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ASX ANNOUNCEMENT

Dubbo Solar One Project Update

Key Points:

- **Soleir continues to make good progress on the Dubbo Solar One Project;**
- **However one aspect has caused revision to the project timeline;**
- **The new Federal Government is proposing changes to certain tax laws which will require some alterations to the proposed unitised funding structure for the Dubbo Solar One Project;**
- **These changes have been worked through and a final submission to the regulator will be made this week;**
- **Regulatory approval is expected within the next few weeks;**
- **The changes to the funding structure has also required electrical and structural design modifications of the project;**
- **As a result of these changes the timeline for commencement of the Dubbo Solar One Project has been revised;**
- **Soleir is now targeting financial close for the Dubbo Solar One Project in late November/early December;**
- **Red Sky acquired Soleir, a developer of utility scale photovoltaic solar power projects, in November 2012.**

The directors of Red Sky Energy Limited ("Red Sky" or "the Company") are pleased to provide the following update on its utility-scale Dubbo Solar One Project in central New South Wales.

As previously announced, Red Sky's solar energy business, Soleir Pty Limited ("Soleir") is developing a funding structure that will allow for unitised ownership of its commercial solar projects, which has the potential to reduce the cost of capital of the projects by 20-30%. The Dubbo Solar One Project is Soleir's first utility-scale project.

The Company now advises a revised timeline will result from the proposed changes to certain tax laws by the new Federal Government which impact on the proposed funding structure. These changes have now been worked through and a final submission of a revised funding structure, to take into account the relevant tax law changes, will be made to the regulator this week. Regulatory approval for the revised funding structure is expected within the next few weeks.

The changes to the funding structure has also required electrical and structural design modifications to the project. The Dubbo Solar One Project will now comprise approximately 2,200 Soleir Systems each of size 1.1kW. Soleir, and its electrical design consultant AECOM, are working through the implications of these changes to the grid connection. At this stage, the changes are not expected to materially alter the Offer to Connect or Connection Agreement with grid owner Essential Energy.

Due to these changes, the timeline for the commencement of the Dubbo Solar One Project has been revised. Soleir is now targeting financial close of the project in late November/early December. It is anticipated that this amended timeline will still allow sufficient time to complete project construction on schedule, by June 2014.

Red Sky acquired solar energy company, Soleir in November last year (see ASX announcement, 28 November 2012). Soleir is a developer of utility scale photovoltaic (PV) solar power projects.

Soleir has made strong progress on the development of the Dubbo Solar One Project. The project will initially be a 2.5MW project, and a 30 year lease for the project site has been secured from the Dubbo City Council. Development approval for the 2.5MW project is also in place. The project site has the potential to accommodate an expanded project, of up to 12 MW.

Red Sky (via subsidiary, Rhythm Section Investment Management Pty Ltd) has also been granted an Australian Financial Services Licence (AFSL) by the Australian Securities and Investments Commission (ASIC) (see ASX announcement, 9 July 2013) to accommodate the project's proposed unitised funding and ownership structure. The project also has an 'Offer to Connect' grid connection agreement from Australia's largest electricity network, Essential Energy, in place (see ASX announcement, 15 July 2013).

ENDS

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About Soleir

Soleir is an Australian solar energy company focussed on utility scale projects, based on proven photovoltaic (PV) technology. Since inception Soleir has implemented a rigorous plan to reduce solar project costs in all aspects; financing, permitting, support structure and grid connection costs. The business is initially directed towards regional NSW where there is solid electricity growth, good grid infrastructure and high solar intensity. The business is underpinned by the Large Scale Renewable

Energy Target which was legislated in 2010 and which requires approximately 10,000MW of new renewable projects.

About Red Sky Energy

Red Sky Energy is an Australian exploration and development company focused on gas and solar has valuable acreage in Queensland and New South Wales which could supply into gas markets in eastern Australia. The Company has booked reserves in the prospective Clarence Moreton Basin. The board of directors and management team have over 100 years of energy industry experience. Directors of the Company are Gerrit de Nys (Non Executive Chairman), Rohan Gillespie (Managing Director) and Guy le Page (Non Executive Director).

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