



AND CONTROLLED ENTITIES

ABN 99 124 734 961

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2016**

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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



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 2016.

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 2016

Philippines (SC 55)

After providing the Philippines Department of Energy with all relevant documentation for the transfer of Otto Energy Limited's (ASX: OEL "Otto") equity interest in Block SC 55, Red Emperor have been awaiting formal approval and ratification for its equity interest to increase from 15% to 37.5%. Subsequent to the half year end, the DoE has requested further information from Otto, which the Joint Venture believes it has already provided. Red Emperor continues to await the outcome of this process and acknowledges it has taken far longer than anticipated.

In June last year, the DoE formally granted a two-year moratorium, until 23 December 2017, on required work activity under Service Contract 55. During the moratorium period, the JV will conduct specialised geophysical studies in the area surrounding the Hawkeye Prospect, which encountered gas shows when it was drilled in August 2015. Although the Hawkeye well did not encounter gas in commercial quantities, it proved the presence of an active petroleum system in the contract area that hosts the "Cinco Prospect" as well as several other leads.

Georgia

Red Emperor continues to be advised that sale negotiations continue with at least one interested party for the purchase of Block VIa. Red Emperor is not involved in the negotiations, although remains a 20% shareholder of Strait Oil and Gas Ltd which currently holds the Production Sharing Contract across Block VIa.

Corporate

The Board of Red Emperor have been particularly active during the period and made an offer to acquire a US based exploration company with assets in the United States. Discussions were very well advanced and while they did not result in a transaction, both parties continue to engage with each other. Red Emperor are currently in separate negotiations with a potential strategic partner regarding both financing and asset participation. The focus of these discussions has been on opportunities in the USA.

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 2016.

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,
20 February 2017

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 2016, 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, 20 February 2017



Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2016

| | Note | 31 December 2016 \$ | 31 December 2015 \$ |
|--|------|---------------------------|---------------------------|
| Continuing Operations | | | |
| Interest received | | 85,434 | 125,806 |
| Employee and director benefits expense | | (140,216) | (132,975) |
| Professional and Consultants | | (146,303) | (340,633) |
| ASX and AIM and share registry fees | | (44,878) | (64,138) |
| Impairment expense | | - | (7,691,458) |
| Unrealised FX gain/(loss) | | 39,624 | (309,400) |
| Realised FX gain | | - | 28,341 |
| Other expenses | | (68,609) | (105,566) |
| Share based payment expense | | - | (23,267) |
| Loss before income tax | | (274,948) | (8,513,290) |
| Income tax expense | | - | - |
| Loss after income tax for the period | | (274,948) | (8,513,290) |
| Other comprehensive (loss)/profit | | | |
| Items that may be reclassified to profit or loss | | | |
| Other comprehensive (loss)/profit | | (360) | 13,753 |
| Other comprehensive (loss)/profit for the period net of tax | | (360) | 13,753 |
| Total comprehensive loss for the period | | (275,308) | (8,499,537) |
| Loss per share | | | |
| Basic loss per share (cents) | | (0.06) | (2.00) |
| 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



Consolidated Statement of Financial Position

as at 31 December 2016

| | Note | 31 December 2016 \$ | 30 June 2016 \$ |
|---|------|---------------------------|-----------------------|
| Current Assets | | | |
| Cash and cash equivalents | | 11,403,205 | 11,715,540 |
| Trade and other receivables | 4 | 43,234 | 33,415 |
| Total Current Assets | | 11,446,439 | 11,748,955 |
| Non-Current Assets | | | |
| Financial assets at fair value through profit or loss | | 400 | 400 |
| Exploration and evaluation expenditure | 5 | - | - |
| Total Non-Current Assets | | 400 | 400 |
| Total Assets | | 11,446,839 | 11,749,355 |
| Current Liabilities | | | |
| Trade and other payables | 6 | 42,738 | 69,946 |
| Total Current Liabilities | | 42,738 | 69,946 |
| Total Liabilities | | 42,738 | 69,946 |
| Net Assets | | 11,404,101 | 11,679,409 |
| Equity | | | |
| Issued capital | 7 | 57,329,505 | 57,329,505 |
| Reserves | 8 | 4,096,519 | 4,096,879 |
| Accumulated losses | | (50,021,923) | (49,746,975) |
| Total Equity | | 11,404,101 | 11,679,409 |

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 2016

| | Issued capital \$ | Accumulated losses \$ | Foreign exchange translation reserve \$ | Share based payments reserve \$ | Total \$ |
|---|----------------------|--------------------------|--|------------------------------------|--------------------|
| 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 |
| 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 Income | - | - | (360) | - | (360) |
| Total comprehensive income/(loss) for the period | - | (274,948) | (360) | - | (275,308) |
| Transactions with owners in their capacity as owners | | | | | |
| Balance at 31 December 2016 | 57,329,505 | (50,021,923) | (15,183) | 4,111,702 | 11,404,101 |

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 2016

| | 31 December 2016 \$ | 31 December 2015 \$ |
|---|---------------------------|---------------------------|
| Cash flows from operating activities | | |
| Payments to suppliers and employees | (437,392) | (597,910) |
| Interest received | 85,434 | 125,806 |
| Other receipts | - | 28,341 |
| Net cash used in operating activities | (351,958) | (443,763) |
| Cash flows from investing activities | | |
| Payments for exploration and evaluation | - | (4,701,812) |
| Net cash used in investing activities | - | (4,701,812) |
| 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 (decrease) increase in cash and cash equivalents | (351,958) | 66,227 |
| Cash and cash equivalents at beginning of the period | 11,715,540 | 12,494,427 |
| Effects of exchange rate changes on cash and cash equivalents | 39,623 | (309,400) |
| Cash and cash equivalents at the end of the period | 11,403,205 | 12,251,254 |

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



Condensed Notes to the Financial Statements

for the half-year ended 31 December 2016

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 2016 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 2016, together with any public announcements made during the half-year.

In the half year ended 31 December 2016, 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 2016. 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 2016. 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 (2015: 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.



Condensed Notes to the Financial Statements

for the half-year ended 31 December 2016

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 three geographical areas.

3. SEGMENT REPORTING

Segment Performance

| | Philippines Exploration & Evaluation \$ | Georgian Exploration & Evaluation \$ | Puntland 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) |
| 31 December 2015 | | | | | |
| 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 |
| <i>Reconciliation of segment result to group net loss before tax</i> | | | | | |
| 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) |



Condensed Notes to the Financial Statements

for the half-year ended 31 December 2016

Segment Assets

| | Philippines Exploration & Evaluation \$ | Georgian Exploration & Evaluation \$ | Treasury \$ | Total \$ |
|---|--|---|----------------|--------------------|
| 31 December 2016 | | | | |
| Segment assets | - | - | 400 | 400 |
| <i>Segment assets increases/ (decreases) for the half year:</i> | - | - | 400 | 400 |
| <i>Reconciliation of segment assets to Group assets</i> | | | | |
| Unallocated items: | | | | |
| Cash and cash equivalents | | | | 11,403,205 |
| Trade and other receivables | | | | 43,234 |
| Total Group assets from continuing operations | | | | 11,446,839 |
| 30 June 2016 | | | | |
| Segment assets | - | - | 400 | 400 |
| <i>Segment assets increases/(decreases) for the half year:</i> | | | | |
| capital expenditure | (4,711,110) | - | - | (4,711,110) |
| financial assets at fair value through profit and loss | - | - | 400 | 400 |
| Assets held for sale | - | (3,000,000) | - | (3,000,000) |
| | - | - | - | (7,710,710) |
| <i>Reconciliation of segment assets to Group assets</i> | | | | |
| Unallocated items: | | | | |
| Cash and cash equivalents | | | | 11,715,540 |
| Trade and other receivables | | | | 33,415 |
| Total Group assets from continuing operations | | | | 11,749,355 |

Segment liabilities

| | Philippines Exploration & Evaluation \$ | Georgian Exploration & Evaluation \$ | Treasury \$ | Total \$ |
|--|--|---|----------------|---------------|
| 31 December 2016 | | | | |
| Segment liabilities | - | - | - | - |
| <i>Reconciliation of segment liabilities to Group assets</i> | | | | |
| Unallocated items: | | | | |
| Trade and other payables | | | | 42,738 |
| Total Group liabilities from continuing operations | | | | 42,738 |
| 30 June 2016 | | | | |
| Segment liabilities | - | - | - | - |
| <i>Reconciliation of segment liabilities to Group assets</i> | | | | |
| Unallocated items: | | | | |
| Trade and other payables | | | | 69,946 |
| Total Group liabilities from continuing operations | | | | 69,946 |



Condensed Notes to the Financial Statements

for the half-year ended 31 December 2016

| | 31 December 2016 \$ | 30 June 2016 \$ |
|---------------------------------------|---------------------------|-----------------------|
| 4. TRADE AND OTHER RECEIVABLES | | |
| Trade debtors | 37,881 | 21,764 |
| GST receivable | 5,353 | 11,651 |
| | 43,234 | 33,415 |

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. EXPLORATION AND EVALUATION EXPENDITURE

| | | |
|--|---|----------------------------|
| Opening Balance | - | - |
| Assets transferred from assets held for sale | - | 3,000,000 ¹ |
| Exploration and evaluation expenditure capitalised during the year | - | 4,711,110 |
| Foreign exchange difference | - | - |
| Exploration expenditure written off | - | (7,711,110) ^{1,2} |
| 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 30 June 2016 there was insufficient evidence to suggest a sale was likely 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%.

6. TRADE AND OTHER PAYABLES

| | | |
|----------------|---------------|---------------|
| Trade payables | 23,889 | 44,503 |
| Accruals | 14,000 | 20,000 |
| Other | 4,849 | 5,443 |
| | 42,738 | 69,946 |

7. 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 2016 | | 30 June 2016 | |
|--|--------------------|-------------------|-------------------------|-------------------|
| | No. | \$ | No. | \$ |
| (b) Movements in ordinary shares on issue | | | | |
| Opening Balance | 425,292,776 | 57,329,505 | 359,542,776 | 52,167,148 |
| Shares issued via placement | - | - | 65,750,000 ¹ | 5,763,718 |
| Transaction costs on share issue | - | - | - | (601,361) |
| Closing balance | 425,292,776 | 57,329,505 | 425,292,776 | 57,329,505 |

¹ 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.



Condensed Notes to the Financial Statements

for the half-year ended 31 December 2016

| | 31 December 2016 \$ | 30 June 2016 \$ |
|---|---------------------------|--------------------|
| 8. RESERVES | | |
| Share based payments reserve ¹ | 4,111,702 | 4,111,702 |
| Foreign currency translation reserve ² | (15,183) | (14,823) |
| | 4,096,519 | 4,096,879 |

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.

9. DIVIDENDS

No dividend has been declared or paid during the period ended 31 December 2016.

10. EVENTS SUBSEQUENT TO REPORTING DATE

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

11. COMMITMENTS AND CONTINGENT LIABILITIES

The Directors are not aware of any new commitments and contingent liabilities as at 31 December 2016. There has been no change in contingent liabilities since the last annual reporting date.

12. 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 2016 | % Equity Interest 30 June 2016 |
|----------------------|--------------------------|---------------------------------------|-----------------------------------|
| 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 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 2016 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 2016 to 31 December 2016.
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,
20 February 2017

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 2016, 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 2016 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 2016 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, 20 February 2017