



Quarterly Report

Period ended September 30, 2013

Red Fork Energy Limited
ACN 108 787 720

Level 2, 79 Hay Street
Subiaco Western Australia 6008
PO Box 1424
West Perth WA 6872

Telephone +61 8 9200 4470
Facsimile +61 8 9200 4471

Contact

David Prentice
Managing Director
david.prentice@redforkenergy.com.au

Website

www.redforkenergy.com.au

Directors

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

Executive Management

Chris Girouard (President & COO)
Kevin Humphrey (CFO)
Lee Francis (Exec. VP Operations)
Bud McAdams (Snr. VP Engineering)
Suzie Foreman (Company Secretary)

Listings

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

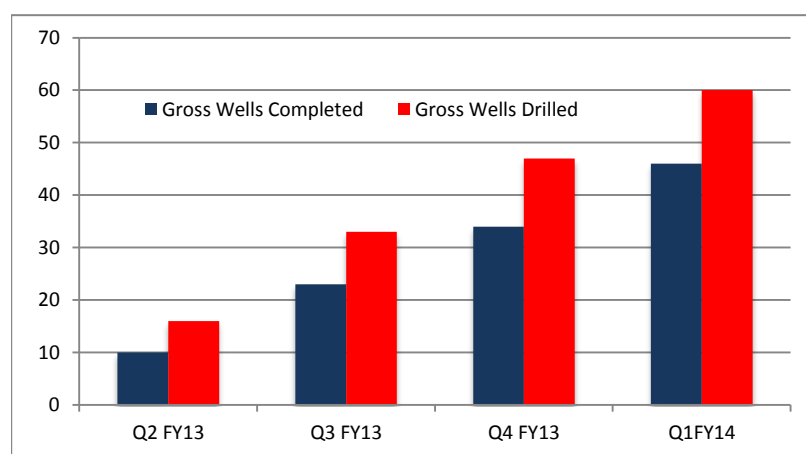
Highlights

Record results were once again achieved across all areas of operations in the Company's Mississippian/Woodford development in Oklahoma.

- ✓ **Sales:** Up 43.4% for the quarter to US\$10.02 million
- ✓ **Gross production:** Up 35% for the quarter to 238.4 mboe
- ✓ **Net Production:** Averaged approximately 1,605 Boe/day for the quarter (post royalties)
- ✓ **Drilling operations:** Spud-to-spud and spud-to-sales cycle times continue to improve with 15-day spud-to-spud achieved on the first well drilled with the recently contracted top drive rig
- ✓ **Initial Production:** Strong initial production results continue to be achieved across the Mississippian/Woodford development areas with several wells achieving 24-hour IP's above 400Boe/day
- ✓ **Reserves:** Upgrade as at June 30, 2013 delivered significant increases across all reserve categories with net Proved reserves increasing to 14 mmboe (PV10 US\$196.3m) and net 3P plus Contingent Resources increasing to 66.4 mmboe (PV10 US\$754m)
- ✓ **NPV and Borrowing Base:** Increase in PV10 value of the proved reserves expected to underpin an increase to the borrowing base available under the credit facility with further increases providing additional working capital availability

Operations

During the quarter Red Fork Energy Limited ("Red Fork" or "the Company") continued to advance its Mississippian/Woodford operations in Oklahoma. The following chart details the cumulative gross horizontal wells drilled and completed as at quarter end.



The Company operated three rigs during the quarter, drilling horizontal wells across the Big River Mississippian/Woodford Development Areas. The Company now has 60 gross wells (46 gross operated wells) at various stages from drilling to producing. A fourth rig (drilling vertical produced water disposal wells) also operated as required during the quarter. The Company now has nine permitted produced water disposal wells to support its Mississippian/Woodford operations.

The following table details the status of wells (total gross and gross operated) across the Development Areas as at the end of September 2013.

Status	Development Area										Gross Wells	
	1	2	3	4	5	6	7	8	9	10	Total	Operated
Producing/Testing	4	16	6	11		2	4	3			46	39
Stimulating		4				1					5	3
Awaiting Stimulation		2				1	1	1		1	6	1
Drilling				2		1					3	3
Total	4	22	6	13		5	5	4		1	60	46

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Strong initial production results (24-hour IP's) were recorded on a number of wells during the quarter. These include the; Whitney #1-30H (190Boe/day), Burke #1-2H (191Boe/day), McMurtry #1-27H (500Boe/day), Oxley #1-35H (249Boe/day), Reef #1-29H (231Boe/day), Adelaide #1-34H (202Boe/day), Gladstone #1-26H (196Boe/day), Cook #2-24H (222Boe/day), Dampier #1-1H (542Boe/day), Franklin #1-36H (196Boe/day) and Jekyll & Hyde #1-14H (442Boe/day). These are maximum rates achieved to date and may not reflect peak rates ultimately recorded. Some of these wells are producing hydrocarbons to sales via jet pumps and it is therefore too early to declare either peak or IP30 rates.

Operations continued with another strong performance in the September quarter. A record 13 wells were spudded during the quarter with 12 wells stimulated and completed for production. Spud-to-spud and spud-to-sales days continued the downward trend with the recently contracted top drive rig achieving spud-to-spud in just 15 days.

This strong operational performance, together with the apparent efficiency of the top drive rig means that the Company is ahead of schedule on meeting both its HBP drilling plan as well as the guided cumulative well count for the calendar year ended 2013 of 53 wells.

Reserve Upgrade

During the quarter the Company announced details of the fiscal year end reserve certification conducted by Lee Keeling & Associates. The review delivered significant increases across all Reserve categories in the six months to 30 June 2013.

Group net Proved (1P) reserves increased to 14.0 mmboe (previously 8.1 mmboe) and Group net 3P reserves increased to 28.3 mmboe (previously 18.0 mmboe). Group 1P net present value increased to US\$196.3 million (previously US\$89.2 million). Group 3P net present value increased to US\$379.7 million (from US\$217.9 million). Group net 3P plus 1CR now totals 66.4 mmboe with a net present value of ~US\$750 million.

Improved operational performance at Big River since January 1, 2013 also resulted in improvements in average EUR (260 mboe) and an average net present value of US\$4.4 million for wells drilled in that period. In addition, the Company highlighted potential upside to these reserves from increased well

density in full field development, ongoing operational improvements, and in recognition of the Woodford Shale formation.

The following table highlights Group Reserves as at June 30, 2013.

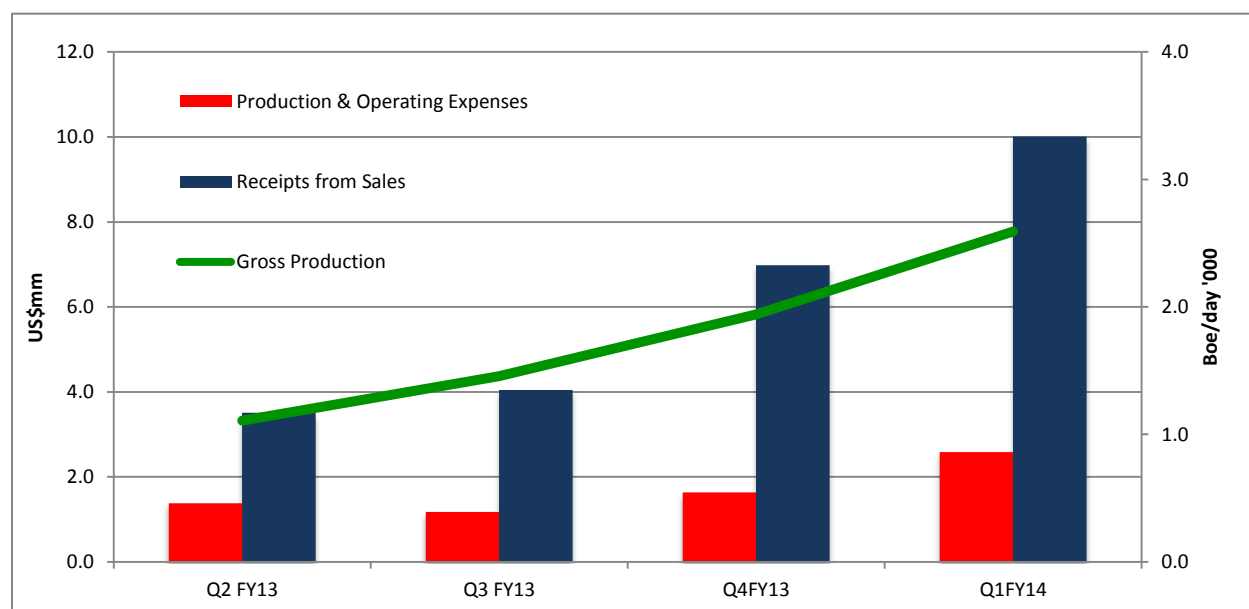
Group Reserves As at June 30, 2013	Net (post royalties)			
	Oil (mmbbl)	Gas (bcf)	mmboe	NPV10 (US\$)
Proved (1P)	7.9	36.3	14.0	196.3
Proved plus Probable (2P)	11.1	44.6	18.6	233.0
Proved plus Probable plus Possible (3P)	18.5	58.7	28.3	379.7
Contingent Resources (1CR)	27.2	65.5	38.1	373.9
Total All Categories	45.7	124.2	66.4	753.6

Notes:

1. Group Reserves Includes reserves for the Company's non-Mississippian dry gas and vertical conventional oil and gas properties
2. See footnotes for reserves methodology and assumptions

Production and Cash Flow

Receipts from Salesⁱ for the quarter totaled US\$10.02 million (a 43.4% increase on the previous quarter). Gross oil production for the quarter was 157,605 barrels, with gross gas production of 488.8 Mmcf for the same period. Gross volumes were up approximately 35% on the previous quarter with gross daily production for the quarter averaging 2,591 barrels of oil equivalentⁱⁱ (Boe). Production net and post royalties averaged approximately 1,605 Boe per day for the quarter.



Receipts from Sales were marginally lower than forecast, impacted by lower than capacity production in August due to the large number of wells on jet pump during that month.

Project Development costs were higher than forecast as a result of the record number of wells drilled and stimulated and completed during the quarter and the continuing trend to higher Working Interests. Capital deployed in the build out of additional water disposal and gas gathering infrastructure also contributed to

the higher than forecast project development costs. This infrastructure will support development in the December quarter without the need for any additional produced water disposal wells. Individual well costs remain in line with forecast or are trending lower with several of the recently drilled wells achieving drilled and completed costs of less than US\$3 million.

Capital expenditure for project development will be managed through the December quarter with adjustments to the rig line via the release of conventional rigs in favor of another more efficient top drive rig (due to commence operations in December 2013). These adjustments will not impact on the Company's HBP schedule or the forecast cumulative well count for the calendar year end.

Corporate and Financing

During the quarter and following the release of the fiscal year end reserve report, the Company initiated the process with F&M Bank to re-determine the borrowing base available under its revolving credit facility. This re-determination process is progressing well and is expected to be finalized shortly.

The very significant increase in the PV10 value of the proven reserves as at June 30, 2013 (increased to US\$196 million) is expected to result in an increase in both the overall facility size as well as the borrowing base available. In addition, further increases to the proven reserves (including those added in the September quarter) are expected to provide additional working capital availability.

Cash available at the end of the quarter totaled approximately US\$20 million, comprising cash on hand of US\$15.5 million and US\$4.0 million available under the revolving credit facility.

-ENDS-

For Enquiries:

Investors

David Prentice

Managing Director

Red Fork Energy Limited

+61 8 9200 4470

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.

Reserve Certification

Lee Keeling & Associates, Inc. (LKA) undertook the independent certification of the reserves outlined in this announcement. LKA were engaged this year by the Company to review and prepare a report on the Company’s oil and gas reserves (Reserve Report). LKA are petroleum consultants based in the United States with offices in Tulsa and Houston. LKA provide specific engineering services to the oil and gas industry and consult on all aspects of petroleum geology and engineering for both domestic and international projects and companies. LKA have consented to the release of this reserves information.

Reserve Methodology and Assumptions

The economic model used to establish the net present value for these reserves uses SEC pricing method, based on a constant price of US\$92.14 per barrel for oil and a constant price of US\$3.25 per mcf for gas. Differentials were used to adjust the gas price for the liquids yield contained in high BTU gas. Drilling and completion costs per horizontal Big River well were estimated at US\$3.154 million.

Lease operating expense assumptions for horizontal Big River wells in this reserve report were increased from the prior report to reflect changes in production methods, which have resulted in better recovery of reserves. The reserve report assumes recurring expenses of US\$3,500 per month for the first six months of production and US\$2,000 per month thereafter for the life of the well. The severance tax expense for horizontal wells in Oklahoma is calculated at 1% for the first 48 months of production and then reverts to the statutory rate of 7% thereafter.

The current full field development plan for the Company’s Big River acreage includes a total of 822 gross locations (based on three wells per 640-acre spacing unit). On a net basis, this equates to around 300 net locations. Importantly, the net 3P reserves at Big River of 23.2 mmboe are only reflective of 115 net locations.

The net contingent resource of 38.1 mmboe is associated with 150 net well locations. The contingent resource estimate assumes a blended average EUR of 254 mboe (71% oil).

ⁱ Receipts from Sales are proceeds received during the quarter and are net to Red Fork’s revenue interest (“NRI”) i.e. net of royalties, which range from 12.5% to 20% and are typically 18.75%. Receipts from Sales of oil and gas (and associated natural gas liquids) are received on average approximately 45-days after delivery.

ⁱⁱ The equivalent barrels production rate (“Boe”) has been calculated on a simple 6:1 ratio (oil to gas ratios vary across the Mississippian play however Red Fork’s results to date indicate that they are typically in the range of 70% to 80% oil with the balance made up of liquids rich gas). Boe may be misleading, particularly if used in isolation. A Boe conversion ratio of 6 mscf:1 bbl is based on an energy equivalency conversion method. It should be noted that the value ratio based on the price of crude oil compared to the price of natural gas can and currently does vary significantly from the energy equivalency of 6 mscf:1 bbl.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

RED FORK ENERGY LIMITED

ABN

15 108 787 720

Quarter ended ("current quarter")

30 September 2013

Consolidated statement of cash flows

		Current quarter US\$'000	Year to date (3 months) US\$'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	10,018	10,018
1.2	Payments for (a) exploration & evaluation	(1,536)	(1,536)
	(b) development	(41,953)	(41,953)
	(c) production	(2,590)	(2,590)
	(d) administration	(2,166)	(2,166)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	17	17
1.5	Interest and other costs of finance paid	(675)	(675)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net Operating Cash Flows		(38,885)	(38,885)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(6,338)	(6,338)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		(6,338)	(6,338)
1.13	Total operating and investing cash flows (carried forward)	(45,223)	(45,223)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(45,223)	(45,223)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	43,693	43,693
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	16,000	16,000
1.17	Repayment of borrowings	(42)	(42)
1.18	Dividends paid	-	-
1.19	Other – cost of share issue	(2,854)	(2,854)
	Net financing cash flows	56,797	56,797
	Net increase (decrease) in cash held	11,574	11,574
1.20	Cash at beginning of quarter/year to date	3,763	3,763
1.21	Exchange rate adjustments to item 1.20	165	165
1.22	Cash at end of quarter	15,502	15,502

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter US\$'000
1.23	Aggregate amount of payments to the parties included in item 1.2	263
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors Fees and Salaries for Australian and US based directors.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available US\$'000	Amount used US\$'000
3.1 Loan facilities	45,000	41,000
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	US\$'000
4.1 Exploration and evaluation	(1,530)
4.2 Development	(24,480)
4.3 Production	11,745
4.4 Administration	(1,802)
Total	16,067

** Net cash inflow comprising estimated production cash inflows of \$13,400 and outflows of \$1,655.*

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter US\$'000	Previous quarter US\$'000
5.1 Cash on hand and at bank	13,075	2,578
5.2 Deposits at call	2,427	1,185
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	15,502*	3,763

**Cash available comprises the cash on hand of \$15,502 and \$4,000 unused financing facility, totalling \$19,502.*

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference + securities (description)		<i>Class</i>	
	2,000,000	-	B (Directors)	Nil
	2,000,000	-	C (Directors)	Nil
	2,030,000	-	A (Employee)	Nil
	3,650,000	-	B (Employee)	Nil
	3,800,000	-	C (Employee)	Nil
7.2	Changes during quarter			
	(a) Increases	-	B (Employee)	Nil
	through issues	-	C (Employee)	Nil
	(b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	499,551,719	499,551,719	
7.4	Changes during quarter			
	(a) Increases through issues	111,000,000	111,000,000	43 cents
	(b) Decreases through returns of capital, buy-backs			

+ See chapter 19 for defined terms.

Appendix 5B

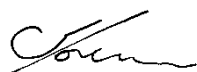
Mining exploration entity and oil and gas exploration entity quarterly report

7.5	*Convertible debt securities (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	1,600,000 708,333 708,333 501,000	- - - -	<i>Exercise price</i> A\$0.65 A\$0.35 A\$0.45 A\$1.20	<i>Expiry date</i> 30/06/14 30/06/14 30/06/14 30/11/14
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~/does not*~~ (delete one) give a true and fair view of the matters disclosed.

Sign here:



Date: 31 October 2013

(Company secretary)

Print name: Suzie Foreman

+ See chapter 19 for defined terms.

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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