



AND CONTROLLED ENTITIES

ABN 99 124 734 961

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2015**

CONTENTS	PAGE
Corporate Directory	1
Directors' Report	2
Auditor's Independence Declaration	3
Consolidated Statement of Profit or Loss and Other Comprehensive Income	4
Consolidated Statement of Financial Position	5
Consolidated Statement of Changes in Equity	6
Consolidated Statement of Cash Flows	7
Condensed Notes to the Consolidated Financial Statements	8
Directors' Declaration	14
Auditor's Independent Review Report	15

CORPORATE DIRECTORY

Directors

Mr. Greg Bandy – Managing Director
Mr. Jason Bontempo – Non-Executive Director
Mr. Nathan Rayner – Non-Executive Director

Company Secretary

Mr. Aaron Bertolatti

Registered Office

First Floor
35 Richardson Street
West Perth WA 6005

Share Registry

Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
Perth WA 6000

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Solicitors

Occam Legal
PO Box 50
Cottesloe WA 6911

Stock Exchange

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
ASX Code: **RMP**

AIM Market of the London Stock Exchange (AIM)
AIM Code: **RMP**

Website

redemperorresources.com



Directors' Report

The Directors present their report for Red Emperor Resources NL ("Red Emperor" or "the Company") and its subsidiaries ("the Group") for the half year ended 31 December 2015.

Directors

The persons who were directors of Red Emperor Resources NL during the half year and up to the date of this report are:

- Mr. Greg Bandy (Managing Director)
- Mr. Jason Bontempo (Non-Executive Director)
- Mr. Nathan Rayner (Non-Executive Director)

Review of Operations for the Half Year ended 31 December 2015

Philippines (SC 55)

Red Emperor advised during the period that its Joint Venture partner and Operator, Otto Energy Limited (ASX: OEL) requested that a two-year moratorium be granted by the Philippines Department of Energy over SC 55. The JV fulfilled the work obligation under the current exploration Sub-Phase by drilling the Hawkeye-1 exploratory well in August 2015. Although the well did not encounter gas in commercial quantities, it proved the presence of an active petroleum system within the Service Contract area, which also hosts several other leads, including the "Cinco Prospect". The consortium intends to undertake further technical studies during the moratorium period, including a Quantitative Interpretation (QI) Study. QI is a relatively recent geophysical technique that is designed to gain a better understanding of existing and potential petroleum reservoirs. The Joint Venture expects a response from the Department of Energy with respect to its moratorium request in March 2016.

Subsequent to the end of the period, Red Emperor was advised by Otto Energy of its intention to exit the Joint Venture as part of its strategy to focus on its North American assets. As a result, Red Emperor would have the option to either maintain its 15% participating interest in SC 55 or be assigned a percentage of Otto Energy's interest on a pro-rata basis. In this instance, Red Emperor's participating interest could be increased by up to 22.5% to 37.5%. Red Emperor is considering its options and will advise the market accordingly.

Georgia

Red Emperor, a 20% shareholder of Strait Oil and Gas Limited (Strait), a Gibraltar company with a valid Production Sharing Contract (PSC) across Block VIa in the Republic of Georgia, continues to be advised of ongoing negotiations with a potential purchaser of the PSC. Red Emperor understands that delays in reaching agreement with the potential purchaser have been due to volatility in the oil and gas price and political instability in the region.

Corporate

In July 2015, the Company, through its London broker, Brandon Hill Capital, and its Australian broker, 708 Capital, placed 65,750,000 new ordinary shares at 4 pence (A\$0.08) per share to raise £2.63 million (A\$5.26 million) before expenses. Proceeds from the fundraise and existing cash resources were used to fund the drilling activities in the Philippines.

The Company also issued 4,320,000 unlisted options, exercisable at \$0.08 each on or before 2 July 2018 as part consideration to advisors of the Company for capital raising fees associated with the July 2015 Share Placement.

Events subsequent to Reporting Date

There have been no significant events subsequent to the half-year to the date of this report.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 3 and forms part of this Directors' report for the half-year ended 31 December 2015.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3) of the Corporations Act 2001.

Greg Bandy
Managing Director

Perth, Western Australia,
14 March 2016

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF RED EMPEROR
RESOURCES NL

As lead auditor for the review of Red Emperor Resources NL for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Red Emperor Resources NL and the entities it controlled during the period.



Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 14 March 2016



Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2015

	Note	31 December 2015 \$	31 December 2014 \$
Continuing Operations			
Interest received		125,806	182,854
Employee and director benefits expense		(132,975)	(139,749)
Professional and Consultants		(340,633)	(60,000)
ASX and AIM and share registry fees		(64,138)	(103,681)
Impairment expense	6	(7,691,458)	(15,203,814)
Gain on derivative liability		-	783
Unrealised gain on investment		-	150,000
Unrealised FX (loss)/gain		(309,400)	2,006
Realised FX gain		28,341	-
Other expenses		(105,566)	(172,869)
Share based payment expense		(23,267)	-
Loss before income tax		(8,513,290)	(15,344,470)
Income tax expense		-	-
Loss after income tax for the period		(8,513,290)	(15,344,470)
Other comprehensive profit/(loss)			
Items that may be reclassified to profit or loss			
Other comprehensive profit/(loss)		13,753	(243)
Other comprehensive income/(loss) for the period net of tax		13,753	(243)
Total comprehensive loss for the period		(8,499,537)	(15,344,713)
Loss per share			
Basic loss per share (cents)		(2.00)	(5.76)
Diluted loss per share (cents)		N/A	N/A

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.



Consolidated Statement of Financial Position

as at 31 December 2015

	Note	31 December 2015 \$	30 June 2015 \$
Current Assets			
Cash and cash equivalents		12,251,254	12,494,427
Trade and other receivables	4	29,347	618,316
Assets held for sale	5	-	3,000,000
Total Current Assets		12,280,601	16,112,743
Non-Current Assets			
Financial assets at fair value through profit or loss		400	400
Exploration and evaluation expenditure	6	-	-
Total Non-Current Assets		400	400
Total Assets		12,281,001	16,113,143
Current Liabilities			
Trade and other payables	7	88,163	819,254
Total Current Liabilities		88,163	819,254
Total Liabilities		88,163	819,254
Net Assets		12,192,838	15,293,889
Equity			
Issued capital	8	57,329,505	52,167,148
Reserves	9	4,089,026	3,839,144
Accumulated losses		(49,225,693)	(40,712,403)
Total Equity		12,192,838	15,293,889

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

**Consolidated Statement of Changes in Equity***for the half-year ended 31 December 2015*

	Issued capital \$	Accumulated losses \$	Foreign exchange translation reserve \$	Share based payments reserve \$	Total \$
As at 1 July 2014	49,646,733	(20,988,603)	(28,405)	3,831,386	32,461,111
Total comprehensive income for the period					
Loss for the period	-	(15,344,470)	-	-	(15,344,470)
Other Comprehensive Income	-	-	(243)	-	(243)
Total comprehensive loss for the period	-	(15,344,470)	(243)	-	(15,344,713)
Transactions with owners in their capacity as owners					
As at 31 December 2014	49,646,733	(36,333,073)	(28,648)	3,831,386	17,116,398
Balance at 1 July 2015	52,167,148	(40,712,403)	(28,761)	3,867,905	15,293,889
Total comprehensive income for the period					
Loss for the period	-	(8,513,290)	-	-	(8,513,290)
Other Comprehensive Income	-	-	13,753	-	13,753
Total comprehensive income/(loss) for the period	-	(8,513,290)	13,753	-	(8,499,537)
Transactions with owners in their capacity as owners					
Shares issued during the half-year	5,763,718	-	-	-	5,763,718
Share based payment	-	-	-	23,267	23,267
Cost of issue	(601,361)	-	-	212,862	(388,499)
Balance at 31 December 2015	57,329,505	(49,225,693)	(15,008)	4,104,034	12,192,838

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.



Consolidated Statement of Cash Flows
for the half-year ended 31 December 2015

	31 December 2015	31 December 2014
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(597,910)	(522,072)
Interest received	125,806	182,854
Other receipts	28,341	-
Net cash used in operating activities	(443,763)	(339,218)
Cash flows from investing activities		
Payments for exploration and evaluation	(4,701,812)	(214,966)
Payments for purchase of equities	-	(182,299)
Payments for investment in associate	-	(59,140)
Net cash used in investing activities	(4,701,812)	(456,405)
Cash flows from financing activities		
Proceeds from issue of shares	5,600,300	-
Payment of share issue costs	(388,498)	-
Net cash provided by financing activities	5,211,802	-
Net increase/(decrease) in cash and cash equivalents	66,227	(795,623)
Cash and cash equivalents at beginning of the period	12,494,427	10,321,349
Effects of exchange rate changes on cash and cash equivalents	(309,400)	-
Cash and cash equivalents at the end of the period	12,251,254	9,525,726

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

This general purpose financial report for the interim half year reporting period ended 31 December 2015 has been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Red Emperor Resources NL. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year. It is therefore recommended that this financial report be read in conjunction with the annual financial report of the Group for the year ended 30 June 2015, together with any public announcements made during the half-year.

In the half year ended 31 December 2015, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2015. It has been determined by the Group that, there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to accounting policies.

No retrospective change in accounting policy or material reclassification has occurred requiring the inclusion of a third Statement of Financial Position as at the beginning of the comparative financial period, as required under AASB 101. The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2015. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Dividends

No dividends were paid or declared during the period (2014: Nil).

2. SEGMENT INFORMATION

The Group operates in one industry, oil and gas exploration however due to the differing geographical areas and functional currencies the financial information has been broken down into Exploration, Treasury and other. During the half year the consolidated entity operated in two business segments, exploration & evaluation and treasury (other).

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment transactions

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location. Unless indicated otherwise in the segment assets note, investments in financial assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.



Condensed Notes to the Financial Statements

for the half-year ended 31 December 2015

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment: i) head office and other administration expenditure.

3. SEGMENT REPORTING

Segment Performance

31 December 2015	Philippines Exploration & Evaluation \$	Georgian Exploration & Evaluation \$	Puntland Exploration & Evaluation \$	Treasury & Other \$	Total \$
Revenue					
Interest revenue	-	-	-	125,806	125,806
Total segment revenue	-	-	-	125,806	125,806
Total Group revenue	-	-	-	125,806	125,806
Segment net profit before tax	-	-	-	125,806	125,806

Reconciliation of segment result to group net loss before tax

Unallocated items:

Employee and director benefits expense	-	-	-	(132,975)	(132,975)
Impairment of Exploration Expenditure	(4,678,546)	(3,000,000)	(12,912)	-	(7,691,458)
Realised FX gain	-	-	-	28,341	28,341
Unrealised FX loss	-	-	-	(309,400)	(309,400)
Other	-	-	-	(533,604)	(533,604)
Net loss before tax from continuing operations	(4,678,546)	(3,000,000)	(12,912)	(821,832)	(8,513,290)

31 December 2014	Philippines Exploration & Evaluation \$	Georgian Exploration & Evaluation \$	Puntland Exploration & Evaluation \$	Treasury & Other \$	Total \$
Revenue					
Interest revenue	-	-	-	182,854	182,854
Total segment revenue	-	-	-	182,854	182,854
Total Group revenue	-	-	-	182,854	182,854
Segment net profit before tax	-	-	-	182,854	182,854

Reconciliation of segment result to group net loss before tax

Unallocated items:

Unrealised gain on Investment	-	-	-	150,000	150,000
Unrealised FX gain	-	-	-	2,006	2,006
Employee and director benefits expense	-	-	-	(139,749)	(139,749)
Impairment of Exploration Expenditure	-	-	(15,203,814)	-	(15,203,814)
Gain on Derivative liability	-	-	-	783	783
Other	-	-	-	(336,793)	(336,550)
Net loss before tax from continuing operations	-	-	(15,203,814)	(140,899)	(15,344,470)



Condensed Notes to the Financial Statements

for the half-year ended 31 December 2015

Segment Assets

31 December 2015	Philippines Exploration & Evaluation \$	Georgian Exploration & Evaluation \$	Puntland Exploration & Evaluation \$	Treasury \$	Total \$
Segment assets	-	3,000,000	-	400	3,000,400
<i>Segment assets increases/ (decreases) for the half year:</i>					
Assets held for sale	-	(3,000,000)	-	-	(3,000,000)
	-	-	-	400	400
<i>Reconciliation of segment assets to Group assets</i>					
Unallocated items:					
Cash and cash equivalents					12,251,254
Trade and other receivables					29,347
Total Group assets from continuing operations					12,281,001

30 June 2015	Philippines Exploration & Evaluation \$	Georgian Exploration & Evaluation \$	Puntland Exploration & Evaluation \$	Treasury \$	Total \$
Segment assets	-	-	-	400	400
<i>Segment assets increases/ (decreases) for the half year:</i>					
- Assets held for sale	-	3,000,000	-	-	3,000,000
- financial assets at fair value through profit or loss	-	-	-	400	400
	-	3,000,000	-	400	3,000,400
<i>Reconciliation of segment assets to Group assets</i>					
Unallocated items:					
Cash and cash equivalents					12,494,427
Trade and other receivables					618,316
Total Group assets from continuing operations					16,113,143

Segment liabilities

31 December 2015	Philippines Exploration & Evaluation \$	Georgian Exploration & Evaluation \$	Puntland Exploration & Evaluation \$	Treasury \$	Total \$
Segment liabilities	-	-	-	-	-
<i>Reconciliation of segment liabilities to Group assets</i>					
Unallocated items:					
Trade and other payables					88,163
Total Group liabilities from continuing operations					88,163

30 June 2015	Philippines Exploration & Evaluation \$	Georgian Exploration & Evaluation \$	Puntland Exploration & Evaluation \$	Treasury \$	Total \$
Segment liabilities	-	-	-	-	-
<i>Reconciliation of segment liabilities to Group assets</i>					
Unallocated items:					
Trade and other payables					819,254
Total Group liabilities from continuing operations					819,254



Condensed Notes to the Financial Statements

for the half-year ended 31 December 2015

	31 December 2015 \$	30 June 2015 \$
4. TRADE AND OTHER RECEIVABLES		
Prepayments	-	9,097
Trade debtors	26,593	47,997
Share issue funds ¹	-	513,347 ¹
GST receivable	2,754	47,875
	29,347	618,316

¹ On 30 June 2015 the Company issued 6,250,000 shares at 4 pence per share to sophisticated investors in the UK however funds were not received until 2 July 2015.

Trade debtors, prepayments and GST receivable are non-interest bearing and generally receivable on 30 day terms. They are neither past due nor impaired. The amount is fully collectible. Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

5. ASSETS HELD FOR SALE

Opening balance	3,000,000	-
Assets transferred from exploration and evaluation expenditure	-	3,000,000
Assets transferred to exploration and evaluation expenditure	(3,000,000)	-
Closing balance	-	3,000,000

Block Vla remains the subject of interest from various third party participants seeking to either acquire or farm in to the block. At 31 December 2015 there was insufficient evidence to suggest a sale was likely and given the depressed oil and gas market. The Board has decided to reclassify its 20% ownership interest in Strait Oil and Gas (UK) Ltd to exploration and evaluation expenditure and write the asset down to nil.

6. EXPLORATION AND EVALUATION EXPENDITURE

Opening Balance	-	15,000,000
Exploration and evaluation expenditure capitalised during the period	4,711,000	368,362
Assets transferred from assets held for sale	3,000,000 ¹	
Net exchange differences on translation	(19,542)	(243)
Exploration expenditure written off	(7,691,458) ^{1,2}	(15,368,119) ³
Closing balance	-	-

¹ Block Vla remains the subject of interest from various third party participants seeking to either acquire or farm in to the block. At 31 December 2015 there was insufficient evidence to suggest a sale was likely and given the depressed oil and gas market. The Board has decided to reclassify its 20% ownership interest in Strait Oil and Gas (UK) Ltd to exploration and evaluation expenditure and write the asset down to nil.

² The Hawkeye-1 exploratory well was drilled in August 2015. The well did not encounter gas in commercial quantities and Red Emperor was advised by Otto Energy of its intention to exit the Joint Venture. Given these facts and the current depressed oil and gas market, the Board decided to write down exploration and evaluation expenditure in relation to the Philippines asset to nil.

Red Emperor has the option to either maintain its 15% participating interest in SC 55 or be assigned a percentage of Otto Energy's interest on a pro-rata basis. In this instance, Red Emperor's participating interest could be increased by up to 22.5% to 37.5%.

³ The Joint Venture gave notice to the Puntland State of Somalia advising of its intention to withdraw from the January 2007 Production Sharing Agreements which cover the Nugaal and Dharoor. As a result exploration and evaluation expenditure has been written down to nil.



Condensed Notes to the Financial Statements

for the half-year ended 31 December 2015

	31 December 2015	30 June 2015
	\$	\$
7. TRADE AND OTHER PAYABLES		
Trade payables	68,449	113,214
Accruals	10,000	26,040
Other	9,714	680,000 ¹
	88,163	819,254

¹ On 29 and 30 June 2015 the Company received funds totaling \$680,000 for shares to be issued to sophisticated investors in Australia. Shares however were not allotted until 2 July 2015.

8. ISSUED CAPITAL

(a) Issued and paid up capital

Issued and fully paid	57,329,505	52,167,148
	57,329,505	52,167,148

	31 December 2015		30 June 2015	
	No.	\$	No.	\$
(b) Movements in ordinary shares on issue				
Opening Balance	359,542,776	52,167,148	266,234,221	49,646,733
Shares issued via placement ¹	-	-	66,558,555	2,122,618
Shares issued to consultants ²	-	-	500,000	21,000
Shares issued to corporate advisors ³	-	-	10,000,000	420,000
Shares issued to corporate advisor ⁴	-	-	10,000,000	420,000
Shares issued via placement ⁵	-	-	6,250,000	513,347
Shares issued via placement ⁶	65,750,000	5,763,718		
Transaction costs on share issue	-	(601,361)	-	(976,550)
Closing balance	425,292,776	57,329,505	359,542,776	52,167,148

¹ The Company placed 66,558,555 shares in March 2015 at A\$0.032 per share (£0.016) to sophisticated investors in both Australia and the UK.

² On 5 May 2015, 500,000 shares were to a consultant as consideration for promotional services and pursuant to a Professional Services Agreement dated 31 March 2015.

³ On 5 May 2015, 10,000,000 shares were to corporate advisors as consideration for the introduction, facilitation and corporate advisory services related to the SC55 transaction and pursuant to the Corporate Advisory Agreement.

⁴ On 5 May 2015, 10,000,000 shares were to corporate advisors as consideration for stockbroking and advisory services and pursuant to the Corporate Services Mandate.

⁵ On 30 June 2015, the Company issued 6,250,000 shares at 4 pence per share to sophisticated investors in the UK however funds were not received until 2 July 2015.

⁶ In July 2015, the Company, through its London broker, Brandon Hill Capital, and its Australian broker, 708 Capital, placed 65,750,000 new ordinary shares at 4 pence (A\$0.08) per share. Proceeds from the raise and existing cash resources were used towards the drilling activities in the Philippines.

	31 December 2015	30 June 2015
	\$	\$
9. RESERVES		
Share based payments reserve ¹	4,104,034	3,867,905
Foreign currency translation reserve ²	(15,008)	(28,761)
	4,089,026	3,839,144



Condensed Notes to the Financial Statements

for the half-year ended 31 December 2015

¹ The share based payment reserve is used to record the value of equity benefits provided to Directors and Executives as part of their remuneration and non-employees for their goods and services.

² The foreign exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve.

10. SHARE BASED PAYMENTS

Share-based payment to suppliers

During the half-year ended 31 December 2015 the Company issued unlisted options to a consultant for services rendered in relation to the capital raising and for services to be provided over the coming twelve months. The value of services received were unable to be measured reliably and were therefore measured using fair value of market prices.

These options have been valued using the Black-Scholes option pricing model.

Grant Date	Expiry date	Exercise price per option	Balance at start of the period Number	Granted during the period Number	Exercised during the period Number	Expired during the period Number	Balance at end of the period Number	Exercisable at end of the period Number
2/07/2015	2/07/2018	\$0.08	-	4,320,000	-	-	4,320,000	4,320,000
				4,320,000	-	-	4,320,000	4,320,000

The amount recognised as a capital raising cost in respect of the above options granted during the half-year was \$212,862.

The model inputs, not included in the table above, for options granted during the half-year included:

- options were granted for no consideration;
- expected life of options was 3 years;
- share price at grant date was \$0.095;
- expected volatility was 70%;
- expected dividend yield of nil; and
- a risk free interest rate of 2.0%.

11. DIVIDENDS

No dividend has been declared or paid during the period ended 31 December 2015.

12. EVENTS SUBSEQUENT TO REPORTING DATE

There have been no other significant events subsequent to the half-year to the date of this report.

13. COMMITMENTS AND CONTINGENT LIABILITIES

The Directors are not aware of any new commitments and contingent liabilities as at 31 December 2015. There has been no change in contingent liabilities since the last annual reporting date.

During the period Red Emperor earned a 15% working interest in Service Contract 55 by satisfying the commitment to pay 15% of the well costs for the drilling and testing of the Hawkeye – 1 well. There have been no other changes in commitments since the last annual reporting date.

14. SUBSIDIARIES

The consolidated financial statements include the financial statements of Red Emperor Resources NL and the subsidiaries listed in the following table.

Name	Country of Incorporation	% Equity Interest 31 December 2015	% Equity Interest 30 June 2015
Puntland Oil Pty Ltd	Australia	100%	100%
Georgian Oil Pty Ltd	Australia	100%	100%
Vianista Pty Ltd	Australia	100%	100%
Century Red Pte. Ltd	Singapore	100%	100%



Directors' Declaration

The Directors of the Company declare that:

1. The condensed financial statements and notes as set out on pages 4 to 13 are in accordance with the *Corporations Act 2001* and:
 - (a) comply with the Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the Group's financial position as at 31 December 2015 and of its performance, as represented by the results of its operations, changes in equity and its cash flows for the period from 1 July 2015 to 31 December 2015.
2. At the date of this statement, in the Directors' opinion, there are reasonable grounds to believe that Red Emperor Resources NL will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the Corporations Act 2001.

A handwritten signature in black ink, appearing to read 'Greg Bandy'.

Greg Bandy
Managing Director

Perth, Western Australia,
14 March 2016

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Red Emperor Resources NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Red Emperor Resources NL, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Red Emperor Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Red Emperor Resources NL, would be in the same terms if given to the directors as at the time of this auditor's review report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Red Emperor Resources NL is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink. The word 'BDO' is written in a simple, blocky font. Below it, the name 'J Prue' is written in a cursive, handwritten style.

Jarrad Prue

Director

Perth, 14 March 2016