
RED EMPEROR RESOURCES NL

ABN 99 124 734 961

NOTICE OF GENERAL MEETING AND EXPLANATORY STATEMENT

TIME:	9.00am WST
DATE:	Friday 23 July 2010
PLACE:	C/- Grange Consulting Group Pty Ltd 945 Wellington Street WEST PERTH, WESTERN AUSTRALIA 6005

This Notice of Meeting and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (08) 9388 8041.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders of Red Emperor Resources NL which this Notice of Meeting relates to will be held at 9.00am WST on Friday, 23 July 2010 at:

<p>C/- Grange Consulting Group Pty Ltd 945 Wellington Street WEST PERTH, WESTERN AUSTRALIA 6005</p>
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YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the proxy form enclosed and either:

- (a) send the proxy form by post to Red Emperor Resources NL, PO Box 1905, Subiaco WA 6904; or
- (b) send the proxy form by facsimile to the Company on facsimile number (08) 9388 8042,

so that it is received not later than 9.00am WST on Wednesday, 21 July 2010.

Proxy forms received later than this time will be invalid.

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders of Red Emperor Resources NL will be held c/- Grange Consulting Group Pty Ltd at 945 Wellington Street, West Perth, Western Australia 6005 at 9.00am WST on Friday, 23 July 2010.

The Explanatory Statement annexed to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders at 5.00pm WST on 21 July 2010.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

NOTICE OF GENERAL MEETING

AGENDA

Resolution 1 - Approval to the Future Placement of Shares

To consider and, if thought fit, to pass, with or without modification, the following **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue and allot up to 31,111,111 Shares at \$0.09 per Share and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 1 by any person who may participate in the Future Placement and any person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if Resolution 1 is passed and any person associated with those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 2 - Approval to the Future Placement of Shares

To consider and, if thought fit, to pass, with or without modification, the following **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue and allot up to 20,000,000 Shares at a price that is at least 80% of the average market price of the Shares calculated over the last 5 days on which sales in the Shares were recorded before the date on which the issue is made and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 2 by any person who may participate in the Future Placement and any person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if Resolution 2 is passed, and any person associated with those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 3 – Ratification of Issue of Shares to Max Capital Pty Ltd

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 4,500,000 Shares to Max Capital Pty Ltd on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast on Resolution 3 by Max Capital Pty Ltd or and any associate of Max Capital Pty Ltd.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

NOTICE OF GENERAL MEETING

Resolution 4 – Approval of Grant of Shares to Max Capital Pty Ltd

To consider and, if thought fit, to pass, with or without amendment, the following **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue 11,500,000 Shares to Max Capital Pty Ltd (and/or their nominee(s)), for the purposes, on the terms and conditions and in the manner described in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion:

The Company will disregard any votes cast on Resolution 4 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if Resolution 4 is passed, and any person associated with those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

DATED: 21st June 2010

BY ORDER OF THE BOARD

**ELIZABETH HANRAHAN
COMPANY SECRETARY
RED EMPEROR RESOURCES NL**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting of Red Emperor Resources NL to be held c/- Grange Consulting Group Pty Ltd at 945 Wellington Street, West Perth, Western Australia 6005 at 9.00am WST on Friday, 23 July 2010.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting (of which this Explanatory Statement forms a part).

RESOLUTION 1 - APPROVAL TO THE FUTURE PLACEMENT OF UP TO 31,111,111 SHARES

Resolution 1 seeks Shareholder approval for the issue of 31,111,111 Shares pursuant to Listing Rule 7.1 on the terms set out below.

1.1 Background to Resolution 1

The Company is seeking approval under Resolution 1 for the purposes of Listing Rule 7.1 to issue up to 31,111,111 Shares for the purposes stated below and for the general working capital of the Company (“Future Placement”).

1.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that (subject to certain exceptions, none of which is relevant here) prior approval of Shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

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The effect of Resolution 1 will be to allow the Directors to issue the Shares pursuant to the Future Placement during the period of 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 1 to allow Shareholders to assess the proposed facility for the future issue of up to 31,111,111 Shares:

- (a) the maximum number of securities to be issued pursuant to the Future Placement is 31,111,111 Shares;
- (b) the Shares the subject of Resolution 1 will be issued and allotted no later than three (3) months after the date of this Meeting or such later date as approved by ASX;
- (c) the issue price of the Shares will be \$0.09 per Share;
- (d) the allottees in respect of Resolution 1 are not, as yet, identifiable, but will be subscribers to be identified by the Company and any brokers appointed by the Company to manage the issue;
- (e) the allottees will not be Related Parties of the Company;
- (f) the Shares to be issued will rank pari-passu on allotment and issue with the existing Shares of the Company;
- (g) the Shares to be issued will be allotted progressively as allottees are identified, however no Shares will be issued or allotted after the date which is three (3) months after the date of the Meeting;
- (h) the Company intends to use the funds raised by the issue of Shares the subject of Resolution 1 to:
 - meet exploration commitments on the Jillewarra Copper Gold Project;
 - pursue existing opportunities in Russia; and
 - undertake due diligence investigations on the Puntland Farmin.

RESOLUTION 2 - APPROVAL TO THE FUTURE PLACEMENT OF UP TO 20,000,000 SHARES

Resolution 2 seeks Shareholder approval for the issue of 20,000,000 Shares pursuant to Listing Rule 7.1 on the terms set out below.

2.1 Background to Resolution 2

The Company is seeking approval under Resolution 2 for the purposes of Listing Rule 7.1 to issue up to 20,000,000 Shares for the purposes stated below and for the general working capital of the Company ("Future Placement").

2.2 ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out above.

The effect of Resolution 2 will be to allow the Directors to issue the Shares pursuant to the Future Placement during the period of 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 2 to allow Shareholders to assess the proposed facility for the future issue of up to 20,000,000 Shares:

- (a) the maximum number of securities to be issued pursuant to the Future Placement is 20,000,000 Shares;

EXPLANATORY STATEMENT

- (b) the Shares the subject of Resolution 2 will be issued and allotted no later than three (3) months after the date of this Meeting or such later date as approved by ASX;
- (c) the issue price of the Shares proposed to be allotted and issued will be determined by the Board but will be at a price which is at least 80% of the volume weighted average market price for Shares calculated over the 5 days on which sales in Shares were recorded before the date on which the offer is made;
- (d) the allottees in respect of Resolution 2 are not, as yet, identifiable, but will be subscribers to be identified by the Company and any brokers appointed by the Company to manage the issue;
- (e) the allottees will not be Related Parties of the Company;
- (f) the Shares to be issued will rank pari-passu on allotment and issue with the existing Shares of the Company;
- (g) the Shares to be issued will be allotted progressively as allottees are identified, however no Shares will be issued or allotted after the date which is three (3) months after the date of the Meeting;
- (h) the Company intends to use the funds raised by the issue of Shares the subject of Resolution 2 to:
 - meet exploration commitments on the Jillewarra Copper Gold Project;
 - pursue existing opportunities in Russia; and
 - potential acquisition of the Puntland Farmin.

RESOLUTION 3 - RATIFICATION OF ISSUE OF SHARES TO MAX CAPITAL PTY LTD

Resolution 3 seeks Shareholder ratification for the issue of 4,500,000 Shares to Max Capital Pty Ltd on the terms set out below.

3.1 Background to Resolution 3

As announced to ASX on 16 June 2010, the Company has entered into a corporate advisory mandate with Max Capital Pty Ltd ("Mandate") to provide introduction, facilitation and financing services. Under the mandate Max Capital will undertake to raise the Company \$2.8 million in by way of the Future Placements as outlined above.

Under the mandate a component of the fee payable to Max Capital (or its nominee) is in the form of Shares on the following milestones:

- (a) 4.5 million fully paid ordinary shares in the capital of the Company on execution of the corporate advisory mandate, to be issued under the Company's existing 15% capacity pursuant to ASX Listing Rule 7.1;
- (b) 6 million fully paid ordinary shares in the capital of the Company on completion of a placement to raise up to \$2.8 million;
- (c) 5.5 million fully paid ordinary shares in the capital of the Company and a cash payment of \$150,000 on the Company executing formal agreements in respect of a transaction introduced by Max Capital; and
- (d) a milestone payment of 20 million fully paid ordinary shares in the capital of the Company on the project introduced achieving a commercial milestone as agreed between Max Capital and the Company.

Prior to the date of the meeting, the Company issued 4,500,000 Shares to Max Capital in lieu of corporate advisory fees pursuant to the corporate advisory mandate.

Resolution 3 seeks Shareholder approval for, and ratification of the issue of 4,500,000 Shares to Max Capital Pty Ltd.

EXPLANATORY STATEMENT

3.2 ASX Listing Rules

A summary of ASX Listing Rule 7.1 is set out above.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. This rule provides that where a company in general meeting ratifies the previous issue of securities made without shareholder approval under ASX Listing Rule 7.1, those securities shall be deemed to have been made with shareholder approval for the purposes of ASX Listing Rule 7.1.

Resolution 3 seeks Shareholder approval for, and ratification of the issue of 4,500,000 Shares to Max Capital Pty Ltd.

The Board believes that the ratification of these issues is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 3 as it allows the Company to ratify the issue of the Shares and retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months.

By ratifying the issue under ASX Listing Rule 7.4, the Company will retain the flexibility to issue equity securities in the future of up to the 15% threshold set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification pursuant to Resolution 3.

- (a) 4,500,000 Shares were issued and allotted to Max Capital;
- (b) the Shares were be issued for no cash consideration;
- (c) the Shares were issued on the same terms and conditions as the Company's existing Shares; and
- (d) the Shares were issued pursuant to a corporate advisory mandate in part consideration for the provision of corporate advisory services provided by Max Capital.

3.3 Directors' Recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 3. The Board believes that the proposed Resolution is beneficial for the Company as they are of the view that the issue of Shares to Max Capital is an appropriate form of payment for corporate advisory services and will save the Company the cost of the fees. The Board recommends Shareholders vote in favour of Resolution 3.

RESOLUTION 4 - APPROVAL OF GRANT OF SHARES TO MAX CAPITAL PTY LTD

Resolution 4 seeks Shareholder approval for the issue of 11,500,000 Shares to Max Capital Pty Ltd on the terms set out below.

3.4 Background to Resolution 4

The Company has appointed Max Capital as its corporate advisor and a component of the corporate advisory fee is to be paid to Max Capital in the form of Shares. The Company wishes to issue 11,500,000 Shares to Max Capital (or its nominees) in the next three (3) months in accordance with the terms of the corporate advisory mandate as set out above.

Resolution 4 seeks Shareholder approval for the issue of 11,500,000 Shares to Max Capital (or its nominees).

3.5 ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out above.

The effect of Resolution 4 will be to allow the Directors to issue the Shares to Max Capital (or its nominees) pursuant to the corporate advisory mandate during the period of 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

EXPLANATORY STATEMENT

The following information in connection with Resolution 4 is provided to Shareholders in accordance with Listing Rule 7.3:

- (a) the maximum number of securities to be issued to Max Capital (or its nominees) is 11,500,000 Shares;
- (b) the Shares the subject of Resolution 4 will be issued and allotted no later than three (3) months after the date of this Meeting or such later date as approved by ASX;
- (c) the Shares will be issued for no cash consideration;
- (d) the Shares will be fully paid ordinary Shares which will rank equally with existing Shares on issue;
- (e) the Shares will be issued to Max Capital (or its nominees), the allottees will not be Related Parties of the Company;
- (f) no funds will be raised from the issue of the Shares as the Shares will be issued pursuant to a corporate advisory mandate in part consideration for the provision of corporate advisory services provided by Max Capital.

3.6 Directors' Recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 4. The Board believes that the proposed Resolution is beneficial for the Company as they are of the view that the issue of Shares to Max Capital is an appropriate form of payment for corporate advisory services and will save the company the cost of the fees. The Board recommends Shareholders vote in favour of Resolution 4.

GLOSSARY

ASX means ASX Limited (ACN 008 724 791).

General Meeting means the General Meeting of the Company to be held on Friday 23 July 2010.

ASX Listing Rules or **Listing Rules** means the Listing Rules of the ASX and any other rules of the ASX which are applicable while the entity is admitted to the Official List of the ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.

Board means the board of Directors.

Company or **Red Emperor** means Red Emperor Resources NL (ABN 99 124 734 961).

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Explanatory Statement means the explanatory statement accompanying this Notice of Meeting.

Max Capital means Max Capital Pty Ltd ACN 106 553 244.

Notice means the Notice of Meeting attached to this Explanatory Statement.

Puntland Farmin means the Farmin by Red Emperor to up to 20% in each of the Dharoor Project and the Nugaal Project from Canmex Holdings II Ltd pursuant to the Heads of Agreement dated 14 June 2010 and announced to ASX on 16 June 2010.

Related Parties has the meaning given in section 9 of the Corporations Act.

Share means an ordinary fully paid share in the capital of the Company.

Shareholder means a shareholder of the Company.

WST means Western Standard Time.