

22 April 2015

Manager of Company Announcements  
ASX Limited  
Level 8 Exchange Plaza  
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PERTH WA 6000

*Via E-Lodgement*

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## QUARTERLY REPORTS FOR THE PERIOD ENDING 31 MARCH 2015

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Issued Capital: <b>332M</b>	ASX Code: <b>RMP</b>	Closing price: <b>A\$0.042</b>
	AIM Code: <b>RMP</b>	Closing Price: <b>£0.024</b>

The Board of Red Emperor Resources NL ("**Red Emperor**" or the "**Company**") is pleased to provide the following commentary and Appendix 5B for the period ending 31 March 2015.

### **Philippines (SC55)**

On 2 March 2015 Red Emperor signed a Farmin Agreement with Otto Energy Philippines Inc. (a wholly owned subsidiary of Otto Energy Ltd (ASX: OEL "**Otto**") to farm in to the highly prospective offshore Philippines Block, Service Contract 55 ("**SC55**").

SC55 is located in the southwest Palawan Basin, covers an area of 9,880km<sup>2</sup> and was awarded to Otto Energy Investments Ltd (formerly NorAsian Energy Ltd) in 2005. It is a deep-water block in the middle of a proven regional oil and gas fairway that extends from the productive offshore Borneo region in the southwest to the offshore Philippine production assets northwest of Palawan.

SC55 contains a number of distinct exploration play types including the Hawkeye turbidite clastic prospect and the material Cinco carbonate gas/condensate prospect, as well as a number of follow-up leads. The permit provides a material opportunity and a series of possible drill targets in an exploration campaign that will be undertaken during the remaining term of the service contract.

The Hawkeye prospect was identified on 2D seismic originally acquired by Otto in 2007 and further defined with the 600km<sup>2</sup> 3D seismic acquisition in late 2009. Hawkeye contains a 'Best Estimate' STOIP of ~480 MMbbls of oil and a 'Best Estimate' Gross Prospective Resource of 112 MMbbls (RMP net 14.3 MMbbls) of oil according to the Operator, Otto Energy.

The Cinco gas/carbonate prospect was identified as part of a 1,800km<sup>2</sup> 3D seismic program undertaken by BHPB in 2010 that focused on a trend of carbonate prospects and leads, with Cinco being analogous to the Malampaya producing gas/condensate field in the Philippines. Cinco contains a 'Best Estimate' GIIP of 2.4 Tcf with a 'Best Estimate' Gross Prospective Resource of 1.6 Tcf of gas and 57 MMbbls of associated condensate (RMP net 208 Bcf) and 7.3 MMbbls). The Net Prospective Resources exclude Government Share of profit oil.

#### BOARD & MANAGEMENT

Mr Greg Bandy  
MANAGING DIRECTOR

Mr Nathan Rayner  
NON-EXECUTIVE DIRECTOR

Mr Jason Bontempo  
NON-EXECUTIVE DIRECTOR

Mr Aaron Bertolatti  
COMPANY SECRETARY

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ASX CODE | AIM CODE  
RMP



**Hawkeye Prospect**

The Hawkeye prospect is interpreted to be a large, relatively undeformed Miocene aged toe thrust, analogous to offset discoveries in Malaysia. The Miocene turbidite reservoir is likely to be tested by a well sitting in approximately 1,690m of water. The prospect was first identified on 2D seismic data, which was later followed up by a 3D seismic acquisition in early 2010. The 3D data has further matured the prospect to drillable status. Hawkeye is a well imaged, toe thrust structure of more than 500m vertical relief, 50km<sup>2</sup> area with attendant Direct Hydrocarbon Indicators. Multiple flat spots are evident with an associated oil column consistent with detailed rock property analysis.

The Operator’s estimate of the Hawkeye Prospective Resources is shown below:

(MMbbls)	STOIIP	Gross Recoverable	Net RMP
Low Estimate	87	19	2.4
Best Estimate	484	112	14.3
High Estimate	1,539	401	51.1

\*Source: Otto Energy

The Operator, Otto Energy, is anticipating a spud date in early Q3 2015 for the Hawkeye-1 well. The exploration well has been designed to reach the top of target reservoir approximately 1,000m below the sea bed floor and intersect the gas oil contact to prove or otherwise the presence of the oil leg.

Otto has entered into a Letter of Intent with Maersk to secure the Maersk Venturer ultra-deepwater drillship to drill the Hawkeye-1 exploration well. As one of the most modern and advanced drillships in the world, this rig has the required capability to drill the Hawkeye-1 exploration well. All required long lead items have now been procured and stored in yards in Labuan, Malaysia. Drilling of the Hawkeye-1 exploration well is expected to commence in early Q3 2015.

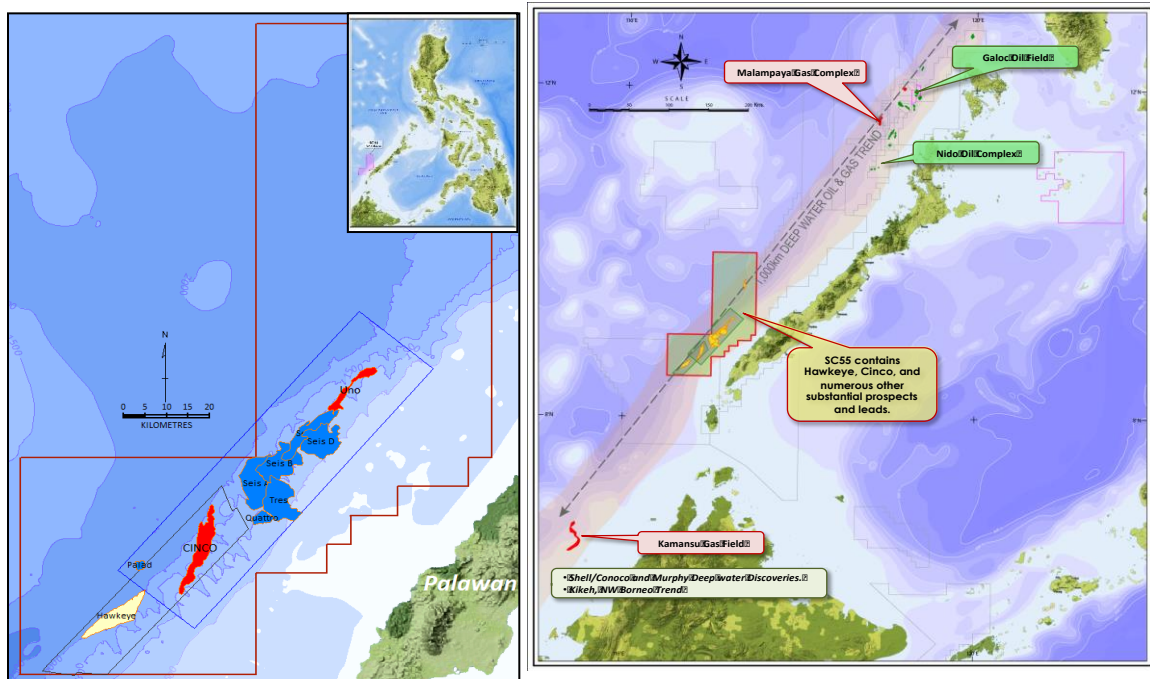


Figure 1

Please refer to ASX Announcement on 2 March 2015 for more details on the transaction.



## **Puntland**

The Company's Joint Venture (JV) continues to significantly reduce its presence in Bosaso, Puntland and will refrain from any operational activity and associated expenditures pending a resolution of the political situation between the Regional Government of Puntland and the Federal Government of Somalia regarding the legitimacy of oil concession contracts.

Given the considerable efforts taken by the JV to date in Puntland (Somalia), the JV has requested a two year extension to the current exploration period from the Government of Puntland to allow time for these political challenges to be resolved.

Red Emperor is optimistic that agreements can be reached to enable the JV to remain in control of its two PSCs that provide both exposure and leverage to potentially multiple billion barrels of oil.

## **Georgia**

Despite Red Emperor again being advised during the quarter by the operator, Strait Oil & Gas ("Strait"), that an agreed drilling program and a valid drilling licence was in place with the Georgian Oil and Gas Ministry, drilling activity did not commence in Block VIb. Whilst a drill rig and all required services remain available, Strait's major shareholder, Range Resources Limited ("Range"), who are obligated to fund the drilling program and the costs to the end of Phase III of the Production Sharing Contract ("PSC") on behalf of the Joint Venture, has been focused on the disposal of the asset as opposed to continued further investment.

Red Emperor understands that representatives of Strait will be negotiating to extend the PSC that covers Block VIb, which was due to expire in March 2015, however there is no certainty that such an outcome can or will be achieved. While Red Emperor is hopeful that it will, in the meantime the Company continues to stand by its position with respect to Range's obligations to drill a second well and cover the costs of Phase III on Block VIb, which formed part of the "drilling program" contemplated in its 2011 Subscription Agreement (the "Agreement"). Red Emperor has met its financial commitment with respect to the Agreement and is disappointed that drilling activity is yet to commence. The company will continue to protect its interests with respect to both blocks and the value they represent.

## **Corporate**

During the quarter the Company placed 66,558,555 shares at A\$0.032 per share (£0.016) to raise approximately A\$2.13m (£1.06m) from sophisticated investors both in Australia and the UK. The funds raised from the placement will be used for purposes associated with the Company's share of upcoming drilling costs in the Philippines.

Red Emperor sold its direct equity investment in Highfield Resources Limited (ASX: HFR) during the quarter in accordance with its treasury management strategy. The shares were sold at price of 80c per share, which netted the Company A\$798,279 after brokerage, a 66% return on its A\$480,000 investment.

For and on behalf of the Board

**Greg Bandy**  
**Managing Director**

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

RED EMPEROR RESOURCES NL

ABN

99 124 734 961

Quarter ended ("current quarter")

31 March 2015

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(131) - - (294)	(346) - - (816)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	77	260
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(348)</b>	<b>(902)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) investment in associate	- - -	- (182) (59)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- 798 -	- 798 -
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>798</b>	<b>557</b>
1.13 Total operating and investing cash flows (carried forward)	450	(345)

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	450	(345)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	2,123	2,123
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other - fundraising costs	(137)	(137)
	<b>Net financing cash flows</b>	<b>1,986</b>	<b>1,986</b>
	<b>Net increase (decrease) in cash held</b>	<b>2,436</b>	<b>1,641</b>
1.20	Cash at beginning of quarter/year to date	9,526	10,321
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>11,962</b>	<b>11,962</b>

### Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	62
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil
1.25	Explanation necessary for an understanding of the transactions	
	Payment of Directors fees and Remuneration	\$62k

### Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

n/a

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

n/a

+ See chapter 19 for defined terms.

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	-
4.3 Production	-
4.4 Administration	200
<b>Total</b>	<b>250</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	11,962	9,526
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>11,962</b>	<b>9,526</b>

### Changes in interests in mining tenements and petroleum tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6 Interests in mining tenements held	See Appendix 1 below			
6.1 Interests in mining tenements tenements relinquished, reduced or lapsed	n/a			
6.2 Interests in mining tenements tenements acquired or increased	n/a			

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

#### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	332,792,779	332,792,779		Fully Paid
7.4 Changes during quarter (a) Increases through issues - Placement (b) Decreases through returns of capital, buy-backs	66,558,555	66,558,555		
7.5 <b>+Convertible debt securities</b> (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> - Unlisted options	112,966 1,170,000	- -	<u>Exercise Price</u> £0.18 £0.32	<u>Expiry Date</u> 3 April 2015 16 May 2015
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter - Unlisted options	5,492,000	-	<u>Exercise Price</u> £0.265	<u>Expiry Date</u> 28 March 2015
7.11 <b>Debentures</b> (totals only)				
7.12 <b>Unsecured notes</b> (totals only)				

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 22 April 2015

Print name: GREG BANDY  
Managing Director

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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**Appendix 1 – Interests in mining tenements held**

Tenement Reference	Location	Working Interest at Beginning of Quarter	Acquired/ Disposed	Working Interest at End of Quarter
Block VIa	Republic of Georgia	20%	N/A	20%
Block VIb	Republic of Georgia	20%	N/A	20%
Dharoor Block	Puntland	20%	N/A	20%
Nugaal Block	Puntland	20%	N/A	20%

**Holder:** Oil & Gas Beneficial percentage interests held in farm-in or farm- out agreement.