Quarterly Report
Period ended September 30, 2012

Red Fork Energy Limited
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Directors

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

Listings

RFE.AX (Fully Paid Ordinary Shares)
RDFEY.OTCQX (1 ADR = 10 FPO's)

Summary

- ✓ Big River Mississippian development continues with thirteen horizontal wells across four Development Areas (drilling, awaiting completion, testing or in production) in the Eastern limb of the Mississippi Lime play in Oklahoma
- ✓ Operational execution in the field delivers a rapid expansion of activity with three rigs now operating across Development Areas 2, 3 and 4 in Noble, Payne and Pawnee Counties
- ✓ Maiden Mississippian Reserve Certification establishes the scale of the opportunity contained in the large inventory of development locations within the Company's Mississippian holdings
- ✓ Crude oil sales agreement secured with Phillips 66
- ✓ A$50 million capital raising to institutional and sophisticated investors underpins the acceleration of the Company's Mississippian development
- ✓ Gross revenue for the quarter was US$2.92 million with receipts from sales of US$2.24 million (88% increase on the previous quarter)
- ✓ Production for the quarter was 53Mboe (587Boe/day)[1] (51% increase on the previous quarter)

Operations

Big River Project (RFE Operated)

During the quarter Red Fork Energy Limited ("Red Fork" or "the Company") continued to progress its exciting horizontal Mississippian oil and liquids rich gas play in Oklahoma.

Red Fork now has thirteen horizontal wells across four Development Areas (drilling, completing, awaiting completion, testing or in production) in the Eastern Limb of the Mississippi Lime play in Oklahoma. These are four of ten Development Areas that the Company is currently establishing across its holdings in the play.

Continues...

Development Area 1 (Pawnee County)

Oil and gas production from completed wells in this Development Area is being delivered to sales via the Company's permanent production facilities with produced water being disposed of via Red Fork's mid-stream affiliates produced water disposal facilities.

Development Area 2 (Noble & Payne Counties)

During the quarter the Company continued with its activity in this development area with the *Bunch #1-19H*, *Tasman #1-15H*, *State #1-13H* and *State #1-16H* wells all successfully reaching target depth.

In addition the *Warburton #1-23H* well spudded (post the end of the quarter this well successfully reached its planned target depth in a record 23 days).

As at the end of the quarter four wells (the *McMurtry #1-22H, Bunch #1-19H, State #1-16H* and the *State #1-13H*) were awaiting completion.

There is currently one Unit Drilling rig operating in this Development Area.

Oil and gas production from completed wells in this Development Area is being delivered to sales via the Company's permanent production facilities with produced water being disposed of via Red Fork's mid-stream affiliates produced water disposal facilities.

Development Area 3 (Noble County)

During the quarter the Company commenced activity in this new Development Area with the spud of the *Mawson #1-3H* well. This is the first of three wells to be drilled off this location (two producers and a produced water disposal well). Post the end of the quarter the *Mawson #1-3H* well reached its planned target depth. Spud to target depth was achieved in just 30 days.

There is currently one Unit Drilling rig operating in this Development Area.

Development Area 4 (Payne County)

Post the end of the quarter the Company announced the commencement of operations in this new Development Area with the spud of the *EastOK Holland 1-21 SWD* (produced water disposal well). This is the first of three wells to be drilled from this location, with two producers (the *Forrest 1-21H* and *Rio Grande 1-28H* wells) to follow.

There is currently one Unit Drilling rig operating in this Development Area.

The following table details the status of wells across the Company's Big River Mississippian development areas to date.

Well Name	RFE WI [1]	Status	Peak Rate (Boe/d) [2]	30-Day (Boe/d)	Development Area
Tahara #1-28H	100.0%	Producing	283	139	1
Abunda #1-21H	100.0%	Testing[3]	N/A	N/A	1
McMurtry #1-21H	62.2%	Producing	712	445	2
Blair #1-24H	92.7%	Producing	400	273[4]	2
Tasman #1-15H	92.0%	Unloading			2
Bunch #1-19H	94.9%	Unloading			2
McMurtry #1-22H	59.2%	Completing			2
State #1-16H	62.0%	Completing			2
State #1-13H	50.0%	Awaiting completion			2
Warburton #1-23H	61.5%	Awaiting completion			2
Mawson #1-3H	100.0%	Awaiting completion			3
Jardine #1-26H	40.9%	Drilling			2
Hartog #1-10H	93.7%	Drilling			3
Forrest #1-21H					4
Rio Grande #1-28H					4

Notes:
1. Red Forks Working Interest
2. The equivalent barrels production rate has been calculated on a simple 6:1 ratio
3. Well is still testing
4. 21-day average rate

Infrastructure

During the quarter the Company continued to advance planning and construction work to establish central receiving facilities, disposal sites for produced water and gas gathering systems for the new Development Areas within the Company's Mississippian holdings.

Seismic Program

The Company recently completed two 3D seismic shoots, collectively covering 39 square miles. Additionally, the Company is currently conducting a third 3D shoot covering an additional 48 square miles. Data from these shoots will be used to support the exploitation of the new development areas as this takes place.

East Oklahoma Project (RFE Operated)

During the Quarter the Company continued to produce, gather and process natural gas from its East Oklahoma shale gas project.

Reserve Certification

Post the end of the quarter the Company announced the maiden reserve certification for its Mississippian oil and liquids rich gas holdings in Oklahoma. This independent certification was carried out by Lee Keeling and Associates, Inc. ("LKA"). LKA have been engaged by the Company each year since 2006 to provide independent certification of the Company's reserves.

The following summary outlines gross reserves for the Company's Mississippian holdings as at June 30, 2012:

	Bbl	Bcf	Boe[1]	NPV(10)[2]	Net Wells
1P	1,676,000	2.4	2,071,000	24.8	6
2P	3,791,000	5.6	4,734,000	45.5	10
3P	23,013,000	36.0	29,028,000	158.0	35
1C	132,613,000	206.0	166,924,000	446.0	207
All Categories	**155,626,000**	**242.0**	**195,953,000**	**604.0**	**242**

Notes:

1. The equivalent barrels ("BOE") has been calculated on a simple 6:1 ratio with the total volume made up of 79% crude oil and 21% high BTU gas.
2. The NPV(10) net present value at a 10% discount is net to Red Fork and includes capital and operational cost estimates as well as royalties and taxes (other than corporate taxes).

The full field development plan for these reserves includes a total of 801 locations (based on three wells per 640-acre spacing unit). The economic model that generates the net present values (NPV at 10% discount) includes capital and operational cost estimates as well as royalties and taxes (other than corporate taxes).

The economic model uses SEC pricing. Using 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 volumes stated in this summary of reserves are based on gross amounts recoverable per 640-acre section. Red Fork's Working Interest ("WI") varies from section to section across its holdings, with the WI in its controlled sections averaging approximately 63% and the non-controlled sections averaging approximately 20%. Importantly, the number of controlled sections is expected to increase as development ramps up.

LKA established an initial type well for their economic model based on results of Red Fork's initial Mississippian development as at June 30, 2012 and a review of the performance of historic vertical Mississippian producers across its acreage position.

This type well produces the following key metrics:

Estimated Ultimate Recovery ("EUR")
Oil EUR 195Mbbl (100% Crude oil)
Gas EUR 302MMcf (high BTU gas)
Total EUR 245Mboe (79% Crude oil, 21% high BTU gas)

NPV10 US$4.45MM

The Company believes that considerable upside exists in these estimates both from increased density (greater than three wells per 640-acre section) and improvements in well performance through well design and completion efficiency.

In addition LKA have applied a significant discount to the cash flows derived from the Contingent Resources that reflects the time taken to unlock these resources and their proximity to established production.

Production and Cash Flow

Gross revenue from sales for the quarter (including processing and gathering income) was approximately US$2.92 million while net income (receipts from sales) was US$2.42 million (an 88% increase on the previous quarter). Gas production for the quarter was 144.8 Mmcf, with oil production of 28,739 barrels for the same period.

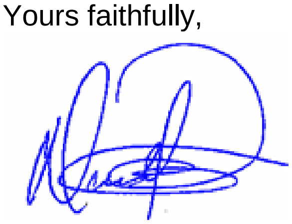
Corporate

During the quarter the Company announced an agreement to raise A$50 million (before costs) via an underwritten placement to qualified institutional and sophisticated investors. 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. The Placement was subsequently approved at an Extraordinary General Meeting held on 13 September 2012. Euroz Securities Limited acted as Underwriter and Lead Manager to the placement.

The Company also announced during the quarter that it had reached agreement to sell crude oil produced from its acreage in the Mississippian to a subsidiary of Phillips 66 (NYSE:PSX). The agreement provides for Red Fork's 75,000 acre holding in the Mississippian oil play in north central Oklahoma to be committed to Phillips 66 for pipeline connection and/or trucking of oil production from that acreage. Phillips 66 operates one of the world's largest crude oil refining businesses, including substantial oil pipeline assets for its 187,000 barrel per day refinery located in Ponca City, Oklahoma.

In addition, the Board resolved during the quarter to issue a total of 6,570,000 Performance Rights to Employees under the Performance Rights Plan ("PRP") approved by shareholders at the Annual General Meeting held on November 30, 2011. Eligible participants will each receive a share of 2,190,000 Performance Rights A, 2,190,000 Performance Rights B and 2,190,000 Performance Rights C. The PRP is key to attracting and retaining employees in a very competitive market and provides long-term incentives for participation in the growth of the Company. Details of the vesting and other relevant conditions were set out in the Notice of Meeting for the 2011 Annual General Meeting.

Yours faithfully,



David Prentice
Managing Director

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 presentation was undertaken by Lee Keeling & Associates, Inc. (LKA). LKA are engaged each year by the Company to review and prepare a report on the Company’s oil and gas reserves. LKA are petroleum consultants based in the United States with offices in Tulsa and Houston. LKA 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. LKA have consented to the release of this reserves information.

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 2012

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	2,242	2,242
1.2	Payments for (a) exploration, evaluation and leasing	(2,359)	(2,359)
	(b) project development	(9,186)	(9,186)
	(c) production and operating	(531)	(531)
	(d) administration and overheads	(1,601)	(1,601)
1.3	Dividends received	0	0
1.4	Interest and other items of a similar nature received	43	43
1.5	Interest and other costs of finance paid	0	0
1.6	Income taxes paid	0	0
1.7	Other	0	0
	Net Operating Cash Flows	(11,392)	(11,392)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	0	0
	(b) equity investments	0	0
	(c) other fixed assets, pipeline and inventory	(1,031)	(1,031)
1.9	Proceeds from sale of:		
	(a) prospects	0	0
	(b) equity investments	0	0
	(c) other fixed assets	0	0
1.10	Loans to other entities	0	0
1.11	Loans repaid by other entities	0	0
1.12	Payments for acquisitions	0	0
	Net investing cash flows	(1,031)	(1,031)
1.13	Total operating and investing cash flows (carried forward)	(12,423)	(12,423)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(12,423)	(12,423)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	52,318	52,318
1.15	Proceeds from sale of forfeited shares	0	0
1.16	Proceeds from borrowings	0	0
1.17	Repayment of borrowings	0	0
1.18	Dividends paid	0	0
1.19	Other - funds from converting notes issued	0	0
1.19	Other – cost of share issue	(3,093)	(3,093)
	Net financing cash flows	49,225	49,225
	Net increase (decrease) in cash held	36,802	36,802
1.20	Cash at beginning of quarter/year to date	20,725	20,725
1.21	Exchange rate adjustments to item 1.20	81	81
1.22	**Cash at end of quarter**	57,608	57,608

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	317
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

None

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 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	3,680
4.2	Development	14,566
4.3	Production	332
4.2	Administration	1,645
	Total	**20,223**

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	27,648	10,469
5.2 Deposits at call	29,960	10,256
5.3 Bank overdraft		-
5.4 Other - converting notes subscription		-
Total: cash at end of quarter (item 1.22)	57,608	20,725

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) AUD	Amount paid up per security (see note 3) (cents) AUD
7.1	**Performance Rights** *(description)*	9,600,000	-	Nil	Nil
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	384,951,719	384,856,719		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	74,626,866 95,000	74,626,866 95,000	67 cents 60 cents	67 cents 60 cents
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)*	1,600,000 708,333 708,333 1,262,000	- - - -	*Exercise price* A$0.65 A$0.35 A$0.45 A$1.20	*Expiry date* 30/06/14 30/06/14 30/06/14 30/11/14
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	95,000	-	A$0.60	31/07/12
7.10	Cancelled/Lapsed during quarter	200,500 325,000	- -	A$0.60 A$1.20	31/07/12 30/11/14
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

+ See chapter 19 for defined terms.

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 2012
(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.