Quarterly Report

Period ended September 30, 2011

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

- ✓ 2011 horizontal Mississippian drilling program continued with the *Tahara #1-28H* well drilled, logged and cased and the *Abunda #1-21H* well spudded
- ✓ Schlumberger wire-line logging and analysis confirms Original Oil In Place (OOIP) of 58.4 million barrels of oil (Mmbo) per square mile (640 acre section)
- ✓ Gas purchasing agreement concluded at East OK South Wagoner "A" compression and processing facility
- ✓ 2011 Independent Reserve Certification delivers 8.0Mmboe (1P), 17.1Mmboe (2P) and 25.4Mmboe (3P) reserves
- ✓ Gross revenue for the quarter was A$0.983 million with receipts from sales of A$0.772 million
- ✓ Production for the quarter was 25.7Mboe (286Boe/day)[1]

Operations

Big River Project (RFE 100% owned and operated)

During the quarter the Company continued to progress the exciting horizontal Mississippian oil and liquids rich gas play in Oklahoma.

Operations for the 2011 five well horizontal drilling program commenced with the *Tahara #1-28H* well spudding in Pawnee County, Oklahoma. The well spudded on August 13, 2011 and it successfully reached target depth of 8,139 feet (4,200 feet of lateral) on September 12, 2011.

Mud logs and samples confirmed good shows of oil and gas in several zones across the full length of the lateral and operations to hang and cement production liner were completed on September 16, 2011.

Prior to the completion of the casing and cementing operations the Company engaged Schlumberger to run and analyze a full suite of open hole logs, including Triple Combo (with ELAN analysis), FMI and Sonic logs of the full length of the lateral in the *Tahara #1-28H* well.

Based on the analysis of data from these logging operations Schlumberger provided estimates of OOIP, identifying 58.4mmbo per square mile (640 acre section).

The Company expects that this OOIP result will deliver a very large increase in recoverable reserves per square mile (640 acres section). Using a conservative recovery factor the recoverable reserves per section could be as much as three times the current reported industry average. In addition to the OOIP, the Company expects to recover additional associated (high BTU) gas based on a factor of between 3mcf and 5mcf per barrel.

In addition, the Company also announced during the quarter that the *Abunda #1-21H* well had spudded. This well spudded on September 21, 2011.

Red Fork's successful leasing activities were also ongoing during the quarter with a focus on in-fill leasing and increasing the number of controlled sections within the Company's core area of the eastern limb of the Mississippi play in northern Oklahoma.

East Oklahoma Project (RFE 100% owned and operated)

During the Quarter the Company announced that it's wholly owned mid-stream subsidiary EastOK Pipeline, LLC ("EastOK") had reached agreement to purchase gas currently being produced by a neighboring operator in the shallow Woodford Shale gas project in Wagoner County, Oklahoma.

Under the terms of this agreement, EastOK will transport, process and sell approximately 2 million cubic feet of gas per day from this project. In consideration of this, EastOK will recover its costs and generate a margin by retaining a percentage of the gas from this stream for sale.

This gas will be added to the stream currently being produced by Red Fork from its East Oklahoma South Project and it will be processed, compressed and transported to sales via EastOK's existing Wagoner "A" facilities. EastOK has already built and commissioned the required gathering and transportation infrastructure and has commenced receiving gas under this agreement.

Production and Cash Flow

Red Fork continued selling oil and gas during the September quarter. Gross revenue from sales (including processing and gathering income) was approximately US$983,500 while net income (receipts from sales) was US$772,000. Gas production for the quarter was 124.8Mmcf, with oil production of 4,907 barrels for the same period.

From July 1, 2011 Red Fork's accounts (including 5B cash flows) are to be reported in its functional currency of US$. The change in presentational currency is primarily due to RFE's operational activities being conducted through its US subsidiaries where the majority of the revenue and expenditure are in US$. The presentation of Red Fork's results in US$ will provide shareholders with a more consistent and meaningful presentation of the Company's underlying performance whilst minimizing the effect of foreign exchange fluctuations.

2011 Independent Reserve Certification

During the quarter the Company also presented its reserve position as at June 30, 2011 following independent certification by petroleum engineers, Lee Keeling & Associates, Inc. ("Lee Keeling"). The table below outlines the oil and gas reserves attributable to Red Fork's projects in Oklahoma as well as the PV10 values attributable to these reserves. **Importantly, this does not include any reserves attributable to the Company's recently acquired Mississippian acreage.**

Reserve Classification	Oil	Gas	Equivalent	NPV10
	(Mmbo)	(Bcf)	(Mmboe)	(US$mm)
Proved (1P)	1.8	37.4	8.0	71.7
Proved + Probable (2P)	2.3	88.7	17.1	119.7
Proved + Probable + Possible (3P)	2.6	136.5	25.4	157.2

Notes & Assumptions:

1. All of these reserves are from shale gas, conventional oil and gas and coal bed methane accumulations, at depths ranging from 400 to 5,000 feet. The producing zones range in age from Pennsylvanian to Cambrian and are located in the Cherokee basin of Oklahoma in the US.
2. NPV10 (Net Present Value at a10% discount) values are in US dollars and are for Red Fork's Net Revenue Interest.
3. The reserves are based on an oil price of US$85.00 per barrel flat and a starting gas price of US$4.58 per Mmbtu escalated to a maximum of US$7.00 per Mmbtu for the life of each well.
4. Volumes presented are for Red Fork's 100% Working Interest in each of its projects.
5. Barrel of Oil Equivalent (boe) is calculated on a 6:1 conversion of gas to oil.

Corporate

During the quarter the Board resolved to seek shareholder approval at the Company's forthcoming 2011 Annual General Meeting of Shareholders (AGM) to adopt and maintain a new Performance Rights Plan (PRP). The Board will also be seeking shareholder approval to issue performance rights under the PRP to each of the Directors of the Company (other than Michael Fry) at the AGM. The Board also proposes to cancel all of the existing Director Options held by each of the Directors who will receive performance rights under the PRP. Details of the PRP will be set out in the Notice of Meeting for the AGM to be dispatched to shareholders shortly.

Yours faithfully,

David Prentice
Managing Director

About Red Fork Energy Limited

Red Fork Energy Limited is an Oklahoma based Australian stock exchange listed company developing oil and gas assets in the United States. The Company currently owns and operates four projects, Big River, East Oklahoma, West Tulsa and Osage. 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.

Reserve Certification

The independent certification of the reserves outlined in this document was undertaken by Lee Keeling & Associates, Inc. (Lee Keeling). Lee Keeling are engaged each year by the Company to review and prepare a report on the Company’s oil and gas reserves. 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.

Note 1. The equivalent barrels production rate has been calculated on a simple 6:1 ratio.

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 September 2011

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter US$'000*	Year to date (3 months) US$'000*
1.1	Receipts from product sales, gas gathering and processing income and related debtors	772	772
1.2	Payments for (a) exploration, evaluation and leasing	(4,518)	(4,518)
	(b) project development	(1,232)	(1,232)
	(c) production and operating	(268)	(268)
	(d) administration and overheads	(1,238)	(1,238)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	320	320
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	-	-
	Net Operating Cash Flows	(6,164)	(6,164)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets, pipeline and inventory	(919)	(919)
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	-	-
	Net investing cash flows	(919)	(919)
1.13	Total operating and investing cash flows (carried forward)	(7,083)	(7,083)

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+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(7,083)	(7,083)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
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 - funds from converting notes issued	-	-
1.19	Other – cost of share issue	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(7,083)	(7,083)
1.20	Cash at beginning of quarter/year to date	26,359	26,359
1.21	Exchange rate adjustments to item 1.20	(1,380)	(1,380)
1.22	**Cash at end of quarter**	17,896	17,896

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 US$'000*
1.23	Aggregate amount of payments to the parties included in item 1.2	309
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

***From 1 July 2011 RFE's accounts (including 5B cashflows) are reported in its functional currency of US$. The change in presentational currency is primarily due to RFE's operational activities being conducted through its US subsidiaries where the majority of the revenue and expenditure are in US$. The presentation of RFE's results in US$ will provide shareholders with a more consistent and meaningful presentation of the Company's underlying performance whilst minimising the effect of foreign exchange fluctuations.**

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Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

		US$'000
4.1	Exploration and evaluation	1,270
4.2	Development	6,450
4.3	Production	210
4.2	Administration	974
	Total	**8,904**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter US$'000	Previous quarter US$'000
5.1	Cash on hand and at bank	2,066	2,227
5.2	Deposits at call	15,830	24,132
5.3	Bank overdraft	-	-
5.4	Other - converting notes subscription	-	-
	Total: cash at end of quarter (item 1.22)	17,896	26,359

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				

+ See chapter 19 for defined terms.

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**	269,769,853	269,769,853		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
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
		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
		2,400,000	-	$1.00	30/04/16
		1,587,000	-	$1.20	30/11/14
7.8	Issued during quarter				
7.9	Exercised during quarter				

+ 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: 31 October 2011
(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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+ See chapter 19 for defined terms.