

**ASX ANNOUNCEMENT**

**RUSSIAN JOINT VENTURE FINALISED  
19 JUNE 2008**

- **Memorandum of Understanding signed with Russian Partners**
- **Due diligence has commenced on Russian licence to harvest a timber resource**

**RUSSIAN JOINT VENTURE AGREEMENT**

The Company is pleased to advise that it has entered into a Memorandum of Understanding (MoU) with Russian partners whereby the partners will provide the Company with the opportunity to acquire a 100% interest in a licence to harvest a timber resource in Russia (Project).

Under the terms of the MoU, Red Emperor will acquire a 100% interest in the Project from the partners in consideration for which the partners will receive;

1. EUR5 million; and
2. 30 million fully paid shares in the Company.

Red Emperor will also meet all costs associated with the acquisition.

**RUSSIAN TIMBER PROJECT**

Red Emperor is continuing its due diligence on this Project with a view to acquiring it during the next 3 to 6 months. It is expected that the licence for the Project will have an annual harvesting allowance of well in excess of 500,000m<sup>3</sup> per annum. Sawn timber is presently selling for in excess of US\$200 a cubic metre.

Poyry Forest Industry Consulting has been engaged to prepare a preliminary independent expert's report on the Project. Poyry Group is a client and technology oriented, globally operating consulting and engineering firm with some 7300 experts in 45 countries with three core areas of expertise: forest industry, energy and infrastructure and environment.

The Company is not at this time able to disclose any further details regarding the Project as any premature disclosure may be prejudicial to the Company's negotiations and interests.

Yours sincerely

Kent Hunter  
Managing Director