Skye Petroleum, Inc.

We Make Life Easier for Oil Producers

Annual Financial Report
December 31, 2013

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 December 31, 2013
Total Common Shares Outstanding: **228,377,000** as of December 31, 2013

Par or stated value of preferred shares: .01
Total Preferred Shares Authorized: 10,000,000 as of December 31, 2013
Total Preferred Shares Outstanding: 0 (None) as of December 31, 2013

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 has issued an additional 22,416,400 to investors in the first quarter of 2014, bringing the total common shares outstanding to 250,793,400 as of the date of this report, March 21, 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 and Oregon.

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, March 21, 2014**, the number of common shares sold in this offering is 39,320,700**. Another 20,679,300 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 $2,391,500.

F. The shares in these offerings were issued under "Legend" and restricted from sale in the public market for one year. As of March 21, 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.

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

SKYE PETROLEUM, INC.

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

SKYE PETROLEUM, INC.

SKYE PETROLEUM, INC.
BALANCE SHEET (Unaudited)
For the years ended December 31, 2013 and 2012

	Unaudited	
ASSETS	**December 31, 2013**	**December 31, 2012**
Current Assets		
Cash – unrestricted	$90,062	$608
Accounts Receivable	12,055	0
Total Current Assets	102,117	608
Property and Equipment, net	3,532	18,284
Deposits	0	27,815
Intangible Assets, net	981,917	1,047,667
TOTAL ASSETS	$1,087,566	$1,094,374
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$0	$99,659
Advances	0	142,284
Other current liabilities	22,275	0
Accounts payable - related party	0	47,183
Total Current Liabilities	22,275	289,126
Long-term Debt		
Long – term obligations	0	0
TOTAL LIABILITIES	22,275	289,126
STOCKHOLDERS' EQUITY		
Common stock; 290,000,000 shares authorized, at $.001 par value; 228,377,000 and 207,247,000 shares issued and outstanding, respectively	228,377	207,247
Capital in excess of par	12,911,742	12,346,601
Accumulated deficit	(12,074,828)	(11,748,600)
TOTAL STOCKHOLDERS' EQUITY	1,065,291	805,248
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$1,087,566	$1,094,374

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

SKYE PETROLEUM, INC.
STATEMENTS OF OPERATIONS (Unaudited)
For the years ended December 31, 2013 and 2012

		(Unaudited)	
		Fiscal Year	
		December 31, 2013	December 31, 2012
REVENUE			
Chemical Sales	$	169,028	48,860
		169,028	48,860
OPERATING EXPENSES			
Chemicals		(132,820)	(21,360)
Selling, general and administrative		(406,449)	(308,604)
Gain (loss) on disposal of assets		33,712	(477)
Depreciation & amortization		(93,598)	(87,099)
Total Operating Expenses		(599,155)	(417,540)
(LOSS) FROM OPERATIONS		(430,127)	(368,680)
Other Income (Expense)		103,899	3,389
PROVISION FOR TAXES		0	0
NET (LOSS)	$	(326,228)	(365,291)
WEIGHTED SHARES OUTSTANDING		208,004,238	200,732,103
NET (LOSS) PER SHARE	$	(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 years ended December 31, 2013 and 2012

	Common Stock Shares	Common Stock Amount	Add'l Paid in Capital	Accumulated Deficit	Total
Balance at December 31, 2011	**190,000,000**	**$190,000**	**12,150,348**	**(11,383,309)**	**$957,039**
Issuance of common stock to directors, officers and vendors	3,500,000	3,500	0	0	3,500
Sale Proceeds from common stock sales	13,747,000	13,747	196,253	0	210,000
Net Loss for the year ended December 31, 2012	-	-	-	(365,291)	(365,291)
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 March 31, 2013	**228,377,000**	**$228,377**	**12,911,742**	**(12,074,828)**	**$1,065,291**

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

SKYE PETROLEUM, INC.
STATEMENTS OF CASH FLOWS (Unaudited)
For the years ended December 31, 2013 and 2012

		(Unaudited)		
		December 31, 2013		**December 31, 2012**
Cash Flows from Operating Activities:				
Net loss for the period	$	(326,228)	$	(365,291)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:				
Depreciation expense and amortization		93,598		87,099
Add (deduct) loss (gain) on sale of assets		(33,712)		477
Shares issued to officers & vendors		0		3,500
Changes in current assets or liabilities		(61,624)		(9,048)
Net Cash Used In Operating Activities		(327,966)		(283,263)
Cash Flows from Investing Activities:				
Acquisition of assets		(25,000)		(4,969)
Net Cash Provided By (Used In) Investing Activities		(25,000)		(4,969)
Cash Flows from Financing Activities:				
Advances to (reductions to) related party		(47,183)		0
Proceeds from selling assets		45,616		
Advances (repayments)		27,987		73,264
Proceeds from stock sale		416,000		210,000
Net Cash Provided By Financing Activities		442,420		283,264
Net Increase (Decrease) in Cash		89,454		(4,968)
Cash at beginning of period		608		5,576
Cash at end of period	$	90,062		608
Supplemental Cash Flow Information:				
Cash paid for interest	$	0		0
Cash paid for income taxes	$	0		0
Noncash Investing and Financing Activities				
Extinguished $170,271 in advances from Director in exchange of 5,425,700 Common Shares	$	170,271		0

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

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. Hoover Oil Field Supply in Clarendon, PA has begun distributing Skye's primary technology, Skye Chem Wax Dispersant-Ready to Use (WD-RTU) in their store and have had good reports from local operators. Skye has now sold the WD-RTU through 7 distributors. Three are located in Pennsylvania, with others in Alabama, Houston (2) and Cuero, Texas. 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.

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.

Skye previously had a three (3) plan approach to produce revenue. All three approaches did produce revenue, but the company has focused its attention on selling the chemicals directly to operators and through distributors. The other plans proved too costly and unproductive. Skye has sold its remaining oil leases in northwest Pennsylvania in order to focus entirely upon the growth it is experiencing in chemical sales. Skye is excited about the decision to focus its efforts on sales, as sales are producing the greatest profit margin and experiencing a more rapid growth than the company has experienced with the previous plan approaches.

In the fourth quarter of 2013, Skye experienced its best quarter in company history with over $66,000 in chemical sales. This is substantially higher than the year ago period of $16,000, as well as the previous quarter of over $53,000. For the year, Skye's chemical sales more than tripled in 2013 compared to 2012. Skye has added a marketing staff in order to increase its reach at a faster pace. Skye has begun extensive testing in pipelines and tanks that are experiencing issues with paraffin and sludge.

1. ORGANIZATION (continued)

The market is rapidly growing and expanding for the Skye Chem WD technology. 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.

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, 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. More details are below.

In the first quarter of 2014, Skye purchased a newly patented phosphate removal process that the company believes could have strong potential. More details are below.

The company continues to seek capital through investment into Skye. But, the primary effort is to become self sustained through revenue growth. Below are three press releases recently issued.

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.

Chief Development Officer, Brandon Rhodes, stated, "The Skye Chem AD (Asphaltene Dispersant) chemistry is a complement to our existing product line. Our customers are looking for solutions in dealing with high pour point crude and sludge with asphaltene deposits. This is a hot topic among some of our distribution partners and the potential is enormous. The Skye Chem AD is an effective asphaltene dispersant anywhere in the production, transportation, storage and refining phases. The chemistry works at a low parts per million (PPM), so the return for our customers is significant. This technology places Skye in a stronger overall competitive position in providing flow assurance solutions."

1. ORGANIZATION (continued)

SUGAR LAND, TX, December 30, 2013- Skye Petroleum, Inc. (Pink Sheets: SKPO) is pleased to announce that chemical sales have more than tripled in 2013 versus 2012. Skye anticipates continued strong sales growth in 2014 as the paraffin and asphaltene dispersant technologies are introduced into more regions of the United States and in certain parts of the world. Skye will complete 2013 with its strongest cash position in recent years, with no short or long term debt, and with all current liabilities paid.

Gerald Weber, CEO of Skye Petroleum, Inc. stated, "We have worked hard for several years to bring Skye Petroleum's Balance Sheet into a place that can produce the rewards for the shareholders that we are beginning to see. We enter 2014 on our best financial footing we have seen since I joined the company, while at the same time we are seeing the greatest expansion of chemical sales in our history." Weber further said, "We are expanding our team with the addition of Robert Reis as VP of Operations. He brings a wealth of experience and contacts to the company and has thus far proven to be an exceptional leader and producer."

Skye Petroleum has begun to introduce its products to new applications where crude oil releases residue of paraffin and asphaltene in areas such as tank bottoms, terminals, pipelines and all manner of crude oil transportation. The company is experiencing great interest from companies battling these issues and is in the process of setting up testing on a pipeline in North Dakota, while currently testing sludge deposits in Louisiana, whereby converting the sludge into salable oil.

Halbouty Energy has been instrumental in marketing the products of Skye Petroleum and is currently reaching out to new areas that Skye has not penetrated. Michel H. Hewitt, President of Halbouty Energy stated, "We have never seen a product line produce this kind of immediate interest as these products have generated with the companies we have spoken to in the oil industry. There is a great need for these kinds of dispersants and we intend to penetrate the market significantly going forward. We anticipate 2014 to be a great year for both Halbouty Energy and Skye Petroleum."

Skye Petroleum continues to see strong down hole results as well. Phoenix Chemical Technologies, of Cuero, Texas recently tested an oil well, the Joey Smith # 3, in the Eagle Ford formation, that required a hot oiling treatment every week due to paraffin clogging. The well produced an average of 10 barrels per day before shutting down due to the pump becoming inoperable due to paraffin buildup. The well was placed on a continuous daily injection of 1gallon of Skye Chem Wax Dispersant-Ready to Use (WD-RTU). At last report, the well has pumped continuously for 8 weeks without experiencing any problems, while the well is now producing 12 to 20 barrels of oil per day. The Gonzales oil well in Tilden, Texas was abandoned by its owners due to the costs of operating the well. Four gallons of Skye Chem WD-RTU was poured down the annulus and the well was placed on a 1 gallon continuous daily injection. The oil well has been producing for 6 weeks without any paraffin issues, while producing 20 barrels of oil per day. Buck Eaton, COO of Skye Petroleum said, "These are the kind of results we have seen in Pennsylvania and North Dakota and we are very excited to see the same trends in Texas."

1. ORGANIZATION (continued)

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. 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.

Gerald Weber, CEO of Skye Petroleum, stated, "We are excited to be able to provide a solution that can solve this ongoing problem with hydrocarbon based fracturing fluids. We anticipate focusing our commercialization efforts of the technology towards the fracturing fluid recycling industry, and towards the oil refining industry. We plan to enter discussions with a strategic partner or partners as we introduce this technology into different regions."

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Skye is currently seeing increased interest and demand in varying locations and is hopeful sales will continue to grow strongly. Sales through December 2013 have more than tripled compared to 2012. In 2013, Skye has sold all of its remaining oil leases for cash and 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 royalty's 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 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 will be stated at the lower of cost or market. Cost is determined on the first-in, first-out method. The Company has expensed all supplies and finished good inventory because such balances have been deemed immaterial to the financial statements presented. With sales growing, the Company will need to invest more funds into finished goods available for sale in the near future.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Advances: The Company was advanced $37,200 during the first nine months of 2013 and $142,284 during the past two years ($73,264 during 2012 and $69,020 during 2011) to help fund operations. The advances were from one individual (who is a shareholder, officer and director) and it has no repayment terms and no interest requirements. A negotiated settlement for common stock in Skye Petroleum was completed in December 2013 for 5,425,700 shares. The liability is now paid in full.

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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. The majority of the shares will be issued at the end of the first quarter in 2014. This will increase the outstanding common stock to approximately 269 million shares.

***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 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 December 31, 2013, the Company had net operating loss ("NOL") carry forwards for income tax purposes of approximately $12 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 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.

6. STOCKHOLDERS' EQUITY (continued)

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 $2,601,500 from all offerings and issued 61,314,700 shares since 2009.

The issuance of shares provided Skye with the funding to pay off its remaining liabilities. The only liability the company has at the end of 2013 relates to the issuance of shares owed to the key personnel. Most of that liability will be removed at the end of Q1, 2014. No cash liabilities are owed.

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 December 31, 2013, there was no preferred stock issued or outstanding.

7. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

As of December 31, 2013, officers, directors, beneficial owners and their related parties own approximately 59% of the outstanding common stock of the Company. In 2013, Gerald Weber purchased the vast majority of the shares owned by Doris Knollenberg and James Ryerson.

8. GOING CONCERN

The Company has a negative working capital, 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 December 31, 2013 through March 21, 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 a proprietary technology for an oil and gas paraffin treatment process. Skye is focused on both selling directly to oil and gas operators who treat their own wells, as well as through distribution channels. Skye's technology (Skye Chem Wax Dispersant or WD) is currently serving multiple purposes in the oil patch. The company began its operations in the northwest Pennsylvania region. Skye has now sold through 7 separate distributors, three in Pennsylvania, one in Alabama and three in Texas. 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.

Skye has seen chemical sales increase dramatically in 2013 to $169,028 from $4,800 in 2011. Skye anticipates sales growth to continue as the company expanded its sales force in Q3 2013. 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.

The company has sold all of its oil and gas leases in northwest Pennsylvania. This is recorded in the 2013 gain from disposal of assets. Skye had been hoping to drill oil wells on these leases, but further research has indicated that the geology does not support good long term results. Skye does receive a 1% royalty on these leases as part of the sale and the royalty income is reported in Other Income.

Skye Petroleum has acquired two new technologies, the first is designed to treat the oil production stream for asphaltenes, which like paraffin, can block the flow of oil in multiple areas. Skye continues to look for solutions in the flow assurance arena to further serve oil producers. The second purchase is a patented process to remove phosphate from hydrocarbon fracturing fluid when the fluids flow back to the surface.

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. The purchase of new technologies described above potentially creates new markets for Skye both internationally and domestic.

7) Describe the Issuer's Facilities

The company has a small office space with a one year lease in Sugar Land, Texas. The office serves as the company's headquarters. Skye recently added space in the building to support its sales staff. Skye recently closed its field office in Sugar Grove, PA. Now that the oil leases have been sold, Skye has no further need of this field office. It was officially closed as of August 31, 2013. The company owned a pickup truck which was sold when the office was closed. The company also owned oil and gas leases in northwest Pennsylvania. These were sold in the third quarter of 2013, in order to focus entirely on chemical sales throughout the United States. 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, recently reelected to the Board of Directors as Chairman Emeritus, 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.

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	39.64%

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: March 21. 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: March 21, 2014

/s/ Wentworth "Buck" Eaton

Wentworth "Buck" Eaton,
Title: Chief Operations Officer