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

By E-Lodgement

Spudding of Historical Puntland Exploration Well

- **Spudding of the first of two historical exploration wells, in the Dharoor Valley, Puntland, Somalia**
- **The first oil exploration well to be drilled in over 20 years in Puntland targeting 300m barrels of recoverable oil**
- **Initial operations on the Shabeel North-1 well (second exploration well) commenced**

Red Emperor Resources NL (ASX: RMP | AIM: RMP) ("Red Emperor" or "the Company") is pleased to advise that Horn Petroleum Corporation (TSX: HRN), together with Range Resources Limited (ASX: RRS | AIM: RRL), its joint venture partners, have announced the spudding of the Shabeel-1 well on the Dharoor Block in Puntland, Somalia and is currently preparing to drill ahead to a total planned maximum depth of 3,800 meters. Drilling operations have also commenced on the Shabeel North-1 well with the setting of the 30 inch surface casing and the drilling of a 50 meter pilot hole. Red Emperor has an option over the second well over which a decision will be made over the coming period.

The Sakson 501 rig will be used to drill both wells which are expected to take approximately 90 days each for drilling and evaluation. These two wells satisfy the first exploration period minimum work obligations of the Production Sharing Contracts for both the Dharoor and Nugaal Blocks. They are the first oil exploration wells to be drilled in over 20 years in the country.



Shabeel-1 Well Site

BOARD & MANAGEMENT

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Mr Jason Bontempo
NON-EXECUTIVE DIRECTOR

Mr Stephen Brockhurst
NON-EXECUTIVE DIRECTOR

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ASX CODE

RMP

AIM CODE

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His Excellency – President Farole on top of the drilling rig



Shabeel-1 Well Spudding Delegation in front of the drilling rig

The Shabeel 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 most likely estimates of potential oil volumes of over 300 million barrels of recoverable oil. Source rocks are expected to be rich Jurassic Kimmeridgian shales in the deep portion of the rift immediately down dip from the Shabeel prospects. Reservoirs are expected to be sandstones and carbonates of the Lower Cretaceous and Jurassic systems analogous to Yemen.

Red Emperor's Executive Director, Greg Bandy, said: "Red Emperor is delighted to announce to the market such a significant and historic achievement. We wish to firstly acknowledge and pay tribute to our joint venture partners for the years of hard work and toil that has led to this industry defining event. As well we would also like to thank the Puntland Government and the people of the Dharoor Valley communities. Whilst we have only been a party to this JV for some 18 months, this day has been nearly 6 years in the making and more than 20 years overdue. We look forward to keeping the market informed of the progress of this landmark well and hope its success leads to significant benefits for Puntland and its people."

For and on behalf of the Board

Greg Bandy
Executive Director

** Sourced from country and industry websites*

Background

Red Emperor Resources NL (ASX: RMP) is a natural resources exploration company with interests in the frontier state of Puntland, Somalia, the Republic of Georgia and Western Australia.

- In Puntland, Red Emperor holds a 20% working interest in two licences encompassing the highly prospective Dharoor and Nugaal valleys. These two exploration areas cover over 36,000km². The first well in a two well programme spudded with drilling also commenced on the second well in January 2012 targeting 300mmbbls and 375mmbbls of best estimate Prospective Resources (100% basis). Site construction has commenced on the second well with the setting of the 30 inch surface casing and the drilling of a 50 meter pilot hole in readiness for spudding following the completion of the first well.
- In the Republic of Georgia, Red Emperor has a 20% working interest in onshore blocks VIa and VIb, covering approx. 6,500km². Joint Venture partner Range Resources Limited (ASX: RRS | AIM: RRL) previously funded a 410km 2D seismic program with independent consultants RPS Energy identifying 68 potential structures containing an estimated 2.045 billion barrels of oil-in-place (on a mean 100% basis) with the first (Mukhiani-1) of two exploration wells having spudded in July in 2011. Re-interpreted seismic supported by the Mukhiani-1 vertical seismic profiling has identified new fault and stratigraphic trapping potential with the possibility of a side track well to be drilled post additional seismic in 2H 2012.