



ASX Announcement April 10, 2014

Red Fork Energy Limited
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Website

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Directors

Michael Fry (Chairman)
David Prentice (Managing Director)
Bill Warnock (Non Exec. Director)
Larry Edwards (Non Exec. Director)
David Colwell (Non Exec. Director)

Executive Management

Chris Girouard (President & COO)
Kevin Humphrey (Chief Financial Officer)
Lee Francis (Exec. VP Operations)
Suzie Foreman (Company Secretary)

Listings

RFE.AX (Fully Paid Ordinary Shares)
RDFEY.OTCQX (1 ADR = 10 FPO's)

About Red Fork Energy

Red Fork Energy is an Australian domiciled publicly traded oil and gas producer and explorer, with assets and operations in Oklahoma.

The Company has positioned itself in one of the premier on-shore United States horizontal oil resource plays, with a large and prospective acreage position in the heart of the Mississippi Lime oil and liquids rich gas play.

Farm-out Agreement

Red Fork Energy Limited (ASX:RFE, OTCQX:RDFEY, Red Fork or the Company) is pleased to announce that it has entered into a Farm-out Agreement (the Agreement) with Blue Quail, Ltd (Blue Quail) covering up to 160-acres in, Noble County, Oklahoma (the Farm-out Lands). The primary zone of interest is the Cleveland Sandstone. The Orlando Cleveland Unit one mile west of the Farm-out Lands has produced in excess of 2.6 million barrels.

This Agreement provides Red Fork with a zero-risk opportunity to participate in the testing of conventional oil and gas targets identified by Blue Quail within the Farm-out Lands.

Red Fork's large Mississippian/Woodford acreage position has the potential to host numerous similar conventional oil and gas targets. Production history indicates a number of fields within the region of the Company's Big River holdings that have produced in excess of five million barrels of oil equivalent from vertical wells completed in conventional targets. The Company expects that there will be opportunities to pursue these in the future through similar farm-out arrangements or on its own behalf.

This type of agreement also provides Red Fork with the opportunity to further leverage its investment in 3D seismic and mid-stream infrastructure across its Mississippian/Woodford holdings.

The Agreement with Blue Quail grants them the right to drill vertical wells (to a depth sufficient to test the Misener Formation). Red Fork will retain the right to drill and complete horizontal wells on the Farm-out Lands.

Blue Quail must spud the first vertical test well (the Initial Earning Well) on or before May 21, 2014. Blue Quail will have a 100% working interest and bear 100% of the cost to drill and complete the Initial Earning Well, and thereafter all costs and all revenues attributable to the Initial Earning Well will be shared between Blue Quail (85%) and Red Fork (15%). In addition, Red Fork will takeover operations when this well has been completed for production. RFE's existing infrastructure in the area will be utilized and Blue Quail will be subject to a fee for produced water disposal and produced water and gas transportation.

By establishing commercial production in the Initial Earning Well, Blue Quail will additionally earn 50% of Red Fork's leasehold interest in the 40-acres in which the Initial Earning Well is spud. Red Fork will have the option to join in any subsequent wells proposed by Blue Quail with its 50% retained working interest or be carried for the same 15% as in the Initial Earning Well.

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Establishing commercial production in the Initial Earning Well, will also earn Blue Quail a continuous drilling right and option to drill over the balance of the Farm-out Lands. These rights will be subject to the same terms and conditions described above and Red Fork will takeover operations of any subsequent well completed for production within the Farm-out Lands.

All interest earned by Blue Quail in the Farm-out Lands shall additionally be burdened by an overriding royalty interest to be retained by Red Fork of the difference between lease burdens and 20%, thus delivering to Blue Quail an 80% net revenue interest.

-ENDS-

For Enquiries:

Investors

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Forward Looking Statements

This announcement contains "forward-looking statements". Such forward-looking statements include, without limitation: estimates of future earnings, the sensitivity of earnings to oil & gas prices and foreign exchange rate movements; estimates of future oil & gas production and sales; estimates of future cash flows, the sensitivity of cash flows to oil & gas prices and foreign exchange rate movements; statements regarding future debt repayments; estimates of future capital expenditures; estimates of reserves and statements regarding future exploration results and the replacement of reserves; and where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to oil and gas price volatility, currency fluctuations, increased production costs and variances in reserves or recovery rates from those assumed in the company's plans, as well as political and operational risks in the countries and states in which we operate or sell product to, and governmental regulation and judicial outcomes. For a more detailed discussion of such risks and other factors, see the Company's Annual Reports, as well as the Company's other filings. The Company does not undertake any obligation to release publicly any revisions to any "forward looking statement" to reflect events or circumstances after the date of this release, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.