



Red Emperor Resources NL
Annual Report
30 June 2019

ABN 99 124 734 961
redemperorresources.com

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CORPORATE DIRECTORY

Directors

Greg Bandy – Managing Director
 Aaron Bertolatti – Director & Company Secretary
 Jason Bontempo – Non-Executive Director

Registered Office

First Floor
 35 Richardson Street
 West Perth WA 6005

Share Registry

Computershare Investor Services Pty Ltd
 Level 11
 172 St Georges Terrace
 Perth WA 6000

Auditors

BDO Audit (WA) Pty Ltd
 38 Station Street
 Subiaco WA 6008

Solicitors

Edwards Mac Scovell
 Level 7, 140 St Georges Terrace
 Perth WA 6000

Nominated Adviser

Strand Hanson Limited
 26 Mount Row,
 Mayfair, London W1K 3SQ, UK

Stock Exchange

Australian Securities Exchange (ASX)
 (Home Exchange: Perth, Western Australia)
 ASX Code: **RMP**

The AIM market of the London Stock Exchange (AIM)
 AIM Code: **RMP**



The Directors present their report for Red Emperor Resources NL ("Red Emperor" or "the Company") and its subsidiaries (together "the Group") for the year ended 30 June 2019.

DIRECTORS

The names, qualifications and experience of the Company's Directors in office during the year and at the date of this report are set out below. The Directors were in office for the entire year unless otherwise stated.

Greg Bandy – B.Com Managing Director

Greg Bandy has nearly 20 years of experience in retail, corporate and capital markets, both in Australia and overseas. Mr. Bandy worked as a Senior Client Advisor at Montagu Stockbrokers and Patersons Securities for over 10 years before moving to the corporate sector. A former director of Empire Beer Group Limited, Mr. Bandy oversaw the acquisition of Car Parking Technologies (now Smart Parking Limited (ASX: SPZ)) before stepping down as Executive Director. Mr. Bandy is also the former Managing Director of Fin Resources Limited (ASX: FIN).

Jason Bontempo – B.Com, CA Non-Executive Director

Jason Bontempo has worked in investment banking and corporate advisory since qualifying as a Chartered Accountant with Ernst & Young in 1997. Mr. Bontempo has worked for investment banks in Australia and the UK and has been closely involved with advising and the financing of companies in the resources industry specialising in asset sales and AIM/ASX listings.

Aaron Bertolatti – B.Com, CA, AGIA Director & Company Secretary

Aaron Bertolatti is a qualified Chartered Accountant and Company Secretary with over 15 years' experience in the mining industry and accounting profession. Mr. Bertolatti has both local and international experience and provides assistance to a number of resource companies with financial accounting and stock exchange compliance. Mr. Bertolatti acts as Company Secretary for listed ASX companies, Fin Resources Ltd (ASX: FIN) and American Pacific Borate & Lithium Ltd (ASX: ABR). Mr. Bertolatti is also a Director and Company Secretary of Odin Metals Limited (ASX: ODM).

DIRECTORSHIPS OF OTHER LISTED COMPANIES

Directorships of other listed companies held by the current directors in the 3 years immediately before the end of the financial year are as follows:

Director	Company	Period of Directorship
Greg Bandy	Fin Resources Limited	Director from August 2011 to 14 May 2018
Aaron Bertolatti	Odin Metals Limited	Director since October 2017
Jason Bontempo	Odin Metals Limited	Director since 7 February 2018
	Fin Resources Limited	Director since July 2011
	First Cobalt Corporation	Director from November 2015 to December 2017

INTERESTS IN THE SECURITIES OF THE COMPANY

As at the date of this report, the interests of the Directors in the securities of Red Emperor Resources NL are:

Director	Ordinary Shares	Options ¹
Greg Bandy	1,000,000	6,000,000
Jason Bontempo	-	2,000,000
Aaron Bertolatti	375,000	2,000,000

¹ Options are exercisable at \$0.04 each on or before 31 December 2020.



RESULTS OF OPERATIONS

The Company's net loss after taxation attributable to the members of Red Emperor for the year to 30 June 2019 was \$10,271,311 (2018: \$690,097).

DIVIDENDS

No dividend was paid or declared by the Company during the year and up to the date of this report.

CORPORATE STRUCTURE

Red Emperor Resources NL is a company limited by shares, which is incorporated and domiciled in Australia.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial year was oil and gas exploration and project identification.

REVIEW OF OPERATIONS

Alaska North Slope

During the year, Red Emperor, along with 88 Energy Limited (ASX/AIM: 88E) ("88 Energy") and Otto Energy Limited (ASX: OEL) ("Otto") (collectively, the "Consortium Partners"), executed formal "Definitive Agreements", including a Participation Agreement, with Great Bear Petroleum Ventures II LLC ("Great Bear") to acquire the majority of Great Bear's working interest in four leases on the western flank of the Alaska North Slope region, specifically ADL#s 391718, 391719, 319720 & 391721; collectively the "Western Blocks" (Refer to the Company's announcement of 30 July 2018 for more details).

The consortium operator, 88 Energy, via its wholly owned subsidiary, Captivate Energy Alaska, Inc, subsequently executed a rig contract with Nordic-Calista Services for the drilling of the "Winx" Prospect, located on the Western Blocks, North Slope of Alaska. The primary objective of the Winx-1 exploration well ("Winx-1") was a Nanushuk Topset play, primarily targeting the Nanushuk 4 and 5 sands.

88 Energy spudded the Winx-1 exploration well on the Western Blocks in February 2019, and intersected all pre-drill targets safely and efficiently. Total target depth of 6,800ft was reached on 3 March 2019. Whilst early indications from the logging while drilling (LWD) data were encouraging, provisional wireline results indicated low oil saturations in the Nanushuk Topsets not conducive to successfully flowing the formation, as borne out by the Modular Formation Dynamics Test (MDT) sampling results, which did not retrieve hydrocarbon samples.

Additionally, on completion of the wireline logging programme in the Torok Channel Sequence, it was apparent that the oil saturations in that zone of interest were also low and not conducive to hydrocarbon flow. As announced on 26 March 2019, Winx-1 was successfully plugged and abandoned with the Nordic#3 rig and associated services fully demobilised. By participating in the drilling of Winx-1, the Company earned a 31.5% working interest in the Western Blocks.

Evaluation of the data acquired at Winx-1 is ongoing. The consortium expects to go out to tender for the reprocessing of the Nanuq 3D seismic, incorporating the valuable data acquired at Winx-1, and acquisition of new seismic data in Q3 2019. This will allow sufficient time for the consortium to complete all required technical and evaluation work prior to the 2020/2021 drilling season.

Philippines (SC 55)

On 19 November 2018, the Operator, Palawan55 Exploration and Production Corporation ("Palawan55"), on behalf of the SC55 consortium, requested that the Philippine's Department of Energy ("DOE") extend the moratorium period to allow sufficient time for the then ongoing reprocessing and quantitative interpretation ("QI") work to be completed. On 22 April 2019, the DOE granted a 4-month extension, from 26 April to 26 August 2019.



The Seismic data reprocessing and QI works were performed by DownUnder GeoSolutions. This activity was part of the continuing effort by the Block SC55 consortium to help further de-risk previously identified drill-ready targets, including the "Cinco" gas prospect and identify new highly prospective leads whilst reducing overall uncertainty.

Further to the recent completion of these works and evaluation of the data, the Board has decided that it will not participate in the next phase of operations and will therefore withdraw from the SC55 consortium and assign the Company's 37.5% participating interest to Palawan55.

Corporate

Red Emperor Alaska Limited, a wholly owned subsidiary company, was incorporated on 11 July 2018 in the State of Alaska in connection with the abovementioned transaction with Great Bear.

On 8 August 2018, the Company issued 16,000,000 unlisted options to senior management and a corporate adviser associated with the Western Block acquisition, exercisable at A\$0.04 each on or before 31 December 2020.

On 22 November 2018, the Company issued a further 10,000,000 unlisted options to its Directors, exercisable at A\$0.04 each on or before 31 December 2020.

In January 2019 the company successfully completed a placing of 100,000,000 new ordinary shares at an issue price of 2.8 pence (AUD0.05) per share to raise £2.8 million (approximately AUD5.0m) before expenses. The oversubscribed placing was made to both new and existing institutional and sophisticated investors, via the Company's UK Broker, Brandon Hill Capital, and its Australian Broker and Corporate Adviser, 708 Capital Pty Ltd and Max Capital. In addition, the Company agreed to issue, in aggregate, 6,000,000 unlisted options to its aforementioned brokers and corporate advisers as part of the fee structure for placing the shares. These options are exercisable at a price of 2.8 pence (AUD0.05) per new ordinary share, on or before 15 January 2022.

In May 2019, further to the completion of the drilling of the Winx-1 exploration well on the Western Blocks, North Slope of Alaska, the Company received a refund of the performance bond (RMP's share US\$1.05 million) which had been lodged with the State of Alaska in July 2018.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group during the financial year, other than as set out in this report.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 12 August 2019 Mr Gracjan Lambert, Chief Executive Officer, resigned from the Company, by mutual agreement, in order to pursue his other business interests. Gracjan may still consult to Red Emperor from time to time in the future. There have been no other significant events subsequent to the end of the financial year to the date of this report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group will continue to identify, evaluate and invest in resource projects with the object of identifying commercial resources. The Company intends to pursue additional acquisition and investment opportunities in order to secure new projects to augment its existing assets in the natural resources sector.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The Group operates within the resources sector and conducts its business activities with respect for the environment while continuing to meet the expectations of its shareholders, employees and suppliers. The Group aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation.



The Group has no current reporting obligations under the Natural Greenhouse and Energy Reporting Act 2007 due to all operations occurring overseas. The Directors are mindful of the regulatory regime in relation to the impact of its organisational activities on the environment. There have been no known breaches by the Group during the year.

SHARE OPTIONS

As at the date of this report, there were 32,000,000 unissued ordinary shares under options. Details of the options are as follows:

Number	Exercise Price	Expiry Date
26,000,000	\$0.04	31 December 2020
6,000,000	\$0.05	15 January 2022
32,000,000		

No option holder has any right under the options to participate in any other share issue of the Company or any other entity. 4,320,000 options expired unexercised during the financial year. No options were exercised during or since the year ended 30 June 2019.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into an agreement indemnifying all the Directors and officers of the Company against all losses or liabilities incurred by each Director or officer in their capacity as Directors or officers of the Company to the extent permitted by the Corporations Act 2001. The indemnification specifically excludes wilful acts of negligence.

The Company paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current officers of the Company, including officers of the Company's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group.

DIRECTORS' MEETINGS

During the financial year, in addition to regular Board discussions, the Directors met regularly to discuss all matters associated with investment strategy, review of opportunities, and other Company matters on an informal basis. The regular nature of these meetings is facilitated through the sharing of office space along with Max Capital, Red Emperor's Corporate Advisor. Circular resolutions were passed as necessary to execute formal Board decisions.

Director	Number of Meetings Eligible to Attend	Number of Meetings Attended
Greg Bandy	5	5
Jason Bontempo	5	3
Aaron Bertolatti	5	5

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Red Emperor Resources NL support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that Red Emperor complies to the extent possible with those guidelines, which are of importance to the commercial operation of a junior listed resources company.



During the financial year, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Company.

The Company has established a set of corporate governance policies and procedures which can be found, along with the Company's Corporate Governance Statement, on Red Emperor's website: redemperorresources.com.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires the Company's auditors to provide the Directors of Red Emperor with an Independence Declaration in relation to the audit of the financial report. A copy of that declaration is included within this annual report. There were no non-audit services provided by the Company's auditor.

Officers of the Company who are former partners of BDO Audit (WA) Pty Ltd

There are no officers of the Company who are former partners of BDO Audit (WA) Pty Ltd.

Auditor

BDO Audit (WA) Pty Ltd continue in office in accordance with section 327 of the Corporations Act 2001.

AUDITED REMUNERATION REPORT

This report, which forms part of the Directors' report, outlines the remuneration arrangements in place for the key management personnel ("KMP") of Red Emperor Resources NL for the financial year ended 30 June 2019. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001. The remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

Details of Key Management Personnel

- Greg Bandy (Managing Director)
- Jason Bontempo (Non-Executive Director)
- Aaron Bertolatti (Director and Company Secretary)
- Gracjan Lambert (CEO) (resigned on 12 August 2019)

Remuneration Policy

The Board is responsible for determining and reviewing compensation arrangements for the Directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a yearly basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. The expected outcome of this remuneration structure is to retain and motivate Directors.

As part of its Corporate Governance Policies and Procedures, the board has adopted a formal Remuneration Committee Charter and Remuneration Policy. The Board has elected not to establish a remuneration committee based on the size of the organisation and has instead agreed to meet as deemed necessary and allocate the appropriate time at its board meetings.

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Chair's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. Non-executive directors do not receive performance-based pay.



Directors' Report

The following fees have applied:

Level	Cash Remuneration
Managing Director	\$180,000
Executives	Up to \$180,000
Non-Executive Director	\$36,000 to \$60,000

Additional fees

A Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Retirement allowances for Directors

Superannuation contributions required under the Australian Superannuation Guarantee Legislation continue to be made and are deducted from the directors' overall fee entitlements where applicable.

Details of Remuneration

Details of the nature and amount of each element of the remuneration of each Director and Executive of the Company for the year ended 30 June 2019 are as follows:

2019	Base Salary \$	Short term Directors' Fees \$	Consulting Fees \$	Options Share Based Payments \$	Post- Employment Benefits \$	Other Benefits \$	Total \$	Option related %
Directors								
Greg Bandy	180,000	-	-	192,829	17,100	-	389,929	49.5
Jason Bontempo	-	30,000	-	64,276	2,850	-	97,126	66.2
Aaron Bertolatti	-	-	60,000	64,276	-	-	124,276	51.7
Officers								
Gracjan Lambert	180,000	-	-	142,106	17,100	20,000 ¹	359,206	39.6
	360,000	30,000	60,000	463,487	37,050	20,000	970,537	47.8

¹ Gracjan Lambert relocated with his family from the USA to take up the CEO position with the Company and was paid a relocation amount of \$20,000.

There were no other executive officers of the Company during the financial year ended 30 June 2019.

2018	Base Salary \$	Short term Directors' Fees \$	Consulting Fees \$	Options Share Based Payments \$	Post- Employment Benefits \$	Total \$	Option related %
Directors							
Greg Bandy	180,000	-	-	-	17,100	197,100	-
Jason Bontempo	-	30,000	-	-	2,850	32,850	-
Nathan Rayner ¹	-	24,000	-	-	-	24,000	-
Aaron Bertolatti ²	-	-	43,500	-	-	43,500	-
	180,000	54,000	43,500	-	19,950	297,450	-

¹ Nathan Rayner resigned on 4 June 2018

² Aaron Bertolatti was appointed on 4 June 2018



Reduction in Directors' fees

In December 2017, the Board made the decision to halve all Director remuneration until such time as the Company entered into a transaction of sufficient size to allow it to recommence trading on the ASX. During this time, the reduced fee amount was accrued and paid subsequent to the year end. The outstanding balance of Directors' fees as at 30 June 2018 was \$67,069. This amount was included in the 2018 remuneration table detailed above.

There were no other executive officers of the Company during the financial year ended 30 June 2018.

Shareholdings of Key Management Personnel

The number of shares in the Company held during the financial year by each Director and specified executives of the Group, including their personally related parties, is set out below. There were no shares granted during the reporting year as compensation.

	Balance at the start of the year	Granted during the year as compensation	On exercise of share options	Other changes during the year	Balance at the end of the year
Directors					
Greg Bandy	1,000,000	-	-	-	1,000,000
Jason Bontempo	-	-	-	-	-
Aaron Bertolatti	375,000	-	-	-	375,000
Officers					
Gracjan Lambert	-	-	-	-	-

All equity transactions with key management personnel other than arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

Option holdings of Key Management Personnel

The numbers of options over ordinary shares in the Company held during the financial year by each Director of Red Emperor Resources NL and specified executives of the Group, including their personally related parties, are set out below:

	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Exercisable	Un-exercisable
Directors	-	-	-	-	-	-	-
Greg Bandy	-	6,000,000	-	-	6,000,000	6,000,000	-
Jason Bontempo	-	2,000,000	-	-	2,000,000	2,000,000	-
Aaron Bertolatti	-	2,000,000	-	-	2,000,000	2,000,000	-
Officers							
Gracjan Lambert	-	6,000,000	-	-	6,000,000	6,000,000	-

No option holder has any right under the options to participate in any other share issues of the Company. Options granted carry no dividend or voting rights.



Options Affecting Remuneration

The terms and conditions of options affecting remuneration in the current or future reporting years are as follows:

2019	Grant Date	Grant Number	Expiry date/last exercise date	Exercise price per option	Value of options at grant date ¹	Number of options vested	Vested	Max value yet to vest
Directors								
Greg Bandy	22/11/18	6,000,000	31/12/20	\$0.04	\$192,829	6,000,000	100%	-
Jason Bontempo	22/11/18	2,000,000	31/12/20	\$0.04	\$64,276	2,000,000	100%	-
Aaron Bertolatti	22/11/18	2,000,000	31/12/20	\$0.04	\$64,276	2,000,000	100%	-
Officers								
Gracjan Lambert	08/08/18	6,000,000	31/12/20	\$0.04	\$142,106	6,000,000	100%	-
		16,000,000			\$463,487	16,000,000		-

¹ The value at grant date has been calculated in accordance with AASB 2 *Share based payments*.

Service Agreements

Executive Directors

The Company has a service agreement with Greg Bandy as Managing Director. The key terms are summarised as follows:

- Employment commencing 1 December 2013 until agreement is validly terminated in accordance with its terms;
- The Company may terminate the employment by giving 12 months written notice if Mr. Bandy becomes incapacitated by illness or injury or becomes of unsound mind;
- The Company may terminate the employment by giving 1 month written notice if Mr. Bandy commits any serious or persistent breach of any of the provisions in the agreement and the breach is not remedied within 21 days of the receipt of written notice from the Company to do so;
- The Company may terminate the employment without reason by providing 12 months written notice;
- Mr. Bandy may terminate the employment by providing 6 months written notice to the Company;
- On termination of the employment, Mr. Bandy is entitled to payment of any accrued annual leave entitlements; and
- A salary of \$180,000 per year effective 28th November 2013 on a Total Employment Cost basis and to be reviewed annually.

The Company had a service agreement with Gracjan Lambert as Chief Executive Officer. The key terms were as follows;

- Employment commencing 11 June 2018 for a term of 1-year from the commencement date. In June 2019, the contract period was extended for a period of 2 months through to 11 August 2019;
- The Company could terminate the employment without reason by providing 1 month's written notice;
- Mr. Lambert could terminate the employment by providing 3 months written notice to the Company; and
- A salary of \$180,000 per year on a Total Employment Cost basis and which has to be reviewed annually.

Aaron Bertolatti is engaged under an Executive Agreement dated 4 June 2018. Under the agreement Mr. Bertolatti is paid an annual fee of A\$60,000 for the provision of Director, Company Secretary and financial accounting services. The Agreement may be terminated by the Company without notice or without cause by giving three months' notice in writing or payment in lieu of notice. The Agreement may also be terminated by Mr. Bertolatti by providing three months' notice in writing.



Non-executive Directors

On appointment to the Board, all non-executive directors enter into a service agreement with the Group in the form of a letter of appointment. The letter summarises the Board's policies and terms, including compensation, relevant to the director.

Loans to Directors and Executives

There were no loans to Directors and executives during the financial year ended 30 June 2019.

Additional Information

The earnings of the consolidated entity for the five years to 30 June 2019 are summarised below:

	2019	2018	2017	2016	2015
		\$	\$		
Revenue	100,931	134,982	158,634	239,406	338,059
EBITDA	(10,271,311)	(690,097)	(758,918)	(9,034,572)	(19,723,800)
EBIT	(10,271,311)	(690,097)	(758,918)	(9,034,572)	(19,723,800)
Loss after income tax	(10,271,311)	(690,097)	(758,918)	(9,034,572)	(19,723,800)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2019	2018	2017	2016	2015
Share price at financial year end (\$)	0.011	0.023	0.02	0.02	0.11
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings per share (cents per share)	(2.18)	(0.16)	(0.18)	(2.13)	(6.77)

Voting and comments made at the Company's 2018 Annual General Meeting ("AGM")

Red Emperor Resources NL received 95.5% of "yes" votes on its remuneration report for the 2018 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

END OF AUDITED REMUNERATION REPORT

Signed on behalf of the board in accordance with a resolution of the Directors.

Greg Bandy
Managing Director

Perth, Western Australia
16 September 2019



Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019

	Note	30-Jun-19 \$	30-Jun-18 \$
Continuing Operations			
Interest received		73,955	134,982
Sale of subsidiary - Georgian Oil Pty Ltd		26,976	-
Employee and director benefits expense		(458,573)	(253,950)
Professional and Consultants		(271,102)	(303,830)
ASX and AIM and share registry fees		(208,592)	(86,803)
Travel expenditure		(117,227)	(113,717)
Exploration expenditure written off	6	(8,374,644)	(24,389)
Realised gain on investment		326	10,445
Realised Foreign exchange gain		-	2,199
Share based payment expense	16 (a)	(700,330)	-
Unrealised Foreign exchange gain/(loss)		74,258	107,065
Other expenses		(316,358)	(162,099)
Loss before income tax		(10,271,311)	(690,097)
Income tax expense	3	-	-
Loss after Income Tax		(10,271,311)	(690,097)
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Foreign exchange translation difference		270,291	556
Other comprehensive income/(loss) for the year net of tax		270,291	556
Total comprehensive loss for the year		(10,001,020)	(689,541)
Loss per share for the year attributable to the members of Red Emperor Resources NL			
Basic and diluted loss per share (cents)	15	(2.18)	(0.16)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position as at 30 June 2019

	Note	30 June 2019 \$	30 June 2018 \$
Current Assets			
Cash and cash equivalents	4	5,642,936	10,344,621
Trade and other receivables	5	36,881	17,883
Total Current Assets		5,679,817	10,362,504
Non-Current Assets			
Financial assets at fair value through profit or loss		-	400
Deferred Exploration and Evaluation Expenditure	6	-	-
Total Non-Current Assets		-	400
Total Assets		5,679,817	10,362,904
Current Liabilities			
Trade and other payables	7	65,279	132,561
Total Current Liabilities		65,279	132,561
Total Liabilities		65,279	132,561
Net Assets		5,614,538	10,230,343
Equity			
Issued capital	8	61,811,451	57,329,505
Reserves	9	5,270,388	4,096,828
Accumulated losses	10	(61,467,301)	(51,195,990)
Total Equity		5,614,538	10,230,343

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity for the year ended 30 June 2019

	Issued capital \$	Accumulated losses \$	Foreign exchange translation reserve \$	Share based payments reserve \$	Total \$
Balance at 1 July 2017	57,329,505	(50,505,893)	(15,430)	4,111,702	10,919,884
Total comprehensive income/(loss) for the year					
Loss for the year	-	(690,097)	-	-	(690,097)
Other comprehensive income/(loss)	-	-	556	-	556
Total comprehensive income/(loss) for the year	-	(690,097)	556	-	(689,541)
Transactions with owners in their capacity as owners					
Balance at 30 June 2018	57,329,505	(51,195,990)	(14,874)	4,111,702	10,230,343
Balance at 1 July 2018	57,329,505	(51,195,990)	(14,874)	4,111,702	10,230,343
Total comprehensive income/(loss) for the year					
Loss for the year	-	(10,271,311)	-	-	(10,271,311)
Other Comprehensive income/(loss)	-	-	270,291	-	270,291
Total comprehensive income/(loss) for the year	-	(10,271,311)	270,291	-	(10,001,020)
Transactions with owners in their capacity as owners					
Shares issued during the year	5,000,000	-	-	-	5,000,000
Proceeds from options issued during the year	-	-	-	2,400	2,400
Cost of issue	(518,054)	-	-	200,539	(317,515)
Share based payment (note 16)	-	-	-	700,330	700,330
Balance at 30 June 2019	61,811,451	(61,467,301)	255,417	5,014,971	5,614,538

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows for the year ended 30 June 2019

	Note	30 June 2019 \$	30 June 2018 \$
Cash flows from operating activities			
Payments to suppliers and employees		(1,449,625)	(806,995)
Interest received		73,955	134,982
Net cash used in operating activities	4	(1,375,670)	(672,013)
Cash flows from investing activities			
Payments for exploration and evaluation		(8,356,062)	(159,590)
Payment of performance bond		(1,454,779)	-
Refund of performance bond		1,500,544	-
Refund of SC55 Operator cash at bank		-	96,255
Proceeds from sale of subsidiary - Georgian Oil Pty Ltd		26,976	-
Refund of Californian lease deposit		-	38,946
Proceeds from sale of equities		-	10,445
Net cash used in investing activities		(8,283,321)	(13,944)
Cash flows from financing activities			
Proceeds from issue of shares		5,000,000	-
Proceeds from issue of options		2,400	-
Payments for share issue costs		(315,386)	-
Net cash provided by financing activities		4,687,014	-
Net decrease in cash and cash equivalents		(4,971,977)	(685,957)
Cash and cash equivalents at beginning of year		10,344,621	10,921,315
Effects of exchange rate changes on cash and cash equivalents		270,292	109,263
Cash and cash equivalents at the end of the year	4	5,642,936	10,344,621

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.



1. Corporate Information

The financial report of Red Emperor Resources NL (“Red Emperor” or “the Company”) for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the Directors on 16 September 2019. Red Emperor is a company limited by shares incorporated in Australia whose shares are publicly traded on both the Australian Securities Exchange and the AIM market of the London Stock Exchange (AIM). The nature of the operations and the principal activities of the Company are described in the Directors’ Report.

2. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Red Emperor Resources NL is a for-profit entity for the purpose of preparing the financial statements. Red Emperor Resources NL is a listed public company, incorporated and domiciled in Australia. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. The financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated. The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Red Emperor Resources NL (“Red Emperor”, “the Company” or “parent entity”) as at 30 June 2019 and the results of all subsidiaries for the year then ended. Red Emperor Resources NL and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special structured entities) over which the Group controls. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction proves evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Subsidiaries are accounted for in the parent entity financial statements at cost.

(c) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in the deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.



Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(d) Exploration and Evaluation Expenditure

Expenditure on exploration and evaluation is accounted for in accordance with the area of interest method which is based successful efforts method of accounting for oil and gas exploration and evaluation expenditure. This approach is strongly linked to the Group's oil and gas reserves determination and reporting process and is considered to most fairly reflect the results of the Group's exploration and evaluation activity because only assets with demonstrable value are carried on the statement of financial position.

Accumulated costs in relation to an abandoned area are written off in full against loss in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(e) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.



(f) Earnings/(loss) per share

i. Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

ii. Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(g) Cash and Cash Equivalents

For statement of cash flows presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in rate and bank overdrafts.

(h) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(i) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Red Emperor Resources NL's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss, except when they are deferred in equity when they are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss and other comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss on translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.



(j) Parent entity information

The financial information for the parent entity, Red Emperor Resources NL, disclosed in note 18 has been prepared on the same basis as the consolidated financial statements.

(k) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(l) Revenue Recognition

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting. All revenue is stated net of the amount of goods and services tax (GST).

(m) Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial instruments (except for trade receivables) are measured initially at fair value adjusted by transactions costs, except for those carried "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVPL).

Classifications are determined by both:

- the contractual cash flow characteristics of the financial assets; and
- the entities business model for managing the financial asset.



Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value that are recognised in profit or loss.

Impairment

From 1 July 2018, the Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Comparative information

The Group has applied AASB 9 Financial Instruments retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Classification

Until 30 June 2018, the Group classified its financial assets in the following categories:

- financial assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity investments; and
- available-for-sale financial assets.

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.

(n) Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definitions, seldom equal the related actual results.



Exploration and Evaluation Expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

Share-based payment transactions

The Group measures the cost of equity-settled transactions and cash-settled share-based payments with employees and third parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value at the grant date is determined using the Black and Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted and the assumptions detailed in note 16.

(o) New and amended standards adopted by the Group

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The impact on the financial performance and position of the Company from the adoption of the new or amended Accounting Standards and Interpretations was not material.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 9 Financial Instruments

The consolidated entity has adopted AASB 9 from 1 July 2018. AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 Financial Instruments resulted in changes in accounting policies. There were no changes to the classification of financial instruments in the financial statements.

(p) New standards and interpretations not yet adopted

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 16 Leases – AASB 16 Leases replaces AASB 117 Leases and some lease-related Interpretations. It largely retains the existing lessor accounting requirements in AASB 117. It provides new guidance on the application of the definition of lease and on sale and lease back accounting and requires new and different disclosures about leases. It requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases. The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

(q) Segment Reporting

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which, for the Group, is the board of directors. In this regard, such information is provided using different measures to those used in preparing the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position. Reconciliations of such management information to the statutory information contained in the annual financial report have been included.



	2019 \$	2018 \$
3. Income Tax		
(a) Income tax expense		
Major component of tax expense for the year:		
Current tax	-	-
Deferred tax	-	-
	-	-
(b) Numerical reconciliation between aggregate tax expense recognised in the Statement of Profit or Loss and Other Comprehensive Income and tax expense calculated per the statutory income tax rate		
A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Company's applicable tax rate is as follows:		
Loss from continuing operations before income tax expense	(10,271,311)	(690,097)
Tax at the Australian rate of 27.5% (2018: 27.5%)	(2,824,611)	(189,777)
Tax effect of amounts not deductible in calculating taxable income:		
Non-deductible expenses	2,564,770	24,646
Current year tax losses not recognised	304,960	201,435
Movement in unrecognised temporary differences	(45,119)	(36,304)
Income tax expense	-	-
(c) Deferred tax Liabilities		
Timing differences	(131,799)	(57,680)
Off set of deferred tax assets	131,799	57,680
Net deferred tax liabilities	-	-
(d) Deferred tax assets arising on timing		
Tax revenue losses	2,796,482	2,482,157
Tax capital losses	135,778	143,196
Deductable temporary differences	1,426,321	1,407,420
	4,358,580	4,032,773
Off set of deferred tax liabilities	(131,799)	(57,680)
Net deferred tax assets not brought to account	4,226,781	3,975,093

No deferred tax assets have been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

The benefit for tax losses will only be obtained if:

- i. the Company derives future assessable income in Australia of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised; and
- ii. the Company continues to comply with the conditions for deductibility imposed by tax legislation in Australia; and
- iii. no changes in tax legislation in Australia adversely affect the Company in realising the benefit from the deductions for the losses.

At 30 June 2019, there is no recognised or unrecognised deferred income tax liability for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries as the Group has no liability for additional taxation should such amounts be remitted.

	2019 \$	2018 \$
4. Cash and Cash Equivalents		
Reconciliation of cash		
Cash comprises of:		
Cash at bank	5,642,936	10,344,621
Reconciliation of operating loss after tax to net cash flow from operations		
Loss after tax	(10,271,311)	(690,097)
<i>Non-cash items</i>		
Exploration expenditure written off	8,374,644	24,389
Share based payments	700,330	-
Net exchange differences	(89,588)	(108,707)
<i>Change in assets and liabilities</i>		
(Increase)/decrease in trade, other receivables and other assets	(22,462)	23,399
Increase/(decrease) in trade and other payables	(67,284)	79,003
Net cash flow used in operating activities	(1,375,670)	(672,013)
5. Trade and other receivables		
GST receivable	9,358	5,604
Other Receivables	27,523	12,279
	36,881	17,883

Debtors, other receivables and GST receivable are non-interest bearing and generally receivable on 30-day terms. They are neither past due nor impaired. The amount is fully collectible. Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

6. Deferred Exploration & Evaluation Expenditure

Opening balance	-	-
Acquisition of exploration tenements ¹	480,784	-
Exploration and evaluation expenditure incurred during the period	7,624,187	-
Foreign exchange difference	269,673	-
Exploration expenditure written off ^{2,3}	(8,374,644)	-
Closing balance	-	-

¹ Approximately \$480,784 (US\$350,000) of consideration was payable under an agreement with Great Bear Petroleum Ventures II LLC to acquire the majority of Great Bear's working interest in four leases on the western flank of the Alaska North Slope.

² The Winx-1 exploration well was drilled in March 2019. Whilst early indications from the logging while drilling (LWD) data were encouraging, provisional wireline results indicated low oil saturations in the Nanushuk Topsets not conducive to successfully flowing the formation. Although the Company is proceeding with its plan to further evaluate the Nanushuk potential of the Western Blocks, the Board decided to write down exploration and evaluation expenditure in relation to the Alaskan asset to nil.

³ The Board has decided that it will not participate in the next phase of operations and will therefore withdraw from the SC55 consortium thereby assigning its 37.5% participating interest to Palawan55. As a result, exploration and evaluation expenditure in relation to the Philippines asset has been written down to nil.

The ultimate recoupment of costs carried forward for exploration expenditure is dependent on the successful development and commercial exploitation or sale of the respective lease areas.

	2019	2018
	\$	\$
7. Trade and other payables		
Trade payables	37,282	6,431
Other payables	12,497	4,061
Accruals	15,500	122,069
	65,279	132,561

Trade creditors and other creditors are non-interest bearing and generally payable on 30-day terms. Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

8. Issued Capital

(a) Issued and paid up capital

Issued and fully paid	61,811,451	57,329,505
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(b) Movements in ordinary shares on issue

	2019		2018	
	Number of shares	\$	Number of shares	\$
Opening Balance	425,292,776	57,329,505	425,292,776	57,329,505
Shares issued via \$0.05 placement	100,000,000	5,000,000	-	-
Transaction costs on share issue	-	(518,054)	-	-
Closing Balance	525,292,776	61,811,451	425,292,776	57,329,505

(c) Ordinary shares

The Company does not have authorised capital nor par value in respect of its issued capital. Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Company.

(d) Capital risk management

The Company's capital comprises share capital, reserves less accumulated losses amounting to a net equity of \$5,614,538 at 30 June 2019. The Company manages its capital to ensure its ability to continue as a going concern and to optimise returns to its shareholders. The Company was ungeared at year end and not subject to any externally imposed capital requirements. Refer to note 14 for further information on the Company's financial risk management policies.

(e) Share Options

As at the date of this report, there were 32,000,000 unissued ordinary shares under options. The details of the options are as follows:

Number	Exercise Price	Expiry Date
26,000,000	\$0.04	31 December 2020
6,000,000	\$0.05	15 January 2022
32,000,000		

No option holder has any right under the options to participate in any other share issues of the Company or any other entity. 4,320,000 options expired unexercised during the financial year. No options were exercised during or since the year ended 30 June 2019.



	2019 \$	2018 \$
9. Reserves		
Share based payments reserve	5,014,971	4,111,702
Foreign exchange translation reserve	255,417	(14,874)
	5,270,388	4,096,828

Movements in Reserves

Share based payments reserve

Opening balance	4,111,702	4,111,702
Movements during the year	903,269	-
Closing balance	5,014,971	4,111,702

The share based payments reserve is used to record the value of equity benefits provided to Directors and executives as part of their remuneration and non-employees for their goods and services and to record the premium paid on the issue of unlisted options. Refer to note 16 for further details of the securities issued during the year ended 30 June 2019.

Foreign exchange translation reserve

Opening balance	(14,874)	(15,430)
Foreign exchange translation difference	270,291	556
Closing balance	255,417	(14,874)

The foreign exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve.

10. Accumulated losses

Movements in accumulated losses were as follows:

Opening balance	(51,195,990)	(50,505,893)
Loss for the year	(10,271,311)	(690,097)
Closing balance	(61,467,301)	(51,195,990)

11. Auditor's Remuneration

The auditor of Red Emperor Resources NL is BDO Audit (WA) Pty Ltd

Amounts received or due and receivable for:

- an audit or review of the financial report	34,000	32,000
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12. Key Management Personnel Disclosures

(a) Remuneration of Key Management Personnel

Details of the nature and amount of each element of the emolument of each Director and Executive of the Company for the financial year are as follows:

Short term employee benefits	450,000	277,500
Long term employee benefits	37,050	19,950
Share based payments	463,487	-
Other benefits	20,000	-
Total remuneration	970,537	297,450¹

¹ The outstanding amount of Director fees (including superannuation) as at 30 June 2018 was \$67,069.



(b) Other transactions with key management personnel

Transactions with key management personnel were made at arm's length at normal market prices and normal commercial terms. There were no other transactions with key management personnel for the year ended 30 June 2019.

(c) Loans to/from related parties

In December 2017, the Board made the decision to halve all Director remuneration until such time as the Company entered into a transaction of sufficient size to allow it to recommence trading on the ASX. During this time, the reduced fee amount was accrued and paid subsequent to the year end. The outstanding balance of Director fees as at 30 June 2018 was \$67,069. This amount was included in the 2018 remuneration table. There were no other amounts or loans made or outstanding to directors of Red Emperor and other key management personnel of the Group, including their personally related parties.

13. Related party disclosures

(a) Key management personnel

For Director related party transactions please refer to Note 12 "Key management personnel disclosures".

(b) Subsidiaries

The consolidated financial statements include the financial statements of Red Emperor Resources NL and the subsidiaries listed in the following table:

Name of Entity	Country of Incorporation	Equity Holding	
		30 June 2019	30 June 2018
Puntland Oil Pty Ltd	Australia	100%	100%
Georgian Oil Pty Ltd	Australia	- ¹	100%
Vianista Pty Ltd	Australia	100%	100%
Century Red Pte. Ltd	Singapore	100%	100%
Red Emperor Alaska Limited	USA	100%	-

¹ Pursuant to the terms of a Share Sale Agreement entered into on 25 September 2018, Red Emperor agreed to sell 100% of the issued capital of Georgian Oil Pty Ltd to Range Resources Ltd for nominal cash consideration of \$26,976 (US\$20,000).

14. Financial Risk Management

The Group's activities expose it to a variety of financial risks including interest rate risk, price risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group does not use derivative financial instruments; however the Group uses different methods to measure different types of risk to which it is exposed.

These methods include sensitivity analysis in the case of interest rate and other price risks and aging analysis for credit risk. Risk management is carried out by the Board of Directors with assistance from suitably qualified external and internal advisors. The Board provides written principles for overall risk management and further policies will evolve commensurate with the evolution and growth of the Group.

(a) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. As at the reporting date the Group had sufficient cash reserves to meet its requirements. The Group therefore had no credit standby facilities or arrangements for further funding in place.



The financial liabilities of the Group at the reporting date were trade payables incurred in the normal course of business. These were non-interest bearing and were due within the normal 30-60 days terms of creditor payments. The Group does not consider this to be material to the Group and have therefore not undertaken any further analysis of risk exposure.

(b) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Company's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash. The Company manages the risk by investing in short term deposits.

Interest rate sensitivity

The following table demonstrates the sensitivity of the Company's Statement of Profit or Loss and Other Comprehensive Income to a reasonably possible change in interest rates, with all other variables constant.

Change in Basis Points	Effect on Post Tax Loss (\$)		Effect on Equity including retained earnings (\$)	
	Increase/(Decrease)		Increase/(Decrease)	
	2019	2018	2019	2018
Increase 75 basis points	42,322	77,585	42,322	77,585
Decrease 75 basis points	(42,322)	(77,585)	(42,322)	(77,585)

A sensitivity of 75 basis points has been used as this is considered reasonable given the current level of both short term and long-term Australian Dollar interest rates. The change in basis points is derived from a review of historical movements and management's judgement of future trends.

(c) Credit Risk Exposures

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis. The Group does not have any significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk without taking account of the fair value of any collateral or other security obtained.

	2019	2018
	\$	\$
Cash and cash equivalents AA-	5,642,936	10,344,621

(d) Capital Risk Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's capital includes ordinary share capital, partly paid shares and financial liabilities, supported by financial assets.

The Group's capital includes mainly ordinary share capital and financial liabilities supported by financial assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.



Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The net working capital position of the Company at 30 June 2019 was \$5,614,538 (2018: \$10,229,943) and the net decrease in cash held during the year was \$4,701,685 (2018: net decrease \$685,957). The Group currently has \$5,642,936 (2018: \$10,344,621) of cash and cash equivalents and no debt.

15. Loss per Share

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The following reflects the loss and share data used in the total operations basic and diluted earnings per share computations:

	2019 \$	2018 \$
Loss used in calculating basic and dilutive EPS	(10,271,311)	(690,097)

	Number of Shares	
Weighted average number of ordinary shares used in calculating basic loss per share:	470,772,228	425,292,776

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements. As the Company is loss making, there is no diluted EPS calculated.

	2019 \$	2018 \$
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16. Share based payments

(a) Recognised share based payment transactions

Share based payment transactions recognised either as operational expenses in the statement of profit or loss and other comprehensive income or as capital raising costs in the equity during the period were as follows:

Employee and Director share based payments	463,487	-
Share based payments to suppliers	437,382	-
	900,869	-

Share-based payment transactions have been recognised as follows:

Share-based payment expense	700,330	-
Issued capital – transaction costs on share issue	200,539	-
	900,869	-

(b) Employee and Director share based payments

The fair value at grant date of options granted during the reporting period was determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share and the risk-free interest rate for the term of the option.

The table below summarises options granted during the year ended 30 June 2019:

Grant Date	Expiry date	Exercise price per option	Balance at start of the year	Granted during the year	Exercised during the year	Expired during the year	Balance at end of the year	Exercisable at end of the year
			Number	Number	Number	Number	Number	Number
08/08/2018	31/12/2020	\$0.04	-	6,000,000	-	-	6,000,000	6,000,000
22/11/2018	31/12/2020	\$0.04	-	10,000,000	-	-	10,000,000	10,000,000
				16,000,000	-	-	16,000,000	16,000,000

The expense recognised in respect of the above options granted during the year was \$463,487 which represents the fair value of the options. The model inputs, not included in the table above, for options granted during the year ended 30 June 2019 included:

- options were issued at \$0.0001 each;
- expected lives of the options ranged from 2.1 to 2.4 years;
- share price at grant date ranged from \$0.046 to \$0.058;
- expected volatility of 80%;
- expected dividend yield of nil; and
- a risk-free interest rate of 2.04%.

There were no unlisted options issued to employees and directors during the year ended 30 June 2018.

(c) Share-based payment to suppliers

The Company issued unlisted options to provide consideration to consultants and corporate advisors for services rendered during the year ended 30 June 2019. These options were valued using the Black-Scholes option pricing model as the value of the work performed could not be reliably determined.

Grant Date	Expiry date	Exercise price per option	Balance at start of the year	Granted during the year	Exercised during the year	Expired during the year	Balance at end of the year	Exercisable at end of the year
			Number	Number	Number	Number	Number	Number
08/08/2018	31/12/2020	\$0.04	-	10,000,000	-	-	10,000,000	10,000,000
15/01/2019	15/01/2022	\$0.05	-	6,000,000	-	-	6,000,000	6,000,000
				16,000,000	-	-	16,000,000	16,000,000

The expense recognised in respect of the above options granted during the year was \$437,382 which represents the fair value of the options. The model inputs, not included in the table above, for options granted during the year ended 30 June 2019 included:

- options issue price ranged from nil to \$0.0001 each;
- expected lives of the options ranged from 2.4 years to 3.0 years;
- share price at grant date ranged from \$0.046 to \$0.059;
- expected volatility of 80%;
- expected dividend yield of nil; and
- a risk-free interest rate of 2.04%.

There were no unlisted options issued to suppliers during the year ended 30 June 2018.

17. Operating Segments

The Company has determined the operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. During the year the consolidated entity operated in two business segments, exploration & evaluation and treasury (other).

Basis of accounting for purposes of reporting by operating segments
Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment transactions

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location. Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment: - head office and other administration expenditure. The Group operates in two industries, mineral and oil and gas exploration however due to the differing geographical areas and functional currencies the financial information has been broken down into two operating segments being exploration and administration (other) in three geographical areas.

Segment Performance 30 June 2019	Alaska Exploration & Evaluation \$	Georgian Exploration & Evaluation \$	Philippines Exploration & Evaluation \$	Treasury \$	Total \$
Revenue					
Interest revenue	-	26,976	-	73,955	100,931
Total segment revenue	-	26,976	-	73,955	100,931
Total Group revenue	-	26,976	-	73,955	100,931
Segment net profit before tax	-	26,976	-	73,955	100,931
Expenses					
Exploration expenditure written off	(8,182,668)	-	(191,976)	-	(8,374,644)
Segment net profit/(loss) before tax	(8,182,668)	26,976	(191,976)	73,955	(8,273,713)
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>					
Unallocated items:					
Foreign exchange gain/(loss)	-	-	-	74,528	74,528
Other	-	-	-	-	(2,072,126)
Net loss before tax from continuing operations					(10,271,311)



Segment Performance	Alaska	Georgian	Philippines	Treasury	Total
30 June 2018	Exploration	Exploration	Exploration		
	& Evaluation	&	&		
	\$	Evaluation	Evaluation	\$	\$
		\$	\$		
Revenue					
Interest revenue	-	-	-	134,982	134,982
Total segment revenue	-	-	-	134,982	134,982
Total Group revenue	-	-	-	134,982	134,982
Segment net profit before tax	-	-	-	134,982	134,982
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>					
Unallocated items:					
Foreign exchange gain/(loss)	-	-	-	107,065	107,065
Employee and director benefits expense	-	-	-	-	(253,950)
Other	-	-	-	-	(678,194)
Net loss before tax from continuing operations					(690,097)

Segment Assets					
30 June 2019					
Segment assets	-	-	-	-	-
<i>Segment assets increases/ (decreases) for the year:</i>					
<i>Reconciliation of segment assets to Group assets</i>					
	-	-	-	-	-
Unallocated items:					
Cash and cash equivalents					5,642,936
Trade and other receivables					36,881
Total Group assets from continuing operations					5,679,817

Segment Assets					
30 June 2018					
Segment assets	-	-	-	400	400
<i>Segment assets increases/ (decreases) for the year:</i>					
<i>Reconciliation of segment assets to Group assets</i>					
- financial assets at fair value through profit or loss	-	-	-	400	400
	-	-	-	400	400
Unallocated items:					
Cash and cash equivalents					10,344,621
Trade and other receivables					17,883
Total Group assets from continuing operations					10,362,904

<u>Segment Liabilities</u> 30 June 2019	Alaska Exploration & Evaluation \$	Georgian Exploration & Evaluation \$	Philippines Exploration & Evaluation \$	Treasury \$	Total \$
Segment liabilities	-	-	-	-	-
<i>Reconciliation of segment liabilities to Group assets</i>					
Unallocated items:					
Trade and other payables					65,279
Total Group liabilities from continuing operations					65,279

<u>Segment Liabilities</u> 30 June 2018	Alaska Exploration & Evaluation \$	Georgian Exploration & Evaluation \$	Philippines Exploration & Evaluation \$	Treasury \$	Total \$
Segment liabilities	-	-	-	-	-
<i>Reconciliation of segment liabilities to Group assets</i>					
Unallocated items:					
Trade and other payables					132,561
Total Group liabilities from continuing operations					132,561

18. Events Occurring after the Reporting Period

On 12 August 2019 Mr Gracjan Lambert, Chief Executive Officer, resigned from the Company in order to pursue his other business interests. Gracjan may still consult to Red Emperor from time to time in the future. There have been no other significant events subsequent to the end of the financial year to the date of this report.

19. Commitments

There are no commitments as at 30 June 2019 (30 June 2018: nil).

20. Contingent assets and liabilities

There are no known contingent assets or liabilities as at 30 June 2019 (30 June 2018: nil).

21. Parent Entity Information

The following details information related to the parent entity, Red Emperor Resources NL, at 30 June 2019. The information presented here has been prepared using consistent accounting policies as presented in Note 2.

	2019 \$	2018 \$
Current assets	5,669,173	10,352,485
Total assets	5,669,273	10,352,985
Current liabilities	(65,278)	(132,561)
Total liabilities	(65,278)	(132,561)
Net assets	5,603,995	10,220,424
Issued capital	61,811,451	57,329,505
Reserves	5,014,971	4,111,702
Accumulated losses	(61,222,427)	(51,220,783)
	5,603,995	10,220,424
Loss of the parent entity	(10,001,644)	(690,097)
Other comprehensive income for the year	-	-
Total comprehensive loss of the parent entity	(10,001,644)	(690,097)



22. Dividends

No dividend was paid or declared by the Company in the year ended 30 June 2019 or the period since the end of the financial year and up to the date of this report (2018: nil). The Directors do not recommend that any amount be paid by way of dividend for the financial year ended 30 June 2019.



Directors' Declaration

In accordance with a resolution of the Directors of Red Emperor Resources NL, I state that:

1. In the opinion of the Directors:
 - a) the financial statements and notes of Red Emperor Resources NL for the year ended 30 June 2019 are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the Company's consolidated financial position as at 30 June 2019 and of its performance for the year ended on that date; and
 - ii. complying with Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(a).
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. This declaration has been made after receiving the declarations required to be made by the Directors in accordance with sections of 295A of the Corporations Act 2001 for the financial year ended 30 June 2019.

On behalf of the Board

Greg Bandy
Managing Director

Perth, Western Australia
16 September 2019

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF RED EMPEROR RESOURCES NL

As lead auditor of Red Emperor Resources NL for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Red Emperor Resources NL and the entities it controlled during the period.



Jarrad Prue
Director

BDO Audit (WA) Pty Ltd
Perth, 16 September 2019

INDEPENDENT AUDITOR'S REPORT

To the members of Red Emperor Resources NL

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Red Emperor Resources NL (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying Value of Exploration and Evaluation Asset

Key audit matter	How the matter was addressed in our audit
<p>The carrying value of the exploration and evaluation asset is disclosed in Note 6. The asset was impaired to nil during the year.</p> <p>The asset was required to be assessed for impairment indicators in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources. A trigger for impairment testing was identified which resulted in the Group recognising an impairment charge as disclosed in Note 6.</p> <p>This area was deemed to be a key audit matter because the assessment to determine whether an impairment charge is necessary involves significant judgements by management in relation to the fair value of the exploration and evaluation asset.</p> <p>The Group's accounting policy with respect to Exploration and Evaluation assets is disclosed in Note 1(d) and Note 1(n).</p>	<p>Our procedures in respect of this area included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • Holding discussions with management to obtain an understanding of the process they undertook in determining a trigger for impairment was present; • Assessing the basis for determining the fair value of the exploration and evaluation asset; and • Assessing the adequacy of the related disclosures in Note 1(d), Note 1(n) and Note 6 to the financial report.

Accounting for Share-based Payments

Key audit matter	How the matter was addressed in our audit
<p>As disclosed in Note 16 to the financial report, the Group has issued a number of options which have been accounted for as share-based payments in accordance with AASB 2 Share-based Payment.</p> <p>Refer to Note 1(n) of the financial report for a description on the significant estimates and judgements applied to these arrangements.</p> <p>Share-based payments are a complex accounting area and due to the complex and judgemental estimates used in determining the fair value of financial instruments and how the share-based payments should be recognised, therefore we consider the accounting of the share-based payments to be a key audit matter.</p>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Holding discussions with management to understand the share-based payment arrangements in place; • Reviewing relevant supporting documentation to obtain an understanding of the contractual nature and terms and conditions of the share-based payment arrangements; • Reviewing management’s determination of the fair value of the share-based payments granted, considering the appropriateness of the valuation models used and assessing the valuation inputs; • Involving our valuation specialists, to assess the reasonableness of management’s valuation inputs including volatility; and • Assessing the adequacy and completeness of the related disclosures in Note 1(n) and Note 16 to the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group’s annual report for the year ended 30 June 2019, but does not include the financial report and the auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 10 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Red Emperor Resources NL, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO


Jarrad Prue

Director

Perth, 16 September 2019



Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current at 27 August 2019.

Distribution of Share Holders

	Ordinary Shares	
	Number of Holders	Number of Shares
1 - 1,000	58	15,638
1,001 - 5,000	176	522,337
5,001 - 10,000	166	1,365,153
10,001 - 100,000	521	21,716,400
100,001 - and over	319	501,673,248
TOTAL	1,240	525,292,776

There were 747 holders of ordinary shares holding less than a marketable parcel.

Top Twenty Share Holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Number of shares	%
BARCLAYS DIRECT INVESTING NOMINEES LIMITED <CLIENT1>	40,278,994	7.67
HARGREAVES LANSDOWN (NOMINEES) LIMITED <15942>	33,336,269	6.35
INTERACTIVE INVESTOR SERVICES NOMINEES LIMITED <SMKTNOMS>	29,632,307	5.64
INTERACTIVE INVESTOR SERVICES NOMINEES LIMITED <SMKTISAS>	29,576,087	5.63
SURF COAST CAPITAL PTY LTD <MINNIE P/F A/C>	25,000,000	4.76
HSDL NOMINEES LIMITED	20,586,382	3.92
JALAVAR PTY LTD <FALCON PENSION A/C>	16,900,000	3.22
HSDL NOMINEES LIMITED <MAXI>	15,443,162	2.94
HARGREAVES LANSDOWN (NOMINEES) LIMITED <VRA>	14,612,568	2.78
HARGREAVES LANSDOWN (NOMINEES) LIMITED <HLNOM>	13,907,889	2.65
INTERACTIVE BROKERS LLC <IBLLCR>	11,946,940	2.27
SHARE NOMINEES LTD	10,710,296	2.04
MORGAN STANLEY CLIENT SECURITIES NOMINEES LIMITED	8,295,505	1.58
HSBC CLIENT HOLDINGS NOMINEE (UK) LIMITED <731504>	8,276,699	1.58
JAMES CAPEL (NOMINEES) LIMITED <PC>	6,628,460	1.26
LAWSHARE NOMINEES LIMITED <SIPP>	6,379,801	1.21
PERSHING NOMINEES LIMITED <PERNY>	6,321,546	1.20
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	6,128,404	1.17
LAWSHARE NOMINEES LIMITED <ISA>	6,058,290	1.15
INTERACTIVE INVESTOR SERVICES NOMINEES LIMITED <TDWHSIPP>	6,020,308	1.15
	316,039,907	60.16

Substantial Shareholders (>5%)

Name	Number of shares	%
BARCLAYS DIRECT INVESTING NOMINEES LIMITED <CLIENT1>	40,278,994	7.67
HARGREAVES LANSDOWN (NOMINEES) LIMITED <15942>	33,336,269	6.35
INTERACTIVE INVESTOR SERVICES NOMINEES LIMITED <SMKTNOMS>	29,632,307	5.64
INTERACTIVE INVESTOR SERVICES NOMINEES LIMITED <SMKTISAS>	29,576,087	5.63
	132,823,657	25.29



Unlisted Options

Number	Class	Holders with more than 20%
26,000,000	Options over ordinary shares exercisable at \$0.04 on or before 31 December 2020.	<ul style="list-style-type: none"> - Jameker Pty Ltd <AKJ Family A/C> 8,000,000 Options - Gracjan Lambert 6,000,000 Options - Gregory J Bandy 6,000,000 Options
6,000,000	Options over ordinary shares exercisable at \$0.05 on or before	<ul style="list-style-type: none"> - Brandon Hill Capital Limited 1,696,457 options - ACN 161 604 315 PTY LTD 1,903,543 options - Max Capital Pty Ltd 2,400,000 options

On-Market Buy Back

There is no current on-market buy back.

Voting Rights

All ordinary shares carry one vote per share without restriction. Options have no voting rights.

Use of Proceeds

In accordance with listing rule 4.10.19, the Company confirms that it has used cash and assets in a form readily convertible to cash in a way consistent with its business objectives during the financial year ended 30 June 2019.

Restricted Securities subject to escrow period

There are no securities on issue subject to escrow.

Red Emperor’s Project Areas

Tenement	Location	Area	Structure
Alaska			
Western Blocks (ADL#s 391718, 391719, 319720 & 391721)	North Slope, Alaska	92km ²	31.5%
Philippines			
SC55	Palawan Basin, Philippines	9,880km ²	37.5%*

KM² – Kilometres squared

* *The Company is in the process of withdrawing from the SC55 consortium and will assign its 37.5% interest to the Operator, Palawan55.*