

**22 January 2019**

## Quarterly Activities and Cashflow Report For the Period ended 31 December 2018

The Board of Red Emperor Resources NL (ASX/AIM: RMP) ("RMP", "Red Emperor" or the "Company") is pleased to provide the following commentary on its activities and Appendix 5B for the quarter ended 31 December 2018.

### Highlights

- **All operational and infrastructure permits granted for the drilling of the Winx-1 exploration well ("Winx-1")**
- **Ice road construction commenced**
- **Spud of Winx-1 remains on schedule for mid-late February 2019**
- **Seismic data reprocessing and quantitative interpretation work ongoing on Block SC55**

### Alaska North Slope

During the quarter, Red Emperor announced that 88 Energy Limited (ASX/AIM: 88E), in its capacity as consortium operator, had received approval for all the major permits required for the drilling of the Winx-1 exploration well, including the Plan of Operations and key permits for both the requisite ice road and ice pad. The other main permit, the Permit to Drill, was submitted during the quarter and approval was granted by the Alaska Oil and Gas Conservation Commission (AOGCC) on 16 January 2019.

Preparations for the 11-mile (18 kilometre) ice road required for mobilisation of the drill rig also commenced during the quarter, with construction beginning in the new year. Accordingly, drilling of the Winx-1 exploration well remains on schedule for mid-late February 2019 and Red Emperor, alongside its Joint Venture partners, looks forward to providing further updates as the spud date draws nearer.



**Figure 1. Ice road construction for Winx-1**

#### BOARD & MANAGEMENT

Mr Greg Bandy  
MANAGING DIRECTOR

Mr Jason Bontempo  
NON-EXECUTIVE DIRECTOR

Mr Aaron Bertolatti  
DIRECTOR & COMPANY  
SECRETARY

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#### ASX CODE | AIM CODE

RMP

The Winx prospect is a 3D seismic defined conventional oil prospect in the successful Nanushuk play fairway with a gross mean unrisked prospective resource of 400 million barrels ("MMbbls") (126MMbbls net to Red Emperor) and a geological chance of success in the range of 25-30%. Refer to the Company announcement of 25 June 2018 for further details.

*Cautionary Statement: The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.*

### **Philippines (Block SC55)**

DownUnder GeoSolutions commenced work following the award of the seismic data reprocessing and quantitative interpretation (QI) contract. This activity is part of the ongoing effort by the Block SC55 consortium to help further de-risk previously identified drill-ready targets, including the "Cinco" gas prospect which has a best estimate prospective resource of 1.6 trillion cubic feet ("tcf") recoverable gas, and identify new highly prospective leads whilst reducing overall uncertainty. By leveraging our extensive and robust data set we ensure that the consortium is on the strongest technical footing as it moves forward in due course.

### **Corporate**

Subsequent to the quarter end, the Company placed 100,000,000 new ordinary shares at an issue price of 2.8 pence (AUD0.05) per share to raise £2.8 million (approximately AUD5.0m) before expenses. The oversubscribed placing was made to both new and existing institutional and sophisticated investors, via the Company's UK Broker, Brandon Hill Capital, and its Australian Broker and Corporate Adviser, 708 Capital Pty Ltd and Max Capital. The Company remains active in reviewing other potential opportunities and at the end of the quarter had cash at bank of AUD4.45m (approximately AUD9m post completion of the aforementioned placing). Refer to Appendix 5B for further details.

On 10 December 2018, the Company was pleased to announce the appointment of Strand Hanson Limited as its Nominated Adviser.

**For further information, please visit [www.redemperorresources.com](http://www.redemperorresources.com) or contact:**

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*This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.*

### About Red Emperor Resources NL

Red Emperor Resources NL is an Australian natural resource exploration company listed on both the Australian Securities Exchange (ASX: RMP) and the AIM Market (AIM: RMP). Red Emperor has oil and gas interests on the Alaska North Slope and in South East Asia.

### Alaska

Red Emperor has entered into Definitive Agreements with its consortium partners 88 Energy Limited and Otto Energy Limited that will see the Company participate in the drilling of a highly prospective Nanushuk oil trend exploration well on the Alaska North Slope in early 2019. The drill target is immediately adjacent to and a direct analogue of the third-party Horseshoe-1/1A oil well drilled in 2017. Horseshoe is part of the billion-barrel plus Nanushuk oil play-fairway, one of the largest conventional oil fields discovered in the US in more than 30 years.

Technical work on the Western Blocks has identified a gross best estimate prospective resource volume of 400 MMbbls (126 MMbbls net to RMP), and a geological chance of success of 25%-35%. The estimated quantities of petroleum that may potentially be recovered by the application of future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

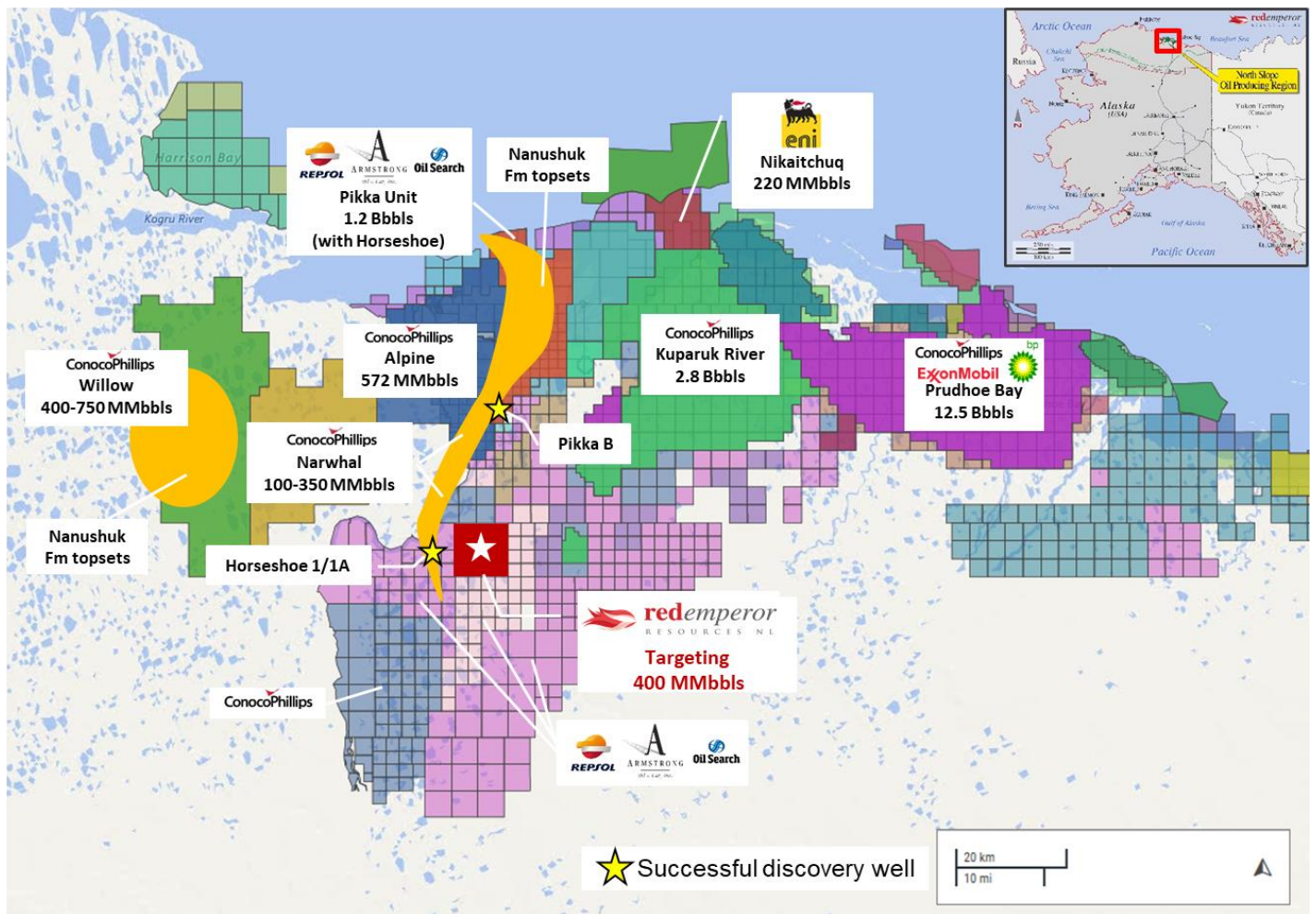


Figure 2. Winx-1 exploration well, Western Blocks, Alaska North Slope



### Philippines

Red Emperor also holds an equity interest of 37.5% of Block SC55, which is located in the southwest Palawan Basin. SC55 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.

Red Emperor participated in a USD 25m exploration well (Hawkeye-1) within the block in 2015 and contributed in excess of AUD 5m towards drilling costs. Over USD 50m has been spent exploring SC55 to date and a number of drill-ready targets remain, including the "Cinco" gas prospect which has a best estimate prospective resource of 1.6 trillion cubic feet ("tcf") recoverable gas.

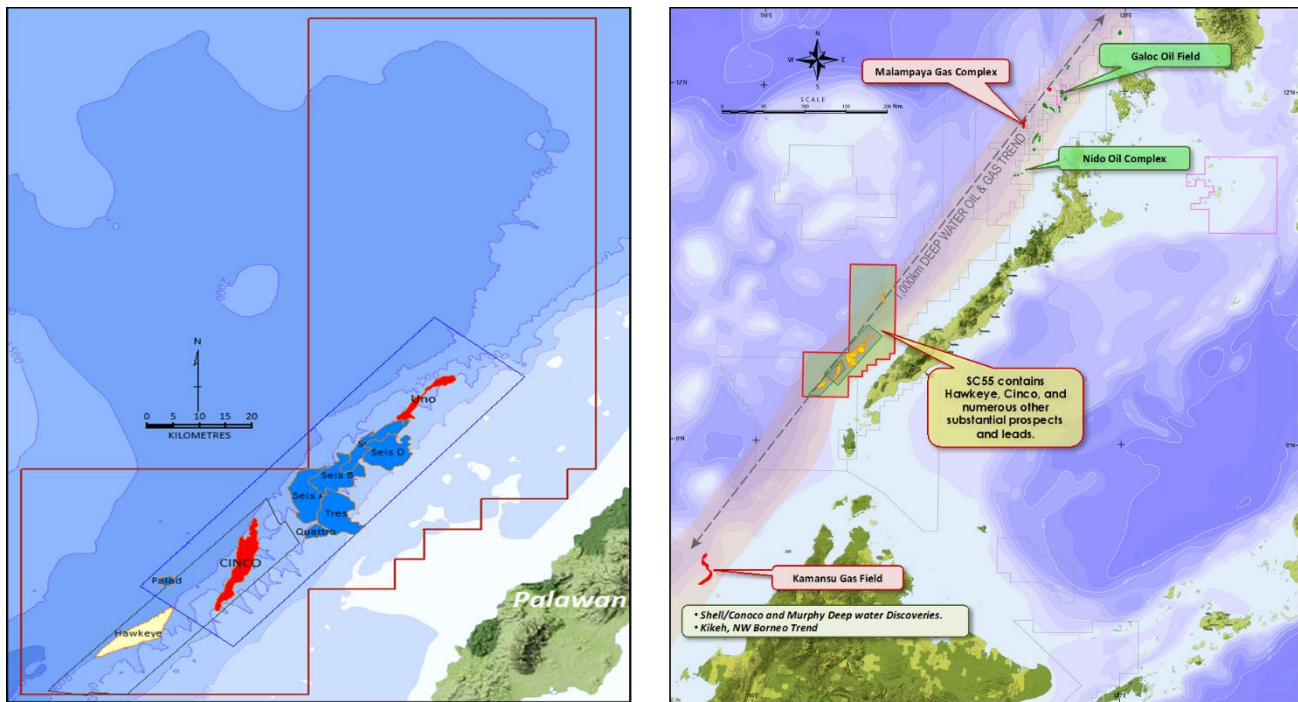


Figure 3. SC55 located in the southwest Palawan Basin, Philippines

### Red Emperor's Tenements

The following listing of tenements held is provided in accordance with ASX Listing Rule 5.3 for the quarter end 31 December 2018.

Tenement	Location	Area	Structure
<b>Alaska</b>			
Western Blocks	North Slope, Alaska	92km <sup>2</sup>	31.5%
<b>Philippines</b>			
SC55	Palawan Basin, Philippines	9,880km <sup>2</sup>	37.5%

No tenements were acquired or relinquished during the quarter

**Prospective Resources Reporting Notes**

The Company announced the prospective resources estimate for the Western Blocks in its announcement titled "Red Emperor to acquire interest in large oil prospect in prolific Alaska North Slope" made on 25 June 2018. The Company confirms that it is not aware of any new information or data that materially affects the information included in that announcement, and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.

(i) The prospective resources information in this announcement is effective as at 30 April 2018. (ii) The prospective resources information in this announcement has been estimated and is classified in accordance with SPE PRMS (Society of Petroleum Engineers Petroleum Resources Management System). (iii) The prospective resources information in this announcement is reported according to the Company's economic interest in each of the resources and net of royalties. (iv) The prospective resources information in this announcement has been estimated and prepared using the deterministic method. (v) The prospective resources information in this announcement has been estimated using a 6:1 BOE conversion ratio for gas to oil; 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency. (vi) The prospective resources information in this announcement has been estimated on the basis that products are sold on the spot market with delivery at the sales point on the production facilities. (vii) Prospective resources are reported on a best estimate basis. (viii) For prospective resources, the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. (ix) In respect to the prospective resources referred to in this announcement, Red Emperor's working interest in the four leases (ADL#s 391718, 391719, 319720 and 391721), totalling 22,711 acres all of which are located on the North Slope, Alaska, USA will be 31.5% (as set out in the table above) upon completion of the transaction. (x) The prospective resources have been estimated on the following basis: the best estimate prospective recoverable resource calculation was based on a consideration of offset well information and seismic expression; a combination of volumetric assessment and field analogues have been used to estimate the prospective resources; exploration drilling will be required to assess these resources. (xi) The chance of discovery is considered moderate as the prospective resources are near developed and undeveloped reserves and in a proven oil and gas producing province. There is a risk that exploration will not result in sufficient volumes of oil and/or gas for a commercial development. (xii) Prospective resources are un-risked and have not been adjusted for an associated chance of discovery and a chance of development.

## 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, 01/05/13, 01/09/16

### Name of entity

RED EMPEROR RESOURCES NL

### ABN

99 124 734 961

### Quarter ended ("current quarter")

31 December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(3,307)	(3,890)
(b) development	-	-
(c) production	-	-
(d) staff costs	(47)	(122)
(e) administration and corporate costs	(360)	(674)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	22	53
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)		
- Payment of bond deposit (State of Alaska)	-	(1,455)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(3,692)</b>	<b>(6,088)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)		
	Proceeds from disposal of subsidiary	27	27
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>27</b>	<b>27</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	2	2
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>2</b>	<b>2</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	7,988	10,344
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,692)	(6,088)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	27	27
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2	2

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	121	161
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>4,446</b>	<b>4,446</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	4,446	7,988
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,446</b>	<b>7,988</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
72
-

Payment of Directors Fees and Remuneration - \$A 72k

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

<b>Current quarter \$A'000</b>
-
-

N/A



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

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

N/A

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	4,507
9.2 Development	-
9.3 Production	-
9.4 Staff costs	47
9.5 Administration and corporate costs	210
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>4,764*</b>

\*Subsequent to the quarter end, the Company placed 100,000,000 new ordinary shares at an issue price 2.8 pence (AUD 0.05) per share to raise £2.8 million (approximately AUD5.0 million) before expenses.

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	N/A			

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

(Company secretary)

Date: 22 January 2019

Print name: Aaron Bertolatti

### 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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.