

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

**Prospectus**

**For the offer of 5,000,000 Shares at an issue price of 20 cents per Share to raise a total of \$1,000,000 with the option to accept over-subscriptions of up to a further 4,000,000 Shares to raise a further \$800,000 and a maximum of \$1,800,000.**

**IMPORTANT NOTICE**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as speculative.

**THIS OFFER IS NOT UNDERWRITTEN**

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## 1. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

### 1.1 Timetable and Important Dates\*

Lodgement of Prospectus with ASIC and ASX	31 January 2011
Opening Date	31 January 2011
Closing Date	9 February 2011
Despatch date/Shares entered into Shareholders' security holdings	14 February 2011
Expected date of Official Quotation of the Shares	17 February 2011

\*The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without notice.

### 1.2 Important Notes

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisors.

This Prospectus is dated 31 January 2011 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus.

The Expiry Date of the Prospectus is 13 months after the date the Prospectus was lodged with ASIC. No Shares will be allotted or issued on the basis of this Prospectus after the Expiry Date.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

#### Foreign Jurisdictions

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia.

The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Applicants who are resident in countries other than Australia should consult their

professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

## **United Kingdom**

**This Prospectus is exempt from the general restriction set out in section 21 of the Financial Services and Markets Act 2000 (“FSMA”) on the communication of invitations or inducements to engage in investment activity on the grounds that it is made only to Certified High Net Worth Individuals Self-Certified Sophisticated Investors, Investment Professionals or High Net Worth Companies in the United Kingdom as defined in the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (each a “Relevant Person”).**

**The Offer made under this Prospectus is only made in the United Kingdom to Certified High Net Worth Individuals, Self-Certified Sophisticated Investors, Investment Professionals or High Net Worth Companies in the United Kingdom as defined in the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (each a “Relevant Person”). This Prospectus and its contents are directed only at such Relevant Persons and will only be engaged in with such Relevant Persons. Any investment, investment activity or controlled activity to which this prospectus relates is available only to such Relevant Persons. Persons of any other description, including those that do not have professional experience in matters relating to investments should not rely or act upon this Prospectus.**

**To qualify as a Certified High Net Worth Individual, an individual must have signed, within the previous twelve months of the date of this Prospectus, a statement which contains the information set out in Part 1 of Schedule 5 to the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. To qualify as a Self-Certified Sophisticated Investor, an individual must have signed, within the previous 12 months, a statement which contains the information set out in Part 2 of Schedule 5 to the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.**

**Any individual who is in any doubt about the investment to which this Prospectus relates should consult an authorised person specialising in advising on investments of the kind referred to in this.**

**Any United Kingdom investors wishing to participate in the Offer should contact the Company Secretary on +61 8 9322 7600.**

### **1.3 Risks Summary**

There are a number of risks associated with investing in the share market generally and in the Company specifically. The business, assets and operations of the Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of the Company.

The Company aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which the Company can effectively manage them is limited. Accordingly, an investment in the Company should be considered speculative.

Prospective investors should read this Prospectus in its entirety before deciding on whether to apply for Shares under this Prospectus, and, in particular, consider the risk factors set out in Section 7, which include (but are not limited to):

- Exposure of the Puntland Projects to political, economic and social risks of Puntland, Somalia a developing nation.

- The conditions precedent to the farm down of its interest in the Jillewarra Project not being satisfied. The Company would then need to fund the earn-in commitments for a full 51% interest in the project.
- The terms of the acquisition of an interest in the Georgian Project not being finalised in formal transaction documents and the Company not earning an interest in the Georgian Project.
- Exposure of the Georgian Project to political, economic and social risks of the Republic of Georgia a developing nation.
- The Company may not be able to raise further funds as and when required.
- No guarantee of exploration success. There is no assurance that the exploration of its projects, or any projects acquired in the future, will result in the discovery of an economic mineral or petroleum deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.
- Ability to comply with environmental guidelines and policies. As with most exploration projects, the Company's operations are expected to have an impact on the environment.
- Commodity price volatility and exchange rate risks may adversely impact the Company.
- The Company may be unable to obtain the necessary government/environmental approvals for its proposed operations.
- Economic conditions as well as share market volatility may affect the Company's share price performance regardless of the Company's operating performance.

#### **1.4 Electronic Prospectus**

A copy of this Prospectus can be downloaded from the website of the Company at [www.red-emperor.com](http://www.red-emperor.com). Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

## 2. CORPORATE DIRECTORY

<p><b>Directors</b></p> <p>Greg Bandy (Executive Director) Stephen Brockhurst (Non-Exec. Director) Jason Bontempo (Non-Exec. Director)</p> <p><b>Company Secretary</b> Shannon Caporn</p> <p><b>ASX Code:</b> RMP</p> <p><b>Website:</b> www.red-emperor.com</p>	<p><b>Solicitors to the Company</b></p> <p>Steinepreis Paganin Lawyers and Consultants Level 4, Next Building 16 Milligan Street PERTH WA 6000</p>
<p><b>Registered Office</b></p> <p>945 Wellington Street West Perth WA 6005</p> <p>Telephone: +61 8 9322 7600 Facsimile: +61 8 9322 7602</p>	<p><b>Corporate Advisor</b></p> <p>Grange Consulting Group Pty Ltd Telephone: +61 8 9322 7600 Facsimile: +61 8 9322 7602</p>
<p><b>Share Registry*</b></p> <p>Advanced Share Registry PO Box 1156 Nedlands WA 6909</p> <p>Telephone: +61 8 9389 8033 Facsimile: +61 8 9389 7871</p>	

\* This entity has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus. Their name is included for information purposes only.

### 3. DIRECTOR'S LETTER

Dear Investor

On behalf of the Directors, I am pleased to present this Prospectus and invite you to become a shareholder in Red Emperor Resources NL (**Red Emperor** or **Company**). Red Emperor is a Perth based exploration company focused on acquiring, exploring and developing mineral and petroleum deposits.

This Prospectus has been issued by the Company for the purposes of the offer of 5 million Shares at \$0.20 each to raise \$1 million before costs. The Company may also accept oversubscriptions of up to a further 4,000,000 Shares to raise a further \$800,000 and a maximum of \$1,800,000, before expenses of the Offer.

Our aim is to generate Shareholder value through exploration success and acquisition opportunities. In addition to exploring and evaluating its projects, the Company intends to pursue acquisition and investment opportunities to secure new projects in the resources sector both in Australia and overseas.

This Prospectus includes details of the Company, the assets and proposed operations, together with a statement of the risks associated with investing in the Company. These risks are set out in Section 7 of this Prospectus and investors are urged to consider those risks carefully before deciding whether to invest in the Company.

On behalf of the Directors, I look forward to you joining us as a Shareholder and sharing in what we believe are exciting times ahead for the Company. Before you make an investment decision, I urge you to read this Prospectus in its entirety and seek professional advice if required.



**Greg Bandy**  
**EXECUTIVE DIRECTOR**

## **4. DETAILS OF THE OFFER**

### **4.1 Offer**

This Prospectus invites investors to apply for 5,000,000 Shares at an issue price of 20 cents per Share to raise \$1,000,000, before expenses of the Offer. The Company may also accept oversubscriptions of up to a further 4,000,000 Shares at an issue price of \$0.20 per Share raising an additional \$800,000 under the Prospectus.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the use of funds raised are set out in Section 5 of this Prospectus.

### **4.2 Application for Shares**

Applications for Shares must be made on an Application Form attached to or accompanying this Prospectus.

Payment for the Shares must be made in full at the issue price of 20 cents per Share. Applications for Shares must be for a minimum of 10,000 Shares and thereafter in multiples of 500 Shares.

Completed Application Forms and accompanying cheques, made payable to "Red Emperor Resources – Share Offer Account" and crossed "Not Negotiable", must be mailed or delivered to:

Advanced Share Registry  
PO Box 1156  
Nedlands WA 6909  
Australia

Advanced Share Registry  
150 Stirling Highway  
Nedlands WA 6009  
Australia

Completed Application Forms must reach the address set out above by no later than the Closing Date. However, the Directors may close the Offer early. The Directors may also extend the Closing Date in their sole discretion.

### **4.3 Minimum Subscription**

There is no minimum subscription for the Offer.

### **4.4 Oversubscriptions**

The Company may accept oversubscriptions of up to a further 4,000,000 Shares to raise a further \$800,000 and a maximum of \$1,800,000, before expenses of the Offer.

### **4.5 No Underwriting**

The Offer is not underwritten.

### **4.6 Allotment of Shares**

The Directors will determine the allottees of all the Shares in their sole discretion. The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for.

Shares issued pursuant to the Offer will be allotted as soon as practicable after the Closing Date. Where the number of Shares issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date.

Pending the allotment and issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

#### **4.7 Australian Securities Exchange Listing**

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

#### **4.8 Restrictions on the Distribution of the Prospectus**

The distribution of this Prospectus outside the Commonwealth of Australia may be restricted by law.

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

Residents of countries outside Australia should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to make an application to take up Shares on the basis of this Prospectus. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all approvals and consents have been obtained.

##### **United Kingdom**

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**The Offer made under this Prospectus is only made in the United Kingdom to Certified High Net Worth Individuals, Self-Certified Sophisticated Investors, Investment Professionals or High Net Worth Companies in the United Kingdom as defined in the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (each a "Relevant Person"). This Prospectus and its contents are directed only at such Relevant Persons and will only be engaged in with such Relevant Persons. Any investment, investment activity or controlled activity to which this prospectus relates is available only to such Relevant Persons. Persons of any other description, including those that do not have professional experience in matters relating to investments should not rely or act upon this Prospectus.**

To qualify as a Certified High Net Worth Individual, an individual must have signed, within the previous twelve months of the date of this Prospectus, a statement which contains the information set out in Part 1 of Schedule 5 to the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. To qualify as a Self-Certified Sophisticated Investor, an individual must have signed, within the previous 12 months, a statement which contains the information set out in Part 2 of Schedule 5 to the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.

Any individual who is in any doubt about the investment to which this Prospectus relates should consult an authorised person specialising in advising on investments of the kind referred to in this.

Any United Kingdom investors wishing to participate in the Offer should contact the Company Secretary on +61 8 9322 7600.

#### **4.9 Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and 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.

#### **4.10 Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

#### **4.11 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship**

The Company will not be issuing share certificates. The Company will apply to ASX to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

#### **4.12 Privacy Act**

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that

information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

#### **4.13 Enquiries**

Any questions concerning the Offer should be directed to the Company Secretary, on +61 8 9322 7600.

## 5. PURPOSE AND EFFECT OF THE OFFER

### 5.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$1,000,000. The proceeds of the Offer are planned to be used in accordance with the table set out below:

<b>Proceeds of the Offer</b>	<b>25% Subscription</b>	<b>Full Subscription</b>	<b>Maximum Subscription</b>
Exploration expenditure for Puntland Projects	178,200	810,000	1,485,000
Working Capital	19,800	90,000	165,000
Expenses of the Offer <sup>1</sup>	52,000	100,000	150,000
<b>Total<sup>2</sup></b>	<b>250,000</b>	<b>1,000,000</b>	<b>1,800,000</b>

Notes:

1. Refer to Section 8.7 of this Prospectus for further details relating to the estimated expenses of the Offer.
2. In the event neither the Full Subscription, nor the Maximum Subscription is raised, after deducting the relevant expenses of the Offer the funds will be split with 90% being allocated to exploration expenditure and the remaining 10% towards working capital.

### 5.2 Effect of the Offer

The principal effect of the Offer, assuming all Shares offered under the Prospectus are issued, will be to:

- (a) increase the cash reserves by \$1,000,000 (before deducting the expenses of the Offer) immediately after completion of the Offer;
- (b) increase the number of Shares on issue from 138,616,114 Shares as at the date of this Prospectus to 143,616,114 Shares, assuming the Placement Shares and the Facilitation Shares are issued.

### 5.3 Pro-Forma Consolidated Balance Sheet

The unaudited Balance Sheet as at 31 December 2010 and the unaudited Pro-Forma Balance Sheet as at 31 December 2010 shown on the following page have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. They have been prepared on the assumption that all Shares offered under the Prospectus are issued.

The Balance Sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

## Unaudited Balance Sheet and Pro-Forma Balance Sheet

	Red Emperor Resources 31 Dec 2010		Red Emperor Resources Pro-forma 31 Dec 2010
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	9,616,556	900,000	10,516,556
Trade and other receivables	207,916		207,916
Loan receivable	60,000		60,000
Financial assets	683,855		683,855
<b>Total Current Assets</b>	<b>10,568,327</b>		<b>11,468,327</b>
<b>Non Current Assets</b>			
Exploration Expenditure	776,384		776,384
Puntland Asset Escrow Account	2,206,775		2,206,775
<b>Total Non Current Assets</b>	<b>2,983,159</b>		<b>2,983,159</b>
<b>TOTAL ASSETS</b>	<b>13,551,486</b>		<b>14,451,486</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	18,029	-	18,029
Other financial liabilities			-
<b>Total Current Liabilities</b>	<b>18,029</b>		<b>18,029</b>
<b>TOTAL LIABILITIES</b>	<b>18,029</b>		<b>18,029</b>
<b>NET ASSETS</b>	<b>13,533,457</b>		<b>14,433,457</b>
<b>EQUITY</b>			
Issued Capital	18,218,287	900,000	19,118,287
Reserves	25,580		25,580
Retained Earnings/ (accumulated losses)	(4,710,410)		(4,710,410)
<b>TOTAL EQUITY</b>	<b>13,533,457</b>		<b>14,433,457</b>

### Notes:

- The Pro-forma Balance Sheet assumes the completion of the Placement and the issue of the Placement Shares, the Facilitation Shares and the Placement Options. The Pro-forma Balance Sheet assumes a Full Subscription of the Offer.
- In the event less than the Full Subscription is raised, those funds will result in a smaller increase in cash reserves and issued capital as shown on the pro-forma balance sheet above.

#### 5.4 Effect on Capital Structure

The effect of the Offer on the capital structure of the Company, assuming all Shares offered under the Prospectus are issued and no Options are exercised prior to the Closing Date, is set out below.

<b>Pro-forma Share Capital Structure</b>	<b>Full Subscription</b>	<b>Maximum Subscription</b>
Shares currently on issue	138,616,114 <sup>1</sup>	138,616,114 <sup>1</sup>
Shares offered pursuant to the Offer	5,000,000	9,000,000
<b>Total Share capital on issue after completion of the Offer</b>	<b>143,616,114</b>	<b>147,616,114</b>
Notes:		
1. The Shares currently on issue assumes the issue of the Placement Shares and the Facilitation Shares and does not include 7,500,000 partly paid shares on issue.		

<b>Pro-forma Option Capital Structure</b>	<b>Full Subscription</b>	<b>Maximum Subscription</b>
Options currently on issue	3,000,000 <sup>2</sup>	3,000,000 <sup>2</sup>
Options offered pursuant to the Offer	Nil	Nil
<b>Total Options capital on issue after completion of the Offer</b>	<b>3,000,000</b>	<b>3,000,000</b>
Notes:		
2. The Options currently on issue assumes the issue of the Placement Options.		

## **6. RIGHTS AND LIABILITIES ATTACHING TO SHARES**

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

### **6.1 General Meetings**

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 of the Company.

### **6.2 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:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) 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
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

### **6.3 Dividend Rights**

The Directors may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. Subject to any special right as to dividends attaching to a share, all dividends will be declared and paid according to the proportion of the dividend paid to the holder of a fully paid Share that the amount paid up on the Share bears to the total issue price of the Share (but any amount paid during the period in respect of which a dividend is declared only entitles the Shareholder to an apportioned amount of that dividend as from the date of payment). The Directors may from time to time pay or credit to the Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

The Directors may from time to time grant to Shareholders or any class of shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares in the Company on such terms and conditions as the Directors think fit. The Directors may, at their discretion, resolve in respect of any dividend which it is proposed to pay or to declare on any Shares of the Company, that holders of such Shares may elect to forgo their right to the whole or part of the proposed dividend and to receive instead an issue of Shares credited as fully paid to the extent and on the terms and conditions of the Constitution. The Directors may set aside out of the profits of the Company such

amounts as they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

#### **6.4 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 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 Shares or other securities in respect of which there is any liability.

#### **6.5 Transfer of Shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.

#### **6.6 Future Increase in Capital**

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

#### **6.7 Variation of Rights**

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders 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. RISK FACTORS**

### **7.1 Introduction**

The Shares offered under this Prospectus are considered speculative, and involve investors being exposed to risk. The Directors strongly recommend potential applicants examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors.

The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### **7.2 Risks Specific to the Company**

#### **(a) Risks associated with operations in Puntland, Somalia**

The Company has a right to earn a 20% interest in each of the Puntland Projects, located in Puntland, Somalia which is a developing nation with associated political, economic and social risks to which the Company will be exposed.

These risks and uncertainties include, but are not limited to, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalisation, renegotiation or nullification of existing concessions, licences, permits and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining or investment policies or shifts in political attitude in Puntland, Somalia may adversely affect the operations or profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, foreign currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

Outcomes in courts in Puntland, Somalia may be less predictable than in Australia, which could affect the enforceability of contracts entered into by the Company or its subsidiaries in Puntland, Somalia.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company. The Company has made its investment and strategic decisions based on the information currently available

to the Directors, however should there be any material change in the political, economic, legal and social environments in Puntland, Somalia, the Directors may reassess investment decisions and commitments to assets in Puntland, Somalia.

**(b) Farm down of Jillewarra Project**

The Company has entered into an agreement to farm down its interest in the Jillewarra Project, as announced to ASX on 26 November 2010. Pursuant to the agreement, the Company has farmed down on its right to earn an initial 51% interest in the project to a 25% interest which is free carried to bankable feasibility, subject to Metal Bank Limited listing on ASX. There is a risk that in the event that Metal Bank Limited is unsuccessful at listing on ASX, then the Company will need to fund expenditure commitments to earn the initial 51% interest in the project.

**(c) Georgian Heads of Agreement**

The Company has entered into a Heads of Agreement pursuant to which the Company may earn a 20% interest in the Georgian Project. The parties intend to enter into a formal transaction documents setting out the full terms and conditions of the farm-in. In the event that the formal transaction documents are not entered into, there is a risk that the Company may not earn an interest in the Georgian Project which may materially affect the financial performance of the Company.

**(d) Risks associated with operations in the Republic of Georgia**

The Company has a right to earn a 20% interest in the Georgian Project, located in the Republic of Georgia which is a developing nation with associated political, economic and social risks to which the Company will be exposed.

These risks and uncertainties include, but are not limited to, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalisation, renegotiation or nullification of existing concessions, licences, permits and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining or investment policies or shifts in political attitude in the Republic of Georgia may adversely affect the operations or profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, foreign currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

Outcomes in courts in the Republic of Georgia may be less predictable than in Australia, which could affect the enforceability of contracts entered into by the Company or any subsidiaries in the Republic of Georgia.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company. The Company has made its investment and strategic decisions based on the information currently available to the Directors, however should there be any material change in the political, economic, legal and social environments in the Republic of Georgia, the Directors may reassess investment decisions and commitments to assets in the Republic of Georgia.

**(e) Additional requirements for capital**

The Directors expect that the Company will have sufficient capital resources to enable the Company to achieve its initial earn-in commitments to the Puntland Projects and the Georgian Project.

However, the Directors can give no assurances that such objectives will in fact be met without future borrowings or capital raisings. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its programs or enter into joint venture arrangements to reduce expenditure. If the Company is successful in meeting its initial objectives with respect to either of the Puntland Projects and the Georgian Project, then additional capital will be required to further develop its operations and pursue business opportunities.

**(f) Exploration risk**

The business of mineral and petroleum exploration, project development and any future production which may be undertaken (subject to completion of the necessary resource definition, and feasibility studies) involves risks by its very nature. To prosper, it depends on the successful exploration appraisal and development of iron ore reserves. Operations, such as design and construction of efficient recovery and processing facilities, competent operational and managerial performance and efficient distribution and marketing services are required to be successful. In particular, exploration is a speculative endeavour whilst production operations can be hampered by force majeure circumstances, engineering difficulties, cost overruns, inconsistent recovery rates and other unforeseen events.

The future exploration activities of the Company may not be successful. Unsuccessful exploration activities could have a material adverse effect on the results of operations and financial condition.

**(g) Environmental risk**

The Company's operations will be subject to various regulations in different jurisdictions regarding environmental matters and the discharge of hazardous waste and materials. Development of any mineral or petroleum resources will be dependent on the project meeting environmental guidelines and gaining approvals by government authorities. Whilst the Company intends to conduct its activities in an environmentally responsible manner, risks arise in relation to compliance with these regulations and approvals. The introduction of more stringent regulations and conditions may also adversely affect the Company.

**(h) Exchange rate risk**

If the Company achieves success leading to mineral or petroleum production, the revenue it will derive through the sale of produce exposes the potential income of the Company to commodity price and exchange rate risks.

(i) **Unforeseen expenditure risk**

Expenditure may need to be incurred that has not been taken into account in the preparation of this Notice. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(j) **Government policy changes and legal risk**

Government action or policy change (in a jurisdictions in which the Company has an interest in a project) in relation to access to lands and infrastructure, compliance with environmental regulations, export restrictions, taxation, royalties and subsidies may adversely affect the Company's operations and financial performance.

(k) **Competition**

There is a risk that the Company will not be able to continue to compete profitably in the competitive industry in which it intends to operate. The potential exists for the nature and extent of the competition to change rapidly, which may cause loss to the Company.

(l) **Third party risks**

The activities of the Company will require the involvement of a number of third parties, including suppliers, contractors and joint venture parties. Financial failure, default or contractual non-compliance on the part of such third parties may have a material impact on the Company's operations and performance. It is not possible for the Company to predict or protect itself against all such risks.

(m) **Insurance**

The Company will, where possible and economically practicable, endeavour to mitigate some project and business risks by procuring relevant insurance cover. However, such insurance cover may not always be available or economically justifiable and the policy provisions and exclusions may render a particular claim by the Company outside the scope of the insurance cover.

While the Company will undertake all reasonable due diligence in assessing the creditworthiness of its insurance providers, there will remain the risk that an insurer defaults in payment of a legitimate claim by the Company under an insurance policy.

### **7.3 General Risks**

(a) **Economic Risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) **Market Conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Reliance on Key Personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

#### **7.4 Investment Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Prospectus.

Therefore, the securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for securities pursuant to this Prospectus.

## 8. ADDITIONAL INFORMATION

### 8.1 Continuous Disclosure Obligations

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual financial report most recently lodged by the Company with ASIC;
  - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with ASIC; and
  - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in Section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with ASIC are set out in the table below.

Date	Description of Announcement
31/01/2011	Quarterly Report
25/01/2011	Appendix 3B
25/01/2011	Red Emperor to Raise \$11m to Fund Drilling Programs
21/01/2011	Trading Halt
18/01/2011	Puntland Government Approves Red Emperor Farmin
10/01/2011	RRS: Farm-out of 10% of Georgian Interest
10/01/2011	Red Emperor to Acquire Interest in Georgian Blocks
06/01/2011	Trading Halt
31/12/2010	Security Dealing Policy
26/11/2010	Option and Farm-In Agreement – Jillewarra Project
24/11/2010	Results of Meeting
18/11/2010	Change in substantial holding
29/10/2010	Quarterly Report
22/10/2010	Notice of Annual General Meeting

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

## 8.2 Material Contracts

The following are summaries of the significant terms of the material agreements which relate to the business of the Company.

### (a) Puntland Project

The Company has entered into a farm-in agreement to earn a 20% in the Puntland Projects. The Company's earn-in obligations are summarised below:

- (i) payment of 30% of all costs related to the drilling of one exploration well on the Dharoor Valley Project, capped at US\$7.5 million with any further costs paid in proportion to their holding; and
- (ii) payment of 30% of all costs related to the drilling of one exploration well on the Nugaal Valley Project or the Dharoor Valley Project, as elected by the project operator, capped at US\$7.5 million with any further costs paid in proportion to their holding.

### (b) Georgian Project

As announced to ASX on 10 January 2011, the Company has entered into a heads of agreement with Range Resources Limited and Strait Oil & Gas (UK) Limited (**Strait UK**) to acquire a 20% farm-in interest in the Georgian Project.

Pursuant to the agreement, Red Emperor will be issued shares in the capital of Strait UK so that Red Emperor will hold 20% of the total capital on issue in Strait UK (**Strait Shares**).

Strait UK holds a 100% interest in the Georgian Project through its wholly owned subsidiaries, Strait Oil and Gas (Georgia) LLC and Strait Oil and Gas Ltd (Gibraltar).

In consideration for the issue of the Strait Shares, Red Emperor agrees to pay 40% of all costs related to the drilling of two exploration wells on the Georgian Project, capped at US\$5.6 million with any further costs paid in proportion to their holding.

### 8.3 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer pursuant to this Prospectus; or
- (c) the offer of Shares pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner or director, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or the offer of Shares pursuant to this Prospectus.

Directors' relevant interests in securities of the Company at the date of this Prospectus are:

Name	Shares	Options
Greg Bandy	Nil	Nil
Stephen Brockhurst	250,000	Nil
Jason Bontempo	Nil	Nil

The Constitution of the Company provides that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Directors and in default of agreement then in equal shares.

The Company paid to the Directors and former Directors a total of \$174,400 for the year ended 30 June 2010. For the period from 1 July 2010 to the date of this Prospectus \$124,767 has been paid or is payable by the Company by way of approved remuneration for services provided by all Directors or former Directors (executive, non-executive and alternate), companies associated with those Directors or former Directors or their associates in their capacity as Directors or former Directors, employees, consultants or advisers (and including superannuation payments).

Directors, companies associated with the directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

### 8.4 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which

any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of Shares pursuant to this Prospectus; or
- (c) the Offer of Shares pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the offer of Shares pursuant to this Prospectus.

Steinepreis Paganin act as solicitors to the Company. Steinepreis Paganin will be paid approximately \$5,000 (excluding GST) for services in relation to this Prospectus. In the past two years, Steinepreis Paganin has been paid fees totalling \$1,595 (excluding GST) for legal services provided to the Company.

Grange Consulting Group Pty Ltd (**Grange Consulting**) is acting as corporate advisors to the Company. Grange Consulting will be paid approximately \$20,000 (excluding GST) for services in relation to this Prospectus. In the past two years, Grange Consulting has been paid fees totalling \$37,824.24 (excluding GST) for company secretarial and financial management services provided to the Company.

## 8.5 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Steinepreis Paganin has given its written consent to being named as the solicitor to the Company in this Prospectus. Steinepreis Paganin has not authorised or caused the issue of this Prospectus or the making of the Offer and takes no responsibility for any part of the Prospectus. Steinepreis Paganin makes no representation regarding, and to the extent permitted by law, excludes responsibility for, any statements in or omissions from any part of this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Grange Consulting has given, and not withdrawn, its written consent to being named as corporate advisor to the Company in this Prospectus. Grange Consulting has not authorised or caused the issue of this Prospectus or the making of the Offer and takes no responsibility for any part of the Prospectus. Grange Consulting makes no representation regarding, and to the extent permitted by law, excludes responsibility for, any statements in or omissions from any part of this Prospectus.

Advanced Share Registry Limited has given its written consent to being named as Share Registrar in the form and context in which it is named and, as at the date hereof, has not withdrawn its consent. Advanced Share Registry Limited has had no involvement in the preparation of any part of this Prospectus other than being named as Share Registrar to the Company. Advanced Share Registry Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

## 8.6 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

## 8.7 Expenses of Offer

In the event that the Offer is fully subscribed, the total expenses of the Offer are estimated to be approximately \$75,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

Item of Expenditure	25% Subscription	Full Subscription	Maximum Subscription
ASX and ASIC fees	4,419	6,963	9,163
Brokerage fees	15,000	60,000	108,000
Adviser Fees	28,100	28,100	28,100
Other expenses	4,481	4,937	4,737
<b>Total</b>	<b>52,000</b>	<b>100,000</b>	<b>150,000</b>

## 8.8 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Company's Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	25cents	25 January 2011
Lowest	8.10 cents	4 November 2010
Last	22 cents	31 January 2011

## 8.9 Electronic Prospectus

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please phone the Company on +61 8 9322 7600 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at [www.red-emperor.com](http://www.red-emperor.com).

The Company reserves the right not to accept an application form from a person if it has reason to believe that when that person was given access to the electronic application form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

## 9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors. In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

A handwritten signature in black ink, appearing to read 'S Brockhurst', with a long horizontal stroke extending to the right.

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**Mr Stephen Brockhurst**  
**For and on behalf of**  
**Red Emperor Resources NL**

## 10. DEFINITIONS

**Application Form** means an application form either attached to or accompanying this Prospectus.

**ASIC** means the Australian Securities and Investments Commission.

**ASTC Settlement Rules** means the settlement rules of the securities clearing house which operates CHES.

**ASX** means ASX Limited (ABN 98 008 624 691).

**Board** means the board of Directors unless the context indicates otherwise.

**Business Day** means a day on which trading takes place on the stock market of ASX.

**Closing Date** means 5:00 pm (WST) on [Insert] 2011 (unless extended or closed earlier).

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

**Constitution** means the Company's Constitution as at the date of this Prospectus.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means the directors of the Company at the date of this Prospectus.

**Dollar** or **\$** means Australian dollars.

**Facilitation Shares** means 10,000,000 Shares to be issued in consideration for introductory, facilitation and technical services with respect to the acquisition of an interest in the Georgian Project.

**Georgian Project** means the oil and gas projects that the Company has a right to acquire a 20% interest in, located in Georgia, as announced to ASX on 10 January 2011.

**Listing Rules** or **ASX Listing Rules** means the Listing Rules of the ASX.

**Offer** means the offer pursuant to the Prospectus of 1,000,000 Shares at an issue price of 20 cents each to raise \$1,000,000.

**Official Quotation** means official quotation on ASX.

**Option** means an option to acquire a Share.

**Placement** means the capital raising to raise \$10,000,000 by way of a placement as announced to ASX on 25 January 2011. The Placement includes the issue of the Placement Shares to institutional and sophisticated investors and the Placement Options on completion of the Placement.

**Placement Options** means 3,000,000 Options exercisable at \$0.30 on or before 30 June 2012 to be issued for the provision of capital raising services on completion of the Placement.

**Placement Shares** means 50,000,000 Shares to be issued on completion of the Placement.

**Prospectus** means this prospectus.

**Puntland Project** means the oil and gas projects that the Company has a right to acquire a 20% interest in, located in the Dharoor Valley and the Nugaal Valley, Puntland, Somalia.

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

**Shareholder** means a shareholder of the Company.

**WST** means Western Standard Time observed in Perth, Western Australia.