

21 December 2007

Company Announcements Office  
ASX Limited  
Electronic Lodgement System

## **MEMORANDUM OF UNDERSTANDING WITH MARR GROUP HOLDINGS LTD**

The Company is pleased to advise that it has 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. The MoU is subject to the successful negotiation and execution of a formal agreement between the Company and the Marr Group for the purpose of finalising the terms on which the Company and the Marr Group would seek to acquire the Project.

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"). Other than the subscription price, the contributing shares will be on the same terms as the contributing shares already on issue. The right to subscribe for the Placement will be for a period of one month from the date the Acquisition Agreement is executed by all relevant parties, and Red Emperor agrees to issue the contributing shares within 2 business days of receipt of any such subscription.

If Red Emperor does not enter into the Acquisition Agreement on or before 30 September 2008 (or such a later date as agreed by Red Emperor and Marr Group), the obligations of Red Emperor and Marr Group under the MoU will be at an end.

The Marr Group has a diverse range of successful interests in areas such as construction and land development, holdings in the telecommunications and technology sectors, commodity trading, investments in the oil and energy sector, as well as international trade finance and private equity investment. The Marr Group has considerable financial resources and assets to support diverse business activities globally, principally in Europe, the Far East, and the Middle East.

Yours sincerely

Kent Hunter  
Executive Director