



ABN 94 099 116 275

Level 17, 500 Collins Street
Melbourne, VIC 3000

www.redskyenergy.com.au

Date 22 October 2014

Activities Report for the Quarter Ended 30 September 2014

Summary

- Red Sky's solar energy business, Soleir, and the Dubbo Solar One Project, are stalled until uncertainty with respect to Federal Government renewable policy is clarified;
- Red Sky sold its interests in the Clarence Moreton Basin. \$467,000 remains to be paid by ERM to Red Sky upon NSW Govt registration of transfer of 20% interest in PEL 479 and 457.
- Further opportunities in onshore oil and gas were assessed.

Operational Overview

Solar Opportunity

Red Sky acquired solar energy company, Soleir Limited ("Soleir"), in November 2012 (see ASX announcement, 28 November 2012). Soleir is a developer of utility scale photovoltaic (PV) solar power projects, and its first project is in the major regional city of Dubbo in central NSW.

Funding Structure

The proposed funding structure provides for unitised ownership that will allow individuals to participate in the business and invest in the Dubbo Solar One Project. A product ruling in relation to the proposed funding structure was issued by the Australian Taxation Office on 12th March.

Status

The Federal Government has completed its review of the Renewable Energy Target but is yet to make its political view known. Given this uncertainty, progress on the Soleir business and the Dubbo Solar One Project is very difficult.

Onshore Gas

- The 20% interest in permits PEL 479 and 457 in the Clarence Moreton Basin were sold to ERM Power. \$467,000 remains to be paid by ERM to Red Sky upon NSW Govt registration of transfer of 20% interest in PEL 479 and 457.

The Company is actively assessing onshore gas opportunities in jurisdictions where the regulatory framework is more balanced and based on rigorous risk assessment.

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Corporate

The Company proudly appointed Mr. Russell Krause as Non-Executive Director on 21 October 2014.

Mr. Krause has over 25 years Executive Management and Director level experience in a range of corporate advisory, stockbroking, and investment banking roles with some of Australia's leading financial services firms. Mr. Krause also has extensive experience in the resources sector providing equity capital markets, capital raising and corporate advisory services to a range of ASX listed mining and energy companies.

Mr. Krause is currently a Director of ASX-listed Oil & Gas producer, Austex Oil Limited (ASX:AOK), Carbine Tungsten Limited (ASX:CNO) and Novus Capital Limited.

Mr Rohan Gillespie resigned as a Director on 21 October 2014. The Company provides its appreciation to Mr Gillespie's dedication as Managing Director over the last 5 years.

Interests in permits

Clarence Moreton Basin	Permit	Nature of Interest	Extent of Interest
	PELA 135 (formerly PSPA 37)	application	Right to earn 100%. ERM Power holds an option to purchase from Red Sky.

Changes during the Quarter

No changes occurred during the quarter.

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Red Sky Energy Limited

ABN

94 099 116 275

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(3)	(18)
(b) development	-	-
(c) production	-	-
(d) administration	(113)	(561)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	5
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - Solar project management	(59)	(335)
- Agistment income	1	3
- Research and Development grant	145	145
Net Operating Cash Flows	(28)	(761)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments - Soleir acquisition consideration	-	(146)
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	1,000
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other - Solar project development costs	(38)	(130)
Net investing cash flows	(38)	724
1.13 Total operating and investing cash flows (carried forward)	(66)	(37)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(66)	(37)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Cost of share issues	-	-
Net financing cash flows		-	-
Net increase (decrease) in cash held		(66)	(37)
1.20	Cash at beginning of quarter/year to date	600	571
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	534	534

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	62
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors' fees and company secretarial fees of \$61,709 were paid during the quarter.

In addition to the above, payments of \$13,860 were made during the quarter for solar project management services (item 1.7) provided by Energy Infrastructure and Resources Ltd, a director related entity.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	10
4.2 Development	50
4.3 Production	
4.4 Administration	130
Total	190

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	317	383
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other - Bank account restricted to expenditure on PEL's 457 and 459	217	217
Total: cash at end of quarter (item 1.22)	534	600

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	1,680,916,486	1,680,916,486	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
7.5	+Convertible debt securities (description)			

+ See chapter 19 for defined terms.

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	60,000,000 100,000,000	60,000,000 100,000,000	Exercise price 2.25 cents 0.90 cents	Expiry date 31/03/2016 20/12/2016
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter	200,000,000	200,000,000	4.00 cents	18/09/2014
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:

Date: 22 October 2014

Director

Print name:

Adrien Wing

+ See chapter 19 for defined terms.

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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