ASX ANNOUNCEMENT

CERTIFIED RESERVES

The directors of Red Sky Energy Limited (“Red Sky” or “the Company”) are pleased to provide the following statement of reserves.

The following is provided as additional information to the December 2011 quarterly report lodged on 25 January 2012. As previously announced, the certified reserves on a 100% basis are:

PEL 479 - Probable Reserves (2P) 17 PJ recoverable
PEL 479 - Possible Reserves (3P) 159 PJ recoverable
PEL 457 - Possible Reserves (3P) 221 PJ recoverable
PEL 457 - Contingent Resources (2C) 629 PJ recoverable

This reserves statement has been certified by Mr Tim Hower of MHA Petroleum Consultants (Denver) who is a qualified person as defined in ASX Listing Rule 5.11. The reserves have been developed in accordance with the Society of Petroleum Engineers’ Petroleum Resources Management System. Mr Hower has consented to this release.

Red Sky has earned a 30% interest in PEL 479 and 457 from drilling the Annvale 1 and Talma 1 core holes. The Company’s share of certified reserves are:

PEL 479 - Probable Reserves (2P) 5.1 PJ recoverable
PEL 479 - Possible Reserves (3P) 47.7 PJ recoverable
PEL 457 - Possible Reserves (3P) 66.3 PJ recoverable
PEL 457 - Contingent Resources (2C) 188.7 PJ recoverable

As announced by the Company on 21st November 2011, Red Sky has established a strong gas reserves position in the Walloon coals in the Clarence Moreton Basin in north east New South Wales. The Company has booked 3P reserves of 114 PJ at its project area, which places it amongst the leading independent Australian gas exploration and development companies, on a 3P basis.

With the recent takeover of Eastern Star Gas by Santos and Arrow Energy’s proposed takeover of Bow Energy, there are now only a small number of independent companies in the gas sector with 3P gas reserves in eastern Australia.

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3 February 2012
Red Sky’s reserves in the Clarence Moreton Basin put the Company in the top five on a 3P basis, as is highlighted in the below table.

<table>
<thead>
<tr>
<th>Company</th>
<th>3P Gas Reserves*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metgasco</td>
<td>2,542 PJ</td>
</tr>
<tr>
<td>Molopo</td>
<td>817 PJ</td>
</tr>
<tr>
<td>Westside</td>
<td>369 PJ</td>
</tr>
<tr>
<td>Senex</td>
<td>249 PJ</td>
</tr>
<tr>
<td><strong>Red Sky</strong></td>
<td><strong>114 PJ</strong></td>
</tr>
<tr>
<td>Dart Energy</td>
<td>102 PJ</td>
</tr>
<tr>
<td>Blue Energy</td>
<td>39 PJ</td>
</tr>
</tbody>
</table>

*Source: Reserves numbers taken from publicly released information from each company.

ENDS

For further information contact:

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Red Sky Energy is an Australian exploration company focused on coal seam gas. It has extensive acreage in Queensland and New South Wales which could supply into the emerging LNG industry in eastern Australia. The Company has booked reserves in the prospective Clarence Moreton Basin, and has a drilling program underway to earn a 70% interest in four permits. The board of directors and management team have over 100 years of energy industry experience and have been involved in the coal seam gas industry since inception in Australia. Directors of the Company are Gerrit de Nys (Non Executive Chairman), Rohan Gillespie (Managing Director), Guy le Page (Non Executive Director) and Murray Durham (Non Executive Director).