

7 November 2007

Dear Shareholder

On 2 November 2007, the Directors of Red Emperor Resources NL ("Red Emperor") lodged a prospectus for a one (1) for two (2) non-renounceable entitlements issue ("Entitlements Issue") to its shareholders to raise approximately \$195,000 through the issue of up to 19,500,002 new options to subscribe for fully paid ordinary shares in Red Emperor ("New Options"). The New Options are exercisable at 25 cents each on or before 31 August 2009.

All Shareholders registered at **5:00pm WST on 14 November 2007** will be entitled to participate in a non-renounceable entitlements issue of New Options on the basis of 1 New Option for every 2 Shares then held. **Generally, shares purchased on market in the period from 8 November 2007 to 14 November 2007 are NOT entitled to participate in the entitlement issue. If you have any doubt, please consult your sponsoring broker.**

The New Options will be issued at a cost of 1 cent per New Option. The latest trading price on ASX of the ordinary fully paid shares prior to the date of this letter was 45 cents on 5 November 2007.

All shareholders whose registered address is in Australia are eligible to participate. Shareholders resident outside of Australia should consult their professional advisers as to whether any governmental or other consents are required, or other formalities need to be observed to enable them to accept or deal with their Entitlements.

Full details of the issue are contained in the **Prospectus dated 2 November 2007, which was lodged with the Australian Securities & Investments Commission and the Australian Stock Exchange Limited on Friday, 2 November 2007**. The Prospectus is available on ASX's website and the Company's website at [www.red-emperor.com](http://www.red-emperor.com).

The Prospectus together with an Entitlement and Acceptance Form will be mailed to all eligible shareholders on or about 15 November 2007. Other key dates which shareholders should note are as follows:

<b>8 November 2007</b> .....	<b>Ordinary Shares trade ex-Entitlements on ASX</b>
14 November 2007.....	Record date for determining Entitlements
<b>7 December 2007</b> .....	<b>Closing date for acceptances</b>
10 December 2007.....	Expected date for allotment of new options

Application for New Options under the Entitlements Issue may only be made by completing the Entitlement and Acceptance Form which accompanies the Prospectus. Shareholders eligible to participate in the Entitlements issue should read the Prospectus carefully. For further information on the Red Emperor Entitlements Issue you should contact your professional adviser.

Yours faithfully  
RED EMPEROR RESOURCES NL



Kent Hunter  
Managing Director