



ABN 94 099 116 275

Level 17, 500 Collins Street

Melbourne, VIC 3000

www.redskyenergy.com.au

Date 24 April 2014

Activities Report for the Quarter Ended 31 March 2014

Summary

- Red Sky's solar energy business, Soleir, made further progress on the Dubbo Solar One Project;
- Product ruling for proposed funding structure was issued;
- Interests in two Clarence Moreton Basin permits was sold.

Operational Overview

Solar Opportunity

Red Sky acquired solar energy company, Soleir Limited ("Soleir"), in November last year (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.

ERM Gas Transaction in relation to Clarence Moreton Project

On 8th January 2014 Red Sky announced it had sold its 20% interest in permits PEL 457 and 479, to ERM Gas for approximately \$1.6 million in cash. This deal was approved by Red Sky shareholders on 6th March.

Taroom Trough Project

This project encompasses the permit ATP 840 in southern Queensland. Through a farm-in with Clark Oil and Gas (Operator), Red Sky's 18.75% interest has been relinquished.

Corporate

Red Sky appointed Mr Adrien Wing to the board as a Non-Executive Director. Mr Wing, is CPA qualified and has 20 years' experience in the accounting and corporate sector.

During the quarter, the Company has been reviewing several gas opportunities whereby due diligence has commenced on one of these Australian based projects. The Company will advise the market of any material developments as they come to hand.

The Company has issued its Notice of Annual General Meeting. The 2014 AGM will be held on 8 May 2014.

Exploration interests as at 31 March 2014

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

During the quarter, Red Sky sold its 20% interest in Permits PEL 457 and 479 in the Clarence Moreton Basin to ERM Gas.

No other changes occurred during the quarter.

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")

31 March 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(15) - - (255)	(15) - - (255)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - Solar project management	(31)	(31)
Net Operating Cash Flows	(300)	(300)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments - Soleir acquisition consideration (c) other fixed assets	- (146) -	- (146) -
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	1,000 - -	1,000 - -
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other - Solar project development costs	(47)	(47)
Net investing cash flows	807	807
1.13 Total operating and investing cash flows (carried forward)	507	507

+ 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)	507	507
	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	507	507
1.20	Cash at beginning of quarter/year to date	571	571
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,078	1,078

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	159
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 of \$158,576 were paid during the quarter. The amount paid included amounts owing from the December 2013 quarter.

In addition to the above, payments of \$31,339 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

During the quarter, Red Sky sold its 20% interest in Permits PEL 457 and 479 in the Clarence Moreton Basin to ERM Gas. Proceeds of \$1m were received during the quarter relating to:

- An upfront payment of \$0.75m in lieu of \$1m at the time of renewal of PEL 479; and
- \$0.25m upon the sale of the 20% interest held in PEL 457.

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 (Equity Facility with YA Global)	3,000	357

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	200
4.3 Production	
4.4 Administration	150
Total	400

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	860	136
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other - Bank account restricted to expenditure on PEL's 457 and 459	218	435
Total: cash at end of quarter (item 1.22)	1,078	571

+ See chapter 19 for defined terms.

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 PEL 457 and PEL 479	Non-operated interest.	20%	nil
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.

Appendix 5B

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)	200,000,000 60,000,000 100,000,000	200,000,000 60,000,000 100,000,000	<i>Exercise price</i> 4.00 cents 2.25 cents 0.90 cents	<i>Expiry date</i> 18/09/2014 31/03/2016 20/12/2016
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
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:

Managing Director

Date: 24 April 2014

Print name:

Rohan Gillespie

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.

== == == == ==