Red Fork Energy Limited
(ABN 15 108 787 720)

Half-Year Report
31 December 2012

COMPANY DIRECTORY

Non-Executive Chairman
Michael Fry

Managing Director
David Prentice

Executive Director
Bruce Miller – Resources

Non-Executive Director
William Warnock

Chief Financial Officer
Kevin Humphrey

Chief Operations Officer and President of Red Fork USA Investments Inc
Chris Girouard

Company Secretary
Suzie Foreman

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Security Transfer Registrars
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Securities Exchange Listing
Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: RFE

OTCQX International
OTC Codes: RDFEY
1 ADR = 10 Ordinary Shares RFE

Bankers
Commonwealth Bank of Australia
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PERTH WA 6000

Website
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DIRECTORS' REPORT

The directors of Red Fork Energy Limited ("the Company" or "Red Fork") present their report and the financial statements for the half-year ended 31 December 2012. The dollar figures are expressed in US currency and to the nearest thousand unless otherwise indicated. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Board of Directors

Michael Fry	Non-Executive Chairman
David Prentice	Managing Director (Chief Executive Officer)
Bruce Miller	Executive Director – Resources
William Warnock	Non-Executive Director (appointed 17 January 2013)
Perry Gilstrap	Executive Director – Operations President of Red Fork Energy Investments (USA) Inc. (retired 18 February 2013)
Steve Miller	Non-Executive Director (resigned 19 November 2012)

Review and Results of Operations

In the six month period to 31 December 2012, oil and gas sales revenue was US$5.8 million, (2011: US$2.5 million), an increase of 132% from the sale of 46,524 barrels of oil and 211,726 Mcfe of gas (2011: 10,236 barrels of oil and 215,737 Mcfe of gas). The increase in sales revenues is driven by significantly higher production levels from the Company's Mississippian oil and liquids rich gas project, with oil prices remaining constant. The Company also sells gas from West Tulsa and Osage through a percentage of proceeds gas gathering contract.

Red Fork Energy Limited recorded a net loss after tax of US$3.1 million for the half-year (2011: US$1.8 million). Gross profit for the half-year was US$3.45 million, up from US$1.02 million for the corresponding 2011 half-year period. The increase in net loss in the current period was attributable to the increase in non-cash amortisation expense as more oil and gas producing properties were brought online during the period. Equity based payments also increased significantly in the current period mainly due to the value attributed and expensed in relation to the issue of performance rights.

Price: Average prices received for the reporting period were consistent for oil US$88.8 (2011: US$88.9) and marginally lower for gas US$2.95 (2011: US$3.02) compared to the prior corresponding period.

EXPLORATION / PRODUCTION ACTIVITIES

Red Fork Energy Limited ("RFE", "Red Fork" or the "Company") is very well positioned to continue its growth and capitalise on the significant potential of its large landholdings in highly prospective basins located in Oklahoma in the United States. As at the date of this report, Red Fork owns and operates four projects in Oklahoma: Northern Central Oklahoma (Big River), East Oklahoma, West Tulsa and Osage.

Big River Project

The Company continued to progress the exciting horizontal Mississippian oil and liquids rich gas play in Oklahoma during the half year. Targeting five key counties predominantly east of the Nemaha Ridge, the Company's leasehold position was approximately 75,000 net acres. At the date of this report, the Company has three rigs active in the Mississippian play with 30 wells across eight development areas at various stages from producing, completing, awaiting completion and drilling. A fourth rig is scheduled to commence operations in the mid of 2013. Sixteen horizontal wells are now successfully producing to sales through permanent production facilities.

In addition, horizontal drilling activity has increased significantly on the Company's non-operated acreage within its Mississippian holdings in Oklahoma. An increase in permitting, spacing and pooling activity within the Company's five key Counties is expected to result in the Company participating in an increasing number of non-operated wells throughout 2013. The Company commenced a large 3D seismic program in the last financial year. At the date of this report, Red Fork has a seismic coverage of over 99 square miles. Permitting is under way on an additional coverage of 18 square miles. This will underpin the current forward (held by production) horizontal drilling program well into 2015.

In December 2012, Red Fork reached an important agreement with DCP midstream Partners, LP (NYSE:DPM) ("DCP Midstream") for the sale of natural gas and associated liquids from future wells to be drilled by the Company in the Mississippian oil play, located in Pawnee and Payne Counties, Oklahoma.

The agreement covers the two townships in Pawnee and Payne Counties in Oklahoma, with DCP Midstream extending its system eastward from their existing main line, to a central delivery point, where Red Fork has leased the majority of acreage in each section of two townships. This agreement provides Red Fork with important take-away capacity into an existing gas market.

Earlier in the year, DCP Midstream announced a major expansion of their system. Part of the expansion will have pipe running 900 miles from Liberal, Kansas to Mont Belvieu in Texas, passing through the middle of the Mississippian oil play in Oklahoma. The expansion will create a "super system" which will interconnect 13 gas-processing plants to various interstate gas pipeline markets.

The following table details the gross well status across the development areas.

	Development Area										
	1	2	3	4	5	6	7	8	9	10	Total
Producing	2	9	2	1			2				16
Stimulating / Testing		1		3							4
Awaiting Stimulation		3				2		1		1	7
Drilling		2		1							3
Total	2	15	2	5	0	2	2	1	0	1	30

East Oklahoma Project

During the half year the Company continued to produce, gather and process natural gas (including third party gas) from the East Oklahoma shale gas project. As outlined in the previous reports (with natural gas prices at historically low levels) the Company is continuing to look for opportunities to improve the economics of this play by leveraging off its investment in the Wagoner "A" production and processing facilities.

Red Fork holds a large acreage position in this play with ownership and control (through its mid-stream subsidiary EaskOK Pipeline, LLC ("EastOK")) of significant gathering, compression and processing infrastructure (Wagoner "A" facilities) providing significant positive exposure to any future increases in natural gas prices. Importantly, EastOK currently gathers, compresses, processes and transports greater than 90% of all gas produced in this play.

Other Conventional Oil and Gas

The Company maintained production from its West Tulsa and Osage conventional oil and gas projects during the period. Red Fork has eleven wells at West Tulsa (nine in production) with significant permanent oil and gas facilities established. The 100% owned Osage project produces oil from conventional zones in the Wilcox formation and gas from a mixture of conventional zones as well as coal bed methane and shale zones that are productive in this acreage.

The focus here is to sustain production with minimal capital expenditure and at the lowest possible production cost to generate cash flow from what is predominantly held by production acreage that does not have ongoing drilling commitments.

CAPITAL

On 10 August 2012, the Company announced its agreement with Euroz Securities Limited to act as Underwriter and Lead Manager to a placement, raising A$50 million (before costs of issue) via the issue of approximately 74.63 million new ordinary shares at an issue price of A$0.67 per share to qualified institutional and sophisticated investors.

The placement was approved by shareholders at an Extraordinary General Meeting held on 13 September 2012, and the securities were issued on 17 September 2012.

The additional funding will allow the Company to continue and accelerate its aggressive operated Mississippian project drilling program, maintain on-going leasing within the Mississippian play and provide additional working capital.

On 20 September 2012, the Board approved the allotment and issue of a total of 6.57 million unlisted performance rights under the Company's Performance Rights Plan to the employees of the Company.

There were 385 million ordinary shares on issue, 4.03 million unlisted options and 16.17 million unlisted performance rights as at the end of the half-year.

EVENTS SUBSEQUENT TO REPORTING DATE

On 17 January 2013, William Warnock was appointed as an independent Non-Executive Director. Mr. Warnock is a registered professional petroleum engineer with an impressive track record and 38 years experience in the oil and gas industry. Mr. Warnock is the Chairman of the Audit and Remuneration Committees.

Chris Girouard was appointed as President of Red Fork USA Investments, Inc. and Head of US E&P Operations on 30 January 2013.

Perry Gilstrap retired from the Board of Red Fork and its associated subsidiary companies on 18 February 2013 but will continue in a consulting role for twelve months.

A reserve certification as at 31 December 2012 was carried out by Lee Keeling & Associates, Inc. ("Lee Keeling") to review and update the Company's holdings in Oklahoma. The certificate dated 13 February 2013 includes volumes associated with the Mississippi Lime formation and with Red Fork's West Tulsa, Osage and Eastern Oklahoma oil and gas projects.

Lee Keeling are petroleum consultants based in the United States with offices in Tulsa and Houston. Lee Keeling 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. Lee Keeling have consented to the release of this reserves information.

The following summary outlines the gross and net reserves and net present values in Red Fork leases located in Oklahoma as at 31 December 2012.

Oil and Gas Reserves as at 31 December 2012

	MMBBLS[1]		BCF[1]		MMBOE[1]		NPV(10)[2]
	Gross	Net	Gross	Net	Gross	Net	US$mm
1P	4.9	2.7	43.6	32.1	12.1	8.1	89.2
2P	7.5	3.8	64.0	46.7	18.2	11.6	116.0
3P	26.8	8.9	94.2	54.6	42.5	18.0	217.9
1CR[3]	132.6	40.3	205.9	62.6	166.9	50.7	446.3
Total	**159.4**	**49.2**	**300.1**	**117.2**	**209.4**	**68.7**	**664.2**

Notes:

1. Million ("mm") barrels of liquids and billion (b) cubic feet of gas. The equivalent barrels ("boe") has been calculated on a simple 6:1 ratio.
2. The NPV(10) net present value at a 10% discount is net to Red Fork and is post royalties and taxes (other than corporate taxes) and includes capital and operational cost estimates.
3. The mid-year certification did not include a review of the Contingent Resources (1CR) category. The values stated in the table above for this category are as at 30 June 2012.

The economic model used to establish the net present value for the above 1P to 3P reserves uses SEC pricing, based on a constant price of US$94.21 per barrel for oil and a gross price of US$2.81 per MCF for gas held constant over the life of the evaluation. These prices were the average prices received for 12 months preceding the reserve evaluation. Differentials were used to adjust the gas price for the liquids yield contained in high BTU gas. Drilling and completion costs per well were estimated at US$3.2 million.

For 1C reserves at 30 June 2012, the economic model assumed a constant price of US$95.89 per barrel for oil and a constant price of US$5.229 per MCF for gas (adjusted for the liquids yield contained in high BTU gas).

The Directors are not aware of any other matter or circumstance that has arisen since 31 December 2012 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.

ROUNDING OFF AMOUNTS

The Company is of a kind referred to in ASIC Class Order 98/100, dated July 10, 1998 and in accordance with that Class Order amounts in the Financial Statements are rounded off to the nearest thousand dollars unless otherwise indicated.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This

Independence Declaration is set out on the following page and forms part of this directors' report for the half-year ended 31 December 2012.
This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.

David Prentice
Managing Director

Dated this 15th day of March 2013

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Red Fork Energy Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
15 March 2013

M R W OHM
Partner, HLB Mann Judd

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Notes	Consolidated 31 December 2012 US$'000	Consolidated 31 December 2011 US$'000
Revenue	2	5,771	2,513
Cost of sales	2	(2,319)	(1,498)
Gross profit from operations		3,452	1,015
Other revenue from activities	2	523	451
Amortisation, depreciation and rehabilitation expense		(1,310)	(526)
Administration and other expenses	2	(1,564)	(1,061)
Equity based payments		(1,791)	(283)
Employment expenses		(2,341)	(1,379)
Finance costs		(11)	(4)
Gain/(loss) on foreign exchange movement		(20)	15
Loss before income tax expense		(3,062)	(1,772)
Income tax expense		-	-
Loss for the period		**(3,062)**	**(1,772)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		1,844	(2,819)
Foreign exchange gain/(loss) reclassified to equity		(1,782)	2,441
Other comprehensive income/(loss) for the period net of tax		62	(378)
Total comprehensive loss for the period		**(3,000)**	**(2,150)**
Basic (loss) per share (cents per share)		(0.86)	(0.65)

Options on issue are not considered to be dilutive as their exercise would not show an inferior loss per share

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Notes	Consolidated As at 31 December 2012 US$'000	Consolidated As at 30 June 2012 US$'000
Assets			
Current Assets			
Cash and cash equivalents		36,675	20,681
Trade and other receivables		10,276	3,011
Inventory		373	339
Total Current Assets		**47,324**	**24,031**
Non-Current Assets			
Exploration, evaluation and development costs	3	47,384	25,408
Oil and gas production assets	4	49,798	45,629
Plant, equipment and pipeline	5	15,845	12,683
Other assets		17	17
Total Non-Current Assets		**113,044**	**83,737**
Total Assets		**160,368**	**107,768**
Liabilities			
Current Liabilities			
Trade and other payables		12,362	8,107
Other financial liabilities		80	98
Total Current Liabilities		**12,442**	**8,205**
Non-Current Liabilities			
Other financial liabilities		-	100
Provisions		481	481
Total Non-Current Liabilities		**481**	**581**
Total Liabilities		**12,923**	**8,786**
Net Assets		**147,445**	**98,982**
Equity			
Issued capital	6	163,585	113,913
Reserves	7	5,552	3,699
Accumulated losses	8	(21,692)	(18,630)
Total Equity		**147,445**	**98,982**

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

CONSOLIDATED	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Foreign Translation Reserve	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 July 2012	113,913	(18,630)	2,352	1,347	98,982
Loss for the period	-	(3,062)	-	-	(3,062)
Exchange difference arising on translation of foreign operation	-	-	-	1,844	1,844
Foreign exchange loss reclassified to equity	-	-	-	(1,782)	(1,782)
Total comprehensive loss for the period	-	(3,062)	-	62	(3,000)
Shares issued during the period	52,377	-	-	-	52,377
Capital raising costs	(2,705)	-	-	-	(2,705)
Conversion of options	-	-	(19)	-	(19)
Write back expired and cancelled options	-	-	(221)	-	(221)
Recognition of share based payments	-	-	2,031	-	2,031
Balance at 31 December 2012	163,585	(21,692)	4,143	1,409	147,445
Balance at 1 July 2011	87,488	(15,015)	3,379	1,499	77,351
Loss for the period	-	(1,772)	-	-	(1,772)
Exchange difference arising on translation of foreign operation	-	-	-	(2,819)	(2,819)
Foreign exchange gain reclassified to equity	-	-	-	2,441	2,441
Total comprehensive loss for the period	-	(1,772)	-	(378)	(2,150)
Shares issued during the period	27,861	-	-	-	27,861
Capital raising costs	(1,428)	-	-	-	(1,428)
Write back expired and cancelled options	-	2,638	(2,638)	-	-
Recognition of share based payments	-	-	283	-	283
Balance at 31 December 2011	113,921	(14,149)	1,024	1,121	101,917

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Consolidated	
	31 December 2012 US$'000	31 December 2011 US$'000
Cash flows from operating activities		
Receipts from customers	5,756	1,477
Payments to suppliers and employees	(8,917)	(3,116)
Interest received	200	240
Net cash (used in) operating activities	(2,961)	(1,399)
Cash flows from investing activities		
Payment for exploration and evaluation	(23,305)	(11,403)
Payment for production assets	(3,442)	-
Purchase of other non-current assets	(4,127)	(1,809)
Net cash (used in) investing activities	(30,874)	(13,212)
Cash flows from financing activities		
Proceeds from issue of shares	52,318	27,862
Payment for share issue costs	(2,705)	(1,428)
Net cash provided by financing activities	49,613	26,434
Net increase in cash and cash equivalents held	15,778	11,823
Cash and cash equivalents at beginning of period	20,681	26,360
Effect of exchange rate changes	216	(1,022)
Cash and cash equivalents at end of reporting period	36,675	37,161

The accompanying notes form part of these financial statements

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report.

It is recommended that these financial statements be read in conjunction with the annual financial report for the year ended 30 June 2012 and any public announcements made by Red Fork Energy Limited and its subsidiary during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

Basis of Preparation

The interim financial statements have been prepared on an accruals basis and are based on historical cost. The company is domiciled in Australia.

The financial statements are presented in US dollars unless otherwise noted. For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period.

Rounding

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

Adoption of New and Revised Accounting Standards

In the half-year ended 31 December 2012, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2012.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2012. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change necessary to Group accounting policies.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

Significant Accounting Judgments and Key Estimates

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing the interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2012 except for the following matter.

Change in Accounting Estimates

The accounting estimate for amortisation of oil and gas production assets has been changed from 1 July 2012 to use proved (1P) reserves as a denominator for amortisation purposes under the Units of Production Methodology. The Group has used the estimate of proved developed producing (PDP) reserves in prior years. During the period under review, the Board and management of Red Fork decided to change the reserves base for amortising oil and gas production assets to proved (1P) reserves to reflect management's expected pattern of consumption of future economic benefits embodied in the assets and also to better align Red Fork's accounting policy to that adopted by its peers. The impact of the change in accounting estimate is to reduce the amortisation charge and decrease the loss after tax for the six month period by an amount of US$1.37million. In addition, the carrying value of oil and gas production assets at 31 December 2012 is US$1.37million higher than it would have been had the change in estimate not been made.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 2: REVENUES AND EXPENSES

		Consolidated	
		31 December 2012 US$'000	31 December 2011 US$'000
(a)	**Revenue**		
	Sales revenue		
	Oil sales	3,785	926
	Gas sales (i)	1,986	1,587
		5,771	**2,513**
	(i) Wagoner gathering and processing income was recorded as net revenue in the prior period and has now been restated as gross revenue with cost of sales as comparable with the reporting period presentation.		
	Other revenue		
	Interest received	298	451
	Other income	225	-
		523	**451**
(b)	**Cost of sales**		
	Production costs	**2,319**	**1,498**
(c)	**Administration and other expenses**		
	Administration expenses	94	73
	Consultant fees	518	137
	Compliance and share registry fees	324	415
	Travel expenses	183	223
	Occupancy expenses	132	82
	Other expenses	313	131
		1,564	**1,061**

NOTE 3: EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

	31 December 2012 US$'000	30 June 2012 US$'000
Exploration, evaluation and development costs carried forward in respect of petroleum exploration areas of interest		
- Exploration and evaluation phases	**47,384**	**25,408**
Opening balance	25,408	19,695
Expenditure incurred during the year	23,047	20,790
Disposals	-	(92)
Transfer to oil and gas production assets	(1,570)	(14,985)
Transfer from plant and equipment	499	-
Closing balance	47,384	25,408

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 4: OIL AND GAS PRODUCTION ASSETS

	Consolidated	
	31 December 2012 US$'000	30 June 2012 US$'000
Opening balance	45,629	24,276
Additions	3,441	8,597
Transfer from exploration, evaluation and development expenditure	1,570	14,985
Depreciation/amortisation for the period	(842)	(2,229)
	49,798	**45,629**

NOTE 5: PLANT EQUIPMENT AND PIPELINE

Plant and equipment		
At cost	2,547	2,732
Accumulated depreciation	(736)	(532)
	1,811	2,200
Pipeline		
At cost	15,165	11,350
Accumulated depreciation	(1,131)	(867)
	14,034	10,483
	15,845	**12,683**
Plant and equipment		
At beginning of reporting period	2,200	837
Additions	314	1,710
Disposals	-	(26)
Transfer to exploration, evaluation and development expenditure	(499)	-
Depreciation charge for the period	(204)	(321)
	1,811	2,200
Pipeline		
At beginning of reporting period	10,483	7,052
Additions	3,815	3,876
Depreciation charge for the period	(264)	(445)
	14,034	10,483
	15,845	**12,683**

NOTE 6: ISSUED CAPITAL

(a) Ordinary shares

Issued and fully paid	**163,585**	**113,913**

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 6: ISSUED CAPITAL (CONTINUED)

	31 December 2012		30 June 2012	
	Number	**US$'000**	**Number**	**US$'000**
Movements in ordinary shares on issue				
Balance at beginning of period	310,229,853	113,913	269,769,853	87,487
Shares issued during the period:				
- Option conversion	95,000	60	-	-
- Placement at A$0.67 each	74,626,866	52,317	-	-
- Placement at A$0.69 each	-	-	40,460,000	27,862
Share issue costs	-	(2,705)	-	(1,436)
Balance at end of period	384,951,719	163,585	310,229,853	113,913
(b) Options				
Movements in options on issue				
Balance at beginning of period	4,899,166	791	14,499,966	3,379
- Option conversion	(95,000)	(19)	-	-
- Option expired and cancelled	(775,500)	(221)	(9,600,000)	(1,555)
- Write back expired options	-	-	-	(1,033)
Balance at end of period	4,028,666	551	4,899,166	791
(c) Performance Rights				
Movements in performance rights on issue				
Balance at beginning of period	9,600,000	1,561	-	-
Performance rights issued during the period	6,570,000	638	9,600,000	1,561
Recognition of share based payments	-	1,393	-	-
	16,170,000	3,592	9,600,000	1,561

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 7: RESERVES

	Consolidated	
	31 December 2012 US$'000	30 June 2012 US$'000
Share based payment reserve	4,143	2,352
Foreign currency translation reserve	1,409	1,347
	5,552	3,699
(a) Share Based Payment Reserve		
Balance at the beginning of the period	2,352	3,379
Performance Rights issued	638	1,561
Conversion of options	(19)	-
Options cancelled and expired	(221)	-
Employee equity settled payments	1,393	-
Accelerated vesting on cancelled options	-	51
Transfer of expired & cancelled options to accumulated losses	-	(2,639)
Balance at end of the period	4,143	2,352
(b) Foreign Currency Translation Reserve		
Balance at the beginning of the period	1,347	1,499
Movement during the period	62	(152)
Balance at end of the period	1,409	1,347

NOTE 8: ACCUMULATED LOSSES

Balance at the beginning of the period	(18,630)	(15,015)
Net loss for the period	(3,062)	(6,253)
Transfer of expired & cancelled options from reserve	-	2,638
	(21,692)	(18,630)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 9: SEGMENT REPORTING

Operating Segments by business activity

Reporting information presented to the Managing Director is categorised by the following business activities; Corporate (based within Australia) and Oil and Gas in Oklahoma, USA.

Segment Information

The following tables presents revenue and results information regarding segment information provided to the Managing Director for the half year periods ended 31 December 2012 and 31 December 2011.

Segment performance

	Corporate US$'000	Oil and Gas US$'000	Total US$'000
31 December 2012			
Segment revenue	523	5,771	6,294
Segment results	(5,207)	2,145	(3,062)
Included within segment result:			
•Depreciation, amortization and rehabilitation	(3)	(1,307)	(1,310)
•Equity based payments	(1,791)	-	(1,791)
•Interest Revenue	298	-	298
Segment assets	35,684	124,684	160,368
Segment liabilities	(147)	(12,776)	(12,923)
31 December 2011			
Segment revenue	451	2,513	2,964
Segment results	(2,265)	493	(1,772)
Included within segment result:			
•Depreciation, amortization and rehabilitation	(3)	(523)	(526)
•Equity based payments	(283)	-	(283)
•Interest Revenue	451	-	451
Segment assets	34,286	69,972	104,258
Segment liabilities	(125)	(2,215)	(2,340)

The revenues reported above represents revenue generated from external customers. Segment profit earned by each segment without allocation of central administration costs and directors' salaries, finance costs and income tax expense. This is the measure reported to the Board for the purpose of resource allocation and assessment of segment performance.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 10: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 11:EVENTS SUBSEQUENT TO REPORTING DATE

On 17 January 2013, William Warnock was appointed as an independent Non-Executive Director. Mr. Warnock is a registered professional petroleum engineer with 38 year experience in the oil and gas industry. Mr. Warnock is the Chairman of the Audit and Remuneration Committees.

Chris Girouard was appointed as President of Red Fork USA Investments, Inc. and Head of US E&P Operations on 30 January 2013.

Perry Gilstrap retired from the Board of Red Fork and its associated subsidiary companies on 18 February 2013 but will continue in a consulting role for twelve months.

A reserve certification as at 31 December 2012 was carried out by Lee Keeling & Associates, Inc. ("Lee Keeling") to review and update the Company's reserves at 31 December 2012. The certificate dated 13 February 2013 includes volumes associated with the Mississippi Lime formation and also 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. Please refer to the Directors' Report for the reserves summary.

The Directors are not aware of any other matter or circumstances that has arisen since 31 December 2012 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.

DIRECTORS' DECLARATION

In the opinion of the directors of Red Fork Energy Limited ('the company'):

The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:

a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year then ended.

2. 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 signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

David Prentice

Executive Director

Dated this 15th day of March 2013

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Red Fork Energy Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Red Fork Energy Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2012, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

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HLB Mann Judd

Accountants | Business and Financial Advisers

Matters relating to the electronic presentation of the reviewed half-year financial report

This review report relates to the half-year financial report of the consolidated entity for the half-year ended 31 December 2012 included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this website. The review report refers only to the half-year financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the half-year financial report. If users of the half-year financial report are concerned with the inherent risks arising from publication on a website they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information contained in this website version of the half-year financial report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Red Fork Energy Limited is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

M R W OHM
Partner

Perth, Western Australia
15 March 2013