

15 October 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 Report for the Period Ending 30 September 2012

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Issued Capital: **266M** \*

ASX Code: **RMP**

Closing price: **A\$0.06\***

\* as at 30 September 2012

AIM Code: **RMP**

Closing Price: **£0.0395\***

The Board of Red Emperor Resources NL (**Red Emperor** or the **Company**) is pleased to provide the following commentary and Appendix 5B.

### Puntland Projects

During the quarter Red Emperor's JV partner and operator of its Puntland Project, Horn Petroleum Corp (TSXV: HRN), continued to drill the second of two exploration wells in the Dharoor Valley of Puntland, Somalia. Horn conducted an open hole Drill Stem Test over a 50 meter gross interval (between 1,910m – 1,960m) at Shabeel North which contained several sands in the upper portion of the primary Jesomma Formation which had oil shows.

The test recovered fresh water (1200 ppm Cl-) without any traces of oil. The well continued drilling through the entire Jesomma reservoir section to reach a depth of 2,200 meters. The section contained several additional sands with oil and gas shows and a full set of electrical logs was run to determine if these sands contained potential oil zones that would warrant further testing. The analysis of these logs indicated that the most prospective looking zone in the well was the upper Jesomma sand interval that had already been confirmed by testing to contain fresh water and thus no further testing could be justified.

Based on the positive evidence of oil shows and the presence of good quality reservoir in the Jesomma, the partnership decided to deepen the well in order to evaluate the potential of the Lower Cretaceous and Jurassic sections. During the quarter the Shabeel North well reached a total depth of 3,945 meters and encountered metamorphic basement at a depth of 3,919 meters. The well penetrated 149 meters of interbedded sands and shales of the Triassic Adigrat Formation with no oil or gas shows and only minor porosity exhibited on electric logs. Accordingly, the well was plugged and the rig moved off site.

By contributing its proportionate share of costs to both the Shabeel North well and the previously drilled Shabeel-1 well, Red Emperor has now earned its 20% interest in the two highly prospective production sharing contracts ("PSCs") for the Dharoor Valley Exploration Area and the Nugaal Valley Exploration Area.

### 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

### REGISTERED OFFICE

Ground Floor  
1 Havelock Street  
West Perth WA 6005

### POSTAL ADDRESS

PO Box 1440  
West Perth WA 6872

### CONTACT DETAILS

Tel: +61 8 9488 5220  
Fax: +61 8 9324 2400

### WEBSITE

[www.redemperorresources.com](http://www.redemperorresources.com)

### SHARE REGISTRY

Computershare  
Level 2  
45 St Georges Terrace  
Perth WA 6000  
Tel: 1300 555 159

### NOMINATED ADVISER & JOINT UK BROKER

Fox Davies Capital Limited  
1 Tudor Street  
London EC4Y 0AH  
Tel: +44 (0) 203 463 5010

### JOINT UK BROKER

Old Park Lane Capital plc  
49 Berkley Square  
London W1J 5AX  
Tel: +44 (0) 207 493 8188

ASX CODE | AIM CODE  
RMP



Based on the encouragement provided by these two Shabeel wells, the Operator (Horn Petroleum Corporation) and their partners, Range Resources and Red Emperor, has entered into the next exploration period in both the Nugaal and Dharoor Valley Production Sharing Contracts (“PSCs”) which carry a commitment to drill one well on each block within an additional 3 year term. The current operational plan would be to contract a seismic crew to acquire additional data in the Dharoor Valley block and to hold discussions with the Puntland Government to gain access regarding drill ready prospects in the Nugaal Valley block. The focus of the Dharoor seismic program will be to delineate new structural prospects for the upcoming drilling campaign.

### **Georgia Project**

During the quarter the joint venture continued with the revised development strategy in respect of Blocks VIa and VIb of the Georgia Project. The revised strategy will focus on low-cost, shallow appraisal drilling of the contingent resources around the Tkibuli-Shaori (“Tkibuli”) coal deposit, which straddles the central sections of the Company’s two blocks.

Tkibuli has been estimated by Advanced Resources International to contain recoverable gas resources of at least 0.4 trillion cubic feet of coal-bed methane (“CBM”). Sand horizons have also been identified around the coal beds, which could add additional, conventional hydrocarbon resources to those estimated for CBM at Tkibuli alone.

By prioritising exploration around the productive coal seams, the Company has the opportunity to make early discoveries, add proven reserves and look to provide revenue potential from the Tkibuli CBM play within 18 months from commencement of development, in conjunction with satisfying its PSA commitments.

Agreements have been signed with the Georgian Industrial Group (“GIG”) who will look at the joint development of the project alongside the current partners as well as taking 100% of the gas produced from the project under the offtake agreement.

During the quarter the joint venture commenced its seismic program which is nearing completion. Processed results should be ready for interpretation by early December 2012.

### **Corporate**

During the quarter the Company completed the issue of 7,500,000 fully paid ordinary shares to raise gross proceeds of A\$2.25 million. The funds raised will be used for working capital and to progress the Company’s exploration activities in Puntland and Georgia.

For and on behalf of the Board

**Greg Bandy**  
**Executive Director**

# 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")

30 SEPTEMBER 2012

### Consolidated statement of cash flows

| Cash flows related to operating activities                      | Current quarter<br>\$'000 | Year to date<br>\$'000 |
|---|---------------------------|------------------------|
| 1.1 Receipts from product sales and related debtors             | -                         | -                      |
| 1.2 Payments for  |                           |                        |
| (a) exploration and evaluation                                  | (5,125)                   | (5,125)                |
| (b) development   |                           |                        |
| (c) production  |                           |                        |
| (d) administration  | (294)                     | (294)                  |
| 1.3 Dividends received  | -                         | -                      |
| 1.4 Interest and other items of a similar nature received       | 38                        | 38                     |
| 1.5 Interest and other costs of finance paid                    | -                         | -                      |
| 1.6 Income taxes paid   | -                         | -                      |
| 1.7 Other   | -                         | -                      |
| <b>Net Operating Cash Flows</b>                                 | <b>(5,381)</b>            | <b>(5,381)</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                    | 982                       | 982                    |
| 1.10 Loans to other entities                                    | -                         | -                      |
| 1.11 Loans repaid by other entities                             | -                         | -                      |
| 1.12 Proceeds from underwriting                                 | -                         | -                      |
| <b>Net investing cash flows</b>                                 | <b>982</b>                | <b>982</b>             |
| 1.13 Total operating and investing cash flows (carried forward) | <b>(4,399)</b>            | <b>(4,399)</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>(4,399)</b> | <b>(4,399)</b> |
|      | <b>Cash flows related to financing activities</b>          |                |                |
| 1.14 | Proceeds from placement                                    |                |                |
| 1.15 | Proceeds from option exercise                              | 2,250          | 2,250          |
| 1.16 | Proceeds from borrowings                                   | -              | -              |
| 1.17 | Repayment of borrowings                                    | -              | -              |
| 1.18 | Dividends paid   | -              | -              |
| 1.19 | Costs associated with issue of shares                      | (135)          | (135)          |
|      | <b>Net financing cash flows</b>                            | <b>2,115</b>   | <b>2,115</b>   |
|      | <b>Net increase (decrease) in cash held</b>                | <b>(2,284)</b> | <b>(2,284)</b> |
| 1.20 | Cash at beginning of quarter/year to date                  | 18,044         | 18,044         |
| 1.21 | Exchange rate adjustments to item 1.20                     | -              | -              |
| 1.22 | <b>Cash at end of quarter</b>                              | <b>15,760</b>  | <b>15,760</b>  |

**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<br>\$A'000 |
|-----|--|----------------------------|
| 1.2 | Aggregate amount of payments to the parties included in item 1.2 | 51                         |
| 1.2 | Aggregate amount of loans to the parties included in item 1.10   | Nil                        |

1.2 Explanation necessary for an understanding of the transactions

|   |    |
|---|----|
| Payments of Directors Fees and Remuneration | 51 |
|---|----|

**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 |
|-----|

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 |
|-----|

## Appendix 5B Mining exploration entity quarterly report

### Financing facilities available

Add notes as necessary for an understanding of the position.

|                                 | Amount available<br>\$A'000 | Amount used<br>\$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 | 1,000        |
| 4.2 Development                | -            |
| 4.3 Production                 | -            |
| 4.4 Administration             | 200          |
| <b>Total</b>                   | <b>1,200</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<br>\$A'000 | Previous quarter<br>\$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank                     | 15,760                     | 18,044                      |
| 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>15,760</b>              | <b>18,044</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 | Nil                           | None                             |                            |
| 6.2 | Interests in mining tenements acquired or increased           | Nil                           | None                             |                            |

+ See chapter 19 for defined terms.

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

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

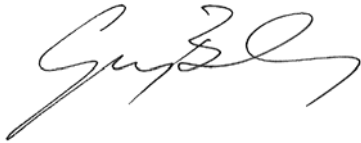
*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

|  | 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<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions | Nil  |                  |  |  |
| 7.3 <b>*Ordinary securities</b>  | 266,234,221<br>7,500,000                       | 266,234,221      | -<br>\$0.0001  | -<br>\$0.0001                                    |
| 7.4 Changes during quarter<br>(a) Increases through issues<br><br>(b) Decreases through returns of capital, buy-backs          | 7,500,000<br><br>Nil                           | 7,500,000        | \$0.30   |  |
| 7.5 <b>*Convertible debt securities</b> (description)  | Nil  |                  |  |  |
| 7.6 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted              | Nil<br><br>Nil                                 |                  |  |  |
| 7.7 <b>Options</b> (description and conversion factor)   | 594,324<br>5,920,000<br>5,166,565<br>1,170,000 | -<br>-<br>-<br>- | \$0.17 & £0.11<br>\$0.265 & £0.18<br>£0.305<br>£0.32 |  |
| 7.8 Issued during quarter  | Nil  | -                |  |  |
| 7.9 Exercised during quarter   | 7,500,000                                      | 7,500,000        | \$0.30   |  |
| 7.10 Expired during quarter  | Nil  |                  |  |  |
| 7.11 <b>Debentures</b> (totals only)   | Nil  | Nil              |  |  |
| 7.12 <b>Unsecured notes</b> (totals only)  | 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  
15 October 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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