



RED FORK ENERGY LIMITED

ABN 15 108 787 720

NOTICE OF ANNUAL GENERAL MEETING

TIME: 10:00 am WST

DATE: Friday, 29 November 2013

PLACE: UWA Club, Case Study Room
The University of WA
Entrance 1
Hackett Drive
Crawley WA 6009

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+ 61 8) 9200 4470.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held **at 10:00am (WST) on Friday, 29 November 2013, the UWA Club, Case Study Room, The University of WA, Entrance 1, Hackett Drive, Crawley, Western Australia.**

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 4:00pm (WST) on Wednesday, 27 November 2013.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details of these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Corporations

A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with, or presented to, the Company before the commencement of the Meeting.

Proxy Restrictions

Shareholders appointing a proxy for Resolutions 1 and 7 should note the following:

If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy

You must direct your proxy how to vote on Resolutions 1 and 7. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on Resolutions 1 and 7.

If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member)

You do not need to direct your proxy how to vote on Resolutions 1 and 7. However, if you do not direct the Chair how to vote, you must mark the acknowledgement on the Proxy Form to expressly authorise the Chair to exercise his/her discretion in exercising your proxy even though Resolutions 1 and 7 are connected directly or indirectly with the remuneration of Key Management Personnel.

If you appoint any other person as your proxy

You do not need to direct your proxy how to vote on Resolutions 1 and 7, and you do not need to mark any further acknowledgement on the Proxy Form.

BUSINESS OF THE MEETING

AGENDA

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2013 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report, as contained in the Company's annual financial report for the financial year ended 30 June 2013.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Note: If 25% or more of the votes that are cast are voted against the adoption of the Remuneration Report then Resolution 7 will be put to the Meeting.

Voting Prohibition Statement: A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **Voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the Voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

2. RESOLUTION 2 – ELECTION OF DIRECTOR – MR BILL WARNOCK

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of clause 13.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Bill Warnock, who was appointed as an additional Non-Executive Director on 17 January 2013, retires and, being eligible, offers himself for election, and is elected as a Director.”

3. RESOLUTION 3 – ELECTION OF DIRECTOR – MR LARRY EDWARDS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of clause 13.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Larry Edwards, who was appointed as an additional Non-Executive Director on 1 May 2013, retires and, being eligible, offers himself for election, and is elected as a Director.”

4. RESOLUTION 4 – RE-ELECTION OF DIRECTOR – MR MICHAEL FRY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of clause 13.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Michael Fry, a Director, retires by rotation, and being eligible, offers himself for re-election, and is re-elected as a Director.”

5. RESOLUTION 5 – APPOINTMENT OF AUDITOR

To consider and, if thought fit, to pass, the following resolution as a **special resolution**:

*“That, for the purposes of section 327B of the Corporations Act and for all other purposes, Grant Thornton Audit Pty Ltd (**Grant Thornton**), having been nominated by a Shareholder and having consented in writing to act in the capacity as auditor of the Company, be appointed as auditor of the Company with effect from the close of this Annual General Meeting.”*

6. RESOLUTION 6 – ADOPTION OF RED FORK LONG TERM INCENTIVE PLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to establish and maintain an employee incentive scheme titled “Red Fork Long Term Incentive Plan (LTIP)” on the terms and conditions summarised in the Explanatory Statement and to grant securities from time to time under the LTIP as an exception to Listing Rule 7.1.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (A) a member of the Key Management Personnel; or
 - (B) a Closely Related Party of such a member; and

- (b) the appointment does not specify the way the proxy is to vote on this Resolution. However, the above prohibition does not apply if:
- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

7. RESOLUTION 7 – SPILL RESOLUTION (CONTINGENT ITEM)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of section 250V(1) of the Corporations Act and for all other purposes, approval is given for:

- (i) *the Company to hold another meeting of Shareholders within 90 days of the date of this Meeting (**Spill Meeting**); and*
- (ii) *all Vacating Directors to cease to hold office immediately before the end of the Spill Meeting; and*
- (iii) *resolutions to appoint persons to offices that will be vacated pursuant to (ii) to be put to vote at the Spill Meeting.”*

Voting Prohibition Statement: A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **Voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the Voter is the Chair and the appointment of the Chair as proxy:
- (i) does not specify the way the proxy is to vote on this Resolution; and
- (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

DATED: 29 OCTOBER 2013

BY ORDER OF THE BOARD



**SUZIE FOREMAN
COMPANY SECRETARY
RED FORK ENERGY LIMITED**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2013 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.redforkenergy.com.au.

2. ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the Remuneration Report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the directors or the company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the directors' report contained in the annual financial report of the Company for a financial year.

Shareholders will be given a reasonable opportunity to ask questions and make comments on these reports, and on the business, operations and management of the Company.

2.2 Voting Consequences

While the vote does not bind the Company or the Directors, there are important consequences if there is a material "against" vote on this Resolution.

Under changes to the Corporations Act which came into effect on 1 July 2011, referred to as the 'two strikes' rule, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the Directors of the Company who were in office when the directors' report (as included in the Company's annual financial report for the previous financial year) was approved, other than the Managing Director of the Company, will

cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as Directors of the Company are approved will be the Directors of the Company.

2.3 Previous voting results

At the Company's 2012 annual general meeting, the votes cast against the Remuneration Report at that general meeting were 29%. As a result, the Company recorded a 'first strike' at that annual general meeting. Accordingly, the Spill Resolution will be relevant for this Annual General Meeting if at least 25% of the votes cast on the Remuneration Report resolution are voted against the adoption of the Remuneration Report. Refer to Resolution 7 and Section 7 for further information.

If (and only if) at least 25% of the votes cast on Resolution 1 at the 2013 Annual General Meeting are against adopting the Remuneration Report, this will constitute a "second strike" and Resolution 7 (the Spill Resolution) will be put to the Meeting and voted on. If less than 25% of the votes cast on Resolution 1 are against adopting the Remuneration Report at the Annual General Meeting, then there will be no "second strike" and Resolution 7 will not be put to the Meeting.

At the 2012 annual general meeting of the Company, 59% of voting shares on issue in the Company participated in the proxy votes relating to the adoption of the 2012 remuneration report. Of this 59% were "for" votes and 10% were "abstentions".

The Board recognises the vote at the 2012 annual general meeting as an indication of Shareholder sentiment – not solely in relation to remuneration, but also in relation to broader matters such as the Company's departure from the ASX Corporate Governance Council's Recommendations for the Board to comprise of a majority of independent Board members at the time of the last annual general meeting.

During the financial year ended 30 June 2013, the Company welcomed two (2) new independent non-executive directors to its Board providing further local experience and independent oversight. The Board has also responded with a more transparent framework for assessing the performance of Key Management Personnel which is in line with current best practice. The extensive changes are highlighted in the 2013 Remuneration Report.

The Board has had careful regard to the outcome of the previous year's vote and engaged in discussions with key Shareholder groups and remuneration advisors when setting the Company's remuneration policies. The Board considers that the Company's remuneration arrangements, as set out in the 2013 Remuneration Report, are fair, reasonable and appropriate, in line with industry standards and structured in a way that the Company can attract and retain suitably qualified and experienced employees to manage the Company.

The Directors unanimously recommend that Shareholders vote in favour of adopting the 2013 Remuneration Report.

The Chair of the Meeting intends to vote all undirected proxies in favour of this Resolution.

3. RESOLUTIONS 2 AND 3 – ELECTION OF DIRECTORS – MR BILL WARNOCK AND MR LARRY EDWARDS

Clause 13.4 of the Constitution provides that the Directors may at any time appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to clause 13.4 of the Constitution and ASX Listing Rule 14.4, any Director so appointed (unless he is the managing director) will hold office only until the next following annual general meeting and is then eligible for election by Shareholder, but they shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Mr Bill Warnock, having been appointed on 17 January 2013 and Mr Larry Edwards, having been appointed on 1 May 2013, will retire in accordance with clause 13.4 of the Constitution and ASX Listing Rule 14.4 and being eligible, seek election from Shareholders.

3.1 Resolution 2 – Election of Mr Bill Warnock

Mr Bill Warnock was appointed as a Director on 17 January 2013 as an independent non-executive Director of the Company. He was subsequently appointed the Chairman of the Remuneration and Nomination Committee, and a member of the Audit and Risk Committee.

Mr Warnock is a registered professional petroleum engineer whose impressive career in the oil and gas industry spans 38 years and includes holding senior positions in Exxon USA (Offshore Division Reservoir Engineering Manager), Crystal Oil Company (Executive Vice President and Chief Operations Officer). Bill has extensive experience in prospecting for and evaluating oil and gas drilling and acquisition opportunities. During his career he has founded and ultimately sold six oil and gas E&P and marketing companies, and he also invented and patented three different processes related to oil and gas fracking and production. Brighton Energy was Bill's most recent successful venture, a natural gas exploration and production company which he formed in 1997. He was the majority owner, president and CEO of Brighton until its sale to Unit Petroleum and Chesapeake Energy in 2006.

The Directors (other than Mr Bill Warnock) recommend that shareholders approve Resolution 2 for the election of Mr Bill Warnock.

3.2 Resolution 3 – Election of Mr Larry Edwards

Mr Larry Edwards was appointed as a Director on 1 May 2013 as an independent non-executive Director of the Company. He is the Chairman of the Audit and Risk Committee and a member of the Remuneration and Nomination Committee.

Mr Edwards is a qualified industrial engineer, and an MBA graduate who has served on a number of US and Canadian listed and unlisted company boards. Mr Edwards is also a member of the Institute of Corporate Directors and a graduate of the Directors Education Program.

Mr Edwards brings to Red Fork a wealth of knowledge gained over 35 years holding senior executive positions in US listed and non-listed entities. Mr Edwards' experience covers operations, project and business development, management and general corporate activities.

The Directors (other than Mr Larry Edwards) recommend that shareholders approve Resolution 3 for the election of Mr Larry Edwards.

4. RESOLUTION 4 – RE-ELECTION OF DIRECTOR – MR MICHAEL FRY

ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or three (3) years, whichever is the longer.

Clause 13.2 of the Constitution provides that at the Company's annual general meeting, every year, one-third of the Directors for the time being, or, if their number is not a multiple of three (3), then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of three (3) years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election. In addition, ASX Listing Rule 14.5 requires that there must be an election of directors each year.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election.

In determining the number of Directors to retire, no account is to be taken of:

- (A) a Director who only holds office until the next annual general meeting pursuant to clause 13.4 of the Constitution; and/ or
- (B) a Managing Director,

each of whom are exempt from retirement by rotation. However, if more than one Managing Director has been appointed by the Directors, only one of them (nominated by the Directors) is entitled to be excluded from any determination of the number of Directors to retire and/or retirement by rotation.

The Company currently has five (5) Directors, of which three (3) are excluded from the determination of the number of Directors to retire, and accordingly one (1) must retire.

Non-Executive Chairman, Mr Michael Fry the director longest in office since his last election, retires by rotation and seeks re-election.

Mr Michael Fry holds a Bachelor of Commerce degree from the University of Western Australia, is a Fellow of 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.

Mr Fry is a member of the Audit and Risk Committee, and the Remuneration and Nomination Committee.

The Directors (other than Mr Michael Fry) recommend that shareholders approve Resolution 4 for the election of Mr Michael Fry.

5. RESOLUTION 5 – APPOINTMENT OF AUDITOR

The Corporations Act requires shareholders in a general meeting to approve the appointment of a new auditor of the Company.

In order to align the Company's auditor with that currently of its subsidiaries, Red Fork Investment, (USA) Inc and EastOK Pipeline LLC, the Board has selected Grant Thornton Audit Pty Ltd (**Grant Thornton**) as the Company's auditor. The Board believes that the appointment of Grant Thornton is in the best interests of the Company and its Shareholders as it will facilitate the streamlining of the audit process between the Company and its subsidiaries through the use of one international audit firm.

Subject to Shareholder approval at the Annual General Meeting, the appointment of Grant Thornton will be effective from the close of this Annual General Meeting. If Grant Thornton is appointed as auditor, arrangements are in place between the Company, the current auditor HLB Mann Judd (WA) (**Mann Judd**) and Grant Thornton to enable a smooth transition between audit firms.

Grant Thornton has consented to act as auditor of the Company.

At the date of this Notice of Meeting, Mann Judd has advised the Company that it has given notice of its intention to resign as auditor of the Company to ASIC in accordance with section 329(5) of the Corporations Act. The Company's expectation is that ASIC's consent will be obtained before the date of the Annual General Meeting.

Upon receipt of ASIC's consent to their resignation, Mann Judd has advised that it will submit a notice of resignation to the Company in accordance with section 329(5) of the Corporations Act, such resignation to take effect from the date of the Meeting.

In accordance with section 328B(1) of the Corporations Act, notice in writing nominating Grant Thornton as auditor has been given to the Company by a Shareholder. A copy of this notice is provided to shareholders with the Notice of Meeting.

Mann Judd has served as the Company's auditor for a number of years, and the Directors would like to thank Mann Judd publicly for its work over that period.

The Directors recommend that Shareholders approve Resolution 5 for the appointment of Grant Thornton as auditor of the Company.

6. RESOLUTION 6 – ADOPTION OF THE RED FORK LONG TERM INCENTIVE PLAN

6.1 General

The Corporate Governance Council Guidelines recommend that executive remuneration packages provide a balance between fixed and variable or "at risk" incentives reflecting the short and long-term performance objectives appropriate to the company's circumstances and goals. The Company has adopted a Short-Term Incentive Plan which commenced on 1 January 2013, and is based upon annual Scorecard metrics and financial performance considerations. This is disclosed in further detail in the 2013 Annual Financial Report.

Resolution 6 seeks Shareholder approval to establish and maintain a new long term incentive plan to provide performance linked long term remuneration to executives, professional staff and managers (collectively known as **Executives**) for

the calendar year 2014 and beyond in accordance with the Company's remuneration policy for executive remuneration as detailed in the Company's Remuneration Report.

The Board has adopted the Red Fork Long Term Incentive Plan (**LTIP** or **Plan**), the purpose of which is to focus its Executives' performance on long term Shareholder value, tested over a three year period. The Plan will provide "at risk" incentives based on longer term Company performance and the vesting will be linked to Total Shareholder Return (**TSR**).

More significantly, the Plan will enable the Company to make annual equity grants to Executives so incentives linked to long term Company performance form a key component of their total annual remuneration.

Under the Plan, Executives of the Company are offered rights to receive fully paid ordinary shares in the capital of the Company (**Rights**) under the terms and conditions of the Plan. This provides the Company with flexibility so that it can effectively incentivise its Executives using the most appropriate instrument (which may vary depending on the seniority of the executive, the jurisdiction in which they are issued, or prevailing market and regulatory conditions).

The quantum of Rights granted to Executives will be determined as a multiple of the base salary of the Executive. Subject to Shareholder approval of Resolution 6, the Rights will be granted at the beginning of the performance period (with the first commencing January 2014 and subsequent offers under the Plan intended to be made in January each year or at another time determined at the discretion of the Company). The number of Rights granted to Executives under the LTIP will be calculated by dividing the dollar value of the award by the Company's volume weighted average price (**VWAP**) for the fifteen (15) ASX trading days prior to the date the offer of Rights is made.

The Executives of the Company have been, and will continue to be, instrumental in the growth of the Company. The Directors consider that the LTIP is an appropriate method to:

- align the interests of Plan participants with the interests of Shareholders and the long-term objectives of the Company;
- motivate Plan participants to focus on enhancing the longer-term performance and value of the Company;
- provide reward opportunities to Plan participants that are competitive and in line with the objectives of this Plan; and
- enable the Company to attract and retain high-calibre talent.

The adoption of a new LTIP was made following a recommendation by the Company's Remuneration and Nomination Committee in consultation with its remuneration consultant, based upon a review of the remuneration arrangements and performance metrics used within the oil and gas sector in which the Company operates, and currently accepted remuneration best practice. In particular, the grant of Rights under the LTIP is designed to align with market practice that reflects Red Fork's identified peer group, being US operated oil and gas exploration and production companies.

The Plan will replace the existing Performance Rights Plan (**PRP**) approved by Shareholders at the annual general meeting held on 30 November 2011. The Board, based upon recommendations from the Remuneration and Nomination

Committee, and in consultation with its remuneration consultant, is discontinuing the awards under PRP for its Executives from 30 June 2013 as it recognises that this is no longer aligning with current best practice for Executive remuneration.

The proposed operation of the Plan also incorporates changes designed to simplify the overall remuneration framework. In particular, following transition from the existing PRP:

- the LTIP will not be offered to non-executive directors in accordance with the recommendations contained in the Corporate Governance Council Guidelines;
- the performance period will be extended to three (3) years, as compared to graduated vesting under the existing PRP in order to more appropriately recognise the long-term time frames over which the business seeks to operate; and
- Rights granted under the LTIP will be based on the Company's performance on a Relative Total Shareholder Return basis (**TSR**) over a three-year period with no tenure based vesting, and operational target based vesting conditions will no longer be used as a performance measure.

6.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any twelve (12) month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

One of the exceptions to ASX Listing Rule 7.1 is set out in ASX Listing Rule 7.2 (Exception 9(b)), which provides that issue under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 6 is passed, the Company will be able to grant Rights as the long term performance linked remuneration component to eligible participants pursuant to the Plan during the period of 3 years after the Meeting and to issue securities to those Executives at the end of the three year performance period, without using the Company's 15% annual placement capacity.

Any future issues of Rights under the Plan to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

6.3 Information required by the ASX Listing Rules – Terms of the LTIP

A summary of the key terms and conditions of the Plan is provided in Schedule 1 of this Notice of Meeting. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary.

No Rights have been issued under the LTIP as at the date of the Explanatory Statement as the LTIP is intended for implementation commencing 1 January 2014.

Shareholder approval will be separately obtained under ASX Listing Rule 10.14 if the Company issues, or agrees to issue, securities under the Plan to a director or an associate of the director at a future point in time.

Shareholders are invited to contact the Company if they have any queries or concerns.

6.4 Directors' recommendation

The Directors recommend that Shareholders vote in favour of Resolution 6.

7. RESOLUTION 7 – SPILL RESOLUTION (CONTINGENT ITEM)

If less than 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report, the Chair will withdraw Resolution 7.

7.1 General

The Corporations Act requirements for this Resolution to be put to vote are set out in Section 2.2 of this Explanatory Statement.

The effect of this Resolution being passed is the Company will be required to hold another meeting of Shareholders within 90 days of the date of this Meeting (**Spill Meeting**) and each of the following Directors (**Vacating Directors**) will cease to hold office immediately before the end of the Spill Meeting:

- (a) Michael Fry (subject to Mr Fry's re-election pursuant to Resolution 4);
- (b) Bruce Miller;
- (c) Bill Warnock (subject to Mr Warnock being elected pursuant to Resolution 2); and
- (d) Larry Edwards (subject to Mr Edwards being elected pursuant to Resolution 3).

The business of the Spill Meeting will be to put to vote resolutions to appoint persons to offices vacated by the Vacating Directors.

The Managing Director, Mr David Prentice would not lose office at any Spill Meeting, as the managing director is exempt from this requirement.

Each of the Relevant Directors is eligible to seek re-election as a director of the Company at the Spill Meeting. Under the Corporations Act, the Company is required to have a minimum of three (3) Directors.

In the event a Spill Meeting is required a separate notice of meeting will be distributed to Shareholders with details about those persons that will seek election as directors of the Company at the Spill Meeting.

Shareholders should be aware that the total cost to the Company of holding a Spill Meeting is significant (including printing, mail-out and share registry costs) and that holding a Spill Meeting would cause significant disruption to the running of the Company.

Shareholders should also note that 6,984,961 Shares (**Key Management Shares**) or 1.4% of the Company's total issued share capital, are held by the Key Management Personnel of the Company (or their Closely Related Parties). These

Key Management Shares are not able to be voted on either Resolution 1 (the Remuneration Report resolution) or Resolution 7 (the Spill Resolution). However, the Key Management Shares may be cast on resolutions put to Shareholders at a Spill Meeting for the election and re-election of Directors. The Company has been informed that, in the event Resolution 7 is passed, all of the holders of Key Management Shares presently intend to vote their Shares in favour of the re-election of all of the Vacating Directors.

7.2 Directors' Recommendation

The Directors unanimously recommend that Shareholders vote **against** Resolution 7. The Chairman of the Meeting intends to vote all undirected proxies **against** this Resolution.

7.3 Proxy Restrictions

Shareholders appointing a proxy for this Resolution should note the voting restrictions set out on page 3 of this Notice of Meeting apply in the same manner to this Resolution.

8. ENQUIRIES

Shareholders are requested to contact Suzie Foreman, Company Secretary, on (+61 8) 9200 4470 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

2013 Annual Report means the Company's annual report for the year ended 30 June 2013, which can be downloaded from the Company's website at www.redforkenergy.com.au

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited or the Australian Securities Exchange, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

Company or **Red Fork** means Red Fork Energy Limited (ACN 108 787 720).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

Group Entity means the Company, any Related Body Corporate of the Company or any corporation, partnership, trust or other body or entity, whether established under the law of any part of Australia, the United States of America, or elsewhere, which is owned or controlled by the Company or a Related Body Corporate of the Company.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Long Term Incentive Plan or **Plan** or **LTIP** means the Long Term Incentive Plan of the Company with terms and conditions set out in Schedule 1 of this Notice of Meeting.

Notice or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Statement and the Proxy Form.

Managing Director means the managing director of the Company who may, in accordance with the ASX Listing Rules, continue to hold office indefinitely without being re-elected to the office.

Proxy Form means the proxy form accompanying the Notice.

Related Body Corporate had the meaning given to that term in Section 50 of the Corporations Act.

Remuneration Report means the remuneration report set out in the director's report section of the Company's annual financial report for the year ended 30 June 2013.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Right means a right having the terms and conditions set out in the Company's Long Term Incentive Plan.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – SUMMARY OF THE TERMS AND CONDITIONS OF LTIP

The full terms of the LTIP may be inspected at the registered office of the Company during normal business hours. A summary of the terms of the LTIP is set out below.

1. The Board and the Remuneration and Nomination Committee may in their sole and absolute discretions offer rights to receive fully paid ordinary shares in the capital of the Company (**Rights**) to a full time or part time employee of a Group Entity, who is an Executive Employee (as defined in the plan) which includes but is not limited to professionals, managers, senior management and executives and whether based in Australia or the United States of America (**Eligible Participants**) (**Offer**).
2. The Offer must be in writing and include, amongst other things, the number of Rights which the Eligible Participant is being offered, any other specific terms and conditions of issue, including the Performance Requirement set out in paragraph 6 below and the Performance Period (as defined in paragraph 6 below).
3. The Eligible Participants to whom any Offer is made may accept it by completing the application form and giving it to the Board by 5pm on the acceptance date specified in the Offer.
4. The maximum number of Rights under the Plan that can be offered to an Eligible Participant will be determined by the salary multiple of the Eligible Participant at the time of the Offer based on the Eligible Participant's responsibility level, and by dividing the dollar amount by the Company's volume weighted average price (**VWAP**) for the fifteen (15) ASX trading days prior to the date the Offer is made.
5. Each Right entitles the holders to receive one Share upon vesting of the Right.
6. The Rights will be tested against a Total Shareholder Return (**TSR**) hurdle (**Performance Requirement**) at the end of the third year after the Rights are issued, (**Performance Period**).

TSR is defined according to the formula:

$$\frac{[\text{Price end}^1 - \text{Price beginning}^1 + \text{distributed dividends}] \times 100}{\text{Price beginning}^1}$$

¹ Share prices used to calculate the TSR of a Company for the Performance Period will be measured as:

- (a) Price beginning: the VWAP for the 15 ASX trading days preceding and including the first day of the Performance Period;
 - (b) Price end: the VWAP for the 15 ASX trading days ending on the last day of the Performance Period; and
 - (c) Peer group is a group of companies as determined by the Board in its discretion.
7. The number of Rights that will vest (if any) at the end of the Performance Period will be determined by reference to the percentile ranking achieved by the Company over the Performance Period compared to a group of peer group companies selected by the Remuneration and Nomination Committee (at its sole and absolute discretion) and approved by the Board. The proportion of Rights will vest according to the percentage below:

TSR Percentile Ranking Compared to Peer Group	Percentage (%) of Rights that will vest
Below the 50 th percentile	Nil
50 th to below 60 th percentile	50%
60 th to below 75 th percentile	60%
75 th to below 90 th percentile	75%
90 th percentile and above	100%

TSR performance levels between these percentile hurdle rates will be rewarded on a pro-rata basis.

8. The Company must not issue any Rights under the LTIP if, immediately after the Offer, the sum of:
 - a. the total number of Shares that may be issued upon conversion of Rights the subject of the Offer;
 - b. the total number of Shares and Shares that may be issued upon conversion of rights or options the subject of any outstanding offer under the Plan or any other Group employee incentive scheme; and
 - c. the total number of Shares issued during the preceding five years under the LTIP (or any other Group employee incentive scheme),

would exceed 5% of the total number of shares on issue at the time of the Offer.

Any offer made, or Rights, options or Shares issued by way of or as a result of an offer:

 - a. to a person situated at the time of receipt of the offer outside Australia;
 - b. that did not need disclosure to investors because of section 708 of the Corporations Act;
 - c. that did not require the giving of a product disclosure statement because of section 1012D of the Corporations Act; or
 - d. made under a disclosure document or product disclosure statement,

should be disregarded from the calculation of the 5% limitation.
9. Rights granted under the Plan will not vest unless the Performance Requirement has been satisfied and the Board has notified the Eligible Participant, which it must do within 10 business days after the end of the Performance Period. The Eligible Participant must, within 30 days of such notification, request by notice in writing that the Company issue the Eligible Participant with the number of Shares to which the Eligible Participant is entitled.
10. The Company is not responsible for any taxes which become payable in connection with the issue of Rights or Shares or any other dealing with the Rights or Shares acquired under the Plan.
11. Unless expressly permitted in the terms of the Offer or otherwise approved by the Board, Participants may not transfer any Rights held under the LTIP during a three (3) year restriction period (**Restriction Period**).

12. A Right will lapse if, among other matters:
 - a. during the Restriction Period, the Participant holding that Right is dismissed or removed from office without notice for serious misconduct, do any act which brings the Group into disrepute or otherwise ceases to be employed by a Group Entity;
 - b. during a Performance Period, if the Participant's employment with a Group Entity is terminated , voluntarily or involuntarily (including for reasons of redundancy). If the termination is due to retirement, total and permanent disability or death but the Performance Requirements and any other conditions precedent to vesting conditions of Rights under the Plan are satisfied, the Participant will receive a pro rata distribution of vested Rights at the completion of the term of the Plan, based on the portion of any relevant Performance Period that the Participant was actively employed;
 - c. an unauthorised dealing in, or hedging of, the Right occurs; or
 - d. the Board deems that a Right lapses due to fraud, dishonesty or other improper behaviour of the holder/Eligible Participant.
13. All Rights that do not vest following testing of the Performance Requirement will lapse immediately following the end of the Performance Period.
14. In the event of a change in control of the company's Board of Directors and the subsequent termination or revision of this Plan, or the termination of a participant in this Plan, the Participants shall be entitled to receive a pro rata entitlement to vested Rights based on the portion of the three-year term that the participant was actively employed immediately preceding the change of control providing that the Performance Requirements and other conditions are satisfied. Change in control for the purpose of this Plan will mean:
 - i. where a bona fide takeover bid (as that term is defined in the Corporations Act) for the Shares is declared unconditional and the bidder acquires a bona fide interest in at least 50.1% of the Shares on issue in the Company; or
 - ii. the Court sanctions a compromise or arrangement proposed for the purpose of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company or companies under Part 5.1 of the Corporations Act, or
 - iii. the change in composition of the Board such that the original members at the beginning of the term of the Plan represent less than 50% of the Directors after the change; or
 - iv. in any other case, a person obtains Voting Power bid (as that term is defined in the Corporations Act) in the Company which the Board (which for the avoidance of doubt will comprise those Directors immediately prior to the person acquiring that Voting Power) determines, acting in good faith and in accordance with their fiduciary duties, is sufficient to control the composition of the Board.
15. There are no participating rights or entitlements inherent in the Rights and participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Rights.
16. A Right does not confer the right to a change in the number of underlying Shares over which the Right can be exercised.
17. If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of a Right are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.

18. The Board may suspend, amend or terminate the Plan at any time. In the event the Plan is suspended or terminated, the Participants will be vested in any benefits from the Plan based on the TSR performance of the Company as compared to its defined peer group, provided that at least one year of TSR performance history is available.
19. The Board is not restricted to using the Plan as the only method of providing incentive rewards to employees.
20. The Board may, by resolution, amend or add to all or any of the provisions of this Plan, or the terms and conditions of any Rights granted under the Plan, at any time, where such amendment is introduced primarily:
 - I. for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation governing or regulating the maintenance or operation of this Plan or like plans;
 - II. to correct any manifest error or mistake;
 - III. to enable a Group Entity to comply with the Corporations Act, the Listing Rules, applicable foreign law, or a requirement, policy or practice of the ASIC or other foreign or Australian regulatory body; or
 - IV. to take into consideration possible adverse taxation implications in respect of this Plan including changes to applicable taxation legislation or the interpretation of that legislation by a court of competent jurisdiction or any rulings from taxation authorities administering such legislation.

However, the Board may not amend this Plan if such amendment would have a materially prejudicial effect upon Participants.

ANNEXURE A – NOTICE OF NOMINATION

17 October 2013

The Directors
Red Fork Energy Limited
Level 2, 79 Hay Street
SUBIACO WA 6005

Dear Directors,

I, Skye Marnee Carlshausen, of 124 Todd Avenue, Como, Western Australia 6152, a shareholder of Red Fork Energy Limited in accordance with Section 328B of the *Corporations Act 2001 (Cth)*, nominate Grant Thornton Audit Pty Ltd of Level 1, 10 Kings Park Road, West Perth, Western Australia to be appointed as auditor of Red Fork Energy Limited at the next forthcoming Annual General Meeting to be held in November 2013.

Yours sincerely



Skye Marnee Carlshausen

