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ASX ANNOUNCEMENT

Red Sky Energy - Placement and completion of initial investment in Cache Oilfield in Colorado

Red Sky Energy Limited (“the Company”, “Red Sky”) (ASX: **ROG**) is pleased to announce that it has completed the first \$300,000 stage of its proposed investment in the Cache Oilfield Oil and Gas Project (“the Project”) in Montezuma Country in Colorado, in the USA. The investment has been made by way of a loan to Monument Resources Global Inc, to be used for the purposes of an oil improvement programme, with the objective of bringing an existing well back into production. It is anticipated that this loan will be offset against the proposed cash portion of the consideration to acquire the Cache Project.

Red Sky recently announced (ASX announcement, 4 November 2014) it had entered into a binding Term Sheet with Monument Global Inc and Cache Martini No. 1 LLC (the Vendors) to acquire rights to a 50% interest in the Cache Project, subject to the satisfaction of various conditions including the completion of this initial investment.

As announced on 4 November 2014, in order to fund this investment and [due diligence costs of the acquisition] the Company is making a placement of approx. 750 million shares to professional and sophisticated investors at an issue price of 0.08 cents per share to raise approximately \$600,000 (the Placement). The Placement is being undertaken in two tranches. The Company has today completed the first tranche of the placement by issuing approximately 420 million shares to professional and sophisticated investors at an issue price of 0.08 cents per share to raise approximately \$336,000. This tranche was conducted under the Company’s available capacity under ASX Listing Rules 7.1 and 7.1A.

Commitments for the second tranche of the Placement, being the balance of approximately 330 million shares for issue to professional and sophisticated investors at an issue price of 0.08 cents per share to raise approximately \$274,000 have also been received. The second tranche is subject to shareholder approval. Subject to shareholder approval, two of the directors of the Company, propose to each subscribe for 62.5 million shares pursuant to the Placement. The Company intends to send a notice of meeting to shareholders shortly.

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Halcyon Corporate acted as lead manager to the Placement. The Company has commenced due diligence on the Cache Oilfield and anticipates completing the acquisition subject to regulatory and shareholders approvals in early 2015. In conjunction with the Acquisition the Company proposes to undertake a placement of 1.2 billion ordinary fully paid ROG shares to professional and sophisticated investors at an issue price of 0.2 cents per share to raise \$2.4 million (before costs), subject to shareholder and regulatory approvals.

ENDS

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