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Manager of Company Announcements
ASX Limited
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Puntland Update

Red Emperor Resources NL (ASX: RMP | AIM: RMP) provides the following update on the Shabeel North well currently being drilled in Puntland, Somalia by the Company's Joint Venture partner and Operator, Horn Petroleum Corp. (TSXV: HRN).

The Shabeel North well has reached a total depth of 3,945 meters and has encountered metamorphic basement at a depth of 3,919 meters. The well penetrated 149 meters of interbedded sands and shales of the Triassic Adigrat Formation with no oil or gas shows and only minor porosity exhibited on electric logs. Accordingly, the well is being plugged. As noted in a previous Puntland drilling update, the Upper Cretaceous Jesomma sands did exhibit porosity and hydrocarbon shows but produced only fresh water on a drill stem test. These sands are similar to the Jesomma sands encountered in the previously drilled Shabeel well in respect of log response and oil and gas shows. It has therefore been determined that additional testing of these zones in the previously drilled Shabeel well is also not warranted.

Based on the encouragement provided by the Shabeel wells, the Operator (Horn Petroleum Corporation) and their partners, Range Resources and Red Emperor, plan to enter the next exploration period in both the Nugaal and Dharoor Valley Production Sharing Contracts ("PSC's") which carry a commitment to drill one well in each block within an additional 3 year term. The current operational plan would be to contract a seismic crew to acquire additional data in the Dharoor Valley block and to hold discussions with the Puntland Government to gain access regarding drill ready prospects in the Nugaal Valley block. The focus of the Dharoor seismic program will be to delineate new structural prospects for the upcoming drilling campaign.

Keith Hill, President and CEO of Africa Oil (51% shareholder in Horn Petroleum), commented: "While we were disappointed that we were not able to flow oil from the first two exploration wells in our Puntland (Somalia) drilling campaign, we remain highly encouraged that all of the critical elements exist for oil accumulations, namely a working petroleum system, good quality reservoirs and thick seal rocks. We look forward to working with the Puntland government to move our exploration project to the next phase which will likely require us to focus on prospects in different areas of the basins. One should keep in perspective that it often takes a number of wells to find commercial hydrocarbons and we plan to continue our aggressive program to unlock the potential of this highly prospective region."

Finally, Red Emperor wishes to advise the market of its strong cash position which, after this drilling campaign, will be in excess of \$16m. Whilst this not only represents over \$0.06 per share (£0.04), it demonstrates that the Company is fully funded to cover any seismic program undertaken and at least two more wells in either Dharoor or Nugaal. It must also be made clear that while the next PSC will extend for another 3 years, it is the intention of the JV to progress work as soon as possible and practical in an endeavour to unlock the value it believes to exist in Puntland.

This strong cash position also leaves Red Emperor with the ability to assess and potentially commit to other projects without any dilution to its share capital.

The Company advises that this release lifts the voluntary suspension.

For and on behalf of the Board



Greg Bandy
Executive Director

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ASX CODE | AIM CODE
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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 has earned a 20% working interest in two licences encompassing the highly prospective Dharoor and Nugaal valleys. These two exploration areas cover over 36,000km² and are shared with JV partners Horn Petroleum, the operator and 60% interest holder and Range Resources Limited (ASX: RRS | AIM: RRL) who also has a 20% interest
- In the Republic of Georgia, Red Emperor has a 20% working interest in onshore blocks VIa and VIb, covering approx. 6,500km². 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.