

Schedule 1 version release date – 16 October 2009

PROFORMA SCHEDULE 1 PRE-ADMISSION ANNOUNCEMENT TO BE ISSUED PURSUANT TO RULE 2 OF THE AIM RULES FOR COMPANIES

Instructions and Information

Content and timing

- For full information on what information should be disclosed and what particular terms mean, please see Schedule One to the AIM Rules for Companies. In particular, underlined terms are more fully explained in those rules.
- Announcements can be submitted for release with limited information missing (e.g. number of securities to be admitted), where such information is unknown at the time, but please note right of the Exchange under rule 2 to restart the 10 day period in the case of changes it considers material and the right under rule 9 to delay admission. Such matters should be brought to the attention of AIM Regulation without delay. Where appropriate information is to follow, please state 'TBC' in the relevant reply box.
- Pursuant to rule 2 of the AIM Rules for Companies, announcements need to be released with 10 clear business days between the date of our receipt of the announcement and the date of admission. For quoted applicants, that period increases to 20 business days. Bank holidays do not count as business days. If AIM Regulation receives an announcement prior to 8am on a working day and is able to release the announcement prior to 10am, it may at its discretion count that as the first clear business day.

Format

- The **white boxes** below each heading should be completed as fully as possible. The grey boxes should not be amended or deleted in any way.
- The form should not contain any revision marking, tabs or bullets as this cannot be recognised on RNS.
- Bold should only be used where it is an Update announcement and in relation to information that has changed since the last version that was released.

Release

- In order to release the form, please email a Word version to aimregulation@londonstockexchange.com. AIM Regulation will confirm to you by email when the announcement has been released.
- If details in relation to expected market capitalisation, capital raised on admission and shares not in public hands are not included on the form please include them in your covering email (for our internal information only),
- In the case of queries please contact AIM Regulation on +44 (0) 20 7797 4154.

**ANNOUNCEMENT TO BE MADE BY THE AIM APPLICANT PRIOR TO ADMISSION
IN ACCORDANCE WITH RULE 2 OF THE AIM RULES FOR COMPANIES (“AIM
RULES”)**

COMPANY NAME:

Red Emperor Resources NL (the “Company”)

**COMPANY REGISTERED OFFICE ADDRESS AND IF DIFFERENT, COMPANY TRADING
ADDRESS (INCLUDING POSTCODES) :**

945 Wellington Street, West Perth, WA 6005 Australia

COUNTRY OF INCORPORATION:

Australia

**COMPANY WEBSITE ADDRESS CONTAINING ALL INFORMATION REQUIRED BY AIM
RULE 26:**

www.red-emperor.com

**COMPANY BUSINESS (INCLUDING MAIN COUNTRY OF OPERATION) OR, IN THE CASE
OF AN INVESTING COMPANY, DETAILS OF ITS INVESTING POLICY). IF THE
ADMISSION IS SOUGHT AS A RESULT OF A REVERSE TAKE-OVER UNDER RULE 14,
THIS SHOULD BE STATED:**

The Company invests in natural resource exploration projects throughout the world. The Company’s principal assets are oil and gas interests in the frontier state of Puntland, Somalia and in the Rioni Basin, in the Republic of Georgia, as described in this document, in the Public Record and in the Competent Persons’ Reports. The Company has previously acquired interests in an Australian mineral project, Jillewara, however, the Company has farmed down its initial farm-in interest from 51 per cent. to a free carried 25 per cent. interest and is directing its financial resources towards the Puntland Project and Georgian Project. Following Admission, the Company will continue to pursue this strategy.

Further details of the Company’s assets, including the Puntland Project and Georgian Project, together with the CPRs, financial information and other information on the Company are available in this document, in announcements and documents available on the Company’s website, www.red-emperor.com and on the ASX’s website, www.asx.com.au.

**DETAILS OF SECURITIES TO BE ADMITTED INCLUDING ANY RESTRICTIONS AS TO
TRANSFER OF THE SECURITIES (i.e. where known, number and type of shares, nominal value
and issue price to which it seeks admission and the number and type to be held as treasury shares):**

137,616,114 fully paid up ordinary shares of no par value.

**CAPITAL TO BE RAISED ON ADMISSION (IF APPLICABLE) AND ANTICIPATED
MARKET CAPITALISATION ON ADMISSION:**

No capital is to be raised on Admission. The market capitalisation on Admission is expected to be approximately AUS\$48.9 million (being approximately GBP£31.9 million).

PERCENTAGE OF AIM SECURITIES NOT IN PUBLIC HANDS AT ADMISSION:

0.18% (being the shareholding of a director)

DETAILS OF ANY OTHER EXCHANGE OR TRADING PLATFORM TO WHICH THE AIM COMPANY HAS APPLIED OR AGREED TO HAVE ANY OF ITS SECURITIES (INCLUDING ITS AIM SECURITIES) ADMITTED OR TRADED:

The Australian Securities Exchange

FULL NAMES AND FUNCTIONS OF DIRECTORS AND PROPOSED DIRECTORS
(underlining the first name by which each is known or including any other name by which each is known):

Mr Greg Bandy - *Managing Director*
Mr Stephen Brockhurst - *Non-executive Director*
Mr Jason Bontempo - *Non-executive Director*

FULL NAMES AND HOLDINGS OF SIGNIFICANT SHAREHOLDERS EXPRESSED AS A PERCENTAGE OF THE ISSUED SHARE CAPITAL, BEFORE AND AFTER ADMISSION
(underlining the first name by which each is known or including any other name by which each is known):

The Company is currently aware of the following shareholdings which represent 3 per cent. or more of the Company's issued share capital as at 23 May 2011, the being the latest date prior to the issue of the Announcement. As no capital is being raised concurrent with Admission, these holdings are before and after Admission.

JP Morgan Nominees Australia – 8,748,135 Ordinary Shares (6.360%)
J&J Bandy Nominees Pty Ltd - 7,000,000 Ordinary Shares (5.087%)
Max Capital Pty Ltd – 6,800,000 Ordinary Shares (4.941%)
Pre-Empty Trading Pty Ltd – 4,600,000 Ordinary Shares (3.343%)

NAMES OF ALL PERSONS TO BE DISCLOSED IN ACCORDANCE WITH SCHEDULE 2, PARAGRAPH (H) OF THE AIM RULES:

Park End Limited
West Holly Inc.

(i) ANTICIPATED ACCOUNTING REFERENCE DATE
(ii) DATE TO WHICH THE MAIN FINANCIAL INFORMATION IN THE ADMISSION DOCUMENT HAS BEEN PREPARED (this may be represented by unaudited interim financial information)
(iii) DATES BY WHICH IT MUST PUBLISH ITS FIRST THREE REPORTS PURSUANT TO AIM RULES 18 AND 19:

(i) 30 June
(ii) 31 December 2010 (interim accounts for the 6 months ended 31 December 2010)
(iii) 31 December 2011 (accounts for the year ending 30 June 2011), 31 March 2012 (interim accounts for the 6 months ending 31 December 2011), 31 December 2012 (accounts for the year ending 30 June 2012)

EXPECTED ADMISSION DATE:

23 June 2011

NAME AND ADDRESS OF NOMINATED ADVISER:

Cairn Financial Advisers LLP
61 Cheapside

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| London EC2V 6AX |
| NAME AND ADDRESS OF BROKER: |
| Old Park Lane Capital plc 49 Berkeley Square London W1J 5AZ |
| OTHER THAN IN THE CASE OF A <u>QUOTED APPLICANT</u>, DETAILS OF WHERE (POSTAL OR INTERNET ADDRESS) THE ADMISSION DOCUMENT WILL BE AVAILABLE FROM, WITH A STATEMENT THAT THIS WILL CONTAIN FULL DETAILS ABOUT THE APPLICANT AND THE ADMISSION OF ITS SECURITIES: |
| Not applicable |
| DATE OF NOTIFICATION: |
| 25 May 2011 |
| NEW/ UPDATE: |
| New |
| QUOTED APPLICANTS MUST ALSO COMPLETE THE FOLLOWING: |
| |
| THE NAME OF THE <u>AIM DESIGNATED MARKET</u> UPON WHICH THE APPLICANT'S SECURITIES HAVE BEEN TRADED: |
| The Australian Securities Exchange |
| THE DATE FROM WHICH THE APPLICANT'S SECURITIES HAVE BEEN SO TRADED: |
| 16 August 2007 |
| CONFIRMATION THAT, FOLLOWING DUE AND CAREFUL ENQUIRY, THE APPLICANT HAS ADHERED TO ANY LEGAL AND REGULATORY REQUIREMENTS INVOLVED IN HAVING ITS SECURITIES TRADED UPON SUCH A MARKET OR <u>DETAILS OF WHERE THERE HAS BEEN ANY BREACH</u>: |
| The Company confirms that, following due and careful enquiry, it has adhered to all legal and regulatory requirements involving having its securities traded on the Australian Securities Exchange. |
| AN ADDRESS OR WEB-SITE ADDRESS WHERE ANY DOCUMENTS OR ANNOUNCEMENTS WHICH THE APPLICANT HAS MADE PUBLIC OVER THE LAST TWO YEARS (IN CONSEQUENCE OF HAVING ITS SECURITIES SO TRADED) ARE AVAILABLE: |
| http://www.red-emperor.com |
| DETAILS OF THE APPLICANT'S STRATEGY FOLLOWING ADMISSION INCLUDING, IN THE CASE OF AN INVESTING COMPANY, DETAILS OF ITS INVESTING STRATEGY: |
| Following Admission, the Company will continue to direct its focus and its financial resources towards its principal assets, being oil and gas interests, in the frontier state of Puntland, Somalia and in the Rioni Basin, in the Republic of Georgia. |

Furthermore, in addition to exploring and evaluating its current projects, the Company intends to pursue acquisition and investment opportunities to secure new projects in the resource sector both in Australia and overseas.

A DESCRIPTION OF ANY SIGNIFICANT CHANGE IN FINANCIAL OR TRADING POSITION OF THE APPLICANT, WHICH HAS OCCURRED SINCE THE END OF THE LAST FINANCIAL PERIOD FOR WHICH AUDITED STATEMENTS HAVE BEEN PUBLISHED:

Since 30 June 2010, being the date of the last audited accounts, the Company has entered formal agreements in connection with the Puntland Project and the Georgia Project and has completed three fundraisings to provide the Company with the working capital to develop these projects.

In August 2010, the Company executed formal agreements to acquire up to a 20 per cent. interest in the two hydrocarbon exploration blocks comprising the Puntland Project. In October 2010, the Company exercised an option to increase this interest to the maximum of 20 per cent.

In May 2011, the Company further entered into formal agreements to acquire a 20 per cent. interest in respect of the Georgian Project.

Over the same period, the Company completed three fundraising rounds, raising a total of AUS\$14.6m (being approximately GBP£9.1) to fund its commitments in respect of the Puntland Project and the Georgian Project and to provide working capital.

Full details of the above are available on the Company's website.

A STATEMENT THAT THE DIRECTORS OF THE APPLICANT HAVE NO REASON TO BELIEVE THAT THE WORKING CAPITAL AVAILABLE TO IT OR ITS GROUP WILL BE INSUFFICIENT FOR AT LEAST TWELVE MONTHS FROM THE DATE OF ITS ADMISSION:

The directors of the Company have no reason to believe that the working capital available to the group will be insufficient for at least 12 months from the date of its Admission.

DETAILS OF ANY LOCK-IN ARRANGEMENTS PURSUANT TO RULE 7 OF THE AIM RULES:

None

A BRIEF DESCRIPTION OF THE ARRANGEMENTS FOR SETTLING THE APPLICANT'S SECURITIES:

To settle securities to be traded on AIM, the Company will apply for depositary interests, representing the ordinary shares of the Company, to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the depositary interests following Admission will take place within the CREST system. CREST is a voluntary system and those shareholders who wish to have their shares held outside CREST will have their details recorded on the Company's share register maintained in Australia. Settlement on the Australian Securities Exchange will continue to be conducted under the Australian Securities Exchange's electronic CHES system.

A WEBSITE ADDRESS DETAILING THE RIGHTS ATTACHING TO THE APPLICANT'S SECURITIES:

www.red-emperor.com

INFORMATION EQUIVALENT TO THAT REQUIRED FOR AN ADMISSION DOCUMENT WHICH IS NOT CURRENTLY PUBLIC:

Appendix 1 to this Schedule 1 contains, inter alia, information equivalent to that required for an Admission Document which is not already public, which is available at www.red-emperor.com, www.asx.com.au or www.asic.gov.au.

A WEBSITE ADDRESS OF A PAGE CONTAINING THE APPLICANT'S LATEST ANNUAL REPORT AND ACCOUNTS WHICH MUST HAVE A FINANCIAL YEAR END NOT MORE THEN NINE MONTHS PRIOR TO ADMISSION AND INTERIM RESULTS WHERE APPLICABLE. THE ACCOUNTS MUST BE PREPARED IN ACCORDANCE WITH ACCOUNTING STANDARDS PERMISSIBLE UNDER AIM RULE 19:

www.red-emperor.com

THE NUMBER OF EACH CLASS OF SECURITIES HELD IN TREASURY:

None

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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should consult your broker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) (“FSMA”) who specialises in advising on the acquisition of shares and other securities. The whole text of this document should be read.

Application will be made to the London Stock Exchange for the entire issued ordinary share capital of the Company to be admitted to trading on AIM a market operated by the London Stock Exchange.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. Neither the United Kingdom Listing Authority nor the London Stock Exchange has itself examined or approved the contents of this document.

It is expected that Admission will become effective and dealings in the Ordinary Shares will commence on AIM on 23 June 2011.

The whole of this document should be read. Attention is drawn in particular to the “Risk Factors” set out on pages 18 to 25 of this document. The Company invests in natural resource exploration projects throughout the world. The exploration and development of natural resources is a speculative activity that involves a high degree of financial risk. Investors in companies holding their assets in emerging markets, particularly those that were former areas of conflict, should be aware that these markets are subject to greater risks than more developed markets, including in some cases, significant legal, economic and political risks. Investors should also note that emerging markets are subject to rapid change and that the information set out in this document may become outdated quickly. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves after proper consultation whether, in light of those risks, their investment is appropriate.

Red Emperor Resources NL

(Incorporated in Australia under the Corporations Act 2001 with Australian Business Number 99 124 734 961)

Appendix to Pre Admission Announcement Further information on Red Emperor Resources NL in connection with its proposed Admission to trading on AIM

Nominated Adviser



Cairn Financial Advisers LLP
Authorised and Regulated by the Financial Services Authority

Broker

OLD PARK LANE CAPITAL PLC*

Old Park Lane Capital plc
Authorised and Regulated by the Financial Services Authority

Share capital on admission

137,616,114 ordinary shares of no par value issued and fully paid

The Appendix has been prepared in accordance with Schedule 1 (including the supplement for quoted applicants) of the AIM Rules for a quoted applicant published by London Stock Exchange. It includes, inter alia, all information that is equivalent to that required for an admission document and which is not currently public. Information which is public includes, without limitation, all information filed with the Australia Securities and Investments Commission (“ASIC”) (available for searching at www.asic.gov.au), disclosures made by the Red Emperor Resources NL (the “Company” or “Red Emperor”) to Australian Securities Exchange (“ASX”) (available at www.asx.com.au) and all information available on the website of the Company at www.red-emperor.com (together comprising the “Public Record”). The Announcement, which is dated 25 May 2011, will be available on the Company’s website from this date. The Announcement should be read in conjunction with the Public Record. . Copies of the Announcement will also be available to the public free of charge at the offices of Cairn Financial Advisers LLP, 61 Cheapside, London, EC2V 6AX from the date of this document and for at least one month from the date of Admission.

The Company and the Directors, whose names appear on page 3 of this document, accept responsibility both individually and collectively for the information contained in the Announcement, including individual and collective responsibility for the Company's compliance with the AIM Rules. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Announcement is in accordance with the facts and, when read in conjunction with the Public Record, makes no omission likely to affect the import of such information. All the Directors accept responsibility accordingly. It should be remembered that the price of securities and the income from them can go down as well as up.

Cairn Financial Advisers LLP ("**Cairn**"), is authorised and regulated in the United Kingdom by the Financial Services Authority ("**FSA**") and is acting as the Company's nominated adviser. Cairn is not acting for any other person and will not be responsible to anyone other than the Company for providing advice in relation to the proposed arrangements described in the Announcement. It will not regard any other person as its customer nor be responsible to any other person for providing protections afforded to the clients of Cairn nor for providing advice to any other person in connection with the arrangements described in the Announcement. No liability is accepted by Cairn for the accuracy of any information or opinions contained in, or for the omission of any material information from this document, for which the Directors are solely responsible.

Old Park Lane Capital plc ("**Old Park Lane**"), authorised and regulated in the United Kingdom by the FSA, and is acting as the Company's broker. Old Park Lane is not acting for any other person and will not be responsible to anyone other than the Company for providing advice in relation to the proposed arrangements described in the Announcement and this Appendix. It will not regard any other person as its customer nor be responsible to any other person for providing protections afforded to the clients of Old Park Lane nor for providing advice to any other person in connection with the arrangements described in the Announcement. No liability is accepted by Old Park Lane for the accuracy of any information or opinions contained in, or for the omission of any material information from this document, for which the Directors are solely responsible.

DIRECTORS, SECRETARY AND ADVISERS

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| Directors: | Mr Greg Bandy (<i>Aged 35</i>) - <i>Managing Director</i> Mr Stephen Brockhurst (<i>Aged 32</i>) - <i>Non-executive Director</i> Mr Jason Bontempo (<i>Aged 37</i>) - <i>Non-executive Director</i> |
| Registered Office: | 945 Wellington Street West Perth WA 6005 Australia |
| Company Telephone Number: | + 61 8 9322 7600 |
| Company Secretary: | Ms Shannon Robinson Grange Consulting Group Pty Ltd 945 Wellington Street West Perth WA 6005 Australia |
| Nominated Adviser: | Cairn Financial Advisers LLP 61 Cheapside London EC2V 6AX United Kingdom |
| UK Broker: | Old Park Lane Capital plc 49 Berkeley London W1J 5AZ United Kingdom |
| UK Reporting Accountants: | BDO LLP 55 Baker Street London W1U 7EU United Kingdom |
| Australian Auditors | BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008 Australia |
| Australian Solicitors to the Company | Steinepreis Paganin Lawyers and Consultants Level 4, Next Building 16 Milligan Street Perth WA 6000 Australia |
| UK Solicitors to the Company: | Memery Crystal LLP 44 Southampton Buildings London WC2A 1AP United Kingdom |
| Solicitors to the Nominated Adviser and Broker: | Bird & Bird LLP 15 Fetter Lane London EC4A 1JP United Kingdom |

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| Georgian Counsel to the Company | BGI Advisory Services 18 Rustaveli Avenue, II floor 0108 Tbilisi Georgia |
| Gibraltar Counsel to the Company | Isolas Portland House Glacis Road. PO Box 204 Gibraltar |
| Puntland Counsel to the Company | African Legal Network C/o Axis Fiduciary Ltd 3 rd Floor Unicorn Centre 18N, Frère Felix de Valois Street Port-Louis Mauritius |
| Canadian Counsel to the Company | Farris, Vaughan, Wills & Murphy LLP Pacific Centre South 25th Floor, 700 W Georgia Street Vancouver, BC, V7Y 1B3 Canada |
| Competent Person with respect to Puntland assets | Gaffney, Cline & Associates Ltd Bentley Hall Blacknest, Alton Hampshire GU34 4PU |
| Competent Person with respect to Georgian assets | RPS Energy 3 rd Floor 20 Abchurch Lane London EC4N 7BB |
| UK Registrars with regard to the Depository Interests: | Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 7NH United Kingdom |
| Australian Share Registry | Computershare Investor Services Pty Limited GPO Box D182 Perth WA 6840 Australia |
| Australian Corporate Advisers: | Max Capital Pty Ltd 945 Wellington Street West Perth WA 6005 Australia |
| Website: | www.red-emperor.com |

DEFINITIONS AND ABBREVIATIONS

The following definitions apply throughout this Document, unless the context requires otherwise:

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| “Admission” | admission of the Company’s entire issued Ordinary Share Capital to trading on AIM in accordance with the AIM Rules; |
| “AIM Rules for Nominated Advisers” | the rules for nominated advisers, as published by the London Stock Exchange from time to time, dated February 2007; |
| “AIM Rules” or “AIM Rules for Companies” | the rules for companies, as published by London Stock Exchange from time to time, dated February 2010; |
| “AIM” | the market of that name operated by London Stock Exchange; |
| “Announcement” | this Appendix and the Schedule 1 Announcement; |
| “Appendix” | this document, an appendix to the Schedule 1 Announcement; |
| “ASIC” | Australian Securities and Investments Commission; |
| “Associates” | persons and entities closely associated with an entity, as defined in sections 10 to 17 of the Corporations Act (in the context of Australia) and as defined in paragraph (c) of the definition of “related party” in the AIM Rules (in the context of the UK); |
| “ASTC Settlement Rules” | the operating rules of ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 008 504 532), which is the settlement processing facility for the ASX’s market and provides all settlement and asset registration services; |
| “ASX Listing Rules” | the Listing Rules of the ASX and any other rules of the ASX which are applicable while the Company is admitted to the official list of the ASX; |
| “ASX” | the Australian Securities Exchange operated by ASX Limited; |
| “AUS\$” | Australian dollars, the lawful currency of Australia; |
| “Board” or “Directors” | the directors of the Company whose names are set out on page 3 of this Appendix; |
| “Broker” | broker as defined by the AIM Rules (as at the date of this Announcement being Old Park Lane); |
| “Business Days” | a day on which London Stock Exchange is open for business; |
| “Cairn” | Cairn Financial Advisers LLP, the Company’s Nominated Adviser; |
| “CHESS” | the Clearing House Electronic Sub-register System, an electronic book entry register of holdings of approved securities, which is a sub-register of the Company’s securities register and is the system used to settle securities traded on the ASX, managed by ASX Settlement and Transfer Corporation Pty Limited a wholly owned |

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| | subsidiary of the ASX; |
| “City Code” | The City Code on Takeovers and Mergers, published by the Takeover Panel; |
| “Companies Act” | Companies Act 2006 (as amended); |
| “Company” or “Red Emperor Resources” | Red Emperor Resources NL, a company incorporated in Australia with Australian Business Number 99 124 734 961; |
| “Competent Persons” | Gaffney, Cline and RPS; |
| “Constitution” | the constitution of the Company at the date of this Appendix, further details of which are set out in paragraph 6 of this document; |
| “Corporations Act” | the Corporations Act 2001 of the Commonwealth of Australia (as amended); |
| “CPR” or “Competent Person’s Report” | the competent person’s report prepared by either Gaffney, Cline dated 11 May 2011 or RPS dated 9 May 2011 as available on the Company’s website being www.red-emperor.com ; |
| “CREST Regulations” or “Regulations” | the Uncertified Securities Regulations 2001, including (i) any enactment or subordinate legislation which amends or supersedes those regulations; and (ii) any applicable made under those regulations or any such enactment or subordinate legislation for the time being in force; |
| “CREST” | the relevant system (as defined in the CREST Regulations) operated by Euroclear UK & Ireland Limited in accordance with which securities may be held and transferred in uncertificated form; |
| “Depository Deed” | the depository interest deed poll executed by the UK Registrar; |
| “Depository Interests” | the depository interests representing Ordinary Shares to be electronically listed for trading on AIM and issued through by the Company’s UK Registrar (which will hold the legal title to the underlying Ordinary Shares); |
| “Gaffney, Cline” | Gaffney, Cline & Associates Ltd responsible for preparing the CPR on the Group’s Puntland assets; |
| “GBP” or “£” | Pounds Sterling, the lawful currency of the United Kingdom; |
| “Georgian Oil” | Georgian Oil Pty Ltd, a wholly owned subsidiary of the Company, a company incorporated in Australia with Australian Company Number 149 162 452; |
| “Georgian Project” | the oil and gas projects in which the Company has a 20 per cent. interest via onshore blocks V1a and V1b in the Rioni Basin, Georgia; |
| “Group” | the Company and its subsidiaries, Georgian Oil and Puntland Oil; |

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| “Loan” | the loan facility of AUS\$1,000,000 provided to the Company by Max Capital pursuant to the Loan Deed; |
| “Loan Deed” | the loan deed dated 12 April 2011 between Max Capital and the Company further details of which are set out in paragraph 13.5 of this document; |
| “London Stock Exchange” | London Stock Exchange plc; |
| “Max Capital” | Max Capital Pty Ltd; |
| “Nominated Adviser” | Nominated Adviser as defined in the AIM Rules (as at the date of this Announcement being Cairn); |
| “Old Park Lane” | Old Park Lane Capital plc, the Company’s broker; |
| “Ordinary Share Capital” | the entire issued share capital of the Company on Admission being 137,616,114 Ordinary Shares; |
| “Ordinary Shares” | ordinary shares of no par value in the capital of the Company; |
| “Public Record” | without limitation, all information filed with the ASIC (available for searching at www.asic.gov.au), disclosures made by the Company to ASX (available at www.asx.com.au) and all information available on the website of the Company at www.red-emperor.com as at the date of this Appendix; |
| “Puntland Oil” | Puntland Oil Pty Ltd, a wholly owned subsidiary of the Company, a company incorporated in Australia with Australian Company Number 145 260 206; |
| “Puntland Project” | the oil and gas projects in which the Company has a 20 per cent. interest, located in the Dharoor valley and Nugaal valley in Puntland, Somalia; |
| “Range Resources” | Range Resources Ltd, a company incorporated in Australia with Australian Business Number 88 002 522 009; |
| “RPS” | RPS Energy, a member of the RPS Group plc, responsible for preparing the CPR on the Georgian Project. |
| “Schedule 1 Announcement” | the announcement setting out the information required by Rule 2 of the AIM Rules; |
| “Shareholders” | holders of Ordinary Shares from time to time; |
| “Strait UK” | Strait Oil & Gas (UK) Limited, a company incorporated in England and Wales with company number 05971677; |
| “Strait” | Strait Oil & Gas Limited, a company incorporated in Gibraltar with company number 95878; |
| “Takeover Panel” | the Panel on Takeover and Mergers, the UK regulatory body which administers the City Code; |
| “UK Registrar” | Computershare Investor Services PLC; |

“UK” or “United Kingdom”

the United Kingdom of Great Britain and Northern Ireland; and

“US\$ or USD”

United States of American dollar, the lawful currency of the United States of America.

MARKET INFORMATION

ISIN

AU000000RMP0

ASX Ticker

RMP

AIM Ticker

RMP

1. Red Emperor Resources

The Company invests in natural resource exploration projects throughout the world. The Company's principal assets are oil and gas interests in the frontier state of Puntland, Somalia and in the Rioni Basin, in the Republic of Georgia, as described in this document, in the Public Record and in the Competent Persons' Reports. The Company has previously acquired interests in an Australian mineral project, Jillewara, however the Company has farmed down its initial farm-in interest from 51 per cent. to a free carried 25 per cent. interest and is directing its financial resources towards the Puntland Project and Georgian Project.

Further details of the Company's assets, including the Puntland Project and Georgian Project, together with the CPRs, financial information and other information on the Company are available in this document, in announcements and documents available on the Company's website, www.red-emperor.com and on the ASX's website, www.asx.com.au.

2. Incorporation

The Company was incorporated and registered in the state of Western Australia as an Australian public company, limited by shares, on 2 April 2007. The Company's Australian Business Number is 99 124 734 961. The Company was formed and operates under the Corporations Act. The Company has been listed on the ASX since 16 August 2007. The Company has two subsidiaries, namely:

| Subsidiary | Country of Incorporation | Company's Ownership and Voting Interest |
|----------------------|--------------------------|---|
| Puntland Oil Pty Ltd | Australia | 100 % |
| Georgian Oil Pty Ltd | Australia | 100 % |

3. Corporate laws, regulations and policy in Australia

Below is a general description of relevant corporate laws and policies in Australia. This should not be relied upon by Shareholders or any other person. The law, policies and practice are subject to change from time to time. It does not purport to be a comprehensive analysis of all the consequences resulting from holding, acquiring or disposing of Ordinary Shares and interests in Ordinary Shares. If you are in any doubt as to your own legal position, you should seek independent advice without delay.

The Company is obliged to comply with the Corporations Act and also with specific obligations arising from other laws that relate to its activities.

Takeovers

The Company is incorporated in Australia, has its head office and central place of management in Australia and is resident in Australia. Accordingly, transactions in the Ordinary Shares will not be subject to the provisions of the City Code. There are, however, provisions under Australian law and regulations applicable to the Company, particularly Chapter 6 of the Corporations Act, that are similar or analogous to certain provisions of the City Code.

The Corporations Act contains a general rule that a person must not acquire a 'relevant interest' in issued voting shares of a company as a result of a transaction in relation to securities entered into by or on behalf of the person if, because of the transaction, a person's voting power in the company:

- increases from 20 per cent. or below to more than 20 per cent.; or
- increases from a starting point which is above 20 per cent. but less than 90 per cent.

A person's voting power is deemed to be that of that person and his/her Associates. Certain acquisitions of relevant interests are exempt from the above rule including, among others, acquisitions under takeover bids, acquisitions approved by Shareholders, acquisitions of less than 3 per cent. in any 6 month period, rights issues, dividend reinvestment schemes and underwritings.

If a person wishes to acquire more than 20 per cent. of a company, or increase a holding which is already beyond 20 per cent., the person must do so under one of the exemptions (as noted above) which includes undertaking a takeover bid in accordance with the Corporations Act.

A person who holds more than 90 per cent. of the shares in a company may conduct a compulsory acquisition of all remaining shares under the Corporations Act.

Substantial Shareholdings

Under the Corporations Act, a person has a "substantial holding" if that person and his/her Associates have a relevant interest in 5 per cent. or more of voting shares in a company.

A person who:

- i. begins to or ceases to have a substantial holding in a company; or
- ii. has a substantial holding in a company and there is movement by at least one per cent. in their holding,

must give notice to the company and to the ASX. The contents of the notice are prescribed in the Corporations Act, section 671B(3)/(4).

Foreign Investment

In Australia, foreign investment in, and ownership of, companies and property is regulated by the Foreign Acquisitions and Takeovers Act 1975 (Cth) ("FATA"), which is administered by the Foreign Investment Review Board ("FIRB"), a division of the Treasury department of the Australian federal government. FIRB's functions are advisory only, and responsibility for making decisions on proposals rests with the Treasurer of the Australian federal government ("Treasurer").

FATA provides a notification and approval process for proposed investments in Australia by "foreign persons" (individuals, corporations or trusts), which may result in foreign control or ownership of Australian businesses or companies. Small proposals are generally exempt from notification, and larger proposals are approved unless judged contrary to the national interest. The threshold requirements for notification vary according to the nature of the business to be acquired and the aggregate land holding of that business.

FATA provides where:

- i. the Treasurer is satisfied a person proposed to acquire shares in a corporation which carried on an Australian business;
- ii. the acquisition would result in the corporation being controlled by a foreign person; and
- iii. the result would be contrary to national interest,

the Treasurer may make an order prohibiting the acquisition. This does not apply to existing Australian businesses whose total assets are not in excess of AUS\$50 million.

A proposed acquisition of shares (unless an exempt dealing under FATA) will have the effect of a foreign person acquiring a controlling interest in an Australian corporation, and thereby requiring a foreign person to notify the FATA, if one of the following applies:

- i. that person alone (and any Associates), directly or indirectly, proposes to acquire 15 per cent. or more of the shares or voting power in an Australian corporation or business; or
- ii. that person, together with other foreign persons (and any Associates) directly or indirectly propose to acquire 40 per cent. of the shares or voting power in an Australian corporation or business.
- iii. and, either:-
 - the total value of the assets of such Australian corporation or business exceeds AUS\$231 million; or
 - the proposal values the business of such Australian corporation or corporate group at over AUS\$231 million.

If a foreign person must give notice to FIRB under FATA it must await the decision of the Treasurer before entering into a binding agreement to acquire shares.

ASX Listing Rules

As a company admitted to the official list of the ASX, the Company is bound to comply with the ASX Listing Rules, as they exist from time to time. The ASX Listing Rules address such matters as admission to listing, quotation of securities, continuous disclosure, periodic disclosure, certain requirements for terms of securities, issues of new capital, transfers of securities, escrow (lock-in) arrangements, transactions with related/controlling parties, significant transactions, shareholder meetings, trading halts and suspensions and fees payable. ASX also publishes guidance notes regarding the interpretation of parts of the ASX Listing Rules.

The ASX Listing Rules and guidance notes can be found at www.asx.com.au.

4. Share Capital

All Ordinary Shares are currently admitted to dealing on the ASX. The Ordinary Shares have been so traded since 16 August 2007. The Ordinary Shares are registered shares, have been created under the Corporations Act and are uncertificated. All documents or announcements which the Company has made public over the last two years in consequence of having its securities traded on the ASX are available from the Public Record.

The Company, as at the date of this document, has in issue 137,616,114 Ordinary Shares. The Ordinary Shares have no nominal or par value and are recorded in the accounts of the Company at their issue price. The Ordinary Shares were issued in AUS\$. Shareholders have no further liability in respect of their Ordinary Shares.

The Company also has in issue 7,500,000 unlisted, partly paid shares which are currently paid up AUS\$0.0001 each with \$0.2499 remaining to pay. The partly paid shares may be subject to a AUS\$0.2499 call on 31 December 2012. Prior to 31 December 2012, the Company may only make a call in respect of all or part of the unpaid amount with the consent of all partly paid shareholders.

The Company does not have an authorised share capital. There is generally no limit in the Corporations Act or the Constitution on the powers of the Directors to issue shares. In particular, the concept under English law that existing Shareholders have a statutory right to be offered newly issued shares in a company for cash only before such shares can be offered to new investors does not apply to Australian companies unless it is specifically included in their constitution, which is not the case in respect of the Company.

However, subject to certain exceptions (including those in respect of pro rata issues and issues under employee incentive schemes):

- (a) Rule 7.1 of the ASX Listing Rules prohibits a company which is listed on the ASX from issuing or agreeing to issue shares, options or other equity securities representing more than 15 per cent. of its issued share capital in any 12 month period without shareholder approval unless one of the exceptions set out in ASX Listing Rule 7.2 apply. Such shareholder approval requires an ordinary resolution passed by a simple majority; and
- (b) As explained in paragraph 3 above, Chapter 6 of the Corporations Act forbids the acquisition of a "relevant interest" in voting shares in a company (whether by transfer or issue) if, as a result, the voting power of the acquirer (or any other person) in a company would increase from 20 per cent. or below to more than 20 per cent., or such voting power would increase in any amount where a person's voting power was already greater than 20 per cent. but less than 90 per cent; and
- (c) the Corporations Act contains provisions governing the disclosure obligations of a company making an offer/issue of securities. The general rule is that an offer of securities must be accompanied by disclosure to potential investors in a prescribed document (either a prospectus, a short form prospectus, a profile statement or an offer information statement) unless the type of offer falls within an exemption. Types of offer which do not require disclosure include offers to sophisticated investors and professional investors, offers to people associated with the company, certain offers to existing holders of securities and issues for no consideration.

Subject to the Company refreshing its 15 per cent. capacity under ASX Listing Rule 7.1 and/or seeking shareholder approval at a general meeting of Shareholders, the Company has agreed to issue the following securities:-

- (a) the Company will issue and allot 2 million new Ordinary Shares at an issue price of AUS\$0.2 to investors associated with the Georgian Project;
- (b) pursuant to the terms of the Warrant Agreement (details of which are set out in paragraph 13.3 of this document) the Company will grant Cairn 1,376,161 unlisted warrants, representing 1% of the Ordinary Share Capital, which are exercisable for a period of 2 years from the date of grant. Each warrant entitles Cairn to subscribe for one new Ordinary Share at the mid-market price of an Ordinary Share at the close of business on the date of Admission;
- (c) the grant of 4,500,000 unlisted options to the Directors at an exercise price of AUS\$0.30 by 30 June 2012; and
- (d) the grant of 250,000 unlisted options to management of the Company, the options will be exercisable at an exercise price of AUS\$0.30 by 30 June 2012.

The Company has also agreed to issue the following securities:

- (a) pursuant to the terms of the Technical Services Agreement (details of which are set out in paragraph 13.10 of this document) the Company will issue and allot 7,000,000 fully paid up Ordinary Shares to West Holly Inc.;
- (b) pursuant to the terms of the Introduction and Facility Agreement (details of which are set out in paragraph 13.9 of this document) the Company will issue and allot 3,000,000 fully paid up Ordinary Shares to Park End Limited; and
- (c) the grant of 3,000,000 options to Max Capital Pty Ltd (or nominee) exercisable at an exercise price of AUS\$0.30 by 30 June 2012;

The Company is considering undertaking a placing of new Ordinary Shares (and the admission of such new Ordinary Shares to trading on AIM) following Admission. However, the Company has not committed to any such issue of new Ordinary Shares and it would depend on conditions at the time.

Save as disclosed in this document or the Public Record:

- a) no Ordinary Share has been issued or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash;
- b) no Ordinary Share is under option or is agreed conditionally or unconditionally to be put under option;
- c) no commission, discount, brokerage or other special term has been granted by the Company or is now proposed in connection with the issue or sale of any part of the Ordinary Shares;
- d) no founder, management or deferred shares have been issued by the Company; and
- e) no amount or benefit has been paid or is to be paid or given to any promoter of the Company.

5. Admission, Settlement (CREST) and Dealing

To be traded on AIM, securities must be able to be transferred and settled through the “CREST” system, a UK computerised paperless share transfer and settlement system, which allows shares and other securities, including depository interests, to be held in electronic form rather than in paper form. The Australian equivalent of this system is called “CHESS”. For foreign securities, in this case the Ordinary Shares, to be transferred and settled through CREST, they need to be in the form of depository interests.

The Company, through its UK Registrar, will have a facility whereby (pursuant to the Depository Deed) Depository Interests, representing Ordinary Shares, will be issued by the UK Registrar, acting as a depository to persons who wish to hold the Ordinary Shares in electronic form within the CREST system. It is intended that the Company will apply for the Depository Interests, representing Ordinary Shares, to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in Depository Interests representing the Ordinary Shares following Admission may take place within the CREST system if the relevant Shareholders so wish.

The Ordinary Shares will remain listed and traded on the ASX, with trades settled electronically on the Australian registry through the CHESS system.

Subject to the CREST Regulations and the ASTC Settlement Rules, Ordinary Shares held through CHESS on the Australian registry may be transferred into Depository Interests held through CREST on the UK Registrar’s registry and vice versa. Shareholders wishing to undertake such a transfer will generally need to contact their broker and allow a reasonable time for the transfer to be effected. Furthermore, Shareholders will need to establish an account with a broker in the market to which they are transferring their Ordinary Shares in order to trade their Ordinary Shares on that market.

6. Constitution

6.1 Powers of the Company

The Company, being incorporated under the Corporations Act, does not have a memorandum of association and has the legal capacity and powers of an individual both in and outside Australia. The Company also has all the powers of a body corporate, including the power to:

- i. issue and cancel shares in the Company;
- ii. issue debentures (despite any rule of law or equity to the contrary, this power includes a power to issue debentures that are irredeemable, redeemable only if a contingency, however remote, occurs, or redeemable only at the end of the period, however long);
- iii. grant options over unissued shares in the Company;
- iv. distribute any of the Company's property among the Shareholders, in kind or otherwise;
- v. give security by charging uncalled capital;
- vi. grant a floating charge over the Company's property;
- vii. arrange for the Company to be registered or recognised as a body corporate in any place outside Australia; and
- viii. do anything that it is authorised to do by any other law (including the law of a foreign country).

6.2 *Powers of the Directors*

- i. The business of the Company is managed by, or under the direction of, the directors, who may exercise all powers of the Company that the Constitution or the Corporations Act do not require to be exercised by the Company in general meeting. The powers of the directors include, without limitation, all of the powers of the Company to:
 - (a) borrow money;
 - (b) charge any property or business of the Company or all or any of its uncalled capital;
 - (c) issue debentures or give any other security for a debt, liability or obligation of the Company or any other person; and
 - (d) guarantee or to become liable for the payment of money or the performance of any obligation by or of any other person.
- ii. The directors may delegate any of their powers, other than those which by law must be dealt with by the directors as a board, to a committee or committees.
- iii. At the close of each annual general meeting of the Company one-third (rounded down to the nearest whole number) of the directors (except the managing director) must retire, provided that a director (except the managing director) must retire from office at the conclusion of the third annual general meeting or 3 years after the director was last elected or appointed even if his or her retirement results in more than one-third of all directors retiring from office. Any retiring director is eligible for re-election at the meeting.

6.3 *Rights attaching to shares*

Full details of the rights attaching to the Company's shares are set out in the Constitution, a copy of which is available for inspection on the Company's website and at the Company's registered office during normal business hours. The following are the more important rights, privileges and restrictions attaching to the shares of the Company:

- (a) *General Meetings and Notice*

Each Shareholder is entitled to receive notice of all general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the ASX Listing Rules. Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution.

(b) *Voting Rights*

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Ordinary Share held by him or her, or in respect of which he or she is appointed a proxy, attorney or representative, have one vote, but in respect of partly paid shares shall have a fraction of a vote equal to the proportion that the amount paid bears to the issue price of the Ordinary Share.

(c) *Dividend Rights*

The directors may from time to time declare such dividends as appear to the directors to be justified by the profits of the Company. Subject to the rights of persons entitled to Ordinary Shares with special rights as to dividends (at present there are none), all dividends are paid in the proportion that the amounts paid on those shares bear to the issue price of the shares. The directors may from time to time pay or credit to the Shareholders such interim dividends as they may determine. No dividend shall carry interest as against the Company.

(d) *Winding-Up*

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Ordinary Shares or other securities in respect of which there is any liability.

(e) *Transfer of Ordinary Shares*

Ordinary Shares in the Company are freely transferable, subject to formal requirements, and so long as the registration of the transfer does not result in a contravention of or failure to observe the provisions of a law of Australia and the transfer is not in breach of the Corporations Act or the ASX Listing Rules.

(f) *Variation of Rights*

The Company may, subject to the Corporations Act and with the sanction of a special resolution passed at a meeting of Shareholders, or with the written consent of the majority of Shareholders in the affected class, vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

7. Director's Interests in Share Capital

As at the date of this document and as expected at Admission, the Directors and entities in which the Directors have an interest hold and will hold a total of 250,001 Ordinary Shares representing 0.18 per cent. of the Ordinary Share Capital of the Company. These shares comprise all of the Ordinary Shares which are not in public hands.

As at the date of this document, and as expected at Admission, the holdings of the Directors and any other applicable employee of the Company (as defined in the AIM Rules), and their spouses, civil partner or children under the age of eighteen years in the share capital of the Company: (i) which would be required to be notified by the Company pursuant to Rule 17 of the AIM Rules; or (ii) which are holdings of a person connected (within the meaning of Section 252 of the Companies Act) with a Director which would, if the connected person were a director of the Company be required to be disclosed under (i) above and the existence of which is known to or could with reasonable diligence be ascertained by the Directors are as follows:

| Director | At the date of this document and Admission | | |
|--------------------|--|--------------------------------------|----------------|
| | No. of Ordinary Shares | Percentage of Ordinary Share Capital | No. of Options |
| Greg Bandy | Nil | Nil | Nil |
| Jason Bontempo | Nil | Nil | Nil |
| Stephen Brockhurst | 250,001 ¹ | 0.18 | Nil |

¹ 250,000 Ordinary Shares are held by Stephen Brockhurst as trustee for SM Brockhurst Family A/C. Mr Brockhurst is a beneficiary of the SM Brockhurst Family A/C. 1 Ordinary Share is held in the name of Stephen Brockhurst.

All of the above interests disclosed are either beneficially held by the relevant Director or by a related party (as defined in the AIM Rules) of the relevant Director as noted.

Stephen Brockhurst, whose interests in the Ordinary Shares are as detailed in the table above, has undertaken, in accordance with the Lock-In Agreement (summarised in paragraph 13.4 below), not to dispose of any Ordinary Shares until after the first anniversary of Admission without the prior consent of the Company's Nominated Adviser and Broker.

In addition to the interests disclosed above, the Company intends to grant and allot, subject to Shareholder approval, 4,500,000 options in aggregate to the Directors, as follows:

| Director | Options to be issued | | |
|--------------------|-----------------------------|---------------------------------------|---|
| | No. of options to be issued | Exercise price of each option (AUS\$) | Percentage of the Ordinary Share Capital ¹ |
| Greg Bandy | 3,000,000 | 0.30 | 2.18 |
| Jason Bontempo | 1,000,000 | 0.30 | 0.73 |
| Stephen Brockhurst | 500,000 | 0.30 | 0.36 |

¹ - these percentage figures are calculated prior to the issue of new Ordinary Shares subject to the Company refreshing its 15 per cent. capacity under ASX Listing Rules as described in paragraph 4 above and assume the exercise of the options to be issued.

None of the Directors nor any member of their respective spouses of children under adult age has related financial products (as defined by the AIM Rules) in which their value in whole or in part is determined directly or indirectly by reference to the price of the Ordinary Shares, including a contract for difference or a fixed odds bet.

8. Additional Information on the Directors

Details of the Directors and their backgrounds can be found on the Company's website www.red-emperor.com and in the Company's Annual Report for the year ended 30 June 2010.

In addition to directorships held with the Company, the Directors hold at present or have held within the five years prior to the date of this document the following directorships or have been partners in the following partnerships:

| Director | Current Directorships and Partnerships | Past Directorships and Partnerships (within last 5 years) |
|--------------------|---|---|
| Greg Bandy | Georgian Oil Pty Ltd Puntland Oil Pty Ltd Stemyn Investments Pty Ltd | Car Parking Technologies Limited (formerly Empire Beer Group Limited) |
| Jason Bontempo | BR Corporation Pty Ltd Chameleon Mining NL Glory Resources Limited International Goldfields Limited | African Iron Limited (formerly Stirling Minerals Limited) |
| Stephen Brockhurst | Georgian Oil Pty Ltd Jacka Resources Limited Mining Corporate Pty Ltd Puntland Oil Pty Ltd Shriver Nominees Pty Ltd | African Iron Limited (formerly Stirling Minerals Limited) Bannerman Resources Limited Blackham Resources Limited |

None of the Directors has:

- i. any unspent convictions in relation to indictable offences; or
- ii. been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to the assets of such Director; or
- iii. been a director of any company which, while he was a director or within 12 months after he ceased to be a director, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors; or
- iv. been a partner of any partnership which, while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or
- v. had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or
- vi. been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

9. Directors' Service Agreements and Remuneration

Details of the current remuneration arrangements of the Directors (except Mr Bontempo who was appointed as a director of the Company after the date of publication of the Company's Annual Report for the year ended 30 June 2010) and their remuneration for the financial year ending 30 June 2010 are disclosed in the Directors' Report included in the Company's Annual Report for the year ended 30 June 2010.

On 24 January 2011, Mr Bontempo was appointed by the Board as a director of the Company. Mr Bontempo entered into a letter of appointment with the Company under the terms of which Mr Bontempo agreed to act as a non-executive director of the Company for a salary of AUSD\$30,000 per annum. The ongoing appointment is subject to approval by the Company at the next annual general meeting and is subject to the retirement by rotation provisions contained in the Company's Constitution.

The Directors are indemnified by the Company in accordance with the Constitution and the Deed of Indemnity, Insurance and Access between each Director, individually, and the Company.

10. Significant Shareholders

The Company is not aware of any holding (within the meaning of the AIM Rules) in the Company's issued Ordinary Share Capital which amount or would, immediately following Admission, amount to 3 per cent. or more of the Company's Ordinary Share Capital other than the following:

| Shareholder | At the date of this document and on Admission | |
|---|---|--------------------------------------|
| | No. of Ordinary Shares | Percentage of Ordinary Share Capital |
| JP Morgan Nominees Australia | 8,748,135 | 6.360 |
| J&J Bandy Nominees Pty Ltd ¹ | 7,000,000 | 5.087 |
| Max Capital Pty Ltd | 6,800,000 | 4.941 |
| Pre-Emptive Trading PTY LTD | 4,600,000 | 3.343 |

¹ - These Ordinary Shares are held in the name of J & J Bandy Nominees Pty Ltd. J & J Bandy Nominees Pty Ltd also holds 1.5m partly paid shares referred to in paragraph 4. When fully paid, the number of Ordinary Shares held will be 8.5m, representing 6.18 per cent. of the Ordinary Share Capital.

- 10.1 The voting rights of those Shareholders who own 3 per cent. or more of the Company's Ordinary Share Capital do not differ from the voting rights held by other Shareholders.

11. Risk Factors

All of the information set out in this Document should be carefully considered and, in particular, those risks described below. If any of the following risks actually materialise, the business, financial condition, prospects and share price of the Company could be materially and adversely affected and you may lose all or part of your investment.

All risks of which the Directors are aware at the date of this Document and which they consider material are set out in this Document. However, further risks which are not presently known to the Directors, or that the Directors currently deem immaterial, may also have a material adverse effect on the business, financial condition, prospects and share price of the Company.

The Directors believe the following risks to be the most significant to the Company. However, the risks listed do not necessarily comprise all of those associated with an investment in the Company. In particular, the Company's performance may be affected by changes in market or economic condition and in legal, regulatory and tax requirements.

The list below is not exhaustive, nor is it an explanation of all the risk factors involved in investing in the Company and nor are the risks set out in any order of priority.

11.1 *Risks relating to the Group's activities*

Puntland Project

The Puntland State Government exercises effective control of resources in the Puntland State and has established its own procedures for the grant of mineral and hydrocarbon rights in Puntland. There are overlapping provisions between the Puntland State Constitution and the Transitional Federal Government ("TFG") Charter as to the exercise of authority over mineral resources, however the de facto position appears to be that the Puntland State government exercises effective control over Puntland and mineral resources in Puntland which has been endorsed by the TFG. There is a risk that the Puntland Project may be challenged as the Puntland State is not a state officially recognised under international law.

Changes or challenges to applicable laws, regulations or procedures relevant to the Puntland Project (whether in the Somali Republic or Puntland State) could negatively impact on the Company's rights in connection with the Puntland Project and also the Company's ability to enforce those rights. Conflicts of laws and regulations between the Somali Republic and Puntland State could also negatively impact on the Company's rights under the Puntland Project.

To an extent, the enforcement of the Company's rights rely on the Joint Venture partner's ability to maintain good relationships with the government of the Puntland State and other key stakeholders in Puntland. The maintenance of such relationships in turn relies somewhat on the ability of the JV partners to retain their key executives, directors, consultants and partners who contribute significantly to the key relationships in Puntland.

The Group's ability to carry out exploration and future exploitation activities in Puntland depends on it being able to safely access the areas it wishes to explore or exploit. Puntland has experienced times of internal instability in its recent past and this may prevent the Company and its partners from accessing their planned exploration or exploitation areas. In particular, there have previously been disputes between Somaliland and Puntland regarding the control of the Nugaal region, one of the areas relevant to the Puntland Project, however, any such dispute would not impact on the Company's rights in respect of Dharoor.

Relationship with partners

The Group's success in developing its assets will depend materially upon the cooperation of its partners in carrying out the Group's obligations under its production sharing contracts. The failure to work cooperatively with its partners could curtail exploration, drilling and production activities and be detrimental to the Group's business.

Should the Group's relationship with any of its partners be terminated or should the Company's partners be unable or fail to meet their responsibilities, or if the Group is unable to effectively work together with its partners, its success and profitability may be adversely affected.

In particular, the bankruptcy, insolvency, financial distress of one of the partners or any failure by a partner to pay amounts due, may result in the Company assuming liability for a greater portion of obligations than it would otherwise bear in relation to the joint venture, or may result in the termination of the relevant petroleum rights, which, in turn, could adversely affect the Group's business, financial condition or results of operations.

Cost-sharing arrangements

As a result of the Group's cost-sharing arrangements with its partners, the Group may bear the exploration investment cost for wells that do not contain commercially exploitable deposits. The failure to identify and develop commercially exploitable deposits exposes the Group to the risk that it will bear exploration costs. Bearing such costs would have a material adverse effect on the Group's business and operating results and, depending on their frequency and magnitude, could threaten the survival of the Group.

Meeting funding commitments

The Company has agreed to make commitment payments for the Puntland Project and the Georgian Project. Failure to honour these commitment payments may result in the Company being unable to obtain, maintain or realise its interests in these projects.

If the Group is successful in meeting its initial objectives with respect to either of the Puntland Project and the Georgian Project, then additional capital will be required to further develop and pursue business opportunities.

Availability of drilling, exploration and mining equipment

The availability of drilling and other equipment and services is affected by the level and location of drilling activity around the world. The Group's partners responsible for operations may have difficulty sourcing the exploration and mining equipment it requires in the timeframe envisaged by the Group's plans due to high global demand for such equipment. The reduced availability of equipment and services may delay the Company and the partners to the projects ability to exploit any reserves and adversely affect the Company's operations and profitability.

Planning and permits

Some of the Group's existing permits and permit areas are in jurisdictions outside of Australia and accordingly there will be a number of risks which the Group will be unable to control. There is a risk that the Group's activities will be adversely affected by economic and political factors such as the imposition of additional taxes and charges, cancellation or suspension of permits, expropriation, export and import restrictions, war, terrorism, insurrection and changes to the laws and regulations governing exploration and development, including labour standards and occupational health, site safety, toxic substances and other matters. In addition, there may exist uncertainties surrounding lack of judicial independence, inconsistencies among laws, decrees and regulations issued by the Puntland State government or the Republic of Georgia and their ministries, inconsistencies among regional and local laws and regulations and limited judicial guidance on interpreting legislation.

The success of the Group's investments in exploration projects may be dependent upon the grant, renewal, or continuance in force of appropriate planning permission, licences, concessions, leases, permits and regulatory consents which may be valid only for a defined time period, may be subject to limitations and may provide for withdrawal in certain circumstances. There can be no assurance that such licences, concessions, leases, permits and regulatory consents will be granted, renewed or continue in force, and if so granted, that they will be on favourable terms. In particular there is no certainty that the Group's investment partners will be able to obtain the exploitation licences which may be required to exploit any commercial discoveries in the areas covered by its existing tenements.

It is possible that, in the event of any material non-compliance with the terms of any permits (including in relation to the payment of moneys concerning their maintenance in good standing on an ongoing basis), the Group may risk its interest in those permits being forfeited. Although the Directors believe that the Group's investments in exploration projects are currently carried out in accordance with all material applicable rules and regulations, no assurance can be given that new rules, laws and regulations will not be enacted or that existing or future rules and regulations will not be applied in a manner which could serve to limit or curtail exploration, production or development of the Group's business or have an otherwise negative impact on its activities. Amendments to existing rules, laws and regulations governing its operations and activities of exploration and extraction, or increases in or more stringent enforcement, implementation or interpretation thereof, could have a material adverse impact on the Group's business, results of operations and financial condition and its industry in general in terms of additional compliance costs.

Infrastructure and Transportation

The location of the Group's investments are such that climatic conditions and infrastructure (or lack thereof) may have an impact on operations and, in particular, severe weather, lack of infrastructure or difficulty of access could disrupt operations and the delivery of supplies, equipment and fuel. It is therefore possible that exploration and extraction activity levels might fluctuate. Interruption in

operations in which the Group has invested due to mechanical and other failures, or industrial related issues, or labour disputes and/or shortages, or problems or issues with the supply of goods or services could have an impact on the financial performance of these operations and hence the value of the Group's investment, costs and the ability to secure access to necessary equipment can be difficult to predict and could be affected by factors outside the Group's control.

Environmental

Exploration projects may be subject to the environmental laws of countries in which the Group has investments. These laws may result in limitation of exploration or mining activities, which may become increasingly strict in the future. Environmental awareness on the part of the public has been increasing, as has public pressure on environmental authorities. No assurance can be given that the need to comply with current or future environmental laws, regulations or commitments will have an adverse material effect on the activities of the Group or that the liabilities resulting from any environmental damage caused will have a material adverse impact on the Group.

Commodity Price Risk

In the future, the Group's revenue will come from sale of minerals, natural resources and hydrocarbons. Therefore, its earnings will be closely related to the global commodity prices and by the arrangements it enters into for selling of such products. Commodity prices fluctuate and are affected by factors outside of the Group's sphere of control such as inflation rates, interest rates, currency exchange rates and supply and demand issues. These factors may have an adverse effect on the Group's earnings and, in turn, exploration, development and production activities as well as its ability to fund those activities.

Exploration Risks

The business of exploration for oil and gas is speculative and involves a high degree of risk. Few properties that are explored are ultimately developed into production oil and gas fields. Substantial expenditure and commitment of substantial resources on an ongoing basis is required to establish the extent of oil and gas reserves through seismic surveys and drilling. There can be no guarantee or assurance that exploration will lead to the discovery of hydrocarbon resources or, if hydrocarbons are discovered, that commercial quantities can economically be exploited.

Oil and gas exploration and production operations are inherently risky and hazardous. Industry operating risks including the risk of fire, explosions blow-outs, pipe failure, abnormally pressured formations and environmental hazards such as accidental spills or leakage of liquids, gas leaks, ruptures or discharges of toxic gases, the occurrence of any of which could result in substantial losses to the Group

Dependence on Key Executives and Personnel

The Group's development and prospects are dependent upon the continued service and performance of its directors, senior management and other key personnel. The loss of the services of any of the directors, senior management and other key personnel may have an adverse impact on the Group. Even if the Group would be able to maintain all key directors and managers there is a possibility that the Group will have difficulties in recruiting suitable personnel performing the activities of the Group and/or establishing successful relationships with partners.

Resource Estimates

The estimating of reserves and resources carried out by the Competent Persons is a subjective process and the accuracy of reserve and resource estimates is a function of the quantity and quality of available data and the assumptions used and judgments made in interpreting engineering and geological information. The principal risk associated with resource statements is ensuring potential economic viability which includes the likely impact of the operating expenditures in remote operating conditions, and infrastructural constraints with regard to access, power and location.

Retention of key business relationships

The Group will rely significantly on strategic relationships with other entities, on good relationships with regulatory and governmental departments and upon third parties to provide essential contracting

services. There can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed, and the Group could be adversely affected by changes to such relationships or difficulties in forming new ones. Any circumstance which causes the early termination or non-renewal of one or more of these key business alliances or contracts could adversely impact the Group, its business, operating results and prospects.

Project development risks

There can be no assurance that the Group will be able to manage effectively the expansion of its operations or that the Group's current personnel, systems, procedures and controls will be adequate to support the Group's operations. Any failure of the Board to manage effectively the Group's growth and development could have a material adverse effect on its business, financial condition and results of operations. There is no certainty that all or, indeed, any of the elements of the Board's strategy will develop as anticipated and that the Group will be profitable.

The success of the Company's investments in resource projects depends on the successful exploration and/or acquisition of reserves. Exploration is a speculative endeavour, while mining operations which the Company anticipates commencing in the short to medium term can be hampered by force majeure circumstances, environmental considerations and cost overruns for unforeseen events.

The Group's objectives may not be fulfilled

The ability of the Board to implement the Group's strategy could be adversely affected by changes in economies and/or industries in which it has investments. Although the Group has a clearly defined strategy there can be no guarantee that its objectives or any of them will be achieved on a timely basis or at all. In particular, further investment opportunities may not be available or of the quality or in the number required to satisfy the Group's requirements and therefore the anticipated development or growth of the Group may not be achieved. The Group's ability to attract new growth opportunities is also dependent on the maintenance of its reputation.

11.2 **General business risks relating to the Group**

Holding company structure and restrictions on dividends

The Company's operating results and its financial condition are dependent on the trading performance of members of the Group. The Company's ability to pay dividends will depend on the level of distributions, if any, received from the Company's subsidiaries. Members of the Group may from time to time be subject to restrictions on their ability to make distributions to the Company, as a result of factors such as restrictive covenants contained within loan agreements, foreign exchange limitations, regulatory, fiscal or other restrictions. There can be no assurance that such restrictions will not have a material adverse effect on the Group's business, operating results and financial condition.

The Company has not, since the date of its incorporation, declared or paid any dividends on its Ordinary Shares and does not plan to pay cash dividends on its Ordinary Shares for the foreseeable future although this will be reviewed periodically by the Board. Any future determination as to the payment of dividends by the Company will be at the discretion of the Board and will depend on the availability of distributable earnings, operating results and the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

Risks associated with the need to maintain an effective system of internal controls

The Group faces risks frequently encountered by developing companies such as under-capitalisation, cash shortages and limited resources. In particular, its future growth and prospects will depend on its ability to manage growth and to continue to maintain, expand and improve operational, financial and management information systems on a timely basis, whilst at the same time maintaining effective cost controls. Any damage to, failure of or inability to maintain, expand and upgrade effective operational, financial and management information systems and internal controls in line with the

Group's growth could have a material adverse effect on the Group's business, financial condition and results of operations.

General economic climate and political risk

The proposed operations of the Group may be in foreign jurisdictions where there may be a number of associated risks over which it will have no control and which may affect its operations, business and profitability. These may include general economic, social or political instability or change, global or regional political events and international events, the supply and demand of capital, growth in gross domestic product, employment trends and industrial disruption, international economic trends, terrorism, hyperinflation, currency non-convertibility or instability/fluctuations, changes of laws affecting foreign ownership, government participation and monetary policies, taxation, working conditions, rates of exchange, exchange control, the level of interest rates and the rate of inflation, exploration and other licensing approvals. All such factors, as well as a range of other market forces, have a significant influence on demand, business costs, stock market prices and the outlook for projects and companies and the actual and potential returns to investors.

Financing

The mining of metal deposits and the exploration for and production of oil and gas resources are capital intensive businesses. In common with all mining operations, there is uncertainty, and therefore risk, associated with operating parameters and costs resulting from the scaling up of extraction methods tested in laboratory conditions. The Company's ability to raise further funds will depend on the success of existing and acquired operations. The Company may not be successful in procuring the requisite funds and, if such funding is unavailable, the Group may be required to reduce the scope of its operations or anticipated expansion and curtail its budgeted exploration programmes.

Failure to carry out minimum work obligations or generally to comply with undertakings in production sharing contracts or similar agreements in relation to exploration and production of fields could mean that the Group's rights to explore and produce are terminated and /or that compensation is due. Where joint operating or other similar agreements are in place, failure to pay cash calls could give the other partners the right to claim that the Group's interest is forfeited without compensation.

Uninsured Risks

As a participant in exploration activities the Group, together with its investment partners, may become subject to liability for hazards that cannot be insured against or against which it and its investment partners may elect not to be so insured because of high premium costs. In particular, insurance against risks such as environmental pollution or other hazards as a result of exploration and production may not be generally available to the Group and its investment partners or to other companies in the mining and petroleum industry on acceptable terms. Losses from uninsured risks may cause the Group and its investment partners to incur costs that could have a materially adverse effect upon the Group's financial performance and results of operations.

Legal, Tax and Regulatory Risks

Legal, tax and regulatory changes could impact on operations in which the Company has an investment and may adversely affect the Company and its activities. Moreover, tax laws and their interpretation in the jurisdictions in which the Company operates might be subject to amendments, possibly with retroactive effect, which might adversely affect the tax position of the Company.

Competitive Market

The natural resources business is highly competitive in the search for and acquisition of reserves and in the gathering and marketing of production and in the recruitment and employment of qualified personnel. There can be no assurance that the Company will be able to locate suitable investments and be profitable. It is possible that competition for appropriate mining opportunities may increase, which may reduce the number of opportunities available to the Group and/or adversely affect the terms upon which such activities can be made. The Group's competitors may have significantly greater financial, technical, production and other resources than the Company and may be able to

devote greater resources to the development of their business. If the Company is unable to successfully compete, its business will suffer.

Litigation

While the Group currently has no outstanding material litigation, there can be no guarantee that the current or future actions of the Group will not result in litigation since the mining industry, as all industries, is subject to claims, both with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Owing to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material effect on the Group's financial position or results of operations.

Currency risk

The Company's financial statements are presented in Australian dollars, the functional currency of the Company. The Company's operations are subject to exchange rate fluctuations. Such fluctuations may affect the cash flows of the Company.

Market perception

Market perception of junior extraction and exploration companies, as well as all mining companies, in general, may change which could impact on the value of investors' holdings and the ability of the Group to raise further funds through the issue of further Ordinary Shares in the Company or otherwise.

11.3 Risks relating to Puntland and Georgia

Emerging markets

As highlighted in the risks relating to the Puntland Project above, the Company is investing in projects in emerging markets such as Puntland and Georgia and investors should be aware that these markets are subject to greater risk than more developed markets, including in some cases significant legal, economic and political risks. Investors should also note that emerging economies such as that of Somalia are subject to rapid change and that the information set out in this document may become out-dated relatively quickly. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved and investors are urged to consult with their own legal and financial advisers before making an investment in the Ordinary Shares.

11.4 Risks associated with an investment in the Company's Ordinary Shares

Investment in AIM securities, share price volatility and liquidity

Prospective investors should be aware that the value of an investment in the Company's Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. There can be no guarantee that the value of an investment in the Company's Ordinary Shares will increase. Investors may therefore realise less than, or lose all of, their investment.

The share prices of quoted companies can be highly volatile and shareholdings may be illiquid. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares may be influenced by a large number of factors, some of which are specific to the Company and its operations and some of which may affect quoted companies generally. These factors include, without limitation, the performance of the Company, large purchases or sales of Ordinary Shares by other investors, legislative changes and general economic, political or regulatory conditions, and other factors which are outside of the control of the Company. In addition, the Group's operating results and prospects from time to time may be below the expectations of market analysts and investors.

Share Market Risk

Although the Ordinary Shares are already listed on ASX and are to be admitted to trading on AIM, they will not be listed on the Official List of the London Stock Exchange (the “Official List”). An investment in securities traded on AIM may carry a higher risk than securities quoted on the Official List. The listing of the Ordinary Shares on ASX and the trading of the Ordinary Shares on AIM should not be taken as implying that there will be a liquid market in the securities. A return on investment in the Ordinary Shares may, therefore, in certain circumstances be difficult to realise.

Market conditions may affect the value of the Ordinary Shares regardless of the Group’s operating performance or the overall performance of the markets in which it invests. Share market conditions are affected by many factors such as general economic outlook, movements in or outlook on interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment towards particular market sectors and the demand and supply of capital.

Market perception of companies such as the Company may change, which could impact on the value of investors’ holdings and impact on the ability of the Company to raise further funds by the issue of further shares in the Company.

Future sales of Ordinary Shares

The Company is unable to predict liquidity of Ordinary Share sales in the open market. Any sales of substantial numbers of Ordinary Shares in the open market, or the perceptions that such sales might occur, could materially adversely affect the market price of Ordinary Shares.

Share Options and Warrants

The Board has approved and may in the future, issue warrants and options to subscribe for new Ordinary Shares to certain advisers, employees, directors, senior management and consultants of the Group. The exercise of such warrants and options would result in the dilution of the shareholdings of other investors.

12. Taxation

The paragraphs below comment on the general Australian and UK taxation position of individual and corporate resident and non-resident Shareholders in relation to the payment of dividends by the Company and the future disposal of their Ordinary Shares.

The following comments are intended as a general guide to the Australian and UK tax implications only. This should not be a substitute for individual advice from an appropriate professional adviser and all Shareholders or prospective Shareholders are strongly advised to obtain their own professional advice on the tax implications of acquiring, owning and disposing of Ordinary Shares based on their own specific circumstances.

The comments are based on the law and understanding of the practice of the tax authorities in Australia and the UK at the date of this Appendix.

Australian Taxation

(a) Taxation of Future Share Disposals

Australian Resident Shareholders – General

Australian resident Shareholders who trade Ordinary Shares in the ordinary course of their business will hold their Ordinary Shares as trading stock. These Shareholders will include profits from the disposal of their Ordinary Shares in their assessable income. These Shareholders may value their trading stock of Ordinary Shares at the end of an income year at its cost, market selling value or replacement value. The choice as to which valuation method to use as the value of closing stock directly affects the calculation of the assessable income of these Shareholders. Any difference between the value of their opening and closing stock of Ordinary Shares on hand for an income year will be brought to account as either assessable

income (in the case of an increase in the value of their stock of Ordinary Shares on hand) or as a deduction from their assessable income (in the case of a decrease).

Shareholders who acquire Ordinary Shares for the purpose of re-sale at a profit (but do not hold those shares as trading stock or as an investment) will hold those Ordinary Shares on revenue account. Shareholders must include any profits made on the disposal of Ordinary Shares held on revenue account in their assessable income when the profits are realised.

Losses realised by Shareholders who dispose of Ordinary Shares held as trading stock or on revenue account may be entitled to deduct the loss against their assessable income.

All other Australian resident Shareholders will hold their Ordinary Shares on capital account. These Australian resident Shareholders must consider the impact of Australian capital gains tax rules on the disposal of their Ordinary Shares.

A Shareholder derives a capital gain on the disposal of Ordinary Shares where the consideration received on disposal exceeds the capital gains tax cost base of the Ordinary Shares.

A Shareholder derives a capital loss on the disposal of Ordinary Shares where the consideration received on disposal is less than the capital gains tax reduced cost base of the Ordinary Shares.

All capital gains and losses for the year are added together to produce a net capital gain or loss position. A net capital gain for a financial year is included in the resident taxpayer's assessable income and is subject to taxation in Australia. A net capital loss may generally be carried forward to future years to be deducted against future capital gains.

Non-Australian Resident Shareholders – General

Non-Australian resident Shareholders who hold Ordinary Shares as trading stock or on revenue account may need to include profits from the sale of Ordinary Shares in their assessable income on the same basis as that described above for Australian resident shareholders. Applicable double taxation agreements may provide relief from Australian taxation.

Non-Australian resident Shareholders who hold Ordinary Shares on capital account would only be subject to Australian capital gains tax upon disposal of their Ordinary Shares where the following conditions are met:

- if the non-Australian resident Shareholders (together with their associates) held 10 per cent or more of the Company's issued capital at the time of disposal or for any 12 month period in the 24 months preceding the disposal; and
- at the time of disposal, more than 50 per cent. of the market value of the assets of the Company are represented (either directly or indirectly) by real property interests situated in Australia or mining rights in respect of certain resources situated in Australia.

Non-Australian resident Shareholders who are subject to Australian capital gains tax may be able to obtain relief from Australian capital gains tax via the application of any relevant double taxation agreement.

Capital Gains Tax Discount

Shareholders that are individuals, trusts or complying superannuation funds (and in some cases a life insurance company) (whether Australian resident or non-Australian resident) may be entitled to the capital gains tax discount in relation to capital gains derived from the disposal of Ordinary Shares, provided that the Ordinary Shares were held for at least 12 months prior to disposal. If the capital gains tax discount applies, the amount of the taxable

capital gain resulting from the disposal will be reduced by 50 per cent. (in the case of Shareholders who are individuals or trusts) and 33/4 per cent. (in the case of complying superannuation funds and, in certain circumstances, life insurance companies). Shareholders that are companies are not eligible for the capital gains tax discount.

(b) *Dividends*

Dividends may be paid to Shareholders from the accounting profits of the Company as declared by the Directors. Australian resident Shareholders may receive credits for any corporate tax that has been paid on these profits. These credits are known as “franking credits” and they represent the extent to which a dividend is “franked”. It is possible for a dividend to be either fully or partly franked. Where a dividend is partly franked, the franked portion is treated as fully franked and the remainder as being unfranked.

In order for individual shareholders to be entitled to claim the “tax offset” in relation to franked dividends, the recipient of the dividend must be a “qualified person”. To be a qualified person, the two tests that need to be satisfied are the “holding period rule” (generally referred to as the “45 day rule”) and the “related payments rule”.

Broadly, if individual shareholders have held shares at risk for at least 45 days (excluding the dates of acquisition and disposal), they are able to claim the tax offset for the amount of any franking credits attaching to the dividend.

It should be noted that the definition of dividend for Australian tax purposes is broad and can include certain capital returns and off-market share buy-backs.

Australian Resident Shareholders - Non-corporate

Resident non-corporate Shareholders will need to include dividends in their assessable incomes for the period in which they receive the dividends. The amount to be included is the amount of the dividend plus the franking credit attached to it. Resident non-corporate Shareholders who are individuals, trustees who are assessed on a resident beneficiary’s share of income, complying superannuation funds, certain exempt institutions and certain life insurance companies will be entitled to receive tax credits for the franking credit attached to dividends. Non-corporate Shareholders might receive a tax refund, if the franking credit attached to the dividend exceeds the tax payable on their taxable income. In the case of certain exempt institutions, a refund of the whole of the franking credit may be obtained. Non-corporate Shareholders will be liable to pay additional tax if the tax payable as a result of receiving the dividend exceeds the franking credits which are attached to the dividend.

Australian Resident Shareholders – Corporate

Dividends payable to Australian resident corporate Shareholders will be included in their assessable income in the year the dividend is paid. The corporate Shareholder will be entitled to a franking credit to the extent that the dividend is franked. This would result in the dividend being free of further company tax to the extent that it is franked. A fully franked dividend should effectively be free of tax to an Australian resident corporate Shareholder.

Quotation of Tax File Number/Australian Business Number

Australian resident shareholders will be required to provide their Tax File Number or Australian Business Number as applicable. If this requirement is not met, an amount (up to 46.5 per cent.) could be withheld from unfranked dividends paid by the Company. The amount withheld will be credited against the Shareholder’s Australian income tax liability. No amount should be withheld in respect of the franked part of a dividend.

Non-Australian Resident Shareholders – General

Unfranked dividends paid to non-Australian resident Shareholders will generally be subject to withholding tax. Withholding tax is imposed at thirty per cent unless a Shareholder is a resident of a country with whom Australia has a double taxation agreement. The double

taxation agreement may reduce the withholding tax rate to a range of between five per cent and fifteen per cent depending on the country of residence of the non-Australian resident Shareholder.

Where the Company pays an unfranked dividend out of certain profits derived from non-Australian sources, the Company may declare a portion of the unfranked dividend to consist of conduit foreign income. Where this is the case, the portion of the unfranked dividend that consists of conduit foreign income will not be subject to Australian withholding tax and will not be subject to further Australian income tax in the hands of non-Australian resident Shareholders.

The franked part of a dividend paid to a non-Australian resident shareholder is not subject to withholding tax.

Non-Australian resident Shareholders may be assessable for tax on any dividends in their country of residence. They should consider the impact of dividends under their domestic tax regime.

(c) *Goods and Services Tax (GST) and Stamp Duty*

No Australian GST or stamp duty is payable on the acquisition or disposal of Ordinary Shares.

UK Taxation

The Company

The Company will carry on its business activities so that for United Kingdom (UK) corporation tax purposes it will not be regarded as either resident within the UK, nor carrying on a trade through a permanent establishment located in the UK. On this basis the Company will have no liability in respect of UK corporation tax or capital gains tax.

UK Shareholders

The following paragraphs broadly outline the taxation position of Shareholders in the Company who are resident (and, if individuals, ordinarily resident) in the UK for tax purposes as well as those who are non-resident in the UK. The statements are based on current UK tax legislation and HM Revenue and Customs common practice. The statements may be subject to change, perhaps with retrospective effect. The statements may also not apply to certain classes of Shareholder such as dealers, insurance companies and charities.

The following paragraphs provide general advice only. Each Shareholder's specific circumstances will impact on their taxation position. All Shareholders are recommended to obtain their own taxation advice.

In particular, all Shareholders, including UK tax resident Shareholders are advised to consider the potential impact of any relevant double tax agreements on their shareholding.

(a) *Taxation of Chargeable Gains*

UK Resident Shareholders

A disposal of Ordinary Shares by a Shareholder who is (at any time in the relevant UK tax year) resident or ordinarily resident in the UK may give rise to a chargeable gain or allowable loss for the purpose of UK taxation of chargeable gains.

For the purpose of UK tax on chargeable gains, the issue of Ordinary Shares will be regarded as an acquisition of a new holding in the share capital of the Company. The date of issue will be treated as the date of acquisition under the chargeable gains regime.

The amount paid for the Ordinary Shares will constitute the base cost of a Shareholder's holding. If a Shareholder disposes of all or any of the Ordinary Shares in the Company, he may incur a liability to tax on chargeable gains depending on the Shareholder's individual circumstances.

For UK individuals and trustees, capital gains are chargeable at a flat rate of 18 per cent. and 28 per cent. depending on the individual's total taxable income and gains subject to certain reliefs and exemptions. For UK corporations, any gain would be taxable at a maximum rate of 27 per cent. Indexation may apply to reduce any such gain (indexation is no longer available to individuals and trustees).

As the Company's principal share register is situated in Australia, the Ordinary Shares are considered to be located abroad for UK capital gains tax purposes. Non-UK domiciled individual Shareholders who are either resident or ordinarily resident in the UK will therefore only be subject to UK capital gains tax on profits realised on the sale of Ordinary Shares held in the company to the extent that these profits are remitted to the UK. Dealings in the Company's Ordinary Shares on AIM may give rise to remitted profits which would therefore be taxable.

Non-UK Resident Shareholders

A Shareholder who is not resident in the UK for tax purposes but who carried on a trade, profession or vocation in the UK through a branch or agency and has used, held or acquired the Ordinary Shares for the purpose of such trade, profession or vocation may also be subject to UK taxation on chargeable gains on a disposal of those Ordinary Shares. Special rules may apply to tax gains on disposals made by individuals at a time when they are temporarily not resident nor ordinarily resident in the UK.

(b) Dividends

The Company will not be required to withhold UK tax from dividends paid on the Ordinary Shares. Any holder of Ordinary Shares who is resident in the UK, or who carries on a trade, profession or vocation in the UK to which the Ordinary Shares are attributable, will generally be subject to UK tax on income in respect of any dividends paid on the Ordinary Shares.

UK resident individual Shareholders who receive a dividend from the Company will generally be entitled to a tax credit, which can be set off against the individual's income tax liability on the dividend payment. The rate of tax credit on the dividend paid by the Company will be 10 per cent. of the total of the dividend payment and the tax credit (the "gross dividend"), or one-ninth of the dividend payment.

UK resident individual Shareholders will generally be taxable on the gross dividend, which will be regarded as the top slice of the Shareholder's income. In the case of a UK resident Shareholder who is not liable to income tax at the higher rates (taking account of the gross dividend he or she receives), the tax credit will satisfy in full such Shareholder's liability to income tax.

To the extent that a UK resident individual Shareholder's income (including the gross dividend) is subject to 40 per cent. income tax, such Shareholders will be subject to income tax on the gross dividend at the distribution income upper rate of 32.5 per cent. but will be able to set the tax credit against this liability. This results in an effective tax rate of 25 per cent. on the net dividend.

UK Shareholders receiving dividends within the 50 per cent. band will be subject to an income tax rate of 42.5 per cent. on the gross dividend and effective rate of approximately 36 per cent. on the net dividend.

Dividends payable by the company may suffer withholding tax (“WHT”) (see paragraph 19.1 - *Non-Australian Resident Shareholders – General*). If the dividend has been subject to Australian dividend withholding tax, the amount of the dividend received plus the WHT will be included in the assessable income of the UK Shareholder. In these circumstances the Shareholder should be entitled to a credit for the WHT. The credit would be limited to the lesser of the WHT or the UK tax payable on the combined amount of the dividend plus WHT, subject to a maximum of 15 per cent of the gross dividend.

UK Resident Company Shareholder

With effect from 1 July 2009, any such dividends received by a UK resident company Shareholder will be treated as exempt from UK corporation tax.

If the dividend has been subject to WHT, no further relief will be available thereon.

(c) *Inheritance Tax*

Under UK inheritance tax law, registered Ordinary Shares are located where they are registered, which is generally the place where the share register is maintained and where transfer of the Ordinary Shares can legally be executed. In the case of the Company, the principal register is maintained in Australia and, therefore, Ordinary Shares held in the Company will not have a United Kingdom location and hence will be excluded from the estate of non-UK domiciled Shareholders for UK Inheritance Tax purposes.

The value of the Ordinary Shares will form part of the estate of a UK domiciled Shareholder.

(d) *UK Stamp Duty and Stamp Duty Reserve Tax*

The following comments do not apply to Ordinary Shares issued or transferred into depository or clearance arrangements, to which special rules apply.

There is generally no liability to UK stamp duty or stamp duty reserve tax (“SDRT”) on the issue of Ordinary Shares by the Company.

Any person who is in any doubt as to his tax position or is subject to taxation in a jurisdiction other than Australia or the UK should consult an appropriate professional adviser.

13. Material Contracts

In addition to the agreements summarised in the Public Record, the following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company or its subsidiaries during the two years immediately preceding the date of this document and are, or may be, material as at the date of this document.

- 13.1 An introduction agreement dated 24 May 2011 between the Company (1), the Directors (2) and Cairn (3) pursuant to which conditional upon, inter alia, Admission taking place on or before 8:00 a.m. on 22 June 2011 (or such later time and or date as the Company and Cairn may agree being not later than 31 July 2011) the Company has authorised and instructed Cairn to apply to London Stock Exchange for Admission.

The introduction agreement contains warranties from the Company and the Directors and indemnities from the Company in favour of Cairn together with provisions which enable Cairn to

terminate the introduction agreement in certain circumstances prior to Admission including circumstances where any warranties are found to be untrue or inaccurate in any material respect. The liability of the Directors for breach of warranty is limited. Under the introduction agreement and subject to it becoming unconditional the Company has agreed to pay Cairn a fee of £80,000.

- 13.2 A Nominated Adviser agreement dated 24 May 2011 between the Company (1) and Cairn (2) pursuant to which the Company has appointed Cairn to act as Nominated Adviser to the Company for the purposes of the AIM Rules. The Company has agreed to pay Cairn a fee of £30,000 plus any applicable VAT per annum for its services as Nominated Adviser under this agreement. The agreement contains certain undertakings and indemnities given by the Company, in respect of, inter alia, compliance with all applicable laws and regulations. The appointment under the agreement is for an initial period of one year from Admission and is subject to termination on the giving of three months' notice by either the Company or Cairn (such notice to expire not before the end of the initial one year term).
- 13.3 A warrant agreement dated 24 May 2011 ("**Warrant Agreement**") between the Company (1) and Cairn (2) pursuant to which the Company agrees to grant to Cairn, conditional, inter alia, on Admission and the Company holding a general meeting to refresh its 15 per cent. capacity pursuant to the ASX Listing Rules, 1,376,161 warrants. Each warrant entitles Cairn to subscribe for one new Ordinary Shares at the mid-market price of an Ordinary Share at the close of business on the date of Admission at any time from the date of issue until the second anniversary of issue of the warrants. Under the terms of the Warrant Agreement the warrants will be freely transferrable and the Ordinary Shares issued on exercise will rank for all dividends or distributions declared after the date of the allotment of such Ordinary Shares but not before that date and otherwise will rank *pari passu* in all respects with the Ordinary Shares in issue on the date of such exercise.
- 13.4 A lock-in agreement dated 24 May 2011 between Cairn (1), Old Park Lane (2), the Company (3) and Stephen Brockhurst (4) who holds a total of 250,001 Ordinary Shares pursuant to which Mr Brockhurst has undertaken to Cairn and the Company that he will not, without the prior written permission of Cairn and Old Park Lane, dispose of any interests in Ordinary Shares (subject to certain limited exceptions including, disposals by way of acceptance of a takeover offer for the entire issued share capital of the Company) until one year from the date of Admission.
- 13.5 A loan deed ("**Loan Deed**") dated 12 April 2011 between the Company (1) and Max Capital (2), pursuant to which Max Capital agreed to provide the Company with an unsecured loan of AUS\$1,000,000 ("**Loan**"). The Company can draw down the Loan during the 12 month period from the date of the Loan Deed ("**Draw Down Date**") and must issue 3,000,000 unlisted options to Max Capital on drawing down on the Loan (exercisable for a period of three years from the date of grant at an exercise price equal to the volume weighted average trading price of the Ordinary Shares for five trading days prior to the Draw Down Date). The Loan is subject to the Company not having raised AUS\$1,000,000 prior to the Draw Down Date. The Loan shall bear interest at an annual rate of 10 per cent., such interest to be charged from that Draw Down Date. The Loan must be repaid on or prior to 12 months after the Draw Down Date.
- 13.6 A subscription agreement ("**Subscription Agreement**"), dated 20 May 2011 between the Company (1) and Strait UK (2) pursuant to which the Company has agreed to contribute to 40 per cent. of expenses incurred in relation to a two well drilling program on the Georgian Projects, capped at an aggregate consideration of US\$5,600,000, in return for the Company acquiring a 20 per cent. interest in the issued share capital of Strait UK by way of the issue and allotment to the Company of ordinary shares in Strait UK ("**the Shares**"). The Shares were issued and allotted to Georgian Oil, as nominee for the Company, on 20 May 2011. The Subscription Agreement contains certain warranties and indemnities from both parties.
- 13.7 A shareholders agreement ("**Shareholders' Agreement**") dated 20 May 2011 between Range Resources (1), the Company (2), Strait UK (3) and the other shareholders of Strait UK (4). The Shareholders' Agreement sets out the shareholders' aims and objects in relation to Strait UK and governs the management of the Georgian Project. The Shareholders' Agreement is conditional upon,

inter alia, shares in Strait UK being issued and allotted to the Company in accordance with the terms of the Subscription Agreement.

- 13.8 An agreement dated 23 March 2011 between Canmex Holdings (Bermuda) II Limited (1); Africa Oil Corp. (2), the Company (3), and Puntland Oil (4) ("**Amending Agreement**") to amend the farm-out agreement dated 12 August 2010 in relation to the Puntland Project ("**Farm-Out Agreement**"). Pursuant to the Amending Agreement, the parties acknowledged that Puntland Oil made its election in accordance with the Farm-Out Agreement to increase the Company's participating interest in the Dharoor and Nugaal Valley production sharing agreements to 20 per cent. .
- 13.9 An introduction and facility agreement dated 7 March 2011 between Park End Limited ("**Park End**") (1) and the Company (2) pursuant to which Park End agreed to provide introduction and facilitation services to the Company, in connection with the Georgian Project for a 3 month term. In consideration for these services, the Company agreed to issue and allot to Park End, on the completion formal agreements in relation to the Georgian Project, 3,000,000 fully paid Ordinary Shares. The parties have agreed that the Ordinary Shares will be issued and allotted subject to the Company receiving shareholder consent.
- 13.10 A technical service agreement dated 7 January 2011 between West Holly Inc. ("**West Holly**") (1) and the Company (2) pursuant to which West Holly agreed to provide ongoing technical advisory services to the Company, in connection with the Georgian Project for a 12 month term. In consideration for these services the Company agreed to issue and allot to West Holly, on the completion of formal agreements in relation to the Georgian Project, 7,000,000 fully paid Ordinary Shares. The parties have agreed that the Ordinary Shares will be issued and allotted subject to the Company receiving shareholder consent.
- 13.11 An engagement letter dated 27 August 2010 between the Company (1) and Old Park Lane (2) under which Old Park Lane has agreed to act as the Company's broker in relation to Admission, for 18 months from the date of Admission and until terminated by either party by providing three months written notice. Old Park Lane will be paid, conditional on Admission, a monthly fee of £2,500 and will be granted options over such number of Ordinary Shares as is equal to 6 per cent. of the gross proceeds raised by Old Park Lane as part of an equity fundraising by the Company (conditional on the completion of such fundraising and any requisite shareholder approvals. These options have an exercise price equal to the issue price of the Ordinary Shares issued pursuant to the fundraising and can be exercised at any time in the five years following the date of grant. Under the terms of the Agreement, the Company has agreed to pay Old Park Lane a commission on any funds raised by Old Park Lane for the Company.

14. Related Party Transactions

Save as described in the Public Record during the period from 30 June 2010 to the date of this document, the Company has not entered into any related party transactions. The Company intends to issue 4,500,000 options to Directors subject to shareholder approval following Admission further details of which are included in paragraph 7 of this document.

15. Litigation

The Group is not involved nor has been involved in any governmental, legal or arbitration proceedings in the previous twelve months which may have or have had in the recent past a significant effect on the Group's financial position or profitability and, so far as the Directors are aware, there are no such proceedings pending or threatened against the Group.

16. General

- 16.1 Save as disclosed above in paragraph 13 above there are no persons (excluding professional advisers otherwise disclosed in this Appendix or in the Public Record and trade suppliers) who have received, directly or indirectly, from the Company within the 12 months preceding the date of this document nor have entered into contractual arrangements (not otherwise disclosed in this Announcement) to receive, directly or indirectly, from the Company on or after the date of this document, fees or securities in the Company or any other benefit, with a value of £10,000 or more at the time of Admission.
- 16.2 The Group has 3 employees (including those employed under consultancy and service agreements). The employees form the executive management of the Company and they are all based in the Company's Perth office.
- 16.3 The costs, charges and expenses payable by the Company in connection with or incidental to Admission are estimated to amount to £300,000 excluding Goods and Services Tax (in Australia) and Value Added Tax (in the UK).
- 16.4 Information equivalent to that required for an admission document which has not previously been made public (in consequence of the Company having its Ordinary Shares traded on ASX) is included in this document or is available on the Public Record.
- 16.5 The Company's auditor for the years ended 30 June 2009 and 2010 was Bentleys Audit & Corporate (WA) Pty Ltd. BDO Audit (WA) Pty Ltd were appointed auditor to the Company on 4 November 2010 following Shareholder approval at its annual general meeting.
- 16.6 Copies of this document are available to the public free of charge on the Company's website www.red-emperor.com.

17. Consents

The following persons have given and not withdrawn their written consent to being named in this document but have not made any statements that are included in this document nor are statements identified in this document based on any statements made by those persons:

- Cairn Financial Advisers LLP;
- Old Park Lane Capital plc;
- Gaffney, Cline & Associates Ltd; and
- RPS Energy.

To the maximum extent permitted by law, each of the persons referred to above expressly disclaims and takes no responsibility for any part of this document other than the reference to their name.

25 May 2011