red Sky Energy Limited ("the Company" or "ROG") wishes to advise revisions to the proposed capital raising that the Company is undertaking in association with its purchase of a 50% interest in the US based Cache Oilfield, Colorado ("Cache"). The acquisition of Cache is the first step as part of the board's broader strategy to develop an onshore US oil and gas portfolio due to the significant revisions in acreage valuations and the opportunity in which that brings.

The capital raising associated with the Cache acquisition has been revised to a new minimum raise of A\$700,000 and up to a new maximum of A\$1.85 million, through the issue of between 700 million and 1.85 billion shares at an issue price of \$0.001. The number of further shares to be received by the Vendors if the maximum placement level is not achieved, will be determined by the levels of funding available for Cache as a result of the capital raising, and therefore the same number of shares will be issued in aggregate regardless of the amount of the raising.

The Company and the Vendors have also agreed that the Vendors will now only appoint two directors to the board as opposed to three as previously advised, and Mr Adrien Wing will remain on the board of ROG.

Implementation of the transaction remains subject to shareholder and regulatory approvals as well as completion of the capital raising. ROG is currently finalising its notice of meeting (**NoM**), which will include an independent experts report on the fairness and reasonableness of the transaction, and will then convene a shareholder meeting to seek the approvals required for the capital raising and to implement the acquisition.

The board remains delighted with the Cache opportunity as it begins to build a portfolio of onshore US based oil and gas assets. The Company will continue to update shareholders as this transaction progresses and is excited by the prospects for shareholder value creation that it brings.

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About Cache Oil field

The Cache oilfield is located in Montezuma County and was discovered in 1964. Cache lies 16 kms east of the Aneth field (10,000 BOPD; cumulative 100 Million barrels of oil produced). Recent geophysical and petrophysical analysis suggests only 20% of the 24 Million barrels of original oil in place (sweet 44°-45° API) have been produced (~5 Million barrels).

The Cache Field produces from the Pennsylvanian age Ismay reservoir at a depth of ~5,600 feet (average 180 feet thick) and comprises of a series of limestones, dolomites, shales and anhydrides deposited in a biopharma/biostromal carbonate mound. The Cache field produced historically approx. 5 million barrels from 24 wells (40 acre spacing) drilled throughout the 1960's most of which are now closed. Initial well production was between 1,400 - 3,000 BOPD but quickly declined leading to the need for secondary recovery by implementing a water injection strategy. Production has continued to the present day from 3 wells with declining flow rates to the current rate of 12 BOPD from one well.

Modern horizontal/multi-lateral drilling technology and extraction techniques will be used in order to try and establish sustainable economic flow rates from new wells.

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