



AND CONTROLLED ENTITIES

ABN 99 124 734 961

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2017**

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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

Edwards Mac Scovell
 Level 7
 140 St Georges Terrace
 Perth WA 6000

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 2017.

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 2017

California

During the period, a Joint Venture ("JV") was formed to identify a number of strategic leases in California, prospective for oil & gas. The JV made considerable progress in the complicated process of conducting the title searches required to identify and confirm the legal owners of the relevant mineral leases. While the work required to complete a full chain of title takes time, the majority of this work is now complete. Owners have now been presented with formal lease agreements and the JV hopes execution of these agreements will start occurring over the coming week(s).

While the specific location of the leases will remain confidential until a material amount of the prospect area(s) can be acquired, the Company again advises that in return for funding 100% of the lease acquisition costs, as well as the acquisition and reprocessing of relevant seismic data, Red Emperor will earn a 60% interest in the newly established Joint Venture and any subsequent leases acquired. The total budget, inclusive of Landman fees, for the proposed acquisition is USD640,000, after which RMP will be responsible for its 60% equity interest. Despite a delay in timing, the JV remains within budget to complete these acquisitions and looks forward to updating the market in the coming weeks.

Philippines (SC 55)

Red Emperor continues to be frustrated by the process and progress of the Philippines Department of Energy and the lengthy delays associated with the ratification of the Company's equity interest increase in Block SC55. To this end, Red Emperor is now considering the merits of maintaining its equity interest in the Block and has sought advice regarding the potential disposal of its interest. Despite participating in a USD25m exploration well (Hawkeye) within the block in 2015 and contributing in excess of AUD5m towards drilling costs, the Board must weigh the costs of maintaining the Block against its materiality in the current environment and the other assets currently being acquired by the Company. Over USD50m has been spent exploring the block to date and a number of drill-ready targets remain, including the "Cinco" gas prospect which has a best estimate prospective resource of 1.6tcf recoverable gas.

Georgia

Red Emperor had negotiated and in principle agreed to sell its 20% interest in Strait Oil & Gas to Range Resources Limited ("Range") for a nominal sum and a royalty, however the completion of this sale was delayed by Range's re-admission process to the AIM in the UK. Red Emperor remains in discussion with Range, although it acknowledges that the consideration being discussed is not material to the Company.

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 2017.

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,
6 February 2018

DECLARATION OF INDEPENDENCE BY MATTHEW CUTT 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 2017, 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.



Matthew Cutt

Director

BDO Audit (WA) Pty Ltd

Perth, 6 February 2018



Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2017

	Note	31 December 2017 \$	31 December 2016 \$
Continuing Operations			
Interest received		68,746	85,434
Realised gain on investment		10,445	-
Employee and director benefits expense		(123,131)	(140,216)
Professional and Consultants		(156,883)	(146,303)
ASX and AIM and share registry fees		(30,923)	(44,878)
Exploration and evaluation expenditure		(31,373)	-
Unrealised FX (loss)/gain		(22,866)	39,624
Other expenses		(149,050)	(68,609)
Loss before income tax		(435,035)	(274,948)
Income tax expense		-	-
Loss after income tax for the period		(435,035)	(274,948)
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Other comprehensive profit/(loss)		224	(360)
Other comprehensive profit/(loss) for the period net of tax		224	(360)
Total comprehensive loss for the period		(434,811)	(275,308)
Loss per share			
Basic loss per share (cents)		(0.10)	(0.06)
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 2017

	Note	31 December 2017 \$	30 June 2017 \$
Current Assets			
Cash and cash equivalents		10,478,073	10,921,315
Trade and other receivables	4	46,839	51,727
Total Current Assets		10,524,912	10,973,042
Non-Current Assets			
Financial assets at fair value through profit or loss		400	400
Total Non-Current Assets		400	400
Total Assets		10,525,312	10,973,442
Current Liabilities			
Trade and other payables	5	40,239	53,558
Total Current Liabilities		40,239	53,558
Total Liabilities		40,239	53,558
Net Assets		10,485,073	10,919,884
Equity			
Issued capital	6	57,329,505	57,329,505
Reserves	7	4,096,496	4,096,272
Accumulated losses		(50,940,928)	(50,505,893)
Total Equity		10,485,073	10,919,884

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 2017

	Issued capital \$	Accumulated losses \$	Foreign exchange translation reserve \$	Share based payments reserve \$	Total \$
Balance at 1 July 2016	57,329,505	(49,746,975)	(14,823)	4,111,702	11,679,409
Total comprehensive income for the period					
Loss for the period	-	(274,948)	-	-	(274,948)
Other comprehensive loss	-	-	(360)	-	(360)
Total comprehensive loss for the period	-	(274,948)	(360)	-	(275,308)
Balance at 31 December 2016	57,329,505	(50,021,923)	(15,183)	4,111,702	11,404,101
Balance at 1 July 2017	57,329,505	(50,505,893)	(15,430)	4,111,702	10,919,884
Total comprehensive income for the period					
Loss for the period	-	(435,035)	-	-	(435,035)
Other comprehensive loss	-	-	224	-	224
Total comprehensive loss for the period	-	(435,035)	224	-	(434,811)
Balance at 31 December 2017	57,329,505	(50,940,928)	(15,206)	4,111,702	10,485,073

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 2017

	31 December 2017	31 December 2016
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(486,509)	(437,392)
Interest received	68,746	85,434
Net cash used in operating activities	(417,763)	(351,958)
Cash flows from investing activities		
Proceeds from sale of equities	10,445	-
Payments for exploration and evaluation	(13,059)	-
Net cash used in investing activities	(2,614)	-
Net decrease in cash and cash equivalents	(420,377)	(351,958)
Cash and cash equivalents at beginning of the period	10,921,315	11,715,540
Effects of exchange rate changes on cash and cash equivalents	(22,865)	39,623
Cash and cash equivalents at the end of the period	10,478,073	11,403,205

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



Notes to the Financial Statements

for the half-year ended 31 December 2017

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 2017 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 2017, together with any public announcements made during the half-year.

In the half year ended 31 December 2017, 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 2017. 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 2017. 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 (2016: Nil).

2. SEGMENT INFORMATION

The Company has determined the operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. 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. This policy represents a departure from that applied to the statutory financial statements.

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, deferred tax assets and intangible assets have not been allocated to operating segments.



Notes to the Financial Statements

for the half-year ended 31 December 2017

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.

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: - head office and other administration expenditure.

The Group operates in two industries, mineral and oil and gas exploration however due to the differing geographical areas and functional currencies the financial information has been broken down into two operating segments being exploration and administration (other) in two geographical areas.

3. SEGMENT REPORTING

<u>Segment Performance</u>	Georgian Exploration & Evaluation	Philippines Exploration & Evaluation	Treasury & Other	Total
31 December 2017	\$	\$	\$	\$
Revenue				
Interest revenue	-	-	68,786	68,786
Other income	-	-	10,445	10,445
Total segment revenue	-	-	79,231	79,231
Total Group revenue	-	-	79,231	79,231
Segment net profit before tax	-	-	79,231	79,231
<i>Reconciliation of segment result to group net loss before tax</i>				
Unallocated items:				
Employee and director benefits expense	-	-	(123,131)	(123,131)
Unrealised FX loss	-	-	(22,866)	(22,866)
Other	-	-	(289,038)	(289,038)
Net loss before tax from continuing operations	-	-	(435,035)	(435,035)

<u>Segment Performance</u>	Georgian Exploration & Evaluation	Philippines Exploration & Evaluation	Treasury & Other	Total
31 December 2016	\$	\$	\$	\$
Revenue				
Interest revenue	-	-	85,434	85,434
Total segment revenue	-	-	85,434	85,434
Total Group revenue	-	-	85,434	85,434
Segment net profit before tax	-	-	85,434	85,434
<i>Reconciliation of segment result to group net loss before tax</i>				
Unallocated items:				
Employee and director benefits expense	-	-	(140,216)	(140,216)
Unrealised FX gain	-	-	39,624	39,624
Other	-	-	(174,356)	(174,356)
Net loss before tax from continuing operations	-	-	(274,948)	(274,948)



Notes to the Financial Statements
for the half-year ended 31 December 2017

<u>Segment Assets</u>	Georgian Exploration & Evaluation \$	Philippines Exploration & Evaluation \$	Treasury \$	Total \$
31 December 2017				
Segment assets	-	-	400	400
<i>Segment assets increases/ (decreases) for the year:</i>				
- financial assets at fair value through profit or loss	-	-	400	400
<i>Reconciliation of segment assets to Group assets</i>				
	-	-	-	400
Unallocated items:				
Cash and cash equivalents				10,478,073
Trade and other receivables				46,839
Total Group assets from continuing operations				10,525,312

<u>Segment Assets</u>	Georgian Exploration & Evaluation \$	Philippines Exploration & Evaluation \$	Treasury \$	Total \$
30 June 2017				
Segment assets	-	-	400	400
<i>Segment assets increases/ (decreases) for the year:</i>				
- financial assets at fair value through profit or loss	-	-	400	400
<i>Reconciliation of segment assets to Group assets</i>				
	-	-	-	400
Unallocated items:				
Cash and cash equivalents				10,921,315
Trade and other receivables				51,727
Total Group assets from continuing operations				10,973,442

<u>Segment Liabilities</u>	Georgian Exploration & Evaluation \$	Philippines Exploration & Evaluation \$	Treasury \$	Total \$
31 December 2017				
Segment liabilities	-	-	-	-
<i>Reconciliation of segment liabilities to Group assets</i>				
Unallocated items:				
Trade and other payables				40,239
Total Group liabilities from continuing operations				40,239

<u>Segment Liabilities</u>	Georgian Exploration & Evaluation \$	Philippines Exploration & Evaluation \$	Treasury \$	Total \$
30 June 2017				
Segment liabilities	-	-	-	-
<i>Reconciliation of segment liabilities to Group assets</i>				
Unallocated items:				
Trade and other payables				53,558
Total Group liabilities from continuing operations				53,558



Notes to the Financial Statements
for the half-year ended 31 December 2017

	31 December 2017 \$	30 June 2017 \$
4. TRADE AND OTHER RECEIVABLES		
Trade debtors	39,151	43,032
GST receivable	7,688	8,695
	46,839	51,727

Trade debtors 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. TRADE AND OTHER PAYABLES

Trade payables	24,752	30,709
Accruals	10,000	18,000
Other	5,487	4,849
	40,239	53,558

6. ISSUED CAPITAL

(a) Issued and paid up capital

Issued and fully paid	57,329,505	57,329,505
	57,329,505	57,329,505

	31 December 2017		30 June 2017	
	No.	\$	No.	\$
(b) Movements in ordinary shares on issue				
Opening Balance	425,292,776	57,329,505	425,292,776	57,329,505
Movements	-	-	-	-
Closing balance	425,292,776	57,329,505	425,292,776	57,329,505

	31 December 2017 \$	30 June 2017 \$
7. RESERVES		
Share based payments reserve ¹	4,111,702	4,111,702
Foreign currency translation reserve ²	(15,206)	(15,430)
	4,096,496	4,096,272

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.

8. DIVIDENDS

No dividend has been declared or paid during the period ended 31 December 2017.

9. EVENTS SUBSEQUENT TO REPORTING DATE

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

10. COMMITMENTS AND CONTINGENT LIABILITIES

The Directors are not aware of any new commitments and contingent liabilities as at 31 December 2017. There has been no change in contingent liabilities since the last annual reporting date.



Notes to the Financial Statements

for the half-year ended 31 December 2017

11. 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 2017	% Equity Interest 30 June 2017
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 financial statements and notes as set out on pages 4 to 12 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 2017 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 2017 to 31 December 2017.
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,
6 February 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Red Emperor Resources NL

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Red Emperor Resources NL (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, 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 then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 Group's financial position as at 31 December 2017 and its financial 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 the Group, 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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO
M. Cutt

Matthew Cutt

Director

Perth, 6 February 2018