



ABN 99 124 734 961

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Interim Financial Report  
For the Half Year Ended 31 December 2007

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**RED EMPEROR RESOURCES NL**  
**ABN 99 124 734 961**

**HALF-YEAR FINANCIAL REPORT**  
**For the Period Ended 31 December 2007**

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## **COMPANY DIRECTORY**

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### **MANAGING DIRECTOR**

Kent Hunter

### **NON-EXECUTIVE DIRECTORS**

Stephen Brockhurst

Terry Gardiner

### **COMPANY SECRETARY**

Elizabeth Hanrahan

### **PRINCIPAL AND REGISTERED OFFICE**

Suite 32, Level 3, 22 Railway Road

SUBIACO WA 6008

Telephone: (08) 9388 8041

Facsimile: (08) 9388 8042

### **AUDITORS**

Bentleys

Level 1, 12 Kings Park Road

WEST PERTH WA 6005

### **SHARE REGISTRAR**

Advanced Share Registry Services

11 Stirling Highway

NEDLANDS WA 6009

Telephone: (08) 9389 8033

Facsimile: (08) 9389 7871

### **STOCK EXCHANGE LISTING**

Australian Stock Exchange

(Home Exchange: Perth, Western Australia)

Code: RMP, RMPO

**RED EMPEROR RESOURCES NL**  
**ABN 99 124 734 961**

**INTERIM FINANCIAL REPORT**

**DIRECTORS' REPORT**

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Your directors submit the financial report of the Company for the half-year ended 31 December 2007.

**DIRECTORS**

The names of Directors who held office during or since the end of the period are:

Kent Hunter	Managing Director
Stephen Brockhurst	Non-Executive Director
Terry Gardiner	Non-Executive Director (appointed 7 January 2008)
Matthew Pedley	Non-Executive Director (resigned 7 January 2008)

**REVIEW OF OPERATIONS**

**Jillewarra**

The Jillewarra Project is located north west of Meekatharra on Belele Station and Koonmarra Station. Previous exploration activities have comprised exploration for nickel and base metals during the 1960s and 70s followed by gold exploration from the late 1980s onwards. Although some quite extensive exploration programs have taken place in the past, the effectiveness of much of this is debatable, and certainly in the case of base metals exploration, techniques have improved considerably during the intervening period.

Aerial photography of the Project was purchased across project area to facilitate mapping. Historical data is being extracted from open file reports and added to the Jillewarra Database and data compilation will confirm the location of historical exploration results and provide targets for ground truthing.

During the period, Digirock Pty Ltd were engaged to conduct a review of existing data and generate of proposal for initial exploration work including geological mapping and reconnaissance trip to plan RAB drilling.

The data review highlighted that potential remains for the discovery of lode gold deposits and also for base metals. The field trip was limited due to difficulties encountered with tenement access. Further work will be completed once access issues have been resolved. A work program has been submitted to the Yamatji Marlpa Barna Baba Maaja Aboriginal Corporation for aboriginal heritage clearance prior to drilling operations.

One of the key findings of the review was the identification of the large differentiated basic to ultrabasic sills. These have received limited historical exploration using outdated methods. The proposed initial stage is to resample existing drillholes intersecting ultramafics as well as collecting samples from outcropping sills to establish the prospectivity of the area. Samples will be analysed with a comprehensive suite of elements.

If geochemical prospectivity is established, an airborne EM survey will be carried out over the basal sections of prospective ultramafics. Systems that were used historically, struggled to detect conductors below conductive overburden. The VTEM system would be recommended for this survey.

**RED EMPEROR RESOURCES NL**  
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**INTERIM FINANCIAL REPORT**

**DIRECTORS' REPORT**

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**CORPORATE**

On 16 July 2007 the Company issued a Prospectus offering up to 20,000,000 shares at \$0.25 to raise up to \$5,000,000.

On 10 August 2007 the Company issued 20,000,000 shares at \$0.25 pursuant to the Prospectus dated 16 July 2007.

On 10 August 2007 the Company issued 1,000,000 shares to Vendors pursuant to the Prospectus dated 16 July 2007.

On 14 August 2007 the Company was admitted to the official list of the Australian Securities Exchange and commenced official quotation on 16 August 2007.

On 2 November 2007 the Company lodged Short Form Prospectus with ASIC for the non-renounceable entitlement offer of 19,500,002 options exercisable at \$0.25 on or before 31 August 2009 at an issue price of \$0.01 to raise \$195,000.

On 13 December 2007 the Company issued 18,868,999 options exercisable at \$0.25 on or before 31 August 2009 pursuant to the Short Form Prospectus dated 2 November 2007. On 21 December 2007 the Company issued the shortfall to the offer, being 631,003 options.

On 21 December 2007 the Company announced it had entered into a memorandum of understanding ("MoU") with Marr Group Holdings Limited ("Marr Group") whereby the Marr Group will provide the Company with an introduction to a Russian Group ("Partners") who will facilitate the opportunity for the Company to acquire a majority interest in a substantial mineral asset located in Russia. Under the terms of the MoU, if as a result of such an introduction, Red Emperor enters into an agreement with the Partners to acquire an interest in the Asset ("Acquisition Agreement"), Marr Group and/or its nominees will be entitled to subscribe for up to 4.725 million contributing shares in the capital of Red Emperor, at a subscription price of AUD \$0.01 each ("Placement").

**AUDITOR'S INDEPENDENCE DECLARATION**

**Lead Auditors Independence Declaration under Section 307C of the Corporations Act 2001**

The lead auditor's independence declaration for the period ended 31 December 2007 is set out on page 11.

This report is signed in accordance with a resolution of the Board of Directors.



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Kent Hunter  
Director

Perth  
Dated 11 March 2008

**RED EMPEROR RESOURCES NL**  
**ABN 99 124 734 961**

**INCOME STATEMENT**  
For the Six Months Ended 31 December 2007

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	Note	31 December 2007 \$
Revenue from ordinary activities	2	107,993
Unrealised gain on financial assets		324,936
Administration expenses		(40,370)
Compliance and regulatory expenses		(12,281)
Consultancy costs		(26,819)
Directors fees		(25,000)
Employee benefits expense		(5,250)
Incorporation costs		-
Occupancy expense		(12,000)
Impairment of exploration expenditure		(106,702)
		<hr/>
Profit before income tax expense		204,507
Income tax expense		-
		<hr/>
Profit for the period		<u>204,507</u>
Basic earnings per share (cents per share)		0.59
Diluted earnings per share (cents per share)		0.56

The accompanying notes form part of this financial report.

**RED EMPEROR RESOURCES NL**  
**ABN 99 124 734 961**

**BALANCE SHEET**  
As at 31 December 2007

	Note	31 December 2007 \$	30 June 2007 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		3,717,071	309,639
Trade and other receivables		28,558	12,774
Financial Assets		1,418,449	-
<b>TOTAL CURRENT ASSETS</b>		<u>5,164,078</u>	<u>322,413</u>
<b>NON-CURRENT ASSETS</b>			
Exploration and evaluation expenditure		370,661	500
<b>TOTAL NON-CURRENT ASSETS</b>		<u>370,661</u>	<u>500</u>
<b>TOTAL ASSETS</b>		<u>5,534,739</u>	<u>322,913</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		27,333	19,801
<b>TOTAL CURRENT LIABILITIES</b>		<u>27,333</u>	<u>19,801</u>
<b>TOTAL LIABILITIES</b>		<u>27,333</u>	<u>19,801</u>
<b>NET ASSETS</b>		<u>5,507,406</u>	<u>303,112</u>
<b>EQUITY</b>			
Issued Capital		5,113,040	308,253
Option reserve		195,000	-
Retained profits/(loss)		199,366	(5,141)
<b>TOTAL EQUITY</b>		<u>5,507,406</u>	<u>303,112</u>

The accompanying notes form part of this financial report.

**RED EMPEROR RESOURCES NL**  
**ABN 99 124 734 961**

**STATEMENT OF CHANGES IN EQUITY**  
For The Six Months Ended 31 December 2007

	<b>Issued Capital</b>	<b>Retained</b>	<b>Option</b>	<b>Total</b>
		<b>Profits/(Losses)</b>	<b>Reserve</b>	
	\$	\$	\$	\$
<b>Balance at 1 July 2007</b>	308,253	(5,141)	-	303,112
Shares issued during the year	5,250,000	-	-	5,250,000
Options issued during the year	-	-	195,000	195,000
Transaction costs	(445,213)	-	-	(445,213)
Profit / (loss) attributable to members	-	204,507	-	204,507
<b>Balance at 31 December 2007</b>	<u>5,113,040</u>	<u>199,366</u>	<u>195,000</u>	<u>5,507,406</u>

The accompanying notes form part of these financial statements.



**RED EMPEROR RESOURCES NL**  
**ABN 99 124 734 961**

**STATEMENT OF CASH FLOWS**  
For the Period Ended 31 December 2007

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	<b>31 December 2007</b>
	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Payments to suppliers and employees	(119,904)
Payments for exploration and evaluation	(113,030)
Interest received	91,328
	<hr/>
Net cash used in operating activities	(141,606)
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<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of exploration assets	(100,500)
Purchase of shares	(1,093,513)
	<hr/>
Net cash used in investing activities	(1,194,013)
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<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from issue of shares	5,188,940
Payments for costs of issue of shares	(445,889)
	<hr/>
Net cash provided by financing activities	4,743,051
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Net increase/(decrease) in cash held	3,407,432
Cash at beginning of period	309,639
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Cash at end of reporting period	3,717,071
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The accompanying notes form part of this financial report.

**RED EMPEROR RESOURCES NL**  
**ABN 99 124 734 961**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Period Ended 31 December 2007

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**1. STATEMENT OF SIGNIFICANT ACCOUNT POLICIES**

**Significant Accounting Policies**

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2007 and any public announcements made by Red Emperor Resources NL during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the entity's 2007 annual financial report for the financial year ended 30 June 2007.

In the half-year ended 31 December 2007, the entity has reviewed all of the new and revised standards and interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2007.

It has been determined by the entity that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and, therefore, no change is necessary to entity accounting policies.

**Reporting Basis and Conventions**

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

**Comparative Figures**

Red Emperor Resources NL was incorporated on 2 April 2007. This is the first half-year financial report to be prepared for the Company, and therefore no comparative results are available for Income Statement, Statement of Changes in Equity and the Cash Flow Statement.

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**RED EMPEROR RESOURCES NL**  
**ABN 99 124 734 961**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Period Ended 31 December 2007

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**2. REVENUE**

	<b>31 December 2007</b>
	\$
The following revenue and expense items are relevant in explaining the financial performance for the half-year:	
Interest revenue	107,993
Other revenue	-
	<u>107,993</u>

**3. SEGMENT INFORMATION**

The Company operates predominantly in one geographical segment, being Western Australia, and in one business segment, mineral mining and exploration and substantially all of the entity's resources are deployed for this purpose.

**4. EVENTS SUBSEQUENT TO REPORTING DATE**

On 15 January 2008 the Company acquired a \$500,000 interest in Blackham Resources Limited's standby equity facility, initially as an interest free loan with a view to converting the loan to equity at \$1.00 per fully paid ordinary share should Blackham be successful in acquiring a Russian coal project. If Blackham's proposed project acquisition proved ultimately unsuccessful, the loan will be repaid in full.

Since the reporting date, the Australia stock market has undergone a significant change in value and consequently the fair value of financial assets as at the date of this report has reduced by approximately \$572,500.

Since 31 December 2007, no other event has arisen that would be likely to materially affect the operations of the Company, or the state of affairs of the company not otherwise disclosed in the company's financial report.

**5. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

The Company currently has no contingent assets or contingent liabilities.

**RED EMPEROR RESOURCES NL**  
**ABN 99 124 734 961**

**DIRECTORS' DECLARATION**  
For the Period Ended 31 December 2007

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The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 4 to 9 are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the company's financial position as at 31 December 2007 and its performance for the period ended on that date.
3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



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Kent Hunter  
Director

PERTH  
Dated 11 March 2008

To The Board of Directors

**Auditor's Independence Declaration under Section 307C of the Corporations Act 2001**

This declaration is made in connection with our review of the financial report of Red Emperor Resources NL for the half year ended 31 December 2007 and in accordance with the provisions of the Corporations Act 2001.

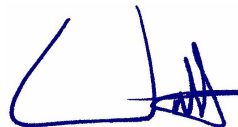
We declare that, to the best of our knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review;
- no contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to the review.

Yours faithfully



**BENTLEYS**  
**Chartered Accountants**



**CHRIS WATTS**  
**Director**

DATED at PERTH this 11<sup>th</sup> day of March 2008

# Independent Auditor's Review Report

## To the Members of Red Emperor Resources NL

We have reviewed the accompanying half-year financial report of Red Emperor Resources NL (the entity) which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

**RLF Bentleys**  
**Audit & Corporate Pty Ltd**  
ABN 33 121 222 802

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### Directors Responsibility for the Half-Year Financial Report

The directors of the entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Red Emperor Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Red Emperor Resources NL on 11<sup>th</sup> March 2008, would be in the same terms if provided to the directors as at the date of this auditor's review report

# **Independent Auditor's Review Report**

To the Members of Red Emperor Resources NL

## **Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Red Emperor Resources NL is not in accordance with the Corporations Act 2001 including:

- a. Giving a true and fair view of the entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



**BENTLEYS**  
**Chartered Accountants**



**CHRIS WATTS**  
**Director**

DATED at PERTH this 11<sup>th</sup> day of March 2008