Red Fork Energy Limited

(Subject to Deed of Company Arrangement) (Receivers and Managers Appointed)
(to be renamed Brookside Energy Limited)
(ACN 108 787 720)

Annual Financial Report

For the financial year ended
31 December 2014

CONTENTS

CORPORATE DIRECTORY

Non-Executive Chairman
Michael Fry

Managing Director
David Prentice

Non-Executive Director
Loren Jones

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Securities Exchange Listing
Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
ASX Code: Ordinary shares RFE

Directors' Report

The Directors submit their report for the Company ("the Company") for the financial year ended 31 December 2014. In order to comply with the provisions of the Corporations Act, the directors report as follows:

Directors
The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

- Michael Fry
- David Prentice
- Loren Jones *(Appointed 5 June 2015)*
- William Warnock *(Resigned 10 December 2014)*
- Larry Edwards *(Resigned 10 December 2014)*
- David Colwell *(Appointed 1 January 2014, Resigned 10 December 2014)*

Nature of Operations and Principal Activities
The Group's principal activities during the year were the exploration and appraisal of, and development and production of, oil and gas.

Limitation of Scope
On 8 December 2014, Clifford Rocke, Martin Madden and David Winterbottom of KordaMentha Pty Ltd were appointed as Receivers and Managers ("R&M") of certain assets of the Company under the terms of the security provided to Guggenheim Corporate Funding LLC "Guggenheim".

On 10 December 2014, Red Fork Energy Limited's (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) (to be renamed Brookside Energy Limited) securities were suspended from quotation on the Australian Securities Exchange (ASX). On 10 December 2014, the Directors of the Company resolved to place the Company in voluntary administration and appointed Messrs Martin Jones, Darren Weaver and Benjamin Johnson of Ferrier Hodgson as joint and several administrators of the Company.

On 12 December 2014 the R&M were appointed over the Company. Following appointment of the R&M and administrators, the powers of the Company's officers (including Directors) were suspended and subject to the appointment of the R&M and Administrators who assumed control of the Company's business, property and affairs.

The financial report for the year ended 31 December 2014 has been prepared by Directors in office for the full periods presented in this report. Every reasonable effort has been made by the Directors to ascertain the true position of the Company as at 31 December 2014.

To prepare the financial report, the directors have obtained the financial records of the Group using data extracted from the Group's accounting system for the entire financial year. However as a consequence of the receiver's appointment, there may be source documentation information that the current Directors have not been able to obtain for audit purposes.

These financial statements do not contain all the required information or disclosure in relation to transactions undertaken by the company as this information is unascertainable due to the administration process and/or the change in directorships.

Consequently, although the Directors have prepared this financial report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with the Australian Accounting Standards including Australian interpretations, other authoritative pronouncements of the Australian Accounting Standard Board and the Corporations Act 2001, nor is it possible to state this financial report gives a true and fair view of the Group's financial position as at 31 December 2014 and for the year then ended.

Going Concern

The financial report has been prepared on a going concern basis which assumes the continuity of normal business activities and the realization of assets and settlement of liabilities in the ordinary course of business. The directors believe it is appropriate to prepare these accounts on a going concern basis because under the DOCA effectuated on 2 April 2015, if completed, the DOCA will extinguish all liabilities associated with the previous administration of the Company. Full terms of the DOCA proposal are detailed in Matters Subsequent to the End of the Financial Period note below.

Due to reliance on capital markets and other conditions precedent in the DOCA there is a material uncertainty that the DOCA may not succeed which may cast significant doubt on the ability of the Company to meet its creditors as and when they fall due including paying out its existing creditors on the terms agreed, and thus continue as a going concern.

However, based upon the previous experience of Cicero in demonstrating successful recapitalisations the directors are confident that sufficient funds will be raised to ensure that the DOCA will succeed. Should the Company be unable to complete on all conditions precedent in respect of the DOCA, the Company would review alternative options including other refinancing proposals.

Based upon the proposed equity raising as outlined in the DOCA, the company's cash flow forecast indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for a period of at least 12 months from the date of signing the financial report. Accordingly the directors are satisfied that the going concern basis of preparation is appropriate.

Significant Changes in the State of Affairs

On 1 January 2014, the Board approved the issue of 9,546,062 2014 Long Term Incentive Rights (2014 LTI Rights) to its executives and employees, pursuant to Red Fork Long Term Incentive Plan approved by the shareholders on 29 November 2013.

On 1 April 2014, the Company announced sale closure of selected undeveloped acreage from its larger Mississippian/Woodford holdings in the Big River Project. The purchaser acquired approximately 7,400 acres and associated seismic rights from the Company's wholly owned subsidiary Red Fork (USA) Investments, Inc. for a cash consideration of US$11 million (before costs).

On 8 April 2014, the Company announced its finalisation of the review of the 2014 Forward Development Program for the Big River Project. The review of the 2014 Forward Development Program was undertaken in the context of the Group Estimated Net Reserves (and the Group NPV10 value) as of 31 December 2013; the HBP drilling schedule; and the current market capitalisation of the Company. The 2014 program was approached with the plan to reduce expenditure levels while protecting the value of the Company's assets. A structured process was conducted with the appointment of US advisors, Petro Capital Securities, LLC ("Petro Capital"), an energy focused investment bank based in Dallas, Texas. Petro Capital was engaged in early May as the Company's US advisor to facilitate the Company's asset monetization marketing effort. Euroz Securities Limited was also appointed by the Board as the Australian advisor to evaluate potential transactions at the corporate level, and to provide an independent view on asset transactions requiring shareholder approval. The Company in conjunction with its advisors undertook a comprehensive marketing campaign and presentations and discussions with prequalified interested parties.

As at 30 June 2014 a reserve certification was carried out by Lee Keeling & Associates, Inc. ("Lee Keeling") to review and update the Company's holdings in Oklahoma. The certificate dated 15 August 2014 includes volumes associated with the Mississippi Lime formation and reserves and resources associated with Red Fork's West Tulsa, Osage and Eastern Oklahoma oil and gas projects as well as any potential volumes associated with the Woodford Shale. The result of the reserve certification is detailed in the Company's half year report at 30 June 2014.

Red Fork announced in October 2014 the selection of a preferred refinancing partner in accordance with the recommendations of its corporate advisors.

The Company anticipated it would be in breach of certain covenants in respect of its senior secured lending facility advanced through Guggenheim Corporate Funding LLC ("Guggenheim" or "Administrative Agent") as of 31 March 2014 and 30 June 2014, and accordingly obtained waivers in respect of those anticipated breaches prior to each respective date. The most recent waiver obtained was effective until 30 September 2014. The Company has notified the Administrative Agent of the anticipated covenant breach.

On 8 December 2014, the Company was informed that Guggenheim exercised its rights pursuant to the Specific Security Deed between the Company and Guggenheim by appointing Clifford Rocke, Martin Madden and David Winterbottom of KordaMentha Pty Ltd as Receivers and Managers of the US subsidiary.

On 10 December 2014, Red Fork Energy Limited's securities were suspended from quotation on the Australian Securities Exchange (ASX). On 10 December 2014, the Directors of the Company resolved to place the Company in voluntary administration and appointed Messrs Martin Jones, Darren Weaver and Benjamin Johnson of Ferrier Hodgson as joint and several administrators of the Company.

On 12 December 2014 the R&M were appointed over the Company. Following appointment of the R&M and administrators, the powers of the Company's officers (including Directors) were suspended and subject to the appointment of the R&M and Administrators who assumed control of the Company's business, property and affairs.

The administrator subsequently sought and negotiated proposals to reconstruct the Company with interested parties. Cicero's recapitalisation proposal was accepted at a meeting of the Company's creditors on 1 April 2015. The Deed of Company Arrangement (DOCA) was executed on 2 April 2015.

The US subsidiary companies, Red Fork USA Investments Inc, Eastok Pipeline LLC and Prarie Gas Gathering LLC, were managed by the receivers and managers from 8 December 2014, and on 2 April 2015 the entities were subsequently disposed to Guggenheim LLC. It has therefore been assumed that control relating to the rights and variable returns from the US subsidiary entities were lost from 8 December 2014, being the date by which the receivers and managers were appointed. The US subsidiaries have been deconsolidated from this date for accounting purposes.

These financial statements cover the period from 1 January 2014 to 31 December 2014. These Financial statements report the results and the financial position but are not representative of the position of the Company following the completion of the recapitalisation and should not be used as the basis for any decision about the Company or its prospects.

Operating Result

The after tax loss for the Group for the financial year ended to 31 December 2014 amounted to $191 million (six months ended 31 December 2013: $0.7m).

Dividends

There were no dividends paid or recommended during or subsequent to the financial year ended 31 December 2014 (2014:Nil).

Matters Subsequent to the End of the Financial Period

On 1 April 2015, at a meeting of creditors of the Company, the creditors of the Company resolved that the Company execute a DOCA between the Company, the administrators and Cicero Advisory Services Pty Ltd (Cicero) recommended by the administrators. The DOCA was subsequently executed on 2 April 2015. Under the terms of the DOCA, the administrators were appointed as deed administrators of the DOCA (Deed Administrators). The DOCA includes a proposal for the reconstruction and recapitalisation of the Company (Recapitalisation Proposal).

A summary of the Recapitalisation Proposal is as follows:

- The Company will consolidate its existing securities on a one (1) for two (2) basis, rounded down to the nearest whole number (Consolidation);
- Cicero paid the Company a $50,000 loan upon execution of the DOCA (Cicero Loan). The Cicero Loan was advanced to provide critical working capital required to facilitate the recapitalisation and reinstatement process. It is proposed that this loan amount shall convert into 749,494,640 Shares in the Company (on a post-Consolidation basis) (Cicero Shares) subject to satisfaction of the conditions precedent contained in the DOCA.
- The Company will issue a minimum of 1,500,000,000 Shares, and up to a maximum of 2,500,000,000 Shares, to be issued at a price of $0.001 each to raise a minimum of $1,500,000 and a maximum of $2,500,000 (Capital Raising).

- Of the funds raised from the issue of the Shares pursuant to the Capital Raising, Cicero will pay $400,000 to the Deed Administrators who in turn will pay $295,000 into the creditors' trust created in accordance with the DOCA (Creditors' Trust) and $105,000 to Guggenheim Corporate Funding, LLC in full and final satisfaction of the Company's obligations to Guggenheim. The balance of the funds raised is intended to be applied to working capital and other costs in relation to the general and administrative costs of the Company.
- Miss Loren Anne Jones is proposed to be appointed to the board of directors of the Company immediately upon the Recapitalisation Resolutions being passed at the Meeting. Messrs William Warnock, Larry Edwards and David Colwell will resign from the Board prior to Completion of the DOCA. Messrs David Prentice and Michael Fry will remain on the Board.
- Upon Completion of the DOCA in accordance with its terms:
    - (i) the DOCA will terminate;
    - (ii) all admitted claims against the Company arising on or before 10 December 2014 (Claims) will be released and compromised with those creditors' with Claims (Creditors) instead entitled to rights in respect of the Creditors' Trust; and
    - (iii) the Company will retain its main business undertaking and will seek reinstatement to the ASX.

A Notice of General Meeting, to be held 5 June 2015, containing the DOCA proposal and related resolutions was dispatched to shareholders on 7 May 2015. On 5 June 2015, the shareholders of the Company resolved to pass all resolutions put to the meeting.

On 2 April 2015 the Company (subject to DOCA and R&M appointment) entered into a deed of forgiveness with its subsidiary, Red Fork USA Investments Inc, whereby it forgave the repayment of the intercompany indebtedness owing by the subsidiary at that date and cancelled the debt.

On 2 April 2015, the Company (subject to DOCA and R&M appointment) disposed of its entire shareholding in its subsidiary holdings to a third party which included the debt owed to the Secured Creditor.

The Directors are not aware of any other matter or circumstance that has arisen since 31 December 2014 which significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

Environmental Regulations

The exploration, development and production operations conducted in the United States by the Group were subject to relevant environmental legislation and regulated by both State and Federal bodies, principally the Environmental Protection Agency on a federal level and by the Oklahoma Corporation Commission on a state level. Red Fork Energy is aware of its environmental obligations with regards to these activities and ensured that it complied with all regulations. There have not been any known breaches of the consolidated entity's obligations under these environmental regulations during the year under review and up to the date of this report.

INFORMATION ON DIRECTORS

Michael Fry	**Non-Executive Chairman**
Qualifications	B.Comm, F.Fin
Experience	Michael Fry holds a Bachelor of Commerce degree from the University of Western Australia, is a Fellow of the Financial Services Institute of Australasia, and is a past member of the ASX. Michael has extensive experience in capital markets and corporate treasury management specialising in the identification of commodity, currency and interest rate risk and the implementation of risk management strategies.
Other Directorships	Michael Fry is currently the non-executive chairman of ASX Listed Companies Norwest Energy NL and Challenger Energy Limited. Liberty Resources Limited – resigned 10 April 2012 Killara Resources Limited – resigned 9 October 2012.
Special Responsibilities	Michael Fry was a member of the Audit and Risk Committee and the Remuneration and Nomination Committee during the year.

David Prentice	**Chief Executive Officer**
Qualifications	Grad. Dip BA, MBA
Experience	David Prentice's career includes more than 25 years' experience in commercial management and business development within the natural resources sector, working for some of Australia's leading resource companies. This has included high-level commercial and operational roles with a number of listed and unlisted resource companies.
Other Directorships	Jameson Resources Limited – resigned 30 April 2014 Challenger Energy Limited - resigned 26 March 2012.

Loren Jones	**Non-Executive Director**
Qualifications	BIA Accredited Bookkeeper, Cert IV Financial Services (Bookkeeping)
Experience	Miss Loren Jones has worked in finance and administration roles with ASX listed companies, stock broking and corporate advisory services for the past 9 years. During this time she has gained invaluable experience in dealing with all aspects of corporate governance and administration, specialising in initial public offerings (IPO), project management and backdoor listings. Her strengths in corporate governance and compliance, transaction negotiation and management, merger and acquisition, IPO and private capital raising and business development have served several boards well. Miss Jones is currently completing her Graduate Diploma of Applied Corporate Governance with the Governance Institute of Australia.
Other Directorships	Miss Jones is a Partner at and Company Secretary of corporate administration firm Cicero Corporate Services Pty Ltd and a Non-Executive Director of Red Fox Capital Pty Ltd. She also currently serves as the Company Secretary of ASX listed company VTX Holdings Limited (ASX: VTX) and Aphex Minerals Pty Ltd. Past Non-Executive Director and/or Company Secretarial positions include ZipTel Limited (ASX: ZIP), PhytoTech Medical Limited (ASX: PYL) and Jernigan Commodities Limited.

COMPANY SECRETARY

Suzie Foreman B.Com, CA

Suzie holds a bachelor of commerce degree and is a chartered accountant with a with over 18 years of experience within the UK and Australia. She has 9 years' combined experience with KPMG and a boutique accounting firm specialising in the provision of audit and corporate services and also has extensive skills in the areas of financial and management reporting, due diligence, ASX and ASIC corporate and regulatory compliance. Suzie has been involved in the listing of numerous exploration companies on the ASX, AIM and OTC markets and assisted in corporate matters including capital raisings, acquisitions, divestments, finance, joint ventures and corporate governance. Suzie is also Company Secretary to ASX listed companies Jameson Resources Limited.

CORPORATE INFORMATION

Corporate Structure

Red Fork Energy Limited is a public company incorporated and domiciled in Western Australia and up until 10 December 2014 was listed on the Australian Securities Exchange (ASX Code: RFE) and US OTCQX (RDFEY).

Employees

Red Fork Energy Limited has no full time employees as at the date of this report.

Meetings of Directors
The number of directors' meetings (including committees) held during the year for each director who held office, and the number of meetings attended by each director are:

Director	Directors Meetings		Audit & Risk Committee Meetings		Remuneration & Nomination Committee Meetings	
	Meetings Attended	Number Held and Eligible to Attend	Meetings Attended	Number Held and Eligible to Attend	Meetings Attended	Number Held and Eligible to Attend
Michael Fry	10	10	5	6	5	5
David Prentice	10	10	-	-	-	-
William Warnock*	10	10	5	6	4	5
Larry Edwards*	10	10	6	6	5	5
David Colwell**	10	10	-	-	-	-

* Resigned 10 December 2014
** Appointed 1 January 2014, resigned 10 December 2014

Options
At the date of this report no options over ordinary shares in the Company were on issue and no options were exercised during the year.

During the year ended 31 December 2014, 3,517,666 options expired unexercised as detailed below.

Type	Date of Expiry	Exercise Price AUD	Number expired unexercised
Unlisted Options	30 June 2014	$0.65	1,600,000
Unlisted Options	30 June 2014	$0.35	708,333
Unlisted Options	30 June 2014	$0.45	708,333
Unlisted Options	30 November 2014	$1.20	501,000

Directors' holdings of shares and performance rights during the financial period have been disclosed in the Remuneration Report. Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company.

Performance Rights
On 10 December 2014, the following performance rights in the Company were on issue. Tranche B and C directors have vested and can be converted. As at the date of this report all of the performance rights on issue have lapsed and deemed to nil value at 31 December 2014.

Type	Date of Expiry	Number of Performance Rights on Issue
Tranche B – Directors	30 April 2016	1,000,000
Tranche C – Directors	30 April 2016	2,000,000
Tranche A – Employees	26 October 2017	1,530,000
Tranche B – Employees	26 October 2017	2,890,000
Tranche C – Employees	26 October 2017	3,040,000

INDEMNIFYING OFFICERS
In accordance with the constitution, except as may be prohibited by the Corporations Act 2001, every Officer, or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer, or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

The Company currently has a directors' and officers' liability insurance in place. A total premium of A$73,465 was paid for cover period from 1 May 2014 to 30 April 2015. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

Proceedings on Behalf of Company

No person has applied to the Court for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Non-Audit Services

The Board of Directors is satisfied that the provision of non-audit services during the reporting period is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 10 : Code of Ethics for Professional Accountants set by the Accounting Professional Ethics Standards Board.

The following fees for non-audit services were paid to the external auditors during the year ended 31 December 2014:

- Taxation services - $1,200

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Grant Thornton, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 15 and forms part of this directors' report for the year ended 31 December 2014.

REMUNERATION REPORT (Audited)

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of Red Fork Energy Limited's directors and its key management personnel for the financial year ended 31 December 2014. From the period of 10 December 2014 to 31 December 2014 the company was externally administered (subject to the appointment of R&M and voluntary administrators). Following the appointment of R&M and voluntary administrators there has been no remuneration paid to any of the Directors.

If the recapitalisation process is successful, the Directors who are in office at the date of this report and subsequent will adopt a new remuneration policy.

A. Introduction

The information provided in this remuneration report has been audited as required by section 308 (3C) of the Corporations Act 2001. Information regarding the remuneration of key management personnel ("KMP") is required by Corporations Regulations 2M.3.03. KMP are those individuals who have the authority and responsibility for planning, directing and controlling the activities of the Company and the Group.

Red Fork's KMPs

Key Management Personnel for Red Fork include the following Non-Executive Directors and Executive Directors who were in office during or since the end of the financial year:

Category	Name	Position	Appointment Date
Non-Executive Directors	Michael Fry	Independent Chairman	20 April 2004
	Bill Warnock*	Independent Non-Executive	17 January 2013
	Larry Edwards*	Independent Non-Executive	1 May 2013
	David Colwell*	Independent Non-Executive	1 January 2014
	Loren Jones	Non-Executive	5 June 2015
Executive Directors	David Prentice	CEO/ Managing Director	20 April 2004
Executives	Chris Girouard	President and Chief Operating Officer	30 January 2013
	Kevin Humphrey	Chief Financial Officer	1 August 2011
	Lee Francis	Executive Vice President of Operations	18 January 2013

* Resigned 10 December 2014

Reporting Notes

Reporting in United States dollars

In this report, the remuneration and benefits reported are presented in US dollars. This is consistent with the change in presentation currency of the company from Australian dollars to US dollars from 1 July 2011. Compensation for Australian-based employees is paid in Australian dollars and, for reporting purposes, has been converted to US dollars based on the average exchange rate for the year. Valuation of equity awards is converted at the applicable spot rate when the equity award is granted.

Comments on Remuneration Report at Red Fork's most recent AGM

The Company received a 91.2% of "yes" votes on its remuneration report for the 2014 financial year. The Company did not receive any specific feedback from shareholders at the 2014 Annual General Meeting on its remuneration practices.

B. Remuneration Policy During the Reporting Period

The Red Fork Board is committed to transparent disclosure of its remuneration strategy and this report details the Company's remuneration objectives, practices and outcomes for KMP, which includes Directors and senior executives, for the period ended 31 December 2014. Any reference to "executives" in this report refers to KMPs who are not Non-Executive Directors.

B.1 Remuneration Policy Framework

The key objective of Red Fork's remuneration policy is to be a key enabler for the Company in achieving its strategic goal of continuing to build a successful oil and gas exploration and production company. It has been designed to reward executives and employees fairly and responsibly in accordance with the regional and international market in which the Company operates, and to ensure that Red Fork:

- Provides competitive rewards that attract, retain and motivate executives and employees of the highest calibre, who can successfully deliver, particularly as the Company moves through the current phase of rapidly increased development and production;
- Sets demanding levels of expected performance that have a clear linkage to an executive's remuneration;
- Benchmarks remuneration against appropriate comparator peer groups to make the Company competitive in a tight skilled human resources market, through an offering of both short and long term incentives and competitive base salaries.;
- Provides a level of remuneration structure to reflect each executive's respective duties and responsibilities;
- Aligns executive incentive rewards with the creation of value for shareholders;
- Complies with legal requirements and appropriate standards of governance.

B.2 Policy for Executive Remuneration For Future Reporting Periods

Executive Remuneration consists of the following key elements:

- Fixed remuneration or base salaries; and
- Variable remuneration, being the "at risk" component related to performance comprising;
  - i) Short Term Incentives (STI) ;
  - ii) Long Term Incentive (LTI).

C. Remuneration Components

C.1 Fixed Remuneration

Fixed remuneration was reviewed by the Remuneration and Nomination Committee in 2013 and remained consistent for the 2014 reporting period with the recommendations made during the prior year.

C.2 Variable Remuneration

C.2.1 STI Plan Applicable to the Reporting Period - 2014

The STI plan which ran from 1 January 2013 to 31 December 2013 were based 80% on annual Scorecard metrics and 20% on financial performance considerations selected by the Remuneration and Nomination Committee and approved by the Board. The Company met its performance objectives in a number of areas and KMP bonuses were calculated based upon the methodology implemented at that time. The Board exercised its discretion to withhold payment of the 2013 bonuses following the Company's review of its forward development plan in 2014. The 2013 bonuses remained unpaid at the date of the Company's administration.

C.3 STI Plan for the 2014 Reporting Period

Due to the strategic review conducted during 2014, no STI plan was implemented for the 2014 reporting period.

C.4.1 LTI Plan During the Reporting Period

On 1 January 2014, the Board of Red Fork Energy Limited approved the issue of 9,546,062 2014 Long Term Incentive Rights (2014 LTI Rights) to its executives and employees, pursuant to Red Fork Long Term Incentive Plan approved by the shareholders on 29 November 2013. Given the current circumstances, the 2014 LTI Rights have lapsed as at the date of this report.

C.5 Policy for and Components of Non-Executive Remuneration During the Reporting Period

Remuneration Policy

Non-Executive Director Fees

The overall level of annual Non-Executive Director fees was approved by shareholders in accordance with the requirements of the Company's Constitution and the Corporations Act. The maximum aggregate Directors' fees payable to all of the Company's Non-Executive Directors is $500,000 per annum. This aggregate amount was approved by shareholders at the 2012 Annual General Meeting.

Equity Compensation

In accordance with Australian practice and shareholder preference, the Company's current policy is not to grant equity based compensation to Non-Executive Directors. Accordingly, no equity components (LTI Rights) were offered to Non-Executive Directors in the reporting period to 31 December 2014.

Remuneration Structure

Non-Executive Directors receive a fixed remuneration of base fees plus statutory superannuation. In addition, and in recognition of the higher workloads and extra responsibilities of participating on a Board committee, if applicable, they also received a committee fee and chairing a committee also warrants a higher fee. In addition to these fees, Non-Executive Directors are entitled to reimbursement of reasonable travel, accommodation and other expenses incurred in attending meetings of the Board, committee or shareholder meetings whilst engaged by Red Fork. All US Non-Executive Directors receive payment for the costs of their family medical insurance premiums in accordance with the US policy on group medical insurance. Non-Executive Directors do not earn retirement benefits other than superannuation and are not entitled to any compensation on termination of their directorships.

The current Board and additional committee fee structure for Non-Executive Directors during the year was as per Table 1 below:

Table 1: NED Board and Sub Committee Policy Fees

Board		Committees	
Chair	Member	Chair	Member
$120,000	$100,000	$10,000	$5,000

E.1 Details of Remuneration

There were no material changes to base salaries paid to key management personnel during the period.

Tables 2a and 2b below outline the remuneration of directors and Key Management Personnel for the six months ended 31 December 2013 and the twelve months ended 31 December 2014:

Table 2a: Key Management Personnel Remuneration for the year ended 31 December 2014

	Primary			Equity Compensation	Post- employment		TOTAL	%
31 December 2014	Base Salary and Fees US$	Bonus STI* US$	Non-Monetary Benefits US$	Value of Performance Rights (i) US$	Superannuation Contributions US$	Termination Payments +	US$	Percentage Performance Related
Executive Directors								
David Prentice	419,018	247,920	-	-	18,245	194,114	879,297	16.0
Non-Executive Directors								
Michael Fry	119,167	-	-	-	-	-	119,167	-
William Warnock	104,517	-	-	-	-	-	104,517	-
Larry Edwards	100,834	-	-	-	-	-	100,834	-
David Colwell	91,667	-	-	-	-	-	91,667	-
Executives								
Kevin Humphrey	256,667	112,000	17,852	-	-	-	386,519	-
Chris Girouard	279,583	122,000	23,160	-	-	-	424,743	-
Lee Francis	256,667	85,427	17,037	-	-	-	359,131	-
Total 31 Dec 2014	**1,628,120**	**567,347**	**58,049**	**-**	**18,245**	**194,114**	**2,465,875**	

*STI bonuses were accrued for KMP at the half year and are included in the disclosure table above, however these remained unpaid at the date of the Company's administration and receiver appointment and at the year end.

+ The termination payment was accrued at year end based upon the terms of Mr Prentice's Executive Service Agreement, and remains unpaid. If the Cicero DOCA proposal outlined in "Subsequent Events" above is successful, Mr Prentice has agreed to waive any creditor claims owed to him and his associated entities which include the Termination Payment and Bonus STI detailed in Table 2a above.

Table 2b: Key Management Personnel Remuneration for the six months ended 31 December 2013

	Primary			Equity Compensation	Post-Employment		TOTAL	%
31 December 2013	**Base Salary and Fees US$**	**Bonus STI US$**	**Non-Monetary Benefits US$**	**Value of Performance Rights (i) US$**	**Superannuation Contributions US$**	**Termination Payments**	**US$**	**Percentage Performance Related**
Executive Directors								
David Prentice	190,117	-	7,219	639,332	7,967	-	844,635	75.7
Bruce Miller^	132,450	-	11,042	639,332	-	-	782,824	81.7
Non-Executive Directors	59,886	-	-	-	-	-	59,886	-
Michael Fry	57,500	-	5,483	-	-	-	62,983	-
William Warnock	57,500	-	-	-	-	-	57,500	-
Larry Edwards								
Executives								
Kevin Humphrey	150,000	-	7,986	320,616	-	-	478,602	67.0
Chris Girouard	152,500	-	11,042	320,616	-	-	484,158	66.2
Lee Francis	226,479	-	7,986	39,666	-	-	274,131	15.1
Total 31 Dec 2014	**1,016,432**	**-**	**50,758**	**1,959,562**	**7,967**	**-**	**3,044,719**	

^ Resigned 31 December 2013

Notes:

(i) In accordance with AASB 2, performance rights issued to Directors and Executives have been valued based on factors such as the underlying share price, the expected vesting date and vesting probability in achieving the specified revenue hurdles at the reporting date. Unvested performance rights at 31 December 2014 have been deemed to be nil value as the vesting conditions are not achievable. For details of inputs to the valuation, refer Note 28.

F. Share-based remuneration

(i) Performance Rights Held by Key Management Personnel

The number of performance rights in the Company held during the transitional financial period by each Director of Red Fork Energy Limited and other Key Management Personnel, including their personally related parties, are set out below:

31 December 2014	Balance at 01.01.14	Granted as Remuneration	On Conversion of Rights	Cancelled	Balance at 31.12.14	Vested and Convertible
Directors						
David Prentice	1,000,000	-	-	-	1,000,000	1,000,000
Michael Fry	-	-	-	-	-	-
David Colwell*+	-	-	-	-	-	-
William Warnock*	-	-	-	-	-	-
Larry Edwards*	-	-	-	-	-	-
Executives						
Kevin Humphrey	1,570,000	-	-	-	1,570,000	190,000
Chris Girouard	1,570,000	-	-	-	1,570,000	190,000
Lee Francis	380,000	-	-	-	380,000	-
Total 31 Dec 2014	**4,520,000**	**-**	**-**	**-**	**4,520,000**	**1,380,000**

* Resigned 10 December 2014
+ Appointed 1 January 2014

31 December 2013	Balance at 01.07.13	Granted as Remuneration	On Conversion of Rights	Cancelled	Balance at 31.12.13	Vested and Convertible
Directors						
David Prentice	2,000,000	-	(1,000,000)	-	1,000,000	-
Michael Fry	-	-	-	-	-	-
Bruce Miller*	2,000,000	-	-	-	2,000,000*	1,000,000
William Warnock	-	-	-	-	-	-
Larry Edwards	-	-	-	-	-	-
Executives						
Kevin Humphrey	1,570,000	-	-	-	1,570,000	190,000
Chris Girouard	1,570,000	-	-	-	1,570,000	190,000
Lee Francis	380,000	-	-	-	380,000	-
	7,520,000	**-**	**(1,000,000)**	**-**	**6,520,000**	**1,380,000**

* As at the date of resignation, 31 December 2013

Key Terms of Performance Rights
The Performance Rights on issue at 31 December 2014 have been deemed nil value as the vesting conditions are no longer achievable.

(ii) Shares held by Key Management Personnel
The number of shares in the Company held during year by each Director of Red Fork Energy Limited and other Key Management Personnel, including their personally related parties, are set out below.
There were no shares granted during the year as compensation.

31 December 2014	Balance at 01.01.14	Shares Issued	Performance Rights Exercised	Bought & (Sold)	Balance at 31.12.14
Directors					
David Prentice	3,747,441	-	-	-	3,747,441
Michael Fry	1,894,774	-	-	-	1,894,774
David Colwell*+	-	-	-	-	-
William Warnock*	-	-	-	-	-
Larry Edwards*	-	-	-	-	-
Executives					
Kevin Humphrey	-	-	-	-	-
Chris Girouard	160,000	-	-	-	160,000
Lee Francis	-	-	-	-	-
	5,802,215	**-**	**-**	**-**	**5,802,215**

* Resigned 10 December 2014
+ Appointed 1 January 2014

31 December 2013	Balance at 01.07.13	Shares Issued	Performance Rights Exercised	Bought & (Sold)	Balance at 31.12.13
Directors					
David Prentice	2,747,441	-	1,000,000	-	3,747,441
Michael Fry	1,894,774	-	-	-	1,894,774
Bruce Miller*	1,582,746	-	-	-	1,582,746*
William Warnock	-	-	-	-	-
Larry Edwards	-	-	-	-	-
Executives					
Kevin Humphrey	-	-	-	-	-
Chris Girouard	60,000	-	-	100,000	160,000
Lee Francis	-	-	-	-	-
	6,284,961	**0**	**1,000,000**	**100,000**	**7,384,961**

* As at the date of resignation, 31 December 2013

(iii) Options Held By Key Management Personnel

There were no options held by key management personnel during the reporting period, and no shares were issued on the exercise of options during the period.

G. Service Agreements

Each KMP executive had a contract of employment. All contracts with employees ceased following the Company's administration.

This report is made in accordance with a resolution of the Directors.

David Prentice
Chief Executive Officer

5 June 2015

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Auditor's Independence Declaration
To the Directors of Red Fork Energy Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Red Fork Energy Limited for the year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M J Hillgrove
Partner - Audit & Assurance

Perth, 5 June 2015

Corporate Governance

This Corporate Governance Statement report sets out information about the Corporate Governance of Red Fork Energy Limited for the financial year ended 31 December 2014. From the period of 10 December 2014 to 31 December 2014 the Company was in administration. On entering administration, the Administrators were responsible for the Corporate Governance of the Company.

If the recapitalisation process is successful, it is anticipated that the Directors who are in office at the date of this report and subsequent will adopt new Corporate Governance policies.

Corporate Governance Statement

In accordance with ASX Listing Rule 4.10.3, the corporate governance statement reports on Red Fork Energy Limited's corporate governance practices by reference to the current ASX Corporate Governance Council's (CGC) Principles and Recommendations and the extent to which it has followed the CGC's published guidelines in relation to corporate governance.
A checklist summarising the Company's compliance with the Recommendations is also set out at the end of this statement.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT
1.1 Board Charter
The Board and management have agreed on their respective roles and responsibilities and the functions reserved to the Board and management. The Board has established and adopted a Board Charter for this purpose. The Board is responsible for oversight of the management and the overall corporate governance of the Group including its strategic direction, establishing goals for management and monitoring the achievement of those goals with a view to optimising performance and the protection and enhancement of long-term shareholder value.

The Board Charter sets a minimum number of Board meetings each year and provides for the establishment of its Board Committees being, the Audit and Risk Committee, and the Remuneration and Nomination Committee. The Charter also provides minimum standards of ethical conduct expected of the Directors, CEO and other key executives. These are further elaborated in the Company's Code of Business Ethics and Conduct to guide the Directors, and other key executives in fulfilling their roles.

The role of management is distinct from the role of the board and is outlined in the Board charter.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE
2.1 Composition of the Board
The Board comprised of five (5) members, being four (4) non-executive directors including the Chairman and one (1) executive director during the reporting period. The Directors considered that collectively they offered a balance of relevant skills, experience and expertise to fulfill their obligations to the Company, its shareholders and other stakeholders. The number of board meetings and the attendance of the Directors are also set out in the Directors' Report.

The non-executive directors collectively contributed operational, accounting and finance expertise, international experience, an understanding of the industry in which Red Fork operates, knowledge of financial markets and an understanding of the Corporate Governance aspects of the Company.

The roles of the Chairman and the CEO were not exercised by the same individual. The role of CEO was carried out by Executive Director, Mr David Prentice and Mr Michael Fry being the Chairman. The Board Charter summarises the roles and responsibilities of the Chairman, the CEO, and the Company Secretary.

The Chairman is responsible for leadership and effective performance of the Board and for maintenance of the relations between Directors and management. The Chairman of the Board, Mr Michael Fry is an independent, Non-executive Director and a resident Australian citizen.

2.2 Independence of Non-executive Directors and the Chairman of the Board
The Company expects its Directors to bring independent view and judgment to the Board's deliberations.

In assessing a Director's independence, the Board considered the criteria for independence set out in Recommendation 2.1, including relationships affecting their independent status, and materiality of that relationship, any other information or circumstances that the Board considers to be relevant. The materiality test is subject to the nature of the relationship and the circumstances of the Director and it is considered from the perspective of the Company's, the Director's and the person or entity with which the Director has a relationship. The Board reviewed the independence of directors before they are appointed, on an annual basis, and at any other time where circumstances of a director change such as to require assessment.

The Board reviewed the independence of each of the Directors in office during the reporting period and determined that Non-executive Directors Mr Michael Fry, Mr William Warnock, Mr Larry Edwards and Mr David Colwell were independent directors. Mr David Prentice was not considered an independent Director as he served as an Executive Director and member of Red Fork's management.

Mr Fry was appointed in April 2004. Although the length of Mr Fry's appointment on Board may be perceived as an interference with Mr Fry's independence as a Director, the Board considered that Mr Fry remained as independent given that Mr Fry had never served as a member of management and was free of any business or relationship that could materially interfere with or could reasonably be perceived to materially interfere with Mr Fry's independent exercise of his judgement.

Mr Fry holds 1,894,774 fully paid ordinary shares in the Company. Mr Fry is also the Non-executive Chairman of ASX Listed Companies Norwest Energy NL ("NWE") and Challenger Energy Limited ("CEL"). The Board considered that neither his Chairmanships nor his shareholdings, (as he is not a substantial shareholder in Red Fork Energy as defined by the Corporations Act,) interfered with the discharge of his duties to the Company. The Board was satisfied that Mr Fry committed the necessary time to discharge his role effectively.

The Company therefore complies with Recommendation 2.2 in that the Chairman of the Board, Mr Fry is an independent Director.

Mr Edwards was a non-management director of TSX Listed New Flier Industries Inc. during the year. The Board was satisfied that this position did not interfere with Mr Edward's ability to discharge his duties to the Company.

Mr David Colwell was nominated to the Board during the reporting period and appointed as independent Director on 1 January 2014. Mr Colwell did not have any interest in other listed company nor any relationships with any parties that could have materially interfered with his ability to discharge his duties to the Company as an independent director.

The Company therefore complied with Recommendation 2.1 that the majority of its Board members were independent Directors.

2.3 Nomination Committee
The Committee's functions and responsibilities are detailed in the Remuneration and Nomination Committee Charter, of which a copy is available on the Company's website.

2.4 Criteria for selection of Directors
The Company's Director Selection Procedure is governed by the Remuneration and Nomination Committee Charter located on its website.

2.5 Board renewal and succession planning
The appointment of Directors is governed by the Company's Constitution and the Board Charter. The Remuneration and Nomination Committee was responsible for the selection process of candidates for the Board and Executives and assisted the Board with succession planning. The Board as a whole was responsible for appointing the new Directors upon nomination and recommendation by the Committee.

In accordance with the Constitution of the Company, no director except a Managing Director (CEO) shall hold office for a continuous period in excess of three years or past the third annual general meeting following the director's appointment, whichever is the longer, without submitting for election. At least one director must stand for election at each AGM. Any director appointed to fill a casual vacancy since the date of the previous AGM must submit themselves to shareholders for election at the next AGM. The Board's support for a Director's re-election was not automatic and was subject to satisfactory Director performance based on the Committee's review of the Directors' performance each year. The Company had not adopted a policy in relation to the retirement or tenure of Directors.

On 1 January 2014, Mr David Colwell was appointed as an additional independent Non-executive Director to the Board upon nomination by the Committee.

2.6 Evaluation of the performance of the Board, its Committees and individual Directors

The performance evaluation process of the Board and individual Directors were the responsibilities of the Remuneration and Nomination Committee. The Board introduced short term and long term incentive plans that had associated Key Performance Indicators (KPIs) and required an annual performance assessment of Executives against those KPIs by the Remuneration and Nomination Committee. Formal performance reviews of each Executive were conducted in December each year. The Remuneration Report in Section B.2 discloses the process by which the performance of senior executives including the CEO, were evaluated.

2.7 Induction and education

New Directors received an induction appropriate to their experience. When appointed to the Board, new Directors received a comprehensive letter of appointment or employment agreement for Executive Directors, which set out the Company's expectations including the time commitment required upon the acceptance of the position and the Board's expectations regarding their involvement in Board Committee work. A summary of duties, rights and responsibilities and a copy of all corporate governance material were also provided.

2.8 Committees of the Board

The Board had two separate Committees to assist in the discharge of its responsibilities during the year. These were the:

- Audit and Risk Committee; and
- Remuneration and Nomination Committee.

Each Committee had a Charter, detailing its role, duties and membership requirements. The Committee Charters were reviewed regularly and updated as required.

Each separate Committee was comprised of:

- only Non-executive Directors;
- at least three members, the majority of whom are independent; and
- a Chairman appointed by the Board who is one of the independent Non-executive Directors.

The composition of each Committee and details of the attendance of members at meetings held during the year are set out in *the Table in the Directors Report* on page 7.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

The Company had a Code of Business Ethics and Conduct (or the "Code of Conduct" or the "Code"), Share Trading Policy and Diversity Policy which applied to all Directors, officers, employees, consultants and contractors of the Company and its subsidiaries during the year.

3.1 Code of Conduct

The Company's Code of Conduct is available on the Company's website.

3.2 Trading in Company Shares

The Company's Share Trading Policy is located on its website.

3.3 Conflicts of Interest

The Board had approved Director's Conflict of Interest Guidelines which applied if there was, or may have been, a conflict between personal interests of a Director or duties a Director owed to another company, and the duties a Director owed to Red Fork. A register of Conflicts of Interest was tabled at every Board meeting.

3.4 Related Party Transactions
A register of Related Parties was tabled at every Board meeting.

3.5 Diversity Policy
The Company had a diversity policy to provide an environment in which all employees, Directors and consultants were treated with fairness and respect, and had equal access to opportunities available at work regardless of gender, age, disability, marital status, sexual orientation, religion, ethnic or any other area of potential difference. The Policy reflected the matters set out in the commentary and guidance for Recommendation 3.2.

Given the reduction in forces during the period arising from the Company's strategic review and subsequent administration, the Company is not in a position to report on how the measurable objective were achieved during the year or the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING
4.1 Audit and Risk Committee
The Board established an Audit and Risk Committee to assist with its oversight responsibilities for the Company's financial reporting process, the system of internal control in relation to matters affecting the Company's financial performance, audit process, risk management procedures and monitoring the Company's compliance with laws and regulations.
The Audit and Risk Committee consisted of four independent non-executive directors.

The Audit and Risk Committee reviewed the audited annual and half-yearly financial statements and any reports which accompanied published financial statements.

The Audit and Risk Committee Charter set out the Committee's roles, responsibilities, composition, structure and membership requirements.

The Committee Charter required that the Committee be composed of Directors who are financially literate, with at least one Director possessing accounting or related financial expertise and qualifications and at least one Director who had experience in, and an understanding of the oil and gas industry. The Chairman of the Audit and Risk Committee could not be the Chairman of the Company.

Mr Colwell, Mr Edwards, Mr Warnock and Mr Fry were voting members of the Committee. They were all independent Non-executive Directors of the Company during the year as disclosed in various other sections of this Statement. The Company therefore complied with Recommendation 4.2.

4.2 External auditor
The Audit and Risk Committee reviewed the external auditor's terms of engagement and audit plan, assessed the independence and monitored the performance of the external auditor. The Audit and Risk Committee also reviewed any non-audit services proposed to be provided by the auditor and reviewed them, in particular to identify any threats to independence which could have arisen for the provision of non-audit services. The Company's independent external auditor is Grant Thornton Audit Pty Ltd.

The current practice for Grant Thornton Audit Pty Ltd, subject to amendments in the event of legislative change, is for the rotation of the engagement partner for listed entity clients to occur every five years and prohibit the re-involvement of a previous audit partner in the audit service for two years following rotation. Details of analysis of fees paid to the external auditors, including a break-down of any fees for any non-audit services, are located in Note 24 to the Financial Statements. The external auditors also provide an annual declaration of their independence to the Company.

The Company's external auditor is required to attend its Annual General Meeting and be available to answer shareholder questions in relation to the conduct of the audit, its preparation and content of the audit report.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE
The Continuous Disclosure Policy reflected the matters set out in the commentary and guidance for Recommendation 5.1. The Continuous Disclosure Policy is available on Red Fork Energy's website.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

The Shareholder Communication Policy reflected the matters set out in the commentary and guidance for Recommendation 6.1. The Shareholder Communication Policy is available on Red Fork Energy's website.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

7.1 Risk Management Policy

The Board adopted a Risk Management and Internal Compliance and Control Strategy which sets out the Company's system of risk oversight, management of material business risks and internal control. These were governed by the Audit and Risk Committee Charter.

7.2 Risk oversight

The Board is ultimately responsible for the oversight and approval of the Company's risk management strategy, policy and key risk parameters.

7.3 Reporting and assurance

The Risk Management and Internal Compliance and Control Strategy governed by the Audit and Risk Committee Charter is available on the Red Fork Energy website.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

8.1 Remuneration and Nomination Committee

Remuneration and Nomination Committee had delegated responsibilities in relation to the Company's remuneration policies as set out in the Committee Charter. The Charter reflects the matters set out in the commentary and guidance for Recommendation 8.1.

8.2 Role

The Remuneration and Nomination Committee assists the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees and executives. The Remuneration and Nomination Committee currently consisted of four independent non-executive Directors during the year.

8.3 Responsibilities

The Committee has established a Remuneration Policy for the Company, a copy is available under the Committee's Charter.

The Remuneration Report outlines the Director and Executive remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001, the Corporations Regulations and the relevant Accounting Standards. Shareholders will be invited to consider and approve the Remuneration Report at the 2014 AGM.

8.4 Non-executive Directors' remuneration policy

The structure of Non-executive Directors' remuneration was clearly distinguished from that of Executives. Remuneration for Non-executive Directors was fixed. Non-Executive Directors did not receive performance based bonuses or inclusion in the STI or LTI schemes. The Chairman did not receive equity remuneration benefits.

8.5 Executive directors' remuneration policy

As noted previously, Executive Directors were employed pursuant to employment agreements and were entitled to participate in the Company's performance based incentive plans (short term variable incentives and long term incentive, which were equity based). Summaries of incentive plans are set out in the Remuneration Report.

The checklist below summarises the Company's compliance with the Recommendations.

Principles	Recommendations	Compliance Yes/No	Reference/ Explanation
Pr 1	**Lay solid foundations for management and oversight**		
Rec 1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose the functions.	Yes	Website and Page 17
Rec 1.2	Companies should disclose the process for evaluation of the performance of senior executives.	Yes	Website and Page 17
Rec 1.3	Companies should provide the information indicated in the Guide to reporting to Principle 1.	Yes	Website and Page 17
Pr 2	**Structure the board to add value**		
Rec 2.1	A majority of the board should be independent directors.	Yes - until 10 December 2014	Website and Page 17
Rec 2.2	The Chairperson should be an independent director.	Yes	Website and Page 18
Rec 2.3	The roles of chairman and chief executive officer should not be exercised by the same individual.	Yes	Website and Page 18
Rec 2.4	The board should establish a nomination committee	Yes	Website and Page 18
Rec 2.5	Companies should disclose the process of evaluating the performance of the board, its committees and individual directors.	Yes	Website and Page 19
Rec 2.6	Companies should provide the information indicated in the Guide to reporting to Principle 2	Yes	Website and Page 19
Pr 3	**Promote ethical and responsible decision making**		
Rec 3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: - the practices necessary to maintain confidence in the company's integrity - the practices necessary to take account of their legal obligations and reasonable expectations of their stakeholders; and - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	Website and Page 19
Rec 3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.	Yes	Website and Page 20
Rec 3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	No	Website and Page 20
Rec 3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	No	Website and Page 20
Rec 3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	Yes	Website and Page 20

Principles	Recommendations	Compliance Yes/No	Reference/ Explanation
Pr 4	**Safeguard integrity in financial reporting**		
Rec 4.1	The board should establish an audit committee.	Yes	Website and Page 20
Rec 4.2	The audit committee should be structured so that it:		
	- consists only of non-executive directors;	Yes	Website and Page 20
	- consists of a majority of independent directors;	Yes	Website and Page 20
	- is chaired by an independent chair, who is not the chair of the board; and	Yes	Website and Page 20
	- has at least three members.	Yes	Website and Page 20
Rec 4.3	The audit committee should have a formal charter.	Yes	Website and Page 20
Rec 4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	Yes	Website and Page 20
Pr 5	**Make timely and balanced disclosure**		
Rec 5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior level for that compliance and disclose those policies or a summary of those policies.	Yes	Website and Page 20
Rec 5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	Yes	Website and Page 20
Pr 6	**Respect the rights of shareholders**		
Rec 6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	Website and Page 21
Rec 6.2	Company should provide the information indicated in the Guide to reporting on Principle 6.	Yes	Website and Page 21
Pr 7	**Recognise and manage risk**		
Rec 7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	Website and Page 21
Rec 7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	Website and Page 21
Rec 7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes (??)	Website and Page 21
Rec 7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	Yes	Website and Page 21

Principles	Recommendations	Compliance Yes/No	Reference/ Explanation
Pr 8	**Remuneration fairly and responsibly**		
Rec 8.1	The board should establish a remuneration committee.	Yes	Website and Page 21
Rec 8.2	The remuneration committee should be structured so that it: - consists of a majority of independent directors - is chaired by an independent director - has at least three members	Yes	Website and Page 21
Rec 8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	Yes	Website and Page 21
Rec 8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	Yes	Website and Page 21

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the financial year ended 31 December 2014

	Note	PARENT 12 months to 31 December 2014 US$'000	CONSOLIDATED 6 months to 31 December 2013 US$'000
Sales Revenue	2	-	26,036
Cost of sales	2	-	(6,203)
Gross profit		**-**	**19,833**
Other revenue	2	17	213
Amortisation, depreciation, depletion and rehabilitation expense	2	(5)	(8,498)
Administration and other expenses	2	(596)	(2,479)
Exploration expenses		-	(1,284)
Employment expenses		(1,004)	(2,941)
Equity based payments	17(a)	6,041	(3,210)
Finance costs	2	(3)	(2,293)
Consultants fees		(176)	-
Compliance and registry expenses		(392)	-
Administrator expenses		(38)	-
GGH fixed charge reclaim		(108)	-
Gain/(loss) on foreign exchange movement		(20,378)	-
Loss before income tax expense		(16,642)	(659)
Income tax expense	3	-	-
Net loss for the year from continuing operations		(16,642)	(659)
Discontinued operations			
Net loss for the year from discontinued operations	23(d)	(174,675)	-
Net loss for the year ended 31 December 2014	16	**(191,317)**	**(659)**
Other comprehensive income			
Items that will be reclassified subsequently to profit and loss:			
Exchange differences on translation of foreign operations		-	(6,280)
Foreign exchange gain/(loss) reclassified to profit and loss		(690)	6,166
Other comprehensive loss for the year net of taxes		(690)	(114)
Total comprehensive loss for the year		**(192,007)**	**(773)**
Earnings/(Loss) Per Share			
Basic and diluted loss per share (cents)	21	(38.40)	(0.14)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2014

	Note	PARENT 31 December 2014 US$'000	CONSOLIDATED 31 December 2013 US$'000
CURRENT ASSETS			
Cash and cash equivalents	5	-	34,790
Trade and other receivables	6	39	9,352
Derivative financial instruments	10	-	10
Other assets	11	-	3,005
TOTAL CURRENT ASSETS		**39**	**47,157**
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	7	-	19,131
Development and production assets	8	-	190,582
Plant, equipment and pipeline	9	3	42,607
Other assets	11	-	466
TOTAL NON-CURRENT ASSETS		**3**	**252,786**
TOTAL ASSETS		**42**	**299,943**
CURRENT LIABILITIES			
Trade and other payables	12	670	39,507
Interest-bearing loans and borrowings	13	-	-
Other financial liabilities		-	10
TOTAL CURRENT LIABILITIES		**670**	**39,517**
NON CURRENT LIABILITIES			
Interest-bearing loan	13	-	94,373
Restoration provision	14	-	405
TOTAL NON-CURRENT LIABILITIES		**-**	**94,778**
TOTAL LIABILITIES		**670**	**134,295**
NET ASSETS		**(628)**	**165,648**
SHAREHOLDERS (DEFICIT) /EQUITY			
Issued capital	15	208,000	208,000
Reserves	17	-	6,076
Accumulated losses	16	(208,628)	(48,428)
TOTAL SHAREHOLDERS (DEFICIT) /EQUITY		**(628)**	**165,648**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2014

	Note	Issued Capital US$'000	Accumulated Losses US$'000	Share Based Payment Reserve US$'000	Foreign Currency Translation Reserve US$'000	Total US$'000
		CONSOLIDATED				
Balance at 1 July 2013		165,810	(47,786)	3,194	804	122,022
Loss for the period		-	(659)	-	-	(659)
Exchange difference arising on translation of foreign operation		-	-	-	(6,280)	(6,280)
Foreign exchange loss reclassified to equity		-	-	-	6,166	6,166
Total comprehensive loss for the period		-	**(659)**	-	**(114)**	**(773)**
Shares issued during the period		43,918	-	-	-	43,918
Capital raising costs		(2,729)	-	-	-	(2,729)
Conversion of performance rights		1,001	-	(1,001)	-	-
Expired and cancelled options and performance rights		-	17	(17)	-	-
Recognition of share based payments		-	-	3,210	-	3,210
For the 6 months ended 31 December 2013		**208,000**	**(48,428)**	**5,386**	**690**	**165,648**
Balance at 1 January 2014		**208,000**	**(48,428)**	**5,386**	**690**	**165,648**
Loss for the period		-	(191,317)	-	-	(191,317)
Foreign exchange loss reclassified to profit and loss from equity reserve from prior period		-	-	-	(690)	(690)
Total comprehensive loss for the period		-	**(191,317)**	-	**(690)**	**(192,007)**
Foreign exchange loss reclassified to profit and loss from equity reserve		-	30,567	-	-	30,567
Shares issued during the period		-	-	-	-	-
Capital raising costs		-	-	-	-	-
Conversion of performance rights		-	-	-	-	-
Expired and cancelled options and performance rights		-	550	(6,591)	-	(6,041)
Recognition of share based payments	17	-	-	1,205	-	1,205
For the year ended 31 December 2014		**208,000**	**(208,628)**	**-**	-	**(628)**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2014

	Note	PARENT Year ended 31 December 2014 US$'000	CONSOLIDATED 6 months to 31 December 2013 US$'000
CASH FLOWS USED IN OPERATING ACTIVITIES			
Receipts from sales		44,178	22,823
Payments to suppliers and employees		(28,030)	(10,565)
Interest received		19	33
NET CASH PROVIDED BY OPERATING ACTIVITIES	18(a)	**16,167**	**12,291**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		11,638	-
Payments for exploration activities		(2,458)	(3,406)
Payments for development activities		(41,446)	(75,979)
Payments for property, plant and equipment		(2,579)	(6,402)
Payments for acquisition of oil and gas properties		(6,064)	(4,502)
NET CASH (USED IN) INVESTING ACTIVITIES		**(40,909)**	**(90,289)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options		-	43,918
Transaction costs on issue of shares		-	(2,677)
Proceeds from borrowings		8,000	120,000
Repayments of borrowings		-	(45,000)
Borrowing costs, including capitalised finance fees		(17,927)	(7,190)
NET CASH PROVIDED BY FINANCING ACTIVITIES		**(9,927)**	**109,051**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(34,669)**	**31,053**
Cash at beginning of the period		34,790	3,763
Effect of exchange rates on cash		(121)	(26)
CASH AT END OF PERIOD	18(b)	**-**	**34,790**

The accompanying notes form part of these financial statements

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report includes the consolidated financial statements and notes of Red Fork Energy Limited (RFE) (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) and its wholly owned subsidiaries Red Fork (USA) Investments Inc. and EastOk Pipeline LLC. (collectively, the “Company”, “Consolidated Entity” or “Group” except where indicated.

The financial report is a general-purpose financial report, which has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations, and complies with other requirements of the law.

Incomplete records

On 8 December 2014, Clifford Rocke, Martin Madden and David Winterbottom of KordaMentha Pty Ltd were appointed as Receivers and Managers (“R&M”) of certain assets of the Company under the terms of the security provided to Guggenheim Corporate Funding LLC “Guggenheim”.

On 10 December 2014, Red Fork Energy Limited’s (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) securities were suspended from quotation on the Australian Securities Exchange (ASX). On 10 December 2014, the Directors of the Company resolved to place the Company in voluntary administration and appointed Messrs Martin Jones, Darren Weaver and Benjamin Johnson of Ferrier Hodgson as joint and several administrators of the Company.

On 12 December 2014 the R&M were appointed over the Company. Following appointment of the R&M and administrators, the powers of the Company’s officers (including Directors) were suspended and subject to the appointment of the R&M and Administrators who assumed control of the Company’s business, property and affairs.

The US subsidiary companies, Red Fork USA Investments Inc, Eastok Pipeline LLC and Prarie Gas Gathering LLC, were managed by the R&M from 8 December 2014, and on 2 April 2015 the entities were subsequently disposed to Guggenheim LLC. It has therefore been assumed that control relating to the rights and variable returns from the US subsidiary entities were lost from 8 December 2014, being the date by which the receivers and managers were appointed. The US subsidiaries have been deconsolidated from this date for accounting purposes.

The financial report for the year ended 31 December 2014 has been prepared by Directors in office for the full periods presented in this report. Every reasonable effort has been made by the Directors to ascertain the true position of the Company as at 31 December 2014.

To prepare the financial report, the directors have reconstructed the financial records of the Group using data extracted from the Group’s accounting system for the entire financial year. However, there may be information that the current Directors have not been able to obtain, the impact of which may or may not be material on the accounts.

These financial statements do not contain all the required information or disclosure in relation to transactions undertaken by the company as this information is unascertainable due to the administration process and/or the change in directorships.

Consequently, although the Directors have prepared this financial report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with the Australian Accounting Standards including Australian interpretations, other authoritative pronouncements of the Australian Accounting Standard Board and the Corporations Act 2001, nor is it possible to state this financial report gives a true and fair view of the Group’s financial position as at 31 December 2014 and for the year then ended.

Functional and presentation currency

The consolidated financial statements are presented in United States dollars (US$), which is the Group’s presentation currency unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Rounding

The amounts in the financial statements for the current financial year and its comparatives have been rounded off to the nearest US$1,000 under the provision of ASIC Class Order 98/100.

Accounting Policies

The accounting policies detailed below have been consistently applied to all the years presented unless otherwise stated. The financial information has been prepared on the accruals basis and is based on historical costs and does not take into account changing money values. Cost is based on the fair values of the consideration given in exchange for assets.

Going Concern

The Group incurred a loss of $192million for the year ended 31 December 2014. In addition the Group has a net current liability of $0.63million and a shareholder deficit of $0.628million as at 31 December 2014. Cash and cash equivalents at the year-end amounted to nil.

The financial report has been prepared on a going concern basis which assumes the continuity of normal business activities and the realization of assets and settlement of liabilities in the ordinary course of business. The directors believe it is appropriate to prepare these accounts on a going concern basis because under the DOCA effectuated on 2 April 2015, if completed, the DOCA will extinguish all liabilities associated with the previous administration of the Company, and the Company is in the process of undertaking the following transactions:

- Cicero paid the Company a $50,000 loan upon execution of the DOCA (Cicero Loan). The Cicero Loan was advanced to provide critical working capital required to facilitate the recapitalisation and reinstatement process. It is proposed that this loan amount shall convert into 749,494,640 Shares in the Company (on a post-Consolidation basis) (Cicero Shares) subject to satisfaction of the conditions precedent contained in the DOCA.

A Notice of Meeting containing the DOCA proposal and related resolutions was dispatched to shareholders on 7 May 2015, with the meeting scheduled to be held on 5 June 2015. If the resolutions put to the meeting are approved:

- The Company will consolidate its existing securities on a one (1) for two (2) basis, rounded down to the nearest whole number (Consolidation);
- The Company will be authorised to issue a minimum of 1,500,000,000 Shares, and up to a maximum of 2,500,000,000 Shares, to be issued at a price of $0.001 each to raise a minimum of $1,500,000 and a maximum of $2,500,000 (Capital Raising).
- Of the funds raised from the issue of the Shares pursuant to the Capital Raising, Cicero will pay $400,000 to the Deed Administrators who in turn will pay $295,000 into the creditors' trust created in accordance with the DOCA (Creditors' Trust) and $105,000 to Guggenheim Corporate Funding, LLC in full and final satisfaction of the Company's obligations to Guggenheim. The balance of the funds raised is intended to be applied to working capital and other costs in relation to the general and administrative costs of the Company.
- Upon Completion of the DOCA in accordance with its terms:
    - (i) the DOCA will terminate;
    - (ii) all admitted claims against the Company arising on or before 10 December 2014 (Claims) will be released and compromised with those creditors' with Claims (Creditors) instead entitled to rights in respect of the Creditors' Trust; and
    - (iii) the Company will retain its main business undertaking and will seek reinstatement to the ASX.

Due to reliance on capital markets and other conditions precedent in the DOCA there is a material uncertainty that the DOCA may not succeed which may cast significant doubt on the ability of the Company to meet its creditors as and when they fall due including paying out its existing creditors on the terms agreed, and thus continue as a going concern.

However, based upon the previous experience of Cicero in demonstrating successful recapitalisations the directors are confident that sufficient funds will be raised to ensure that the DOCA will succeed. Should the Company be unable to complete on all conditions precedent in respect of the DOCA, the Company would review alternative options including other refinancing proposals.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Based upon the proposed equity raising as described above, the company's cash flow forecast indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for a period of at least 12 months from the date of signing the financial report. Accordingly the directors are satisfied that the going concern basis of preparation is appropriate.

(b) Adoption of new and revised standards

New/revised pronouncement	Nature of change	Effective date (annual reporting periods beginning on or after 31 December 2014)	Likely impact on initial application
AASB 9 *Financial Instruments (December 2014)* [Also refer to AASB 2013-9 and AASB 2014-1 below]	AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are: a financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows b allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument c introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments d financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases e where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: • the change attributable to changes in credit risk are presented in other comprehensive income (OCI) • the remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9: • classification and measurement of financial liabilities; and • derecognition requirements for financial assets and liabilities.	1 January 2018	*When this standard is first adopted for the year ending 31 December 2018, there will be no material impact on the transactions and balances recognised in the financial statements.*
AASB 9 *Financial Instruments (December 2014)* continued	AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements. Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

AASB 14 *Regulatory Deferral Accounts*	AASB 14 permits first-time adopters of Australian Accounting Standards who conduct rate-regulated activities to continue to account for amounts related to rate regulation in accordance with their previous GAAP. Accordingly, an entity that applies AASB 14 may continue to apply its previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of its regulatory deferral account balances. This exemption is not available to entities who already apply Australian Accounting Standards.	1 January 2016	*When AASB 14 becomes effective for the first time for the year ending 31 December 2016, it will not have any impact on the entity.*
AASB 15 *Revenue from Contracts with Customers*	AASB 15: replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and some revenue-related Interpretations: • establishes a new revenue recognition model • changes the basis for deciding whether revenue is to be recognised over time or at a point in time • provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing) • expands and improves disclosures about revenue In the Australian context, AASB 15 will apply to contracts of not-for-profit (NFP) entities that are exchange transactions. AASB 1004 *Contributions* will continue to apply to non-exchange transactions until the Income from Transactions of NFP Entities Project is completed (with an Exposure Draft inviting public comment on those proposals targeted for issue in Q1 2015).	1 January 2017	*When this Standard is first adopted for the year ending 31 December 2017, there will be no material impact on the transactions and balances recognised in the financial statements.*
AASB 2014-1 *Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)*	Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards *Annual Improvements to IFRSs 2010-2012 Cycle* and *Annual Improvements to IFRSs 2011-2013 Cycle*. Among other improvements, the amendments arising from *Annual Improvements to IFRSs 2010-2012 Cycle*: a clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity); and b amend AASB 8 Operating Segments to explicitly require the disclosure of judgements made by management in applying the aggregation criteria. Among other improvements, the amendments arising from *Annual Improvements to IFRSs 2011-2013 Cycle* clarify that an entity should assess whether an acquired property is an investment property under AASB 140 *Investment Property* and perform a separate assessment under AASB 3 *Business Combinations* to determine whether the acquisition of the investment property constitutes a business combination.	1 July 2014	*When these amendments are first adopted for the year ending 31 December 2015, there will be no material impact on the entity.*
AASB 2014-1 *Amendments to Australian Accounting Standards (Part B: Defined Benefit Plans: Employee Contributions (Amendments to AASB 119))*	Part B of AASB 2014-1 makes amendments to AASB 119 *Employee Benefits* to incorporate the IASB's practical expedient amendments finalised in International Financial Reporting Standard *Defined Benefit Plans: Employee Contributions* (Amendments to IAS 19) in relation to the requirements for contributions from employees or third parties that are linked to service. The amendments clarify that if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service. In contrast, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by paragraph 70 of AASB 119 for the gross benefit.	1 July 2014	*When these amendments are first adopted for the year ending 31 December 2015, there will be no material impact on the entity.*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

AASB 2014-1 *Amendments to Australian Accounting Standards (Part C: Materiality)*	Part C of AASB 2014-1 makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031 *Materiality*, which historically has been referenced in each Australian Accounting Standard.	1 July 2014	*When these amendments are first adopted for the year ending 31 December 2015, there will be no material impact on the entity.*
AASB 2014-1 *Amendments to Australian Accounting Standards (Part D: Consequential Amendments arising from AASB 14)*	Part D of AASB 2014-1 makes consequential amendments arising from the issuance of AASB 14.	1 January 2016	*When these amendments become effective for the first time for the year ending 31 December 2016, they will not have any impact on the entity.*
AASB 2014-1 *Amendments to Australian Accounting Standards (Part E: Financial Instruments)*	Part E of AASB 2014-1 makes amendments to Australian Accounting Standards to reflect the AASB's decision to defer the mandatory application date of AASB 9 *Financial Instruments* to annual reporting periods beginning on or after 1 January 2018. Part E also makes amendments to numerous Australian Accounting Standards as a consequence of the introduction of Chapter 6 *Hedge Accounting* into AASB 9 and to amend reduced disclosure requirements for AASB 7 *Financial Instruments: Disclosures* and AASB 101 *Presentation of Financial Statements*.	1 January 2015	*The entity has not yet assessed the full impact of these amendments.*
AASB 2014-3 *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations*	The amendments to AASB 11 state that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a 'business', as defined in AASB 3 *Business Combinations*, should: • apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except principles that conflict with the guidance of AASB 11. This requirement also applies to the acquisition of additional interests in an existing joint operation that results in the acquirer retaining joint control of the joint operation (note that this requirement applies to the additional interest only, i.e., the existing interest is not remeasured) and to the formation of a joint operation when an existing business is contributed to the joint operation by one of the parties that participate in the joint operation; and • provide disclosures for business combinations as required by AASB 3 and other Australian Accounting Standards.	1 January 2016	*When these amendments are first adopted for the year ending 31 December 2016, there will be no material impact on the transactions and balances recognised in the financial statements.*
AASB 2014-4 *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation*	The amendments to AASB 116 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment. The amendments to AASB 138 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (i.e., a revenue-based amortisation method might be appropriate) only in two (2) limited circumstances: i the intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold (for instance, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged); or ii when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.	1 January 2016	*When these amendments are first adopted for the year ending 31 December 2016, there will be no material impact on the transactions and balances recognised in the financial statements.*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*	AASB 2014-5 incorporates the consequential amendments arising from the issuance of AASB 15.	1 January 2017	*Refer to the section on AASB 15 above.*
AASB 2014-6 *Amendments to Australian Accounting Standards – Agriculture: Bearer Plants*	AASB 2014-6 defines bearer plants and requires bearer plants to be accounted for as property, plant and equipment within the scope of AASB 116 *Property, Plant and Equipment* instead of AASB 141 *Agriculture*.	1 January 2016	*When these amendments are first adopted for the year ending 31 December 2016, there will be no material impact on the financial statements.*
AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*	AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9.	1 January 2018	*Refer to the section on AASB 9 above.*
AASB 2014-8 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010)*	AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 [December 2009] and AASB 9 [December 2010]) from 1 February 2015.	1 January 2015	*Refer to the section on AASB 9 above.*
AASB 2014-9 *Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements*	The amendments introduce the equity method of accounting as one of the options to account for an entity's investments in subsidiaries, joint ventures and associates in the entity's separate financial statements.	1 January 2016	*When these amendments are first adopted for the year ending 31 December 2016, there will be no material impact on the financial statements.*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	The amendments address a current inconsistency between AASB 10 *Consolidated Financial Statements* and AASB 128 Investments in Associates and Joint Ventures (2011). The amendments clarify that, on a sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, any gain or loss recognised will depend on whether the assets or subsidiary constitute a business, as defined in AASB 3 *Business Combinations*. Full gain or loss is recognised when the assets or subsidiary constitute a business, whereas gain or loss attributable to other investors' interests is recognised when the assets or subsidiary do not constitute a business. This amendment effectively introduces an exception to the general requirement in AASB 10 to recognise full gain or loss on the loss of control over a subsidiary. The exception only applies to the loss of control over a subsidiary that does not contain a business, if the loss of control is the result of a transaction involving an associate or a joint venture that is accounted for using the equity method. Corresponding amendments have also been made to AASB 128 (2011).	1 January 2016	*When these amendments are first adopted for the year ending 31 December 2016, there will be no material impact on the financial statements.*
Annual Improvements to IFRSs 2012-2014 Cycle	*Annual Improvements to IFRSs 2012-2014 Cycle* is a series of amendments to IFRSs in response to issues raised during the 2012-2014 cycle for annual improvements. Among other improvements, the amendments clarify that when an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution (or vice-versa), the accounting guidance in paragraphs 27-29 of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* does not apply. The amendments also state that when an entity determines that the asset (or disposal group) is no longer available for immediate distribution or that the distribution is no longer highly probable, it should cease held-for-distribution accounting and apply the guidance in paragraphs 27-29 of IFRS 5. The AASB is expected to publish the equivalent Australian amendments in quarter 1 of 2015.	1 January 2016	*When these amendments are first adopted for the year ending 31 December 2016, there will be no material impact on the financial statements.*
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	The narrow-scope amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investments in Associates and Joint Ventures* introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the Standards.	1 January 2016	*When these amendments are first adopted for the year ending 31 December 2016, there will be no material impact on the financial statements.*
Disclosure Initiative – Amendments to IAS 1 *Presentation of Financial Statements*	The amendments: • clarify the materiality requirements in IAS 1, including an emphasis on the potentially detrimental effect of obscuring useful information with immaterial information • clarify that IAS 1's specified line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position can be disaggregated • add requirements for how an entity should present subtotals in the statement(s) of profit and loss and other comprehensive income and the statement of financial position • clarify that entities have flexibility as to the order in which they present the notes, but also emphasise that understandability and comparability should be considered by an entity when deciding that order • remove potentially unhelpful guidance in IAS 1 for identifying a significant accounting policy.	1 January 2016	*When these amendments are first adopted for the year ending 31 December 2016, there will be no material impact on the financial statements.*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Statement of compliance

The consolidated general purpose financial statements for the period ended 31 December 2014 were approved and authorised for issue on 5 June 2015.

The consolidated financial statements of the Company have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IRFS) as issued by the International Accounting Standards Board (IASB).

(d) Basis of consolidation

The Group financial statements consolidate those of the parent entity and all of its subsidiaries as of 31 December 2014. The parent entity controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the reporting period are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

(e) Income Tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(f) Exploration and Evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and
(ii) at least one of the following conditions is also met:
  (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
  (b) exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

The Group has changed in the accounting method for oil and gas exploration and development activities by the adoption of "successful efforts" method as opposed to "full cost" method effective 1 July 2013.

Under the successful efforts method, exploration expenditure which is either general in nature or relates to unsuccessful drilling operations, including geological and geophysical expenses applicable to undeveloped leasehold and leasehold exploration costs, are expensed as incurred. Only costs which relate to successful wells, development of dry holes and leases containing productive reserves are capitalised and amortised over the lives of the related reserves. The success or failure of each exploration effort is judged on a well-by-well basis as each potentially hydrocarbon-bearing structure is identified and tested.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any).

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to production assets.

(g) Provision for Restoration and Rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the balance date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each balance date.

The initial estimate of the restoration and rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

(h) Trade and Other Payables

Trade payables and other accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services. Amounts are unsecured and are usually paid within 30 to 45 days of recognition.

(i) Cash and Cash Equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purpose of the Statement of Cash Flows, cash includes on hand and other funds held at call net of bank overdrafts.

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (“ATO”). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(k) Foreign Currency

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates (the "functional" currency). The consolidated financial statements are presented in US dollars.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate at reporting date. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of transaction.

Exchange differences arising on the translation of monetary items are recognized in the Statement of Comprehensive Income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Translation differences arising on non-monetary items, such as equities held at fair value through profit and loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items are included in the reserves within equity.

Foreign operations

The financial performance and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at Statement of reporting date.
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve as a separate component of equity. These differences are recognised in the Statement of Comprehensive Income upon disposal of the foreign operation.

(l) Earnings Per Share

The Company presents basic earnings per share ("EPS") data for its ordinary shares. Basic earnings per share is calculated as net earnings attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

(m) Trade and Other Receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Receivables from related parties are recognised and carried at the nominal amount due.

(n) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(o) Operating Leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised:

(i) Interest

Interest revenue is recognised when control of the right to receive the interest payment.

(ii) Oil and Gas Sales

Revenue from the sale of oil and gas is recognised under the sales method which is based on the amounts actually sold. Revenue is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the products. This occurs at the point of transfer of the product to the purchasers' transportation mode, either truck or pipeline.

(q) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, sick leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave, sick leave and other employee benefits expected to be settled wholly within twelve months of the reporting date are measured at their undiscounted nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. Employee benefits that are expected to be settled later than one year (including any annual leave entitlements which are not used within one year) are measured at the present value of the estimated future cash flows.

Employee benefits expenses and revenues arise in respect of the following categories:

- Employment expenses comprise wages and salary payments non-monetary benefits, annual leave, sick leave and other leave benefits; and
- other types of employee benefits are recognised against earnings on a net basis in their respective categories.

(r) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified at fair value through profit or loss. Transaction costs related to instruments classified at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised when the contractual right to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(i) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iii) Loans and borrowings are non-derivative financial liabilities and are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

(t) Property, Plant & Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:
Gas pipeline – over 50 years
Pipeline processing equipment – over 10 years
Office equipment and other assets – 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment
The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(ii) Derecognition and disposal
An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(u) Impairment of Non-Financial Assets

The Consolidated Entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for a non-financial asset is required, the Consolidated Entity makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Share-Based Payment Transactions

(i) Equity settled transactions:

The Group has a Performance Rights Plan which provides equity based awards to key management personnel and employees. The Remuneration Committee approves the grant of such Performance Rights as incentives to attract and maintain the long term commitment of executives to the Company.

The cost of the awards are measured by reference to the fair value of the equity instrument on the grant date and they are amortised as an expense in profit or loss over the period in which the performance and service conditions are fulfilled (vesting) period.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Consolidated Entity's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(w) Production Assets

Production assets are carried at cost and include construction, installation or completion of wells, transferred exploration and evaluation assets, development wells and the cost of dismantling and restoration.

Subsequent capital costs, including major maintenance, are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Otherwise costs are charged to profit or loss during the financial period in which they are incurred.

All capitalised costs are amortised on the units of production method using estimates of proved reserves.

(x) Significant accounting estimates, assumptions and judgements

The preparation of the financial statements requires the Group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities. The determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience, current and expected economic conditions. Actual results could differ from those estimates.

The more significant areas requiring the use of management estimates and assumptions relate to impairment calculations, production assets and restoration provisions. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates of Reserve Quantities

The estimated quantities of hydrocarbon reserves reported by the consolidated entity are integral to the calculation of amortisation (depletion), depreciation expense and to assessments of possible impairment of assets. Estimated reserve quantities are based upon interpretations of geological and geophysical, models and assessment of the technical feasibility and commercial viability of producing the reserves. Management relies on independent third party reserve estimates which conform to guidelines prepared by the Society of Petroleum Engineers. These assessments require assumptions to be made regarding future development and production costs, commodity prices, exchange rates and fiscal regimes. The estimates of reserves may change from period to period as the economic assumptions used to estimate the reserves can change from period to period, and as additional geological data is generated during the course of operations.

Depletion and Depreciation

The Consolidated Entity uses the unit-of-production reserve depletion model to calculate amortisation and depreciation on capitalised expenditure relating to oil and gas assets. Proved (1P) reserves is used as a denominator for amortisation purposes under the Units of Production Methodology. This method necessitates the estimation of oil and gas reserves over which the carrying value of the relevant assets will be expensed to the statement of comprehensive income. The calculation of oil and gas reserves is complex and requires the use of estimates and assumptions by management of commodity prices, future production costs and geological structures. Reserve estimation aims to provide a statistically probable outcome in relation to the economically recoverable reserve, which may not on a yearly basis reflect the percentage of reserves depleted. However over the life of the producing assets all capitalised costs will be expensed to profit or loss.

Provision for restoration

The Consolidated Entity estimates the future removal and rehabilitation costs of production assets in order to determine its provision for restoration. In many instances, removal of assets occurs many years into the future. This requires judgemental assumptions regarding removal date, future environmental legislation, the extent of reclamation activities required, the engineering methodology used for estimating cost and liability specific discount rates to determine the present value of those cash flows.

Share-based Payments

The Group's policy for stock based compensation is discussed in Note 1(v). The application of this policy requires the directors to make certain estimates and assumptions as to future events and circumstances relating to the stock's vesting.

Impairment of assets

In determining the recoverable amount of assets, in the absence of quoted market prices, estimates are made regarding the present value of future cash flows. For oil and gas properties, expected future cash flow estimation is based on reserves, future production profiles, commodity prices and costs.

Exploration and evaluation

The Consolidated Entity's accounting policy for exploration and evaluation assets is set out in Note 1 (f). The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves have been found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, the Consolidated Entity concludes that it is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

		PARENT	CONSOLIDATED
		12 months to 31 December 2014 US$'000	6 months to 31 December 2013 US$'000
2.	**REVENUES AND EXPENSES**		
(a)	**Revenue**		
	Sales revenue		
	Oil sales	-	21,709
	Gas sales	-	3,607
	Miscellaneous sales	-	720
		-	**26,036**
	Other Revenue		
	Interest received	17	35
	Foreign exchange gain	-	8
	Hedging gain	-	170
		17	**213**
(b)	**Cost of Sales**		
	Lease operating expenses	-	4,926
	Production expenses	-	1,277
		-	**6,203**
(c)	**Amortisation, depreciation, depletion and rehabilitation expense**		
	Amortisation and depletion of production assets	-	7,126
	Amortisation of pipeline assets	-	1,235
	Depreciation expense	5	129
	Rehabilitation expense	-	8
		5	**8,498**
(d)	**Administration and other expenses**		
	Administration expenses	14	76
	Consultant fees	-	1,016
	Compliance and share registry fees	-	436
	Travel expenses	418	221
	Occupancy expenses	81	156
	Other expenses	83	574
		596	**2,479**
(e)	**Finance costs**		
	Interest expense	3	2,075
	Amortisation of deferred loan costs	-	218
		3	**2,293**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

	PARENT	CONSOLIDATED
	12 months to 31 December 2014 US$'000	6 months to 31 December 2013 US$'000
3. INCOME TAX EXPENSE		
The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
	-	**-**
The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax benefit on loss from ordinary activity before income tax at 30% (30 June 2013: 30%)	(57,602)	(198)
Add tax effect of:		
Disposal of subsidiaries	52,402	-
Foreign exchange	6,108	-
Losses not recognised	403	210
Share based payments	-	838
Other non-allowable items	413	130
Other deferred tax balances not recognised	88	57
	1,812	1,037
Less tax effect of:		
Equity based payments	1,812	-
Losses recognised not previously brought to account	-	1,037
Income tax expense	-	-
4. DEFERRED TAX		
(a) Deferred tax recognised		
Deferred tax liabilities		
Exploration and evaluation costs	-	(14,394)
Other	-	(1)
Deferred tax assets		
Carry forward revenue losses	-	14,395
Net deferred tax	**-**	**-**
(b) Unrecognised deferred tax assets		
Carry forward revenue losses	2,065	10,375
Provisions and accruals	108	19
Other	2	3
	2,175	**10,397**

The Group recognises the benefits of tax losses to the extent of anticipated future taxable income or gains and are subject to satisfying the income tax laws in the relevant jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

	PARENT	CONSOLIDATED
	As at 31 December 2014 US$'000	As at 31 December 2013 US$'000
5. CASH AND CASH EQUIVALENTS		
Cash at bank	-	33,199
Short Term Deposits	-	1,591
	-	34,790

Cash at bank earns interest at floating rates based on a daily bank deposit rates and fixed interest is earned on term deposits held for maturity between 1-3 months.

	PARENT	CONSOLIDATED
6. TRADE & OTHER RECEIVABLES		
Current		
Oil and gas sales receivable	-	9,195
Other receivables	15	37
	15	**9,232**
Prepayments	24	120
	39	**9,352**

Terms and conditions relating to the above financial instruments:
(a) Oil and gas sales receivable is non-interest bearing and generally on 60 day terms;
(b) Other debtors are non-interest bearing and generally on 30 day terms

Ageing of past due but not impaired:

	PARENT	CONSOLIDATED
Current – 30 days	15	6,356
30 – 60 days	-	1,129
60 – 90 days	-	548
Over 90 days	-	1,199
Total	**15**	**9,232**

7. EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation costs carried forward in respect of petroleum exploration areas of interest.

	PARENT	CONSOLIDATED
Pre-production		
Exploration and evaluation phases	**-**	**19,131**
Movement in carrying amounts		
Opening balance	19,131	21,320
Expenditure incurred during the year	1,300	1,945
Disposals – due to deconsolidation	(20,539)	(3)
Transfers (see Note 8)	108	(4,131)
	-	**19,131**

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the petroleum exploration areas of interest.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

	PARENT	CONSOLIDATED
	As at 31 December 2014 US$'000	As at 31 December 2013 US$'000
8. DEVELOPMENT AND PRODUCTION ASSETS		
At cost	-	215,811
Accumulated depreciation and impairment	-	(25,229)
	-	**190,582**
Movement in carrying amounts		
Opening balance	190,582	106,452
Additions	30,248	87,125
Disposals – due to deconsolidation	(210,809)	-
Transfers (see Note 7)	(108)	4,131
Depreciation charge for the period	(9,913)	(7,126)
Closing balance	**-**	**190,582**
9. PLANT, EQUIPMENT AND PIPELINE		
Pipeline and field equipment		
At cost	-	44,851
Accumulated depreciation	-	(3,392)
	-	41,459
Other plant and equipment		
At cost	36	1,744
Accumulated depreciation	(33)	(596)
	3	1,148
	3	**42,607**
Pipeline and field equipment		
Opening balance	41,459	33,522
Additions	2,916	9,172
Transfers	-	-
Depreciation charge for the period	(1,307)	(1,235)
Disposal – Due to deconsolidation	(43,068)	-
	-	41,459
Other plant and equipment		
Opening balance	1,148	1,146
Additions	45	269
Disposals – Due to deconsolidation	(1,114)	-
Depreciation charge for the period	(76)	(267)
	3	1,148
	3	**42,607**
10. DERIVATIVES		
Current		
Forward exchange contracts (Refer to Note 25)	**-**	**10**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

	PARENT As at 31 December 2014 US$'000	CONSOLIDATED As at 31 December 2013 US$'000
11. OTHER ASSETS		
Current		
Inventories	-	221
Deferred property costs (a)	-	2,784
	-	**3,005**
Non-Current		
Bonds and Security deposits (b)	**-**	**446**

(a) Amounts incurred on jointly operated wells unallocated and unbilled to joint interest owners at the period end.
(b) Bonds and security deposits have been reclassified from current to non-current assets.

	PARENT	CONSOLIDATED
12. TRADE & OTHER PAYABLES		
Current		
Trade creditors (a)	86	37,321
Other creditors and accruals	494	2,162
Employee accruals	90	24
	670	**39,507**
Aggregate amounts payable to related parties:		
Directors and director-related entities	442	29

Terms and conditions
(a) Trade creditors are non-interest bearing and are normally settled on 45 day terms.

	PARENT	CONSOLIDATED
13. INTEREST-BEARING LOANS		
Current		
Secured credit facility	-	-
Non-Current		
Secured loan	-	100,000
Less: Deferred loan costs	-	(5,627)
	-	**94,373**
14. RESTORATION PROVISION		
Non-Current		
Rehabilitation costs	**-**	**405**
Rehabilitation Costs		
Opening balance	405	400
Liabilities incurred during the period	36	36
Additions in provisions during the period	13	8
Provisions written off - Deconsolidation	(454)	(39)
Balance at end of period	**-**	**405**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

	PARENT As at 31 December 2014 US$'000	CONSOLIDATED As at 31 December 2013 US$'000
15. ISSUED CAPITAL		
Issued and paid up capital		
501,051,719 (30 June 2013: 388,551,719) Ordinary shares	**208,000**	**208,000**
(a) Movements in issued capital		
At the beginning of the period		
Shares issued during the period:	208,000	165,810
- Placement at $0.43 each		
- Performance rights conversion	-	43,918
Share issue costs	-	1,001
At end of the period	-	(2,729)
	208,000	**208,000**

(b) Movements in number of shares on issue		
Fully paid	**Number**	**Number**
At the beginning of the period	501,051,719	388,551,719
Shares issued during the period:		
- Placement at $0.43 each	-	111,000,000
- Performance rights conversion	-	1,500,000
At end of the period	**501,051,719**	**501,051,719**

Terms and conditions of contributed equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(c) Options

At the end of the reporting period, 3,517,666 options expired unexercised as detailed below. There were no options over unissued shares at the end of the reporting period.

Type	Date of Expiry	Exercise Price AUD	Number of Options Expired
Unlisted Options	30 June 2014	$0.65	1,600,000
Unlisted Options	30 June 2014	$0.35	708,333
Unlisted Options	30 June 2014	$0.45	708,333
Unlisted Options	30 November 2014	$1.20	501,000

There were no movements in employee options during the year ended 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

15. ISSUED CAPITAL (CONTINUED)

(d) Performance rights

At the end of the year, the 10,460,000 performance rights on issue are being treated as lapsed as either the vesting terms are no longer achievable or they have nil value.

Type	Date of Expiry	Number Performance Rights Lapsed	Vesting Probability
Tranche B – Directors (i)	30 April 2016	1,000,000	100%
Tranche C - Directors (ii)	30 April 2016	2,000,000	100%
Tranche A – Employees (iii)	26 October 2017	1,530,000	0%
Tranche B – Employees (iv)	26 October 2017	2,890,000	0%
Tranche C – Employees (v)	26 October 2017	3,040,000	0%

Tranche B and C Directors performance rights have vested and can be converted into fully paid ordinary shares. All performance rights however have lapsed .

	PARENT	CONSOLIDATED
	Year ended 31 December 2014 US$'000	6 months to 31 December 2013 US$'000
16. ACCUMULATED LOSSES		
Balance at the beginning of the period	**(48,428)**	**(47,786)**
Net loss for the period	(191,317)	(659)
Prior period adjustment	30,567	
Transfer of expired and cancelled options and performance rights from reserve (refer Note 17(iii))	550	17
Balance at end of the period	**(208,628)**	**(48,428)**
17. RESERVES		
Share based payment reserve	-	5,386
Foreign currency translation reserve	-	690
	-	**6,076**
(a) Share based payment reserve (i)		
At beginning of the period	5,386	3,194
Performance rights issued during the period	-	43
Options cancelled and expired	(328)	-
Performance rights lapsed	(6,263)	(17)
Performance rights conversion	-	(1,001)
Employee equity settled payments	1,205	3,167
Balance at end of the period	**-**	**5,386**
(b) Foreign currency translation reserve (ii)		
At beginning of the period	690	804
Movement during the period	(690)	(114)
Balance at end of the period	**-**	**690**

(i) The share based payment reserve is used to record the value of equity benefits provided to the employees and directors as part of their remuneration.

(ii) The foreign currency translation reserve records exchange differences arising on translation of the entities into the presentation currency of the Group.

(iii) A total of 120,000 performance rights issued to the employees were cancelled during the year. The remaining vesting expense of US$17,007 of these performance rights was recorded through the reserve and has been transferred to accumulated losses on cancellation in accordance with AASB2.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

	PARENT	CONSOLIDATED
	Year ended 31 December 2014 US$'000	6 months to 31 December 2013 US$'000

18. CASH FLOW INFORMATION

(a) Reconciliation of net loss after tax to the net cash flows from operations:

	PARENT Year ended 31 December 2014 US$'000	CONSOLIDATED 6 months to 31 December 2013 US$'000
Net loss	(191,317)	(659)
Cash flows excluded from profit/loss attributable to operating activities		
Finance costs	3	2,293
Exploration costs	-	1,284
Non-cash items		
Amortisation, depreciation and rehabilitation expense	5	8,498
Share based payments	(6,041)	3,210
Unrealised foreign (gain)/losses	28,914	(32)
Unrealised foreign gain on hedging	-	(10)
Disposal of subsidiaries	180,731	-
Provision for employee entitlements	66	-
Changes in assets and liabilities		
Increase in receivables	4,321	(2,177)
Increase in payables and accruals	(515)	(116)
Net cash flows from / (used in) operating activities	16,167	12,291

(b) Reconciliation of cash:

	PARENT	CONSOLIDATED
Cash balances comprises		
AUD accounts	-	1,607
USD accounts	-	33,183
	-	**34,790**

19. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Remuneration of Directors and Executives

Details of remuneration paid to key management personnel have been disclosed in the Directors' Report.

Aggregate of remuneration paid to key management personnel during the period as follows:

	PARENT	CONSOLIDATED
Short term employee benefits	2,253	1,106
Post-employment benefits	212	9
Share-based payments	-	1,960
	2,465	**3,075**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

20. SEGMENT INFORMATION

Management has determined, based upon the reports reviewed by the CEO and used to make strategic decisions, that the Company has no reportable segments.

The CEO reviews internal management reports on a monthly basis that are consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required, because the information as presented is used by the CEO to make strategic decisions.

21. LOSS PER SHARE

The following reflects the income and share data used in the calculation of basic and diluted loss per share:

	PARENT	CONSOLIDATED
	As at 31 December 2014 US$'000	As at 31 December 2013 US$'000
Earnings used in calculation of basic and diluted earnings per share	(197)	(659)
Weighted average number of ordinary shares on issue used in the calculation of basic loss per share (i)	501,051,719	480,068,023

(i) Share options are not considered dilutive, as their impact would be to decrease the net loss per share.

22. RELATED PARTY DISCLOSURE

There are no related party transactions.

23. DISCONTINUED OPERATIONS

The following Companies were subsidiaries of Red Fork Energy Limited, however they have been deconsolidated on 8 December 2014, due to the loss of control by management of the Parent Company over the subsidiary. The subsidiary entities were subsequently disposed of on 2 April 2015.

Name	Country of Incorporation	Percentage of equity interest held by Consolidated Entity		Investment	
		31 December 2014 %	31 December 2013 %	31 December 2014 US$	31 December 2013 US$
Red Fork (USA) Investments, Inc.	USA	0% Deconsolidated	100%	-	1,000
EastOK Pipeline LLC	USA	0% Deconsolidated	100%	-	-
Prairie Gas Gathering LLC	USA	0% Deconsolidated	100%	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

23. DISCONTINUED OPERATIONS (CONTINUED)

(a) Loss on deconsolidation of subsidiary

On 8 December 2014, Clifford Rocke, Martin Madden and David Winterbottom of KordaMentha Pty Ltd were appointed as Receivers and Managers ("R&M") of certain assets of the Company under the terms of the security provided to Guggenheim Corporate Funding LLC "Guggenheim".

On 10 December 2014, Red Fork Energy Limited's (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) securities were suspended from quotation on the Australian Securities Exchange (ASX). On 10 December 2014, the Directors of the Company resolved to place the Company in voluntary administration and appointed Messrs Martin Jones, Darren Weaver and Benjamin Johnson of Ferrier Hodgson as joint and several administrators of the Company.

On 12 December 2014 the R&M were appointed over the Company. Following appointment of the R&M and Administrators, the powers of the Company's officers (including Directors) were suspended and subject to the appointment of the R&M and Administrators who assumed control of the Company's business, property and affairs.

The financial performance of the USA subsidiaries is as detailed below:

Carrying amount of assets and liabilities at 8 December 2014

		8 December 2014 US$'000	31 December 2013 US$'000
(a)	***Financial position***		
	Assets		
	Current assets	11,410	45,474
	Non-current assets	280,887	258,392
	Total assets	**292,297**	**303,866**
	Liabilities		
	Current liabilities	(16,547)	(39,269)
	Non-current liabilities	(307,398)	(100,405)
	Total liabilities	**(323,945)**	**(139,674)**
	Net assets	**(31,648)**	**164,192**
(b)	***Financial performance for the period***		
	Revenue	21,989	26,036
	Expenses	(23,071)	(22,456)
	Loss before income taxes	(1,082)	3,580
	Income tax expense for period	-	-
	Loss after income tax	(1,082)	3,580
	Total loss for period	**(1,082)**	**3,580**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

23. DISCONTINUED OPERATIONS (CONTINUED)

		8 December 2014 US$'000	31 December 2013 US$'000
(c)	***Cash flows of subsidiaries for the period***		
	Net cash inflows from operating activities	17,228	10,508
	Net cash outflows from investing activities	(34,925)	(94,687)
	Net cash outflows from financing activities	(9,540)	114,500
	Net change in cashflows	**(27,237)**	**30,321**
(d)	***Loss on deconsolidation of subsidiaries***		
	Net liabilities of US subsidiaries	(31,648)	-
	Impairment of intercompany loan	174,675	-
	Foreign currency translation arising on deconsolidation	50,847	-
	Total at 8 December 2014	**193,874**	**-**

		Year ended 31 December 2014 US$'000	6 months to 31 December 2013 US$'000
24.	**AUDITOR'S REMUNERATION**		
	Amounts received or due and receivable by :		
	- Grant Thornton - audit at financial year end of the Company	127	125
	- Grant Thornton - audit of successful effort conversion	-	25
	Other Services:		
	- Grant Thornton - taxation fees	1	18
		128	**168**

25. FINANCIAL INSTRUMENTS

Financial risk management and risk policies

The financial risk management policies below were adopted by the directors of the Company who were in office prior to the Company entering administration. These policies applied until the Company entered voluntary administration on 10 December 2014. On entering administration, the Administrators were responsible for the Company. There is no current financial risk management policy.

(a) Interest rate risk

The Group is exposed to movements in market interest rates on short term deposits and credit facility. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return.

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current period results and equity which could result from a change in these risks. The balance of debt as at 31 December 2014 was nil (31 December 2013: US$100 million) and is included in the Interest Rate Sensitivity Analysis below.

Interest Rate Sensitivity Analysis

At 31 December 2014, if interest rates had been 2% higher or lower than the prevailing rates realised, with all other variables held constant, the effect on loss and equity as a result of interest rates changes would be as follows:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

25. FINANCIAL INSTRUMENTS (CONTINUED)

	31 December 2014 US$'000 Net Change	31 December 2013 US$'000 Net Change
Change in loss		
Increase in interest rate by 2%:		
AUD accounts	-	32
USD accounts	-	664
USD credit facility	-	(2,000)
	-	(1,304)
Decrease in interest rate by 2%:		
AUD accounts	-	(32)
USD accounts	-	-
USD credit facility	-	2,000
	-	1,968
Change in equity		
Increase in interest rate by 2%:		
AUD accounts	-	32
USD accounts	-	664
USD credit facility	-	(2,000)
	-	**(1,304)**
Decrease in interest rate by 2%:		
AUD accounts	-	(32)
USD accounts	-	-
USD credit facility	-	2,000
	-	**1,968**

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

(b) Net fair values of financial assets and liabilities

The net fair value of cash and cash equivalent and non-interest bearing monetary financial assets and financial liabilities of the consolidated entity approximate their carrying values due to their short-term maturity.

The net fair value of other monetary financial assets and financial liabilities is based on discounting future cash flows by the current interest rates for assets and liabilities with similar risk profiles. The balances are not materially different from those disclosed in the statement of financial position of the Group.

(c) Credit risk exposure

The Group's maximum exposure to credit risk at each balance date in relation to each class of recognised financial assets is the carrying amount, net of any provision for doubtful debts, of those assets as indicated in the statement of financial position.

On 10 December 2014 the Company entered into administration. There were no material external debtors at the year-end following the loss of control of the subsidiary entity.

(d) Liquidity risk management

The Company had no interest bearing liabilities at year end. Settlement of the Company's non-interest bearing creditors will be dependent upon the terms of the DOCA and the outcome of the shareholder meeting to be held on 5 June 2015.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

25. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Foreign exchange risk management

On 8 December 2014 Receivers and Managers were appointed to the Company's subsidiary and on 10 December 2014 Administrators were appointed to the Company., On 12 December 2014 the R&M were appointed over the Company. For accounting purposes it has been assumed that control of the subsidiary operations was lost on 8 December 2014. There was no further foreign exchange exposure at the year-end as the US subsidiary entities are deconsolidated from the group.

(f) Foreign currency risk sensitivity analysis

At 31 December 2014, the effect on loss and equity as a result of 10% change in the value of the Australian Dollar to the US Dollar, with all other variable remaining constant would be as follows:

	31 December 2014 US$'000 Net Change	**31 December 2013 US$'000 Net Change**
Change in loss		
Improvement in AUD by 10%	-	161
Decline in AUD by 10%	-	(161)
Change in equity		
Improvement in AUD by 10%	-	161
Decline in AUD by 10%	-	(161)

The above foreign currency sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

(g) Price Risk Management

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors for commodities.

The Group's maximum exposure to price risk at each reporting period is the oil sales revenue as indicated in the statement of comprehensive income.

(h) Capital Management

There was no capital management policy in place at the year-end as the Company was under the control of the administrators.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

25. FINANCIAL INSTRUMENTS (CONTINUED)

(i) Fair Value Measurement of Financial Instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of the following fair value measurement hierarchy in accordance with AASB 7 *Financial Instruments: Disclosures*

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 31 December 2014 and 31 December 2013:

		Level 1	Level 2	Level 3	Total
31 December 2014	**Note**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Financial assets		-	-	-	-
Cash and cash equivalents		-	-	-	-
Receivables		14	-	-	14
Total financial assets		**14**	**-**	**-**	**14**
Financial liabilities					
Payables		(670)	-	-	(670)
Loans and borrowings		-	-	-	-
Total financial liabilities		**(670)**	**-**	**-**	**(670)**

		Level 1	Level 2	Level 3	Total
31 December 2013	**Note**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Financial assets					
Cash and cash equivalents		34,790	-	-	34,790
Receivables		9,232	-	-	9,232
Forward exchange contracts	11	-	10	-	10
Total financial assets		**44,022**	**10**	**-**	**44,032**
Financial liabilities					
Payables		(39,482)	-	-	(39,482)
Loans and borrowings		(100,000)	-	-	(100,000)
Total financial liabilities		**(139,482)**	**-**	**-**	**(139,482)**

26. CONTINGENT ASSETS AND LIABILITIES

There are no contingent liabilities or contingent assets.

27. EMPLOYEE BENEFITS

No options were issued during the reporting period and no options are held by the key management personnel as at the balance date.

Performance Rights Plan

At the end of the year, there were 10,460,000 performance rights on issue were subsequent to year end, lapsed due to the vesting conditions being not achievable. Refer Note 15d.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

28. SHARE BASED PAYMENT PLANS

Recognised Employee Share-Based Payment Expenses

The equity-settled share-based payment expense recognised in the statement of comprehensive income for employee services have been cancelled as the vesting terms are no longer achievable.

	Year ended December 2014 US$'000	6 months to December 2013 US$'000
Total expenditure arising from employee and director share-based payment transactions	(6,539)	3,210

Share Option Plan

The following table illustrates the number and weighted average exercise prices (WAEP) of and movements in share options issued during the reporting period:

	PARENT	
31 December 2014	**Number of Options**	**Weighted Average Exercise Price AUD**
Outstanding at beginning of the year	3,517,666	$0.64
Granted during the year	-	-
Exercised during the year	-	-
Expired/cancelled during the year	(3,517,666)	-
Outstanding at the end of the year	**-**	**$0.64**
Exercisable at the end of the year	**-**	**-**

	CONSOLIDATED	
31 December 2013	**Number of Options**	**Weighted Average Exercise Price AUD**
Outstanding at beginning of the year	3,517,666	$0.64
Granted during the year	-	-
Exercised during the year	-	-
Expired/cancelled during the year	-	-
Outstanding at the end of the year	**3,517,666**	**$0.64**
Exercisable at the end of the year	**3,517,666**	**-**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

29. PARENT ENTITY DISCLOSURES

Financial Position	31 December 2014 US$'000	31 December 2013 US$'000
Assets		
Current assets	35	1,683
Non-current assets	3	165,204
Total assets	**38**	**165,887**
Liabilities		
Current liabilities	670	249
Total liabilities	**670**	**249**
Equity		
Issued capital	208,000	208,000
Accumulated losses	(208,628)	(53,034))
Reserves		
Foreign currency translation	-	5,287
Share-based payments	-	5,385
Total equity	**(628)**	**165,638**

	Year ended 31 December 2014 US$'000	6 months to 31 December 2013 US$'000
Financial performance		
Loss for the period	(191,317)	(26,239)
Other comprehensive income	(690)	(114)
Total comprehensive income	**(192,007)**	**(26,353)**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

30. SUBSEQUENT EVENTS

On 1 April 2015, at a meeting of creditors of the Company, the creditors of the Company resolved that the Company execute a deed of company arrangement (DOCA) between the Company, the administrators and Cicero Advisory Services Pty Ltd recommended by the administrators. The DOCA was subsequently executed on 2 April 2015. Under the terms of the DOCA, the administrators were appointed as deed administrators of the DOCA (Deed Administrators). The DOCA includes a proposal for the reconstruction and recapitalisation of the Company (Recapitalisation Proposal).

A summary of the Recapitalisation Proposal is as follows:

- The Company will consolidate its existing securities on a one (1) for two (2) basis, rounded down to the nearest whole number (Consolidation);
- Cicero paid the Company a $50,000 loan upon execution of the DOCA (Cicero Loan). The Cicero Loan was advanced to provide critical working capital required to facilitate the recapitalisation and reinstatement process. It is proposed that this loan amount shall convert into 749,494,640 Shares in the Company (on a post-Consolidation basis) (Cicero Shares) subject to satisfaction of the conditions precedent contained in the DOCA.
- The Company will issue a minimum of 1,500,000,000 Shares, and up to a maximum of 2,500,000,000 Shares, to be issued at a price of $0.001 each to raise a minimum of $1,500,000 and a maximum of $2,500,000 (Capital Raising).
- Of the funds raised from the issue of the Shares pursuant to the Capital Raising, Cicero will pay $400,000 to the Deed Administrators who in turn will pay $295,000 into the creditors' trust created in accordance with the DOCA (Creditors' Trust) and $105,000 to Guggenheim Corporate Funding, LLC in full and final satisfaction of the Company's obligations to Guggenheim. The balance of the funds raised is intended to be applied to working capital and other costs in relation to the general and administrative costs of the Company.
- Miss Loren Anne Jones is proposed to be appointed to the board of directors of the Company immediately upon the Recapitalisation Resolutions being passed at the Meeting. Messrs William Warnock, Larry Edwards and David Colwell will resign from the Board prior to Completion of the DOCA. Messrs David Prentice and Michael Fry will remain on the Board.
- Upon Completion of the DOCA in accordance with its terms:
    - (i) the DOCA will terminate;
    - (ii) all admitted claims against the Company arising on or before 10 December 2014 (Claims) will be released and compromised with those creditors' with Claims (Creditors) instead entitled to rights in respect of the Creditors' Trust; and
    - (iii) the Company will retain its main business undertaking and will seek reinstatement to the ASX.

On 2 April 2015 the Company (subject to DOCA and R&M appointment) entered into a deed of forgiveness with its subsidiary, Red Fork USA Investments Inc, whereby it forgave the repayment of the intercompany indebtedness owing by the subsidiary at that date and cancelled the debt.

On 2 April 2015, the Company (subject to DOCA and R&M appointment) disposed of its entire shareholding in its subsidiary holdings to a third party, which included the debt owed to the Secured Creditor.

On 7 May 2015, a Notice of General Meeting, to be held 5 June 2015, containing the DOCA proposal and related resolutions was dispatched to shareholders. On 5 June 2015, the shareholders of the Company resolved to pass all resolutions put to the meeting.

The Directors are not aware of any other matter or circumstance that has arisen since 31 December 2013 which significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

31. COMMITMENTS FOR EXPENDITURE

	CONSOLIDATED	
	31 December 2014	**31 December 2013**
Lease Commitments	**US$'000**	**US$'000**
The Company leases office facilities under a long-term lease agreement:		
Within one year	-	201
After one year but not more than five years	-	503
More than five years	-	-
	-	**704**

DIRECTORS' DECLARATION

1. In the opinion of the directors of Red Fork Energy Limited (the 'Company'):
    a. As set out in Note 1(a), although the Directors have prepared the financial statements, notes thereto, and the remuneration disclosures contained in the Remuneration Report in the Directors' Report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that the financial statements, notes thereto, and the remuneration disclosures contained in the Remuneration Report in the Directors' Report, are in accordance with the Corporations Act 2001, including:
        (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the year then ended; and
        (ii) complying with Australian Accounting Standards , the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.

2. Subject to the matters highlighted in Note 1(a), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Mr David Prentice
Chief Executive Officer

5 June 2015

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Independent Auditor's Report
To the Members of Red Fork Energy Limited

Report on the financial report

We have audited the accompanying financial report of Red Fork Energy Limited (the "Company"), which comprises the statement of financial position as at 31 December 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on conducting the audit in accordance with Australian Auditing Standards. Because of the matters described in the Basis for Disclaimer of Auditor's Opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Basis for disclaimer of auditor's opinion

We have been unable to obtain sufficient audit evidence on the books and records of the entities listed in Note 23. Specifically, we have been unable to satisfy ourselves on the following areas:

i) *Results of US Subsidiary*

As reported in Note 1(a) and Note 23 to the financial statements, on 8th December 2014 the Company was informed that its financier had exercised its rights pursuant to the Specific Security Deed and an independent third was appointed as Receivers and Managers of the Company's US subsidiary. At this date, the Company effectively lost control of the US subsidiary. As a result of this loss of control, the remaining accounting records are not adequate to permit the application of necessary auditing procedures. We are therefore unable to obtain all the information and explanations we require in order to form an opinion on the consolidated financial report for the year ended 31 December 2014.

ii) *Going Concern*

The financial report has been prepared on a going concern basis. The Directors have provided an update of their assessment of the Company's ability to pay its debts as and when they fall due, however, due to the matters discussed Note 1(a) we have been unable to assess the likelihood of success of the initiatives and as such are unable to form an opinion on this assessment.

Disclaimer of auditor's opinion

In our opinion, because of the matters described in the Basis for Disclaimer of Auditor's Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial report.

Report on the remuneration report

We have audited the remuneration report included in pages 10 to 15 of the directors' report for the year ended 31 December 2014. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Basis for disclaimer of auditor's opinion on the remuneration report

As noted in the preceding paragraphs, included within the Basis for Disclaimer of Auditor's Opinion, we have been unable to satisfy ourselves as to the accuracy and completeness of the information presented in the remuneration report for the consolidated entity for the current period and the comparative period and whether it is presented fairly in accordance with s300A of the Corporations Act 2001.

Disclaimer Auditor's opinion on the remuneration report

In our opinion, due to the significance of the matters described in the Basis for Disclaimer of Auditor's Opinion on the remuneration report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on Remuneration report for Red Fork Energy Limited for the year ended 31 December 2014.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M J Hillgrove
Partner – Audit& Assurance

Perth, 5 June 2015

ADDITIONAL SHAREHOLDERS' INFORMATION

A. CORPORATE GOVERNANCE

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the reporting period is detailed following the Director's Report.

B. SHAREHOLDING

1. Substantial Shareholders

The names of the substantial shareholders listed on the Company's register as at 6 May 2015:

Name	Number of shares
CITICORP NOMINEES PTY LIMITED	60,754,178
J P MORGAN NOMINEES AUSTRALIA	57,192,012
PROSPECT CUSTODIAN LIMITED	42,846,938

2. Unquoted Securities

Class of Equity Security	Number	Number of Security Holders
Performance Rights C – Directors	1,000,000	1
Performance Rights A – Employees	1,530,000	18
Performance Rights B – Employees	2,890,000	17
Performance Rights C – Employees	3,040,000	18

Names of persons holding greater than 20% of a class of unquoted securities:

Class of Equity Security	Number	Holder
Performance Rights C – Directors	1,000,000	David Prentice and related party

3. Number of holders in each class of equity securities and the voting rights attached

There are 1,947 holders of ordinary shares. Each shareholder is entitled to one vote per share held.

On a show of hands every shareholder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

4. Distribution schedule of the number of holders in each class of equity security as at 6 May 2015.

By Class	Holders of Ordinary Shares	Number of Ordinary Shares	%
1-1,000	260	69,245	0.01%
1,001 - 5,000	273	829,950	0.17%
5,001 – 10,000	262	2,177,269	0.43%
10,001 - 100,000	727	30,167,954	6.02%
100,001 and over	425	467,807,301	93.37%
TOTALS	**1,947**	**501,051,719**	**100.00%**

ADDITIONAL SHAREHOLDERS' INFORMATION (Continued)

5. Marketable Parcel

There are 1,408 shareholders with less than a marketable parcel.

6 Restricted Securities

The Company has no restricted securities at the current date.

7. Twenty largest holders of each class of quoted equity security

The names of the twenty largest holders of quoted equity security, the number of equity security each holds and the percentage of capital each holds (as at 6 May 2015) is as follows:

Ordinary Shares

Name	No. of Ordinary Shares	%
CITICORP NOMINEES PTY LIMITED	60,754,178	12.13%
J P MORGAN NOMINEES AUSTRALIA LIMITED	57,192,012	11.41%
PROSPECT CUSTODIAN LIMITED	42,846,938	8.55%
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	13,916,905	2.78%
MR ROBERT ANTHONY HEALY	12,240,785	2.44%
BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE NO 1 A/C>	12,025,489	2.40%
MR LUIGI GHIRARDELLO	10,786,988	2.15%
UBS NOMINEES PTY LTD	8,783,569	1.75%
MR LOUIS GHIRARDELLO	8,142,245	1.63%
LOBSTER BEACH PTY LTD	8,000,000	1.60%
MR RAYMOND EDWARD MUNRO & MRS SUSAN ROBERTA MUNRO	8,000,000	1.60%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,474,160	1.49%
DABVALE PTY LIMITED	7,000,000	1.40%
JKH INVESTMENTS PTY LTD	5,790,000	1.16%
CS FOURTH NOMINEES PTY LTD	5,047,790	1.01%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 3	4,894,866	0.98%
MS TRACEY LEANNE MARSHALL	3,846,497	0.77%
DAVID PRENTICE	3,747,441	0.75%
MR TERRANCE MARTIN O'CONNELL & MR ALLAN JOSEPH O'CONNELL	3,668,622	0.73%
BNP PARIBAS NOMS PTY LTD <DRP>	3,653,324	0.73%
TOTAL	287,811,809	57.46%