

30 April 2012

Manager of Company Announcements  
ASX Limited  
Level 8 Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

*By E-Lodgement*

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## Quarterly Activities Report and Appendix 5B for the Period Ending 31 March 2012

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### Highlights

- Drilling commenced at Puntland Project
- Placement completed raising approximately £8.18 million (A\$13 million)

### Puntland Projects

During the quarter the Joint Venture between Red Emperor, Range Resources Limited (ASX: RRS | AIM: RRL) and Horn Petroleum Corp (TSXV: HRN) successfully spudded the historic Shabeel-1 well on the Dharoor Block in Puntland, Somalia which is being drilled to a target depth of 3,800 meters and is the first of two highly prospective exploration wells to be drilled in the Dharoor Valley by the Joint Venture.

Preparations also commenced on the site construction on the second exploration well site – Shabeel North – with the setting of surface casing and drilling of a 50m pilot hole, with construction continuing during the quarter that has seen the Shabeel North site nearing completion post quarter end in readiness to receive the drilling rig following the successful completion of the Shabeel well. Red Emperor maintains its option over participating in the second well as per its farmin agreement.

### Shabeel-1 Well

The last reported depth of the well was 2,953m with casing having been set to circa 2,700m. The well drilled through primarily tight limestones and shales of Lower Tertiary to Upper Cretaceous age and encountered a 355 metre section of Upper Cretaceous sands and shales of the Tisje / Jesomma Formations at a depth of approximately 1,660 metres. The sands in this interval exhibited both oil and gas shows and petrophysical analysis of downhole electrical logs indicates a potential pay zone of between 12 and 20 metres in the section. Attempts to sample formation fluids using a wireline formation tester were not successful and thus the zone will require cased hole testing to confirm whether they are oil bearing.

The Shabeel-1 and Shabeel North prospects are located on a Jurassic aged rift system which is part of the same system that has proven to be highly productive in the Masila and Shabwa Basins in Yemen that contain an estimated 6 billion barrels of oil. Both prospects are very large fault block prospects with internal estimates of Prospective Resources of over 300 million barrels of oil (mean 100% basis), with Red Emperor's 20% attributable interest being over 60 million barrels. Source rocks are expected to be rich Jurassic Kimmeridgian shales in the deep portion of the rift immediately down dip from the Shabeel prospects.

### BOARD & MANAGEMENT

Mr Greg Bandy  
EXECUTIVE DIRECTOR

Mr Jason Bontempo  
NON-EXECUTIVE DIRECTOR

Mr Stephen Brockhurst  
NON-EXECUTIVE DIRECTOR

Ms Rebecca Sandford  
Ms Shannon Robinson  
JOINT COMPANY SECRETARY

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### WEBSITE

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### ASX CODE

RMP

### AIM CODE

RMP



Reservoirs are expected to be sandstones and carbonates of the Lower Cretaceous and Jurassic systems analogous to Yemen.

### **Puntland Offshore**

During the quarter, Range Resources entered into an agreement with the Puntland Government with respect to obtaining a 100% working interest in the highly prospective Nugaal Basin Offshore Block. The Block is an extension of the onshore Nugaal Region that has the potential for deltaic deposits from the Nugaal Valley drainage system and comprises over 10,000km. It is Range's intention to offer a participation interest to Red Emperor on terms to be agreed.

Red Emperor will update the market at such time terms have been received and reviewed by the Company.

### **Georgia Project**

During the quarter, site construction commenced in readiness for the second exploration well in Georgia - Namakhvani Well (TD circa 3,500m) - which is the Kursebi 6 Prospect. Progress on the site construction has been severely hampered during the quarter due to the severe weather conditions that have been experienced across Europe and Eastern Europe. As a result, the Joint Venture has delayed the mobilisation of the drilling rig and ancillary equipment to the Namakhvani Well to allow for more robust site construction. Red Emperor will look to provide further update as to the progress shortly.

Given the unexpected geological sequences encountered with the first Well (Mukhiani-1), the Joint Venture engaged new independent technical consultants, NTD Energy, to perform a fresh review of all of the seismic and geological data across the top 3 Kursebi prospects previously identified. The Kursebi-6 prospect was identified as the most robust prospect with a more clearly defined structure and indications of a significantly thicker Jurassic section, increasing chances of encountering more reservoir and mature source rocks.

Below are the estimates of undiscovered Stock Tank Oil Initially In Place (STOIP) for the prospect.

	<b>STOIP (Mmbbls)</b>			
	<b>P90</b>	<b>P50</b>	<b>P10</b>	<b>Mean</b>
K-6 Prospect – 100%	32.2	84.8	185.8	99.2
Attributable to RMP – 20%	6.44	16.96	37.16	19.84

Also during the quarter, preparations had begun on the 2D seismic program on Block VIb with the engagement of the Geological Institute of Israel ("GII"), who performed the initial 410km 2D seismic program in 2009. A 265 km 2D seismic program will be undertaken on Block VIb that will endeavour to provide northern closure on the initial structures previously identified, as well as looking at identifying possible unconventional targets. The program will include a seismic cross section over the recently drilled Mukhiani-1 Well to assist with the potential sidetrack option as identified through earlier Vertical Seismic Profiling (VSP).

NTD Energy will be undertaking an active role in supervising the seismic program all the way from acquisition to processing and interpretation. They will also perform a strategic review across the two licenses; including identifying, promoting and developing the unconventional (CBM / shale) plays that are believed to exist across the two licence areas through the introduction of farm-in partners.

### **Corporate**

During the quarter the Company completed a placement raising approximately £8.18 million (A\$13 million) by issue of securities to sophisticated investors in Australia and the UK. The funds raised will be used for working capital and to progress the Company's exploration activities in Puntland and Georgia.

## Appendix 5B

### Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

RED EMPEROR RESOURCES NL

ABN

99 124 734 961

Quarter ended ("current quarter")

31 MARCH 2012

#### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(6,027)	(14,616)
(b) development	-	-
(c) production	-	-
(d) administration	(260)	(1,111)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	30	113
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other Receipts (refunds)	-	-
2.7 Other	-	2
<b>Net Operating Cash Flows</b>	<b>(6,257)</b>	<b>(15,612)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a)prospects	-	-
(b)equity investments	-	-
(c) investments	-	-
1.9 Proceeds from:		
(a)prospects	-	-
(b)equity investments	-	-
(c) investments asset acquisition escrow acc	961	961
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	35
1.12 Proceeds from underwriting	-	-
<b>Net investing cash flows</b>	<b>961</b>	<b>996</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(5,296)</b>	<b>(14,616)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	<b>(5,296)</b>	<b>(14,616)</b>
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from placement	12,670	20,250
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Costs associated with issue of shares	(613)	(1,204)
	<b>Net financing cash flows</b>	<b>12,057</b>	<b>19,046</b>
	<b>Net increase (decrease) in cash held</b>	<b>6,761</b>	<b>4,430</b>
1.20	Cash at beginning of quarter/year to date	5,806	7,853
1.21	Exchange rate adjustments to item 1.20	(139)	145
1.22	<b>Cash at end of quarter</b>	<b>12,428 *</b>	<b>12,428*</b>

\* balance of cash physically received from tranche 2 of the placement occurring post period end

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	43
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Payments of Directors Fees and Remuneration	43
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**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil
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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil
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## Appendix 5B Mining exploration entity quarterly report

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	-
3.2 Credit standby arrangements	Nil	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	2,000
4.2 Development	-
4.3 Production	-
4.4 Administration	200
<b>Total</b>	<b>2,200</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	6,878	5,806
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other – Term Deposit	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>6,878</b>	<b>5,806</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	None		
6.2	Interests in mining tenements acquired or increased	None		

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity quarterly report

#### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> (description)	Nil			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil			
7.3 <b>*Ordinary securities</b>	236,759,946	236,759,946	-	-
	7,500,000	-	\$0.0001	\$0.0001
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	45,472,204 1,636,363 Nil	45,472,204 1,636,363	\$0.265 (£0.18) \$0.17 (£0.11)	
7.5 <b>*Convertible debt securities</b> (description)	Nil			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil			
7.7 <b>Options</b> (description and conversion factor)	5,492,000 7,750,000 1,476,162 695,233	Nil Nil Nil Nil	\$0.265 (£0.18) \$0.30 £0.305 \$0.17 (£0.11)	
7.8 Issued during quarter	5,492,000	Nil	\$0.265 (£0.18)	
7.9 Exercised during quarter	1,636,363	Nil	\$0.17 (£0.11)	
7.10 Expired during quarter	Nil	Nil		
7.11 <b>Debentures</b> (totals only)	Nil	Nil		
7.12 <b>Unsecured notes</b> (totals only)	Nil	Nil		
<b>Performance Based Shares</b>	Nil	Nil		
Changes during quarter (a) Increases	Nil	Nil		

+ See chapter 19 for defined terms.

## **Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



**Greg Bandy**  
**Executive Director**  
30 April 2012

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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