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Manager of Company Announcements  
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*By E-Lodgement*

### **Deepening Shabeel North Well Update**

Red Emperor Resources NL (ASX: RMP | AIM: RMP) provides the following update on the Shabeel North well in Puntland, Somalia which is being drilled by operator Horn Petroleum Corp. ("Horn").

Further to the recent announcement on the testing of the upper Jesomma sand reservoir which yielded fresh water, the well continued drilling through the entire Jesomma reservoir section and has reached a depth of 2,200 meters. The section contained several additional sands with oil and gas shows and a full set of electrical logs was run to determine if these sands contained potential oil zones which would warrant further testing. The analysis of these logs indicate that the most prospective looking zone in the well was the upper Jesomma sand interval that had already been confirmed by testing to contain fresh water and thus no further testing could be justified.

Based on the positive evidence of oil shows and the presence of good quality reservoir in the Jesomma, the partnership has decided to deepen the well in order to evaluate the potential of the Lower Cretaceous and Jurassic sections. The current revised total depth will be approximately 3,400 meters and is expected to take an additional 15 to 20 days to reach that depth. The Jurassic section in the nearby Shabeel well had thin reservoir sands with oil and gas shows, but this section was determined to be not thick enough to warrant testing. These sands are expected to thicken basinward towards Shabeel North. There was also evidence that there may have been faulting in the well which could have cut out a significant portion of the basal reservoir section, which is not expected in Shabeel North.

Horn President and CEO David Grellman stated "While we are obviously disappointed that the Jesomma sands tested wet, the overall results of the two wells drilled during this campaign are quite encouraging in the long term prospects for oil potential of the basin. We have confirmed a working petroleum system, good quality reservoirs and thick impermeable sealing rocks. The two Jesomma structures drilled to date appear, subject to final petrophysical analysis, to have issues with the integrity of the trapping mechanism. We are still hopeful that the lower zones in the Shabeel North well may have favorable trapping geometries against the deeper thick carbonate and anhydrite sections seen in the original Shabeel well."

For and on behalf of the Board



**Greg Bandy**  
Executive Director

#### **BOARD & MANAGEMENT**

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**ASX CODE | AIM CODE**  
RMP



## Background

Red Emperor Resources NL (ASX: RMP | AIM: RMP) is a natural resources exploration company with interests in the frontier state of Puntland, Somalia and the Republic of Georgia.

- In Puntland, Red Emperor holds a 20% working interest in two licences encompassing the highly prospective Dharoor and Nugaal valleys. These two exploration areas cover over 36,000km<sup>2</sup>. Horn Petroleum, the operator and 60% interest holder, has completed drilling the first well (Shabeel-1) in a two well program and is currently drilling the second well (Shabeel North). Shabeel 1 was drilled to a final depth of 3,470m having encountered a 12-20m zone of potential net pay in the Upper Cretaceous Jesomma Formation. The second well spud in early June 2012 with an original target depth of 2,400m. The Joint Venture has now decided to deepen the well in order to evaluate the potential of the Lower Cretaceous and Jurassic sections.
- In the Republic of Georgia, Red Emperor has a 20% working interest in onshore blocks VIa and VIb, covering approx. 6,500km<sup>2</sup>. Joint Venture partner Range Resources Limited (ASX: RRS | AIM: RRL) previously funded a 410km 2D seismic program with independent consultants RPS Energy identifying 68 potential structures containing an estimated 2.045 billion barrels of undiscovered oil-in-place (on a mean 100% basis) with the first of two conventional exploration wells (Mukhiani-1) having spudded in July 2011. The Joint Venture is now focussing on a revised development strategy that will target low-cost, shallow appraisal drilling of the contingent resources around the Tkibuli-Shaori ("Tkibuli") coal deposit, which straddles the central sections of the two blocks.