Quarterly Report

Period ended June 30, 2010

Red Fork Energy Limited
ACN 108 787 720

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

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

Contact

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

Website

www.redforkenergy.com.au

Directors

Michael Fry (Chairman)
David Prentice (Managing Director)
Perry Gilstrap (Director Operations)
Bruce Miller (Director Resources)
Steve Miller (Non-Executive Director)

ASX Code

RFE (Fully Paid Ordinary Shares)

Summary

- ✓ East Oklahoma project economics improved
- ✓ Four new wells at East OK Central intersect target Woodford Shale
- ✓ Oil discovery at West Tulsa extended with step-out well
- ✓ New gas zone discovered at West Tulsa
- ✓ Gross revenue for the quarter was A$1.24 million a 28% increase from the March quarter result
- ✓ Receipts from sales for the quarter were A$1.06 million a 49% increase from the March quarter result
- ✓ Production for the quarter was 234MMcfe (2.6Mcfe/day)[1].

Operations

With significant landholdings in highly prospective basins located in Oklahoma in the United States, Red Fork Energy Limited ("RFE", "Red Fork" or the "Company") is well positioned to continue its growth and to become a dominant player in this proven producing region.

East Oklahoma Project (RFE 100% owned and operated)

During the quarter, the Company announced that drilling had re-commenced at the Company's East Oklahoma Central project ("East OK Central").

The next four wells in this phase of development at East OK Central (the *Stines #1-16, West #1-28, West #1-29* and the *Holland #1-17* wells) were drilled to target depths ranging from 400 to 700 feet.

All four wells successfully reached target depth and were cased and cemented and prepared for completion operations.

Continues….

The wells all intersected the target Woodford Shale at the depth predicted by our internal modeling. Open hole logs confirmed the thickness of the shale (approximately 50 feet, which is also in line with our internal modeling for this part of the discovery area). Gas was visible in samples from the entire Woodford Shale section.

Importantly, these wells were all drilled on 640 acre spacing's and once production has been established they will hold this acreage by production.

The Company also continued its program to settle right of ways and lay gas gathering and water disposal lines to tie these and the other wells already drilled at East OK Central into sales.

Also, during the quarter the Company continued with the refinement of its drilling and completion techniques with the latest results delivering significant cost savings.

Single well drilling and completion cost were reduced by 33%, with total finding and development costs now less than US$0.50 per Mcf.

Since the initial discovery was made and the productive capacity of the shallow shale was established, the Company has been working to refine its drilling and completion methods on this project with the goal of maximizing production and reserves at the lowest possible cost.

Using this latest completion method, a single well can be drilled, completed and tied-in to sales for approximately US$100,000. This represents a saving of US$50,000 on the Company's previously published drilling and completion costs per well.

Importantly, this has allowed Red Fork to adjust its single well economic model for East Oklahoma to reflect these lower costs, with total direct "finding and development" costs now estimated to be less than US$0.50 per thousand cubic foot of gas produced ("Mcf").

In a notional 1,000 well development scenario for East Oklahoma, this drilling and completion method would deliver capex savings of approximately US$50 million and the Company expects that economies of scale would drive costs even lower in a full development scenario.

West Tulsa Project (RFE 100% owned and operated)

During the quarter, the Company continued development of its conventional oil and gas project at West Tulsa.

The *Moebius #2-28* well was spudded at 10.30pm (Central Daylight Time) on April 22, 2010.

This well (a significant step-out to the nearest off-set well) intersected the Red Fork Sand, a formation which is already being successfully exploited at West Tulsa at a depth of 3,100 feet. Approximately 40 feet of oil bearing pay was logged in the Red Fork Sand.

Drilling continued and the well reached target depth of 5,604 feet at 6:00 am on 18th May 2010. Casing was run and cemented in preparation for completion. Following further evaluation, the Company prepared the well for completion as a water disposal well, servicing the wells that have been drilled but not yet completed at West Tulsa (see table below).

Logs completed on this well (the *Moebius #2-28*) highlighted several potentially productive zones. Significantly, three new sections of sand were intersected between the Red Fork Sand and the Granite Wash area with a total 120 feet of possible future productive sand logged in this new interval. This area exhibited a strong show of gas upon drilling.

Also, during the quarter the Company spudded the *Moebius #3-28* well.

This well (a direct offset to the Moebius #2-28 well) successfully reached target depth of 3,577 feet at 12.45am on the 5th June 2010.

Casing was run and cemented in preparation for completion and production testing. Logs completed on this well highlighted approximately 75 feet of the productive Red Fork Sand formation, with the zone exhibiting a good show of oil and gas on drilling.

Importantly, this well further confirmed the continuous nature of the large Red Fork Sand oil discovery at West Tulsa.

Current activity at West Tulsa is focused on the completion and commissioning of new production infrastructure which will support production testing of three wells the Company has already drilled, logged and cased (see table below). This work is expected to deliver a further boost to oil and gas production at West Tulsa.

Red Fork now has ten wells drilled and six producing at West Tulsa with significant permanent oil and gas production and processing facilities established (see Table 1 below).

Table 1.

Well Name	**Description**	**Type**	**Status**
Fuss #1-34	Drilled, logged, cased & tested	Oil well (associated gas)	Producing
Fuss #1-33	Drilled, logged, cased & tested	Gas well	Producing
Fuss #2-33	Drilled, logged & cased	Water disposal	Operational
Rosier #1-27	Drilled, logged, cased & tested	Oil well (associated gas)	Producing
Rosier #2-27	Drilled, logged, cased & tested	Oil well (associated gas)	Producing
Fuss #3-33	Drilled, logged, cased & tested	Oil well (associated gas)	Producing
Moebius #1-28	Drilled, logged & cased	Primary target oil	Completion operations
Fuss #2-34	Drilled, logged & cased	Oil well (associated gas)	Producing
Moebius #2-28	Drilled, logged & cased	Water disposal	Completion operations
Moebius #3-28	Drilled, Logged & cased	Primary target oil	Completion operations

Red Fork expects to continue with the aggressive development of its successful West Tulsa project. Ongoing development will be funded from existing working capital and cash flow.

Production and Cash flow

Red Fork again achieved record gross revenue, sales and production for the June quarter.

Gross revenue from sales was A$1,240,000 (increase of 28.0% from the March quarter).

Net income (receipts from sales) was A$1,060,000 (increase of 48.9% from the March quarter).

Gas production for the quarter was 121.2Mmcf (increase of 32.6% from the March quarter).

Oil production for the quarter was 6,634 barrels (increase of 22.1% from the March quarter).

Further increases in production and revenue are expected as production from already drilled and completed wells is progressively tied-in to sales at West Tulsa and East Oklahoma.

As at June 30, 2010 Red Fork has A$7.9 million in working capital and no debt.

Yours faithfully,

David Prentice
Managing Director

About Red Fork Energy Limited

Red Fork Energy Limited is an Australian publicly listed company developing oil and gas assets in Oklahoma, United States. The Company currently owns and operates three projects, East Oklahoma (~110,000 acres in total made up of three projects: East Oklahoma Central; East Oklahoma South and East Oklahoma North), West Tulsa (~15,000 acres) and Osage (~5,000 acres). These assets provide proven producing oil and gas fields as well as highly prospective exploration acreage for future growth. Red Fork is well advanced in achieving its goal of becoming an independent exploration and production company through the commercialization of the coal bed methane, shale gas and conventional oil and gas resources located within its landholdings.

Forward Looking Statements

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

Notes

1. Mmcfe is calculated on a revenue equivalent basis using NYMEX spot price for oil and gas as at 27/07/2010.

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

RED FORK ENERGY LIMITED

ABN	Quarter ended ("current quarter")
15 108 787 720	30 June 2010

Consolidated statement of cash flows

			Current quarter $A'000	Year to date (12 months) $A'000
	Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors		1,064	2,789
1.2	Payments for	(a) exploration and evaluation	(432)	(1,443)
		(b) (i) project development	(1,216)	(4,575)
		(b) (ii) pipeline development	(1,349)	(3,055)
		(c) production	(306)	(855)
		(d)administration and overheads	(1,021)	(3,918)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		100	232
1.5	Interest and other costs of finance paid		-	-
1.6	Income taxes paid		-	-
1.7	Other (Security bond refund)		49	49
	Net Operating Cash Flows		(3,111)	(10,776)
	Cash flows related to investing activities			
1.8	Payment for purchases of:			
	(a) prospects		-	-
	(b) equity investments		-	-
	(c) other fixed assets and inventory		(323)	(612)
1.9	Proceeds from sale of:			
	(a) prospects		-	-
	(b) equity investments		-	-
	(c) other fixed assets		-	-
1.10	Loans to other entities		-	-
1.11	Loans repaid by other entities		-	-
1.12	Payments for acquisitions			
	(a) Wagoner land and minerals		-	(7,601)
	(b) Wagoner pipeline assets		-	(3,850)
	Net investing cash flows		(323)	(12,063)
1.13	Total operating and investing cash flows (carried forward)		(3,434)	(22,839)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(3,434)	(22,839)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	407	24,566
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – shareholder funds received for unissued securities re. placement	-	-
	Other - payment of capital raising costs	-	(1,472)
	Net financing cash flows	407	23,094
	Net increase (decrease) in cash held	(3,027)	255
1.20	Cash at beginning of quarter/year to date	10,575	7,476
1.21	Exchange rate adjustments to item 1.20	308	127
1.22	**Cash at end of quarter**	7,856	7,856

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

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	361
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors Fees and Salaries for Australian and US based directors.

Non-cash financing and investing activities

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

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

None

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	200
4.2	Development	1,000
4.3	Production	500
4.2	Administration	800
	Total	**2,500**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter $A'000	Previous quarter $A'000
5.1 Cash on hand and at bank	2,359	5,074
5.2 Deposits at call	5,461	5,664
5.3 Bank overdraft	-	-
5.4 Other (security bond)	-	-
Total: cash at end of quarter (item 1.22)	7,856	10,575

Changes in interests in mining tenements

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

Issued and quoted securities at end of current quarter

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

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	139,535,000	139,535,000		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	1,334,000	1,334,000	$0.25 (exercise of options)	Fully Paid
7.5	**+Convertible debt securities** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*			*Exercise price*	*Expiry date*
		295,500	-	$0.60	31/07/12
		7,165,000	-	$0.30	30/04/11
		1,800,000	-	$0.40	30/04/12
		1,800,000	-	$0.50	30/04/13
		1,800,000	-	$0.65	30/04/14
		1,600,000	-	$0.65	30/06/14
		708,333	-	$0.35	30/06/14
		708,333	-	$0.45	30/06/14
		1,800,000	-	$0.80	30/04/15
		1,800,000	-	$1.00	30/04/16
		1,587,000	-	$1.20	30/11/14
7.8	Issued during quarter	325,000	-	$1.20	30/11/14
		187,500	-	$0.35	30/06/14
		187,500	-	$0.45	30/06/14
7.9	Exercised during quarter	1,334,000	-	$0.25	30/04/10

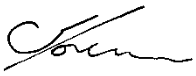
+ See chapter 19 for defined terms.

7.10	Expired during quarter			
7.11	**Debentures** *(totals only)*			
7.12	**Unsecured notes** *(totals only)*			

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: 

Date: 27 July 2010
(Company secretary)

Print name: Suzie Foreman

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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