REDFORK ENERGY

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Manager Announcements
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RED FORK 2P RESERVES UPGRADED BY 250%

Highlights

- Independent Report increases 2P Reserves by 250% to 36.4Bcfe
- Overall reserve increased to 62.2Bcfe with gross revenue potential of approximately A$480 million
- Includes new oil reserves of 1.44 million barrels with gross revenue potential of approximately A$126 million
- 36.4Bcfe (2P Reserves) coming from just 13% of Red Fork's 32,000 acre holding

Red Fork Energy Limited (Red Fork or the Company) (ASX:RFE) is pleased to announce a 250% upgrade to its 2P reserve position to 36.4Bcfe[1] following independent certification by Independent Petroleum Engineers, Lee Keeling & Associates, Inc[2].

The Company has now identified the following reserves attributable to Red Fork's interest in its four project areas as follows:

Category	***Bcfe***
Proved & Probable (2P)	*36.4*
Possible Reserves	*25.8*
Total Reserves (3P)	***62.2***

All of the reserves are from coal bed methane, fractured shale gas and conventional oil and gas, at depths ranging from 400 to 5,000 feet. The producing zones range in age from Pennsylvanian to Cambrian and are located in the Arkoma and Cherokee basins of Oklahoma, in the United States.

Red Fork now holds approximately 32,000 acres (leased and committed to lease) in Oklahoma in four separate project areas. The acreage is 100% owned by Red Fork, with Net Revenue Interests (NRI) ranging from 80% to 87.5%.

Importantly, the upgraded 2P reserve is contained within the Company's 100% owned Osage project which covers only 4,200 acres or approximately 13% of Red Fork's holdings in Oklahoma.

The 2P reserve also includes conventional oil reserves of approximately 1.44 million barrels (established in zones within the Simpson Sands). The Company estimates that this area will support at least 10 new well locations with the potential to deliver significant new oil production. Importantly, Red Fork has already established strong production potential from these zones with the success of the RFE #1-17 and Bass #89-1 wells.

Commenting on the announcement, Red Fork's managing director David Prentice said, "The significant upgrades to both our 2P and 3P reserves is a further endorsement of the quality of our 100% owned assets in Oklahoma.

"The establishment of a large new oil reserve is very exciting, giving us the opportunity to unlock quickly and cost effectively approximately 1.44 million barrels of oil through relatively low risk drilling and completion, and in the near term leading to significant production increases."

Red Fork will continue to focus on its multi-zone exploration and development strategy and the company now expects to commence drilling completion work within the Simpson Sands field prior to the end of 2007.

Red Fork Energy Ltd is an Australian publicly listed company engaging in oil and gas exploration and production in Oklahoma, United States. It is here that the company is exploring and developing coal bed methane, unconventional gas, and conventional oil and gas targets on its 32,000 acre holdings. The company is listed on the Australian Stock Exchange (ASX) under the code "RFE".

Yours faithfully,

David Prentice
Managing Director

For further information please contact:
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[1] Includes 15.7Bcf in proven & probable gas reserves and an additional 20.7Bcfe in proven & probable oil reserves (calculated on a revenue equivalent basis using Nymex spot price for oil and gas as at October 12, 2007).

[2] Lee Keeling and Associates, Inc are Petroleum Consultants based in the United States with Offices in Tulsa and Houston. Lee Keeling and Associates, Inc provide specific engineering services to the oil and gas exploration and production industry, and consults on all aspects of petroleum geology and engineering for both domestic and international projects and companies. Lee Keeling and Associates, Inc have consented in writing to the references to them in this announcement and to the estimates of oil and natural gas reserves.