Skye Petroleum, Inc.

We Make Life Easier for Oil Producers

Second Quarter Financial Report
June 30, 2014

1) **The exact name of the issuer and its predecessor (if any).**

Current Name: **Skye Petroleum, Inc., (as of April 5, 2010)**
Former Name: **National Equities Holdings, Inc.**

2) **The address of its principal executive offices.**

13515 Southwest Freeway, Suite 207
Sugar Land, Texas 77478

Phone: 281-265-1199
Fax: 281-265-0979
Email: Office@SkyePetroleum.com
Website: www.skyepetroleum.com

3) **Security Information**

Trading Symbol: SKPO
Exact title and class of securities outstanding: Common Stock
CUSIP: 83084C 108

Par or stated value of Common shares: .001

Total Common Shares Authorized: 290,000,000 as of June 30, 2014
Total Common Shares Outstanding: **269,614,400** as of June 30, 2014

Par or stated value of preferred shares: .01
Total Preferred Shares Authorized: 10,000,000 as of June 30, 2014
Total Preferred Shares Outstanding: 0 (None) as of June 30, 2014

Transfer Agent:

Jersey Stock Transfer LLC
201 Bloomfield Avenue, Suite 26
Verona, New Jersey 07044
Phone: 973.239.2712
Fax: 973.215.2740

The transfer agent is registered under the Securities Exchange Act of 1934

List any restrictions on the transfer of security:

None

Describe any trading suspension orders issued by the SEC in the past 12 months:

None

4) Issuance History: List of securities offerings and shares issued for services in the past two years and interim period.

Skye Petroleum, Inc. ended 2011 with 190,000,000 common shares outstanding
Skye Petroleum, Inc. ended 2012 with 207,247,000 common shares outstanding
Skye Petroleum, Inc. ended 2013 with 228,377,000 common shares outstanding
Skye Petroleum, Inc. ended 2014 Q2 with 269,614,400 common shares outstanding
Skye Petroleum has issued no additional shares to investors in the third quarter of 2014, as of the date of this report, July 28, 2014.

Common Shares issued for services to Skye Petroleum, Inc. on February 1, 2012: 3,500,000

1,500,000 Larry Gatlin, for chemistry work on behalf of Skye Petroleum
1,000,000 Dennis Holthe, for field work on behalf of Skye Petroleum
1,000,000 Scot Stutzman, for field and sales work on behalf of Skye Petroleum
All of these shares were issued under restrictive legend.

Issuance History of Private Securities Offering:

A. The nature of each offering;

The company used a Private Securities Agreement to raise capital in a small number of cases, for the purchase of Skye Petroleum, Inc. common stock. All of these investors were required to be "accredited" investors. This offering has been terminated in its original form. This private offering was used from August 2011 through March 2012.

B. Any Jurisdictions where the offering was registered or qualified;

Only investors from the state of Texas participated.

C. The number of shares offered;

The Private Securities Agreement did not offer a specific number of shares, but would only be used for no more than 8 investors. The offered was ended after the 6th investor.

D. The number of shares sold;

The Private Securities Agreement issued 3,000,000 million shares to one "accredited" investor in March 2012. The others occurred in 2011.

E. The price the shares were offered and the amount paid to the issuer.

The Private Securities Agreement was priced at 5 cents per share. The amount paid to the issuer in 2012 was $150,000.

F. The shares in these offerings were issued under "Legend" and restricted from sale in the public market for one year.

G. The certificates when originally issued do carry a legend and state that the shares have not been registered under the securities act and set forth the restriction on transferability and the sale of the shares under the securities act. The only purchaser of the private security offering in 2012 was Gavin Gallagher.

Securities Act Rule 506(b) Offering

A. Skye Petroleum, Inc. ("Skye" or "The Company") began its capitalization efforts using a Private Placement Memorandum (PPM), to issue Skye Petroleum, Inc. Common stock, operating under the Securities Act Rule 506 in December 2009. This offering allowed up to 35 "non-accredited" investors. No funds have been received from this offering since June 2011 in its original form. The offering was later amended from a 10 cent offering to a 5 cent offering.

B. Any Jurisdictions where the offering was registered or qualified;

   The states where the offering was registered are Texas, New York, Louisiana, Wisconsin, California, Mississippi, North Carolina, Utah, Washington, Kansas, Oregon, California, Oklahoma, Connecticut, Rhode Island, Tennessee and Idaho.

C. The number of shares offered;

   The Amended PPM, Rule 506, is offering 60 million shares. The majority of these shares have been issued as of the date of this report.

D. The number of shares sold;

   As of the date of this report, July 28, 2014**, the number of common shares sold in this offering is 40,866,700**. Another 19,133,300 remain available for sale if the company has a need for further funding.

E. The price the shares were offered and the amount paid to the issuer.

   The initial PPM was priced at 10 cents per share, but was later modified to 5 cents per share by the Board of Directors in April 2012. The original investors in the 10 cent PPM were given an adjustment in their shares as if they had originally purchased the shares at 5 cents. **This caused an additional 9,547,000 shares to be issued to those shareholders in July 2012.** The capital paid to the issuer in the initial and amended offerings was $2,678,800.

F. The shares in these offerings were issued under "Legend" and restricted from sale in the public market for one year. As of July 28, 2014, the vast majority of the issued shares remain under Legend.

G. The certificates when originally issued do carry a legend and state that the shares have not been registered under the securities act and set forth the restriction on transferability and the sale of the shares under the securities act.

Negotiated Settlement with the CEO

In December 2013, Skye Petroleum issued Gerald Weber 5,425,700 common shares of Skye Petroleum, Inc. Weber had given the company numerous advances in the early start up years of Skye Petroleum. Weber benefited the company nearly $400,000 in the first few years with direct advances to the company and buying out past management in private transactions. Weber had been given the choice of repayment of the advances or a stock settlement.

Company Stock Bonus to Employees and Advisors

On March 28, 2014, the Board of Directors issued a stock bonus of 17,275,000 common shares of Skye Petroleum, Inc. to the following: Robert Reis, 5,000,000; Scot Stutzman, Brandon Rhodes, Buck Eaton 2,500,000 each; Jon Laria, 1,500,000; Adrienne Eaton, Ben Petitti, 1,000,000 each; Tom McCartney, Larry Gatlin 500,000 each; Marc Griffiths, James Wilson 100,000 each; Kathryn Griffiths 50,000; Keith Lantrip 25,000.

5) Financial Information for the issuer's most recent fiscal period.

SKYE PETROLEUM, INC.

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIODS ENDED JUNE 30, 2014 AND 2013

SKYE PETROLEUM, INC.

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SKYE PETROLEUM, INC.
BALANCE SHEET (Unaudited)

For the periods ended June 30, 2014 and December 31, 2013

ASSETS	**June 30, 2014**	**December 31, 2013**
Current Assets		
Cash	$375,951	$90,062
Accounts Receivable	53,315	12,055
Prepaid Insurance	17,794	0
Inventory	32,160	0
Total Current Assets	479,220	102,117
Property and Equipment, net	47,692	3,532
Deposits	0	0
Intangible Assets, net	967,917	981,917
TOTAL ASSETS	$1,494,829	$1,087,566
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$32,373	$0
Advances	0	0
Other current liabilities	5,000	22,275
Accounts payable - related party	0	0
Total Current Liabilities	37,373	22,275
Long-term Debt		
Long – term obligations	0	0
TOTAL LIABILITIES	37,373	22,275
STOCKHOLDERS' EQUITY		
Common stock; 290,000,000 shares authorized, at $.001 par value; 269,614,400 and 228,377,000 shares issued and outstanding, respectively	269,614	228,377
Capital in excess of par	13,727,080	12,911,742
Accumulated deficit	(12,539,238)	(12,074,828)
TOTAL STOCKHOLDERS' EQUITY	1,457,456	1,065,291
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$1,494,829	$1,087,566

The accompanying notes are an integral part of these financial statements.

SKYE PETROLEUM, INC.
STATEMENTS OF OPERATIONS (Unaudited)
For the six month and three month periods ended June 30, 2014 and 2013

	(Unaudited)		(Unaudited)	
	Six Months Ended		Three Months Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
REVENUE				
Chemical sales	$ 209,577	48,514	$ 163,699	41,178
Other income	3,264	25	620	13
	212,841	45,839	164,319	41,191
OPERATING EXPENSES				
Chemicals	(95,775)	(32,656)	(80,827)	(24,220)
Selling, general and administrative	(534,495)	(83,977)	(277,553)	(62,822)
Gain on disposal of assets	0	40,500	0	40,500
Depreciation & amortization	(46,981)	(43,559)	(24,619)	(21,779)
Total Operating Expenses	(677,251)	(119,692)	(382,999)	(68,321)
(LOSS) FROM OPERATIONS	(464,410)	(71,153)	(218,680)	(27,130)
PROVISION FOR TAXES	0	0	0	0
NET (LOSS)	$ (464,410)	(71,153)	$ (218,680)	(27,130)
WEIGHTED SHARES OUTSTANDING	259,058,112	207,247,000	269,052,949	207,247,000
NET (LOSS) PER SHARE	$ (0.00)	(0.00)	$ (0.00)	(0.00)

The accompanying notes are an integral part of these financial statements.

SKYE PETROLEUM, INC.
STATEMENTS OF STOCKHOLDERS' DEFICIT (Unaudited)
For the periods ended June 30, 2014 and December 31, 2013

	Shares Outstanding	Common Stock	Add'l Paid in Capital	Accumulated Deficit	Total Equity
Balance at December 31, 2012	207,247,000	207,247	12,346,601	(11,748,600)	805,248
Sale Proceeds from common stock sales	15,704,300	15,704	400,296	0	416,000
Stock issued to extinguish debt	5,425,700	5,426	164,845	0	170,271
Net Loss for the year ended December 31, 2013				(326,228)	(326,228)
Balance at December 31, 2013	228,377,000	228,377	12,911,742	(12,074,828)	1,065,291
Issuance of common stock to directors, officers and vendors	17,275,000	17,275			17,275
Sale Proceeds from common stock sales	23,762,400	23,762	785,538		809,300
Stock issued to acquire patent	200,000	200	29,800		30,000
Net Loss for the period ended June 30, 2014				(464,410)	(464,410)
Balance at June 30, 2014	269,614,400	269,614	13,727,080	(12,539,238)	1,457,456

The accompanying notes are an integral part of these financial statements.

SKYE PETROLEUM, INC.
STATEMENTS OF CASH FLOWS (Unaudited)
For the periods ended June 30, 2014 and 2013

		June 30, 2014		June 30, 2013
Cash Flows from Operating Activities:				
Net loss for the period	$	(464,410)	$	(71,153)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:				
Depreciation expense and amortization		46,981		43,559
Add (deduct) loss (gain) on sale of assets		0		0
Shares issued to officers & vendors		0		0
Changes in current assets or liabilities		(58,841)		2,133
Deposits made		0		(25)
Net Cash Used In Operating Activities		(476,270)		(25,486)
Cash Flows from Investing Activities:				
Acquisition of property and equipment		(47,141)		0
Net Cash Provided By (Used In) Investing Activities		(47,141)		0
Cash Flows from Financing Activities:				
Advances (repayments)		0		34,500
Proceeds from stock sale		809,300		0
Net Cash Provided By Financing Activities		809,300		34,500
Net Increase (Decrease) in Cash		285,889		9,014
Cash at beginning of period		90,062		608
Cash at end of period	$	375,951		9,622
Supplemental Cash Flow Information:				
Cash paid for interest	$	0		0
Cash paid for income taxes	$	0		0

The accompanying notes are an integral part of these financial statements.

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1. ORGANIZATION

Skye Petroleum, Inc. (formerly named National Equities Holdings, Inc.) is a Delaware corporation. Skye Petroleum, Inc. reported revenues since reestablishing itself during the third quarter of 2011 and therefore is no longer considered a development stage enterprise. It will continue to devote efforts to raising capital resources and other business development opportunities until it becomes self-sustaining, which may take another year or more. The Company considered December 20, 2001 the inception of the development stage for financial reporting purposes because on that date bankruptcy proceedings were dismissed by the bankruptcy court and the Company began to focus on future activities.

Skye Petroleum, Inc. (the Company) has developed a unique and pro-active approach in dealing with the problem of paraffin buildup that can clog and limit the flow of oil in oil wells. This new, proprietary chemical treatment has been both lab tested and field-tested in oil wells in numerous locations throughout the United States. The results of these tests have led to further chemical sales and distribution in many areas. In the Commonwealth of Pennsylvania, Hoover Oil Field Supply (Clarendon and Bradford) and Bayless Fuel in Titusville have begun distributing Skye's primary technology in these three locations, Skye Chem Wax Dispersant-Ready to Use (WD-RTU), in their stores and have had good reports from local operators. Also, Skye has now sold the WD-RTU through several distributors in Alabama, Houston (3) and south Texas (2). The Louisiana distributor has now joined Skye Petroleum directly. Skye has also entered into several Master Service Agreements for the chemical servicing of oil wells and pipelines in North Dakota and Louisiana. An initial test of a North Dakota pipeline has proven to be very successful.

Many of today's wells are experiencing flow assurance problems that create costly flow blockages in oil production. Paraffin is a heavy organic produced by petroleum fluids. These paraffin deposits exist in crude oil in various quantities and forms. During the oil production process, paraffin will precipitate or crystallize into solids when temperature or pressure drops. The flow of oil will decrease as a result of blockages in the walls of the tubular and the reservoir surfaces when these heavy solids prevent its designed flow.

In the second quarter of 2014, Skye's chemical sales revenue topped $163,000 versus $41,000 in the same quarter in 2013. For the first six months of 2014, chemical sales exceeded sales for all of 2013 and reached $209,577 in those six months. Thus far, Sales Orders in the month of July have exceeded $500,000. The majority of these orders are for a project in the Permian Basin through an existing distributor.

The market is rapidly growing and expanding for the Skye Chem WD technology, the Company's leading seller. The Company is putting its full efforts into growing sales directly and through distribution companies. Skye began a strong advertising campaign, including radio, in the Warren, PA area in the late winter of 2014, where distributorships are located, in order to inform operators of the advantages of our chemical process as they head into their annual oil well clean out season. Sales have significantly improved in this area due to the Company's marketing efforts.

In August 2013, the Company held its Annual Shareholders Meeting and re-elected Gerald Weber, Chairman (Chief Executive Officer and President), Wentworth "Buck" Eaton (Chief Operations Officer), R. Brandon Rhodes (Chief Development Officer), Jon Laria (Chief Financial Officer) and James Ryerson (Chairman Emeritus) to the Company's Board of Directors. Scot Stutzman was appointed as an officer and awarded the title: Senior Vice President, Eastern Region. Unfortunately,

1. ORGANIZATION (continued)

James Ryerson passed away in October 2013. He had been retired and was not active in the daily operations of the company. His Board seat will remain vacant for the duration of his one year term.

In the fourth quarter of 2013, Skye purchased a chemistry that treats for asphaltene in oil wells, tanks and pipelines. Skye paid $25,000 cash and will continue to pay royalties on future sales. The press release below dated October 10, 2013 describes the technology in greater detail.

In the first quarter of 2014, Skye purchased a newly patented phosphate removal process that the company believes could have strong potential. Skye purchased this technology from a privately held Canadian company for 200,000 shares of the common stock of Skye Petroleum, Inc. At closing, the shares had a value of $30,000. The press release below dated February 24, 2014 describes the technology in greater detail.

Skye issued three press releases in the second quarter of 2014 informing investors of the significant sales growth the Company experienced. Below are parts of two of those releases.

As of the date of this report, Skye has received Sales Orders topping $700,000 thus far in 2014. Management believes this number will continue to grow over the remainder of the year. Third quarter sales alone should surpass the previous two and one half years of total sales.

The Company continued to raise capital by selling its common stock. It raised an additional $77,300 by selling 1,546,000 shares of common stock in the second quarter of 2014.

SUGAR LAND, TX, October 10, 2013- Skye Petroleum, Inc. (Pink Sheets: SKPO) is pleased to announce that it has acquired a newly developed asphaltene chemical technology that will enhance Skye's ability to help oil companies battle flow assurance issues throughout the production stream.

Asphaltenes are molecular substances that impart high viscosity to crude oil, negatively impacting production. Asphaltene can create clogging in the wellbore, surface facilities and subsurface formations in a similar fashion as paraffin blockages. This treatment process allows Skye Petroleum to expand its reach into new markets and provide a further depth of solutions in regions where both paraffin and asphaltenes are present.

SUGAR LAND, TX, February 24, 2014- Skye Petroleum, Inc. (Pink Sheets: SKPO) is pleased to announce that it has acquired (from a private company) a patent recently issued by the U.S. Patent and Trademark Office. The patented technology provides a method to selectively remove volatile phosphates from hydrocarbon based fracturing fluids used to stimulate certain crude oil and gas wells. The source of volatile phosphates found in fracturing fluids originates from certain additives that are part of the fracturing fluids' formulation. Additionally, the use of the technology has shown secondary benefits including clarifying and removing certain contaminant metals from hydrocarbon fluids. The geological properties of oil and gas reservoirs determine whether water based fracturing fluids or hydrocarbon based fracturing fluids can be used. Once an oil or gas well has been successfully fractured using hydrocarbon based fracturing fluids, the well is allowed to flow and the fracturing fluid is recovered and collected.

1. **ORGANIZATION (continued)**

The geological properties of oil and gas reservoirs determine whether water based fracturing fluids or hydrocarbon based fracturing fluids can be used. Once an oil or gas well has been successfully fractured using hydrocarbon based fracturing fluids, the well is allowed to flow and the fracturing fluid is recovered and collected. The collected flow back can then be treated to remove the additives and contaminants to meet industry specification standards. The recycled, cleaned and clarified hydrocarbon fluid can then be sold and reused as a fracturing fluid, or sold as a marketable hydrocarbon liquid to a refinery for processing. Where recycling is unavailable, the flow back fluids are typically blended with crude oil and shipped to refineries as feedstock. Refineries are reporting that they are experiencing fouling issues directly related to the presence of volatile phosphates within their crude oil feedstock, resulting in higher maintenance costs and a reduction in process throughput efficiency.

SUGAR LAND, TX, May 21, 2014- Skye Petroleum, Inc. (Pink Sheets: SKPO) is pleased to announce that its sales at the half way point of the second quarter have surpassed its sales for all of 2013. Skye has seen a significant increase in its three primary sales regions in the United States: Texas, Pennsylvania and North Dakota. Second quarter sales have more than doubled the previous record quarter in Q4 2013.

The Company has sealed a Distribution Agreement with PetroBull LLC thru Brickstone Holdings LLC in New York and is in the process of sending several of its products to Puerto Rico for lab testing for potential distribution into the Caribbean and Latin America as well. “We have been getting amazing feedback from the Skye Petroleum products throughout our different clients in Latin America and the Caribbean, we are very pleased with being part of the Skye Petroleum family,” said Gabriel de Jesus Sierra, Managing Partner of PetroBull LLC.

Skye Petroleum is now offering a new line of drilling and completion fluids and has made its first sale in Pennsylvania in the second quarter. Skye is working toward becoming a full line oil field chemical company that can offer both drilling and production fluids.

Skye anticipates continued strong sales growth for the remainder of the year. Gerald Weber, CEO of Skye Petroleum, said, “We are seeing increased activity on all levels. Our marketing efforts along with outside marketing efforts are bringing in these strong results.” Weber stated further, “It’s been a great team effort with the outside marketing companies we are working with to penetrate the marketplace with our chemical products. We are just getting started.”

SUGAR LAND, TX, June 29, 2014- Skye Petroleum, Inc. (Pink Sheets: SKPO) is pleased to announce that its sales orders at the half way point of 2014 have more than doubled its sales for all of 2013. Skye has received its largest sales order in the history of the company in the past week. The company will count the sales order as revenue in the third quarter, beginning July 1, 2014 as the product will be delivered in the week of July 7th. This sales order alone is larger than all of the revenue the company reported in 2013.

Since this press release, dated June 29, 2014, Skye has received two additional orders of the same size.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The financial statements included herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). The Company believes that the disclosures made are adequate to make the information presented not misleading. The information reflects all adjustments that, in the opinion of management, are necessary for a fair presentation of the financial position and results of operations for the periods set forth herein. All such adjustments are of a normal and recurring nature.

Accounting Method: The Company recognizes income and expenses based on the accrual method of accounting.

Dividend Policy: The Company has not yet adopted a policy regarding payment of dividends.

Basic and Diluted Net Income (loss) Per Share: Basic net income (loss) per share amounts are computed based on the weighted average number of shares actually outstanding. Basic net income (loss) per share is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding in each period.

Revenue Recognition: Skye's primary source of revenue is through chemical sales. The Company changed its strategy in late 2011 from production sharing arrangements to direct sales. Skye sold $4,800 of chemicals in 2011, followed by $48,000 in 2012 and over $169,000 in 2013. As of the date of this report, Skye has orders totaling more than $700,000 so far in 2014.

Skye is currently seeing increased interest and demand in varying locations and is hopeful sales will continue to grow strongly. In 2013, Skye has sold all of its remaining oil leases for cash and retained a 1% overriding royalty interest. The royalty began in Q4, 2013. Skye is not anticipating significant revenue from this royalty interest. Therefore, most of Skye's revenue will be derived from chemical sales through distribution partners and direct sales. The royalties are considered immaterial to the overall revenue at this time.

Trade Accounts Receivable: The Company's billing terms are net balance due within 30 days of invoicing.

Advertising and Market Development: The Company expenses advertising and marketing costs as incurred.

Income Taxes: The Company utilizes the liability method of accounting for income taxes. Under the liability method deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws is recorded, when it is more likely than not, that such tax benefits will not be realized.

Financial and Concentrations Risk: The Company does not have any concentration or related financial credit risks except for cash and accounts receivable, however, the Company considers the accounts to be fully collectible at the recorded amounts. The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits.

Estimates and Assumptions: Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

America. Those estimates and assumptions affect the reported amounts of the assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing these financial statements.

Property and Equipment: Property and equipment are stated at cost. Depreciation is computed on the straight line method over the estimated useful lives of the assets, which range from 1 to 10 years.

Inventory: Inventory consists of chemicals, and are stated at the lower of cost or market. Cost is determined on the first-in, first-out method. Inventories are reviewed and reconciled quarterly.

Goodwill: Goodwill is recorded when the purchase price of an acquired business exceeds the fair value of the net assets acquired. Goodwill is not amortized. The Company had no goodwill on its books for either period presented.

Intangible assets: Intangible assets currently include the purchase price for its proprietary process used to treat oil wells. The Company exchanged 30 million shares of its common stock for the intellectual rights for the treatment of oil wells developed by Jim Ryerson in December 2009. The Company valued the stock at $30,000, or $0.001 per share and it will amortize the intangible asset over an estimated useful life of 10 years.

On October 19, 2010, the Company agreed to terms with a privately held Canadian company for the purchase of the chemical formulations and for the process it uses in treating oil wells in exchange for 20 million shares of the Company's common stock. The Company recorded this transaction as a purchase of an intangible asset at a fair market value of $1,200,000, or $0.06 per share, the value of the stock at the time of signing the agreement and it is reflected in these financial statements. This intangible is being amortized over a period of ten years.

On September 24, 2013, the Company purchased the chemical formulations for treating asphaltenes in exchange of $25,000 note and future royalties from sales of this product. The note was paid in full in the fourth quarter of 2013.

In the first quarter of 2014, Skye purchased a patented technology for the removal of volatile phosphates from hydrocarbon based fracturing fluids. Skye paid 200,000 shares of its common stock, worth $30,000 at closing.

Impairment of Long-Lived Assets: The Company reviews its major assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If an asset is considered impaired, then impairment will be recognized in an amount determined by the excess of the carrying amount of the asset over its fair value.

Financial Instruments: The carrying amounts of financial instruments are considered by management to be their estimated fair values due to their short-term maturities. Securities that are publicly traded are valued at their fair market value based as of the balance sheet date presented.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Stock Based Compensation: Effective January 1, 2006 the company adopted FAS 123R (ASC 718) using the modified prospective method which recognizes compensation costs on a straight-line basis over the requisite service period of the SFAS No. 123R (ASC 718) requires that cash flows resulting from tax deductions in excess of the cumulative compensation cost recognized for options exercised be classified as cash inflows from financing activities and cash outflows from operating activities. The company also applies SFAS No. 123R (ASC 718) and EITF No. 96-18 stock based compensation to non-employees. No activity has occurred in relation to stock options during the periods presented over the requisite service period of the SFAS No. 123R (ASC 718) requires that cash flows resulting from tax deductions in excess of the cumulative compensation cost recognized for options exercised be classified as cash inflows from financing activities and cash outflows from operating activities. The company also applies SFAS No. 123R (ASC 718) and EITF No. 96-18 stock based compensation to non-employees. No activity has occurred in relation to stock options during the periods presented. The Company awards shares to its Board of Directors for service on the Board.

The shares issued to the Board are “restricted” and are not to be re-sold unless an exemption is available, such as the exemption afforded by Rule 144 promulgated under the Securities Act of 1933, as amended.

The Company recognizes the expense based on the fair market value at time of the grant. Directors are granted up to 35,000 shares a year for each year of service. The Board authorized and awarded ten (10) million shares to Buck Eaton, Chief Operations Officer and ten (10) million shares to Gerald Weber, Chief Executive Officer as incentives for them joining the Company in 2009. These transactions were recorded at $0.001 per common share, or at par value of the Company’s stock. In 2013, the Board authorized the issuance of 22,275,000 shares to the Directors, Officers and key personnel. 17,275,000 shares were issued on March 28, 2014. The additional 5 million shares are scheduled to be issued later in the year to Robert Reis and show as a liability on the Balance Sheet. This brought the outstanding shares to 268,068,400 at the end of Q1 2014.

Other Income (Expense) – The Company records non-operating activities in other income and expense. In September 2013, the Company eliminated several liabilities that had been on the books since before new management took over operations in 2009. The historic records dating back to 2002 through 2007 from prior management were lacking details of what these amounts were set aside as liabilities. The total was $98,402 and they were recorded as current liabilities on the books dating back to this period. New management upon resuming operations in 2009 continued to present these amounts as liabilities and left them on the books in the event a claim would be made after we commenced operations again as a development stage company. During the past four years, the Company has not received any claims dating back to these prior years and it now believes the liabilities are no longer required. Therefore the Company recorded a onetime adjustment to remove these unknown liabilities for $98,402 as other income as of September 30, 2013.

Uncertainties – The accompanying financial statements have been prepared on a going concern basis. The ability of the Company to continue as a going concern during the next twelve months depends on the ability of the Company to generate revenues from operations, to raise more capital or obtain new

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Sources of financing sufficient to sustain operations. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Recent Accounting Pronouncements: In May 2009, the FASB issued SFAS 165 (ASC 855-10) entitled "Subsequent Events". Companies are now required to disclose the date through which subsequent events have been evaluated by management. Public entities (as defined) must conduct the evaluation as of the date the financial statements are issued, and provide disclosure that such date was used for this evaluation. SFAS 165 (ASC 855-10) provides that financial statements are considered "issued" when they are widely distributed for general use and reliance in a form and format that complies with GAAP. SFAS 165 (ASC 855-10) is effective for interim and annual periods ending after June 15, 2009 and must be applied prospectively.

No accounting standards or interpretations issued or recently adopted are expected to have a material impact on the Company's financial position, operations or cash flows.

3. INCOME TAXES

The Company has incurred losses since its inception and, therefore, has not been subject to federal income taxes. As of June 30, 2014, the Company had net operating loss ("NOL") carry forwards for income tax purposes of approximately $12.4 million which expire in various tax years through 2021.

Under the provisions of Section 382 of the Internal Revenue Code, ownership changes in the Company in 1997 and again in 2001 will severely limit the Company's ability to utilize its NOL carry forward to reduce future taxable income and related tax liabilities. Additionally, because United States tax laws limit the time during which NOL carry forwards may be applied against future taxable income, the Company may be unable to take full advantage of its NOL for federal income tax purposes should the Company generate taxable income.

4. COMMITMENTS AND CONTINGENCIES

5. LEGAL PROCEEDINGS: The Company may also be periodically subject to legal proceedings and claims that arise in the ordinary course of its business. In the opinion of management, such legal proceedings and claims will not materially affect the financial position, results of operations or cash flows of the Company.

6. STOCKHOLDERS' EQUITY

The company began operations under new management on December 2, 2009 and began capitalizing the company through a Private Placement Memorandum Offering (PPM) under the Securities Act Rule 506(b). The company also used a Private Securities Agreement (accredited Investors only) for a short time in 2011 and 2012. On April 4, 2012, the Board of Directors voted to amend the Private Placement Memorandum Offering that was previously used to raise capital by selling restricted shares at .10 per

6. STOCKHOLDERS' EQUITY (continued)

share. The amendment established the sales price for those shares issued at .05 per share. This forced the company to issue a total of 9,547,000 shares to those shareholders. The shares were issued in July 2012. This issuance caused a dilution of 4.84% of the shares outstanding as of the period ending 3/31/2012. Not all investors were "accredited investors" as that term is defined under Regulation D ("Regulation D") of the Securities Act of 1933, as amended (the "Securities Act"). By law, a maximum of 35 "non-accredited" investors are allowed to participate in this offering. The Private Placement was exempt from registration under the Securities Act pursuant to Regulation D. One of the investors was a related party to the CEO. Proceeds from the Private Placement were used to meet projected cash flow requirements during the development stage process. The Company records the issuance of common stock at the time the transaction is completed which is typically the date funds are received. The amount of shares issued and outstanding per transfer agent may vary from the number of shares recorded in these financial statements due to the timing between when shares are sold and when they get reported as issued by the transfer agent.

During the first quarter of 2011, the Company amended its Articles of Incorporation authorizing the issuance of up to 10,000,000 shares with a par value of $0.01 of Preferred stock and 290,000,000 shares with par value $0.001 of Common stock.

The Company later filed an Amendment to the first offering with the SEC to issue up to 60 million shares at 5 cents per share. As of the date of this report, the company has raised $2,678,800 from all offerings and issued 62,860,700 shares since 2009.

The issuance of shares provided Skye with the funding to pay off its remaining liabilities. The only liability the company had at the end of Q1 2014 is common shares valued at $5,000 owed to an employee of the company. With the increase in sales in the second quarter, the Company does have a reasonable level of Current Liabilities.

The company will continue to raise funds by issuing restricted shares when needed.

PREFERRED STOCK: The Company's articles of incorporation authorize the issuance of up to 10,000,000 shares of preferred stock, with a par value of $.01 and other characteristics determined by the Company's board of directors. As of June 30, 2014, there was no preferred stock issued or outstanding.

7. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

As of June 30, 2014, officers, directors, beneficial owners and their related parties own approximately 55% of the outstanding common stock of the Company.

8. GOING CONCERN

The Company has incurred operating losses in its two most recent fiscal years, and its operating activities have required financing from related parties. The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company may continue to need outside financing to support its internal growth.

9. SUBSEQUENT EVENTS

The Company has analyzed its operations subsequent to June 30, 2014 through July 28, 2014, the date these financial statements were issued. The company has determined that it does not have any additional material subsequent events to disclose, other than those disclosed above.

End of Financial Statements and Notes

6) **The nature of the issuer's business.**

A. Description of the issuer's business operations;

Skye Petroleum, Inc. owns ten (10) chemistry's for the treatment of paraffin, asphaltene and sludge in various applications throughout the oil industry. Skye recently purchased a U.S. patented phosphate removal process for application on the flow back of hydrocarbon fracturing fluids. Skye is focused on both selling directly to oil and gas operators who treat their own wells, as well as through distribution channels. Skye Petroleum continues to distribute products through multiple channels in Pennsylvania, Texas and Alabama. Skye's leading technology (Skye Chem Wax Dispersant or WD) is currently serving multiple purposes in the oil patch. Skye Chem WD is a calculated mixture of solvents, penetrants, non-emulsifying surfactants pour point depressants ("PPD") and dispersants. The WD is designed for rapid penetration into the granular areas of paraffin matrix and disrupts the cohesive binding, allowing the waxes to mix with the produced oil, thus allowing the oil to aid in dissolving the wax. The PPD and dispersants keep the wax from re-precipitating from the crude oil.

The first chemistry acts as a wedge between the wax crystals breaking them apart and encouraging them to slide by one another. The second chemistry changes the polarity of the crystals to a like charge which makes them want to stay away from each other. The third is a crystal modifier which distorts the edges of the crystals making it very difficult for them to fit together. The combined action results in much greater flow through the production stream carrying harmful paraffin's out of the well bore maximizing production and reducing maintenance costs and down time.

In the first quarter of 2014, Skye acquired a patented technology for the removal of volatile phosphate from hydrocarbon based fracturing fluids. This will provide more diversification into Skye's product offerings.

Skye has seen chemical sales increase dramatically since the end of the first quarter of 2014. Chemical sales in the second quarter of 2014 were more than triple the sales in the first quarter of 2014. In fact, chemical sales orders through the date of this release have topped $700,000 in 2014. Skye attributes its increased sales to its focus on selling through distributors who are reaching more operators at a faster pace. This has created a greater efficiency for Skye by allowing it to reach out to other areas where paraffin creates problems, such as pipelines, storage tanks and terminals.

B. The jurisdiction(s) and date of the issuer's incorporation or organization.

United States - Delaware (November 24, 1987)

C. The issuer's primary and secondary SIC Codes;

1389 Oil & Gas Field Services

D. The issuer's fiscal year end date;

12/31

E. Principal products or services, and their markets;

Offer chemical treatment (paraffin and asphaltenes) services to the oil industry for treatment of their existing oil wells, flow lines, tanks, terminals, pipelines and vessels. Skye primarily sells through distributors in the US, but will sell directly to oil companies when needed. Skye intends to expand sales into international markets when feasible. Skye anticipates partnering with another company with the recently acquired phosphate removal process that will be used to treat hydrocarbon based fracturing fluids upon flow back.

Also, the Company intends to distribute drilling and completion fluids into regions Skye is already active. Skye is working to become a full line oil field chemical company, offering fluids in both drilling and completion, along with its current mix of production fluids that can affect the oil industry from upstream to downstream operations.

7) Describe the Issuer's Facilities

The company has two small office spaces with a one year lease in Sugar Land, Texas. The office serves as the company's headquarters and houses its sales staff. The company has now added a contractor in North Dakota and purchased a pickup truck for use in the area.

8) A. Names of Officers, Directors and Control Persons

Gerald Weber, Chairman, Chief Executive Officer& President
Wentworth "Buck" Eaton, Chief Operations Officer & Director
Brandon Rhodes, Chief Development Officer & Director
Jon Laria, Chief Financial Officer & Director
Scot Stutzman, Sr. Vice President, Eastern Region
Paul Smith, Control Person

James Ryerson, reelected to the Board of Directors as Chairman Emeritus in 2013, passed away in October 2013. He was retired at the time of his death and was not involved in the daily activities of the company. His Board seat will remain vacant for the balance of his term, expiring in 2014.

B. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, in the last five years been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

   None

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such persons involvement in any type of business, securities, commodities, or banking activities;

   None

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity and Futures Trading Commission, or a state

securities regulator of a violation of federal or states securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspend or otherwise limited such person's involvement in any type of business or securities activities.

None

C. Beneficial Shareholders.

Name and Address of Beneficial Owner	**Amount of Beneficial Ownership**	**Percentage Owned > 10%**
Gerald Weber 3350A Highway 6 S # 548 Sugar Land, TX 77478	90,537,067 Shares	33.6%

9) Third Party Providers

Legal Counsel:

Morgan E. Petitti, Esq.
114 Barrington Town Square, Suite 159
Aurora, OH 44202

Accountant or Auditor:

Mary B. George, CPA
PO Box 6559
Houston, TX 77265

Investor Relations Consultant:
NONE

Other Advisor

10) Issuer Certifications

I, Gerald Weber, CEO, certify that:

1. I have reviewed this annual disclosure statement of Skye Petroleum, Inc.

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement, and,

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: July 28. 2014

/s/ Gerald Weber

Gerald Weber,
Title: Chief Executive Officer

I, Wentworth "Buck" Eaton, COO, certify that:

1. I have reviewed this annual disclosure statement of Skye Petroleum, Inc.

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement, and,

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: July 28, 2014

/s/ Wentworth "Buck" Eaton

Wentworth "Buck" Eaton,
Title: Chief Operations Officer