

30 July 2010
ASX Announcement

**Quarterly Activities Review
For the period ending 30 June 2010**

EXPLORATION UPDATE

PUNTLAND FARMIN

As announced on 16 June 2010, Red Emperor Resources NL has entered into a heads of agreement with Africa Oil Corp to acquire an interest in onshore petroleum projects in the Dharoor Valley and the Nugaal Valley of Puntland, Somalia ("Puntland Farmin").

The opportunity is viewed by the Board as a very exciting high impact opportunity which allows the Company a relatively low-cost entry into an extremely prospective oil province.

Pursuant to the transaction, the Company will acquire a 10% interest in the Puntland Farmin with an option to increase its interest by a further 10% to 20%. The Puntland Farmin is conditional on the parties finalising a formal farmin agreement and the satisfaction of certain conditions precedent including due diligence and ministerial approval.

In 2006 the Puntland Government granted Range Resources Limited (ASX: RRS) certain mineral and hydrocarbon rights which included the highly prospective Nugaal and Dharoor exploration blocks. In 2007 Range brought in partner Africa Oil Corp (TSXV: AOI) to finance and help to develop the Nugaal and Dharoor oil prospects. Africa Oil operates the licences covered by the production sharing agreements in respect of the two blocks.

Over the past two and a half years the joint venture has spent approximately US\$35 million, including costs related to seismic acquisition and interpretive works designed to identify the most prospective drill targets in both the Nugaal and Dharoor exploration blocks. These targets have now been identified and Africa Oil is looking to mobilise a rig in anticipation of drilling the first exploration well in Somalia in 16 years by the end of this year or early the first quarter of 2011.

JILLEWARRA PROJECT

During the quarter, the Company announced the commencement of a geochemistry program in conjunction with a drilling program after interpretation of prior exploration activities including geochemistry and soil sampling has identified drill targets to test the gossan and the margins of the ultramafic unit.

Field reconnaissance by Cazaly Resources Limited ("Cazaly", ASX Code:CAZ) highlighted the prospectivity of the ultramafic-basalt horizon between Rafters Run and

Hewitt's Find. The prospective contact zone strikes for over 6km within the Project Area but has received limited drill testing. Exploration in the Rafters Run area has previously focused on nickel and the IP anomalies require further investigation, however the potential for copper – gold mineralisation has not been evaluated.

Mullock samples were previously collected from a small prospecting shaft (Rafters Run prospect) and returned significant results (up to 10.8% Cu). The mineralisation was hosted in a sheared ultramafics unit at the interpreted contact within a basalt unit.

The current geochemical program will target amenable areas along the mineralisation trends already identified, involving the collection of approximately 950 samples.

In conjunction with Cazaly, the Company has scheduled 1,000 metres of RC drilling, covering 14 drillholes. The prospective ultramafic–basalt contact zone strikes for over 6km within the Project Area and has received limited historical drill testing.

The proposed geochemical program, combined with the proposed 1,000m of RC drilling, provides an excellent opportunity to explore a large portion of the tenements in areas that have already provided indications of mineralisation. The Company has recently received heritage and environmental approvals for such programs.

SIBERIAN POTASH PROJECT

The Directors advise that in relation to the proposed acquisition of a controlling interest in a Russian potash project, details of which were announced to ASX on 20 May 2009 (the Project), the Company has been advised by its Russian partners that the acquisition date is once again facing a delay. The Russian entity with which Red Emperor has a conditional agreement to acquire the Project remains confident it can ultimately achieve its objective of instituting an acquisition process that is commercially acceptable to and within a timeframe acceptable to the Company.

The Russian entity has indicated that their discussions with relevant government departments have not yet led to a commercially viable outcome, in particular in relation to the pricing of the Project. Red Emperor remains committed to the agreement to acquire the Project should the Russian entity achieve its aim of delivering an acquisition process at a commercially acceptable price.

RUSSIAN TIMBER PROJECT

As announced on 19 June 2008, the Company entered into a Memorandum of Understanding with Russian partners whereby the partners will provide the Company with the opportunity to acquire a 100% interest in a license to harvest a timber resource in Russia.

The Company has been advised by the Russian partners that they are no longer in a position to procure this license for the Company.

CORPORATE

On 22 June 2010 the Company issued a notice of general meeting to shareholders.

At the meeting held 23 July 2010, all resolutions were passed on a show of hands, including approval for the placement to raise up to \$2.8 million in a placement of ordinary shares at an issue price of \$0.09 per share. This raising is near completion and the Company will advise ASX as soon as it is complete.

The Company has appointed Max Capital Pty Ltd as lead manager to assist the Company to raise these funds.

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The information that relates to exploration results from the Jillewarra Project is based on information compiled by Gregory Miles who is a Member of The Australian Institute of Geoscientists. Mr Miles is a full time employee of Cazaly Resources Limited who manage the Jillewarra Project on Red Emperors behalf. Mr Miles has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Miles consents to the inclusion of his name in the matters based on the information in the form and context in which it appears.