

Quarterly Report

Period ended March 31, 2011



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)

ASX Code

RFE (Fully Paid Ordinary Shares)

Summary

- ✓ Successful private placement raises A\$28.5 million from North American, European and Australian institutional investors
- ✓ Mississippian holdings increased to 20,000 acres and 3D seismic gets underway
- ✓ Development and testing continued at West Tulsa
- ✓ Gross revenue for the quarter was A\$1.08 million with receipts from sales of A\$0.97 million
- ✓ Production for the quarter was 25.24Mboe (280Boe/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.

The Company announced that it had substantially increased its holdings to approximately 20,000 acres (up from 12,000 acres) within its defined Big River project target area.

Red Fork continued to take leases on favourable terms, securing a 100% Working Interest in leases with a three year term and Net Revenue Interests of 81.25%.

The Company also outlined its plan to continuing to aggressively lease in the play, using data from more than one thousand previously drilled vertical wells to select high grade (640 acre) sections.

This leasing initiative, together with its efforts in the management of the Oklahoma Corporation Commission's spacing and pooling system are expected to deliver control of as many as 75 high-grade (640 acre) sections by the end of the June quarter 2011.

Continues...

This will provide Red Fork with the opportunity to operate, drill and complete in excess of 150 horizontal wells in this exciting oil and liquids rich gas play.

The Company also announced during the quarter that the Noble County portion of the Big River project would be the focus for its initial horizontal drilling and development and that it had successfully spaced and pooled the first (640 acre) section in this development area. The Company will drill, operate and hold the majority interest in the *McMurtry #1-21H well*. Work to secure right of way's, settle surface damages, and design and plan water and gas gathering systems to support this initial drilling program also got underway.

In addition, the Company announced the commencement of its first 3D seismic data acquisition program within the project. Contractors were commissioned to conduct the initial survey which will cover approximately ten (10) 640 acre sections. The survey is expected to take approximately two months to complete depending on weather conditions.

East Oklahoma Project (RFE 100% owned and operated)

The current gas price environment reinforces the importance of our strategy to grow the reserves in our undeveloped acreage at East Oklahoma (employing the lowest possible amount of working capital) while we continue to build production and drive drilling, completion and production costs lower.

During the quarter the Company focused on efforts to maintain gas production levels at East Oklahoma South and on maintaining its very low gathering and processing costs at the Wagoner "A" facility. The Company also continued to progress applications in the Oklahoma Corporation Commission with a view to securing permitted locations on spaced units in areas adjacent to Red Fork's infrastructure for future development.

West Tulsa Project (RFE 100% owned and operated)

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

The Company announced that the *Moebius #4-28* well spudded at 6.00pm (United States CDT) on March 22, 2011. This well will be drilled to approximately 3,600 feet with the primary target the Red Fork Sand formation. All other potential hydrocarbon bearing zones will be sampled and logged prior to production testing.

Production and Cash Flow

Red Fork continued selling oil and gas during the March quarter.

Gross revenue and receipts from sales were both up on the previous quarter as a result of higher crude prices. Gross revenue from sales was approximately A\$1,084,000 while net income (receipts from sales) was A\$974,000.

Gas production for the quarter was 115.1Mmcf, with oil production of 6,061 barrels for the same period. Production of both oil and gas was impacted during the quarter by extreme weather conditions in late January and early February.

Corporate

During the quarter the Company announced that it had successfully completed a private placement of A\$28.5 million to fund the further development of its exciting horizontal Mississippian oil and liquids rich gas project in Oklahoma.

The private placement, which was co-lead managed by GMP Securities Europe LLP and E.L. & C. Baillieu Stockbroking Ltd, was oversubscribed with strong support from North American, European and Australian institutional investors. New York based Soros Fund Management LLC (“Soros”) and Macquarie Bank Limited (Metals & Energy Division) have both participated in the private placement.

The Company will issue 89,062,500 new fully paid ordinary shares at A\$0.32 to raise A\$28.5 million (before costs). The private placement will be completed in two tranches. Tranche 1 (20,500,000 new fully paid ordinary shares) have been issued in accordance with ASX Listing Rule 7.1, with Tranche 2 (68,562,500 new fully paid ordinary shares) are to be issued subject to shareholder approval to be sought at a general meeting of shareholders on 2 May 2011.

In addition, the Company agreed to offer a Share Purchase Plan (“SPP”) to enable eligible shareholders to apply for up to A\$15,000 of shares at A\$0.32. A maximum of A\$5 million will be accepted under the SPP.

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.

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

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

15 108 787 720

Quarter ended ("current quarter")

31 March 2011

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales, gas gathering and processing income and related debtors	974	2,456
1.2 Payments for (a) exploration, evaluation and leasing (b) project development (c) production and operating (d) administration and overheads	(3,424) (384) (204) (998)	(5,307) (1,660) (839) (3,085)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	30	102
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(4,006)	(8,333)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets and inventory	- - (213)	- - (1,630)
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	(213)	(1,630)
1.13 Total operating and investing cash flows (carried forward)	(4,219)	(9,963)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(4,219)	(9,963)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	6,560	6,560
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	2,750	4,950
1.19	Other – cost of share issue	(567)	(567)
	Net financing cash flows	8,743	10,943
	Net increase (decrease) in cash held	4,524	980
1.20	Cash at beginning of quarter/year to date	4,038	7,802
1.21	Exchange rate adjustments to item 1.20	(64)	(284)
1.22	Cash at end of quarter	8,498	8,498

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	319
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

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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	5,750
4.2 Development	3,000
4.3 Production	250
4.2 Administration	1,000
Total	10,000

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	5,756	1,375
5.2 Deposits at call	2,742	463
5.3 Bank overdraft	-	-
5.4 Other - converting notes subscription	-	2,200
Total: cash at end of quarter (item 1.22)	8,498	4,038

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.

Appendix 5B
Mining exploration entity quarterly report

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 <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	160,035,000	160,035,000		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	20,500,000	20,500,000	\$0.32	Fully Paid
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	295,500 7,165,000 1,800,000 1,800,000 1,800,000 1,600,000 708,333 708,333 1,800,000 2,400,000 1,587,000	- - - - - - - - - - -	<i>Exercise price</i> \$0.60 \$0.30 \$0.40 \$0.50 \$0.65 \$0.65 \$0.35 \$0.45 \$0.80 \$1.00 \$1.20	<i>Expiry date</i> 31/07/12 30/04/11 30/04/12 30/04/13 30/04/14 30/06/14 30/06/14 30/06/14 30/04/15 30/04/16 30/11/14
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				

+ See chapter 19 for defined terms.

7.11	Debentures <i>(totals only)</i>			
7.12	Unsecured notes <i>(totals only)</i>			

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 April 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.