



ABN 99 124 734 961

AND ITS CONTROLLED ENTITIES

**ANNUAL REPORT
30 JUNE 2017**

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CORPORATE DIRECTORY

Directors

Mr. Greg Bandy – Managing Director
Mr. Jason Bontempo – Non-Executive Director
Mr. Nathan Rayner – Non-Executive Director

Company Secretary

Mr. Aaron Bertolatti

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

Stock Exchange

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

Alternative Investment Market of the London Stock
Exchange (AIM)
AIM Code: **RMP**

Website

redemperorresources.com



Directors' Report

The Directors present their report for Red Emperor Resources NL ("Red Emperor", "Red Emperor" or "the Company") and its subsidiaries ("the Group") for the year ended 30 June 2017.

DIRECTORS

The names, qualifications and experience of the Company's Directors in office during the year and until the date of this report are as follows. Directors were in office for the entire year unless otherwise stated.

Mr. Greg Bandy – B.Com Managing Director

Mr. Bandy has over 15 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 currently Managing Director of Orca Energy Limited (ASX: OGY).

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

Mr 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 the advising and financing of companies in the resources industry specialising in asset sales and AIM | ASX listings. Mr Bontempo is also currently a director of Orca Energy (ASX:OGY) and Cobalt One Limited (ASX:CO1).

Mr. Nathan Rayner - B.Eng, MEngSc, GradCertBusAdmin, MAICD Non-Executive Director

Mr. Rayner is a Petroleum Engineer with over 15 years of experience, specialising in managing technical teams, resource evaluations and developing gas projects globally. Mr. Rayner held the position of Evaluation Manager for Addax Petroleum Ltd, based in Geneva, managing its West African new discovery field development planning, appraisal programs and resource portfolio. Mr. Rayner previously held the positions of Chief Operating Officer with both Dart Energy Ltd, based in Singapore and Sunbird Energy Limited (now Interpose Holdings Limited). Mr Rayner is also currently a director of Orca Energy Limited (ASX: OGY).

COMPANY SECRETARY

Mr. Aaron Bertolatti – B.Com, CA, AGIA

Mr. Bertolatti is a qualified Chartered Accountant and Company Secretary with over 10 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 has significant experience in the administration of ASX listed companies, corporate governance and corporate finance.

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 – exercisable at \$0.055 each on or before 31-Dec-17
Greg Bandy	1,000,000	-
Jason Bontempo	-	-
Nathan Rayner	-	3,500,000

RESULTS OF OPERATIONS

The Company's net loss after taxation attributable to the members of Red Emperor for the year to 30 June 2017 was \$758,918 (2016: \$9,034,572).

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

Philippines (SC 55)

Red Emperor provided further information to the Philippines Department of Energy (DoE) on request in the hope that the approval to have its equity interest in Block SC55 increased (from 15% to 37.5%) so a work program consisting of geological and interpretive studies can be undertaken.



Red Emperor participated in a USD \$25m exploration well (Hawkeye) within the block in 2015 and contributed in excess of AUD \$5m towards drilling costs. Over USD \$50m has been spent exploring the block to date and a number of drill-ready targets remain, including the "Cinco" gas prospect which has a best estimate prospective resource of 1.6tcf recoverable gas. Given the Hawkeye well discovered gas and a working petroleum system relatively close to Cinco, Red Emperor believes that Block SC 55 remains a key asset for the Company to maintain exposure to.

Georgia

Red Emperor has been negotiating with Range Resources Limited to sell its 20% interest in Strait Oil & Gas for a nominal sum and a royalty. After a long and frustrating Joint Venture and uncertainty over the tenure of Blocks VIa and VIb, the company concluded that a divestment was both prudent and opportunistic. Full details of any proposed sale will be made available to shareholders in due course after formal documentation has been agreed and executed. The carrying value of this asset was written down to nil some time ago and the Company does not consider its shareholding to be of a core nature to its ongoing business activities or strategy.

Corporate

Red Emperor reviewed a number of new opportunities within the oil & gas sector with both its Australian and UK advisers respectively during the year. The Company also undertook due diligence on two assets outside the oil & gas space, specifically resource projects. While it remains focused on its current main undertaking, the board believes it to be a prudent strategy to widen its focus to include opportunities in all sectors that could potentially add value to shareholders, while it awaits formal approval from the Philippines DoE.

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

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 its investment in resource projects with the object of identifying commercial resources. The Company intends to pursue acquisition and investment opportunities to secure new projects 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 the 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 the organisational activities on the environment. There have been no known breaches by the Group during the year.

SHARE OPTIONS

As at 30 June 2017 there were 8,820,000 unissued ordinary shares under options. The details of the options are as follows:

Number	Exercise Price \$	Expiry Date
4,500,000	\$0.055	31-Dec-17
4,320,000	\$0.080	2-Jul-18
8,820,000		

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

No options expired unexercised during the financial year. No options were exercised during or since the year ended 30 June 2017.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has made 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.

During the financial period, Red Emperor Resources NL paid a premium of \$27,857 (2016: \$15,786) to insure the directors and officers of the Group and its controlled entities.



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	-	-
Jason Bontempo	-	-
Nathan Rayner	-	-

PROCEEDINGS ON BEHALF OF 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 is in compliance 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 at page 24 of the annual report. There were no non-audit services provided by the Company's auditor.

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 2017. 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

Mr. Greg Bandy	Managing Director
Mr. Jason Bontempo	Non-Executive Director
Mr. Nathan Rayner	Non-Executive Director
Mr. Aaron Bertolatti	Company Secretary

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
Non-Executive Director	\$30,000 - \$36,000

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 2017 are as follows:

2017	Short term			Options	Post employment		Total \$	Option related %
	Base Salary \$	Directors Fees \$	Consulting Fees \$	Share Based Payments \$	Superannuation \$	Prescribed Benefits \$		
Directors								
Greg Bandy	180,000	-	-	-	17,100	-	197,100	-
Jason Bontempo	-	30,000	-	-	2,850	-	32,850	-
Nathan Rayner	-	36,000	-	-	-	-	36,000	-
Key Management								
Aaron Bertolatti	-	-	42,000	-	-	-	42,000	-
	180,000	66,000	42,000	-	19,950	-	307,950	

There were no other executive officers of the Company during the financial year ended 30 June 2017.

2016	Short term			Options	Post employment		Total \$	Option related %
	Base Salary \$	Directors Fees \$	Consulting Fees \$	Share Based Payments \$	Superannuation \$	Prescribed Benefits \$		
Directors								
Greg Bandy	180,000	-	-	-	17,100	-	197,100	-
Jason Bontempo	-	30,000	-	-	2,850	-	32,850	-
Nathan Rayner	-	36,000	-	24,059	-	-	60,059	40.1
Key Management								
Aaron Bertolatti	-	-	42,000	6,875	-	-	48,875	14.1
	180,000	66,000	42,000	30,934	19,950	-	338,884	

There were no other executive officers of the Company during the financial year ended 30 June 2016.

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.

2017	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
Greg Bandy	1,000,000	-	-	-	1,000,000
Jason Bontempo	-	-	-	-	-
Nathan Rayner	-	-	-	-	-
Aaron Bertolatti	375,000	-	-	-	375,000

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:

2017	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
Greg Bandy	-	-	-	-	-	-	-
Jason Bontempo	-	-	-	-	-	-	-
Nathan Rayner	3,500,000	-	-	-	3,500,000	3,500,000	-
Aaron Bertolatti	1,000,000	-	-	-	1,000,000	1,000,000	-



No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Options granted under the plan carry no dividend or voting rights. For details on the valuation of options, including models and assumptions used, please refer to note 14.

Service Agreements

Executive Directors

The Company has a service agreement with Mr 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 the 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 is reviewed annually.

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 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 2017.

Voting and comments made at the Company's 2016 Annual General Meeting

Red Emperor Resources NL received 82.5% of "yes" votes on its remuneration report for the 2016 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
21 September 2017



Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2017

	Note	30 June 2017 \$	30 June 2016 \$
Continuing Operations			
Interest received		158,634	239,406
Employee and director benefits expense		(274,103)	(265,950)
Professional and Consultants		(308,959)	(570,771)
ASX and AIM and share registry fees		(69,969)	(83,731)
Travel expenditure		(66,922)	(72,799)
Impairment expense	5	-	(7,711,110)
Realised Foreign exchange gain		-	28,341
Unrealised Foreign exchange loss		(112,584)	(423,331)
Share based payment expense	14(a)	-	(30,934)
Other expenses		(85,015)	(143,693)
Loss before income tax		(758,918)	(9,034,572)
Income tax expense	3	-	-
Loss after Income Tax		(758,918)	(9,034,572)
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Other comprehensive income/(loss)		(607)	13,938
Other comprehensive income/(loss) for the year net of tax		(607)	13,938
Total comprehensive loss for the year		(759,525)	(9,020,634)
Loss per share			
Basic loss per share (cents)	13	(0.18)	(2.13)

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 2017

	Note	2017 \$	2016 \$
Current Assets			
Cash and cash equivalents	4	10,921,315	11,715,540
Trade and other receivables		51,727	33,415
Total Current Assets		10,973,042	11,748,955
Non-Current Assets			
Financial assets at fair value through profit or loss		400	400
Exploration and evaluation expenditure	5	-	-
Total Non-Current Assets		400	400
Total Assets		10,973,442	11,749,355
Current Liabilities			
Trade and other payables		53,558	69,946
Total Current Liabilities		53,558	69,946
Total Liabilities		53,558	69,946
Net Assets		10,919,884	11,679,409
Equity			
Issued capital	6	57,329,505	57,329,505
Reserves	7	4,096,272	4,096,879
Accumulated losses	8	(50,505,893)	(49,746,975)
Total Equity		10,919,884	11,679,409

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 2017**

	Issued capital \$	Accumulated losses \$	Foreign exchange translation reserve \$	Share based payments reserve \$	Total \$
Balance at 1 July 2015	52,167,148	(40,712,403)	(28,761)	3,867,905	15,293,889
Total comprehensive loss for the year					
Loss for the year	-	(9,034,572)	-	-	(9,034,572)
Other Comprehensive income	-	-	13,938	-	13,938
Total comprehensive loss for the year	-	(9,034,572)	13,938	-	(9,020,634)
Transactions with owners in their capacity as owners					
Issue of shares	5,763,718	-	-	-	5,763,718
Share based payments	-	-	-	30,934	30,934
Cost of issue	(601,361)	-	-	212,863	(388,498)
Balance at 30 June 2016	57,329,505	(49,746,975)	(14,823)	4,111,702	11,679,409
Balance at 1 July 2016	57,329,505	(49,746,975)	(14,823)	4,111,702	11,679,409
Total comprehensive loss for the year					
Loss for the year	-	(758,918)	-	-	(758,918)
Other Comprehensive loss	-	-	(607)	-	(607)
Total comprehensive loss for the year	-	(758,918)	(607)	-	(759,525)
Transactions with owners in their capacity as owners					
Balance at 30 June 2017	57,329,505	(50,505,893)	(15,430)	4,111,702	10,919,884

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 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Payments to suppliers and employees		(840,275)	(1,113,641)
Interest received		158,634	239,406
Finance cost		-	28,341
Net cash used in operating activities	4	(681,641)	(845,894)
Cash flows from investing activities			
Payments for exploration and evaluation		-	(5,119,286)
Refund of Hawkeye-1 well costs		-	397,822
Net cash used in investing activities		-	(4,721,464)
Cash flows from financing activities			
Proceeds from issue of shares and options		-	5,600,300
Payment of share issue costs		-	(388,498)
Net cash provided by financing activities		-	5,211,802
Net decrease in cash and cash equivalents		(681,641)	(355,556)
Cash and cash equivalents at beginning of year		11,715,540	12,494,427
Effects of exchange rate changes on cash and cash equivalents		(112,584)	(423,331)
Cash and cash equivalents at the end of the year	4	10,921,315	11,715,540

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”, “Red Emperor” or “the Company”) for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the Directors on 21 September 2017. Red Emperor is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. 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 2017 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, balance 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 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 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 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

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

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 19 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 of 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

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

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) Investments & financial instruments

Classification

- The group classifies its investments in the following categories;
- Loan receivables;
- Financial assets at fair value through profit or loss; and
- Available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determine the classification of its investments at initial recognition.

- i. Financial assets at fair value through profit or loss
Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.
- ii. Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.



Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

(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.

(o) New and amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2016 affected any of the amounts recognised in the current period or any prior period, although it caused minor changes to the Group's disclosures.

(p) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- *AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018)*
The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. The directors anticipate that the adoption of AASB 9 will not have a material impact on the Group's financial instruments.

- *AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018).*

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services.

To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue. The directors anticipate that the adoption of AASB 15 will not have a material impact on the Group's revenue recognition and disclosures.

- *AASB 16: Leases (applicable to annual reporting periods commencing on or after 1 January 2019).*

AASB 16 removes the classification of leases as either operating leases or finance leases for the lessee effectively treating all leases as finance leases. Short term leases (less than 12 months) and leases of a low value are exempt from the lease accounting requirements. Lessor accounting remains similar to current practice. The directors anticipate that the adoption of AASB 16 will not have a material impact on the Group's financial instruments.



▪ *Other standards not yet applicable*

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(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.

	2017 \$	2016 \$
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	(758,918)	(9,034,572)
Tax at the Australian rate of 27.5% (2016: 30%)	(208,702)	(2,710,372)
Tax effect of amounts not deductible in calculating taxable income:		
Non-deductible expenses	24,885	911,162
Current year tax losses not recognised	197,628	433,400
Movement in unrecognised temporary differences	(13,811)	1,365,810
Recoupment of prior year capital losses not previously brought to account	-	-
Income tax expense	-	-
(c) Deferred tax Liabilities		
Timing differences	(28,155)	(28,151)
Off set of deferred tax assets	(41)	(45)
Net deferred tax liabilities	(28,196)	(28,196)
(d) Deferred tax assets arising on timing		
Tax revenue losses	2,297,703	2,290,885
Tax capital losses	143,196	156,214
Deductable temporary differences	1,439,261	1,552,817
	3,880,160	3,999,916
Off set of deferred tax liabilities	(28,237)	(28,241)
Net deferred tax assets not brought to account	3,851,923	3,971,675

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 2017, 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 subsidiary as the Group has no liability for additional taxation should such amounts be remitted



	2017 \$	2016 \$
4. Cash and Cash Equivalents		
Reconciliation of cash		
Cash comprises of:		
Cash at bank	10,921,315	11,715,540
Reconciliation of operating loss after tax to net cash flow from operations		
Loss after tax	(758,918)	(9,034,572)
<i>Non-cash items</i>		
Impairment expense	-	7,678,546
Share based payment	-	243,797
Net exchange differences	111,977	428,327
<i>Change in assets and liabilities</i>		
Decrease/(increase) in trade and other receivables	(18,312)	584,901
Increase/(decrease) in trade and other payables	(16,388)	(746,893)
Net cash flow used in operating activities	(681,641)	(845,894)
5. Deferred Exploration and Evaluation Expenditure		
Opening Balance	-	-
Assets transferred from assets held for sale	-	3,000,000 ¹
Exploration and evaluation expenditure capitalised during the year	-	4,711,110
Exploration expenditure written off ¹	-	(7,711,110) ^{1,2}
Closing balance	-	-

¹ The Board decided to reclassify its 20% ownership interest in Strait Oil and Gas (UK) Ltd to exploration and evaluation expenditure and write the asset down to nil during the year ended 30 June 2016.

² The Hawkeye-1 exploratory well was drilled in August 2015. The well did not encounter gas in commercial quantities and Red Emperor was advised by Otto Energy of its intention to exit the Joint Venture. Given these facts and the depressed oil and gas market, the Board decided to write down exploration and evaluation expenditure in relation to the Philippines asset to nil during the year ended 30 June 2016. Red Emperor however has sought approval to have its equity interest in Block SC55 increased (from 15% to 37.5%) so a work program consisting of geological and interpretive studies can be undertaken.

6. Issued Capital

(a) Issued and paid up capital

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

	2017		2016	
	Number of shares	\$	Number of shares	\$
Opening Balance	425,292,776	57,329,505	359,542,776	52,167,148
Shares issued via placement ¹	-	-	65,750,000	5,763,718
Transaction costs on share issue	-	-	-	(601,361)
	425,292,776	57,329,505	425,292,776	57,329,505

¹ In July 2015, the Company, through its London broker, Brandon Hill Capital, and its Australian broker, 708 Capital, placed 65,750,000 new ordinary shares at 4 pence (A\$0.08) per share. Proceeds from the raise and existing cash resources were used towards the drilling activities in the Philippines.

(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 \$10,919,884 at 30 June 2017. 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 12 for further information on the Company's financial risk management policies.

(e) Share Options

As at 30 June 2017 there were 8,820,000 unissued ordinary shares under options. The details of the options are as follows:

Number	Exercise Price \$	Expiry Date
4,500,000	\$0.055	31-Dec-17
4,320,000	\$0.080	2-Jul-18
8,820,000		



No option holder has any right under the options to participate in any other share issue of the Company or any other entity. No options expired unexercised during the financial year. No options were exercised during or since the year ended 30 June 2017.

	2017 \$	2016 \$
7. Reserves		
Share based payments reserve	4,111,702	4,111,702
Foreign exchange translation reserve	(15,430)	(14,823)
	4,096,272	4,096,879

Movements in Reserves

Share based payments reserve

Opening balance	4,111,702	3,867,905
Share based payments expense	-	243,797
Closing balance	4,111,702	4,111,702

The share based payment 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. Refer to note 14 for further details of the options issued during the financial year ended 30 June 2017.

Foreign exchange translation reserve

Opening balance	(14,823)	(28,761)
Foreign exchange translation difference	(607)	13,938
Closing balance	(15,430)	(14,823)

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

8. Accumulated losses

Movements in accumulated losses were as follows:

Opening balance	(49,746,975)	(40,712,403)
Loss for the year	(758,918)	(9,034,572)
Closing balance	(50,505,893)	(49,746,975)

9. 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	38,148	41,305
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10. 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	288,000	288,000
Share based payments	-	30,934
Other employee expense (superannuation)	19,950	19,950
Total remuneration	307,950	338,884

(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 2017.

(c) Loans to/from related parties

There were no loans made or outstanding to directors of Red Emperor and other key management personnel of the Group, including their personally related parties.

11. Related party disclosures

(a) Key management personnel

For Director related party transactions please refer to Note 10 "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	
		2017	2016
Puntland Oil Pty Ltd	Australia	100%	100%
Georgian Oil Pty Ltd	Australia	100%	100%
Vianista Pty Ltd	Australia	100%	100%
Century Red Pte. Ltd	Singapore	100%	100%

12. Financial Risk Management

The Groups activities expose it to a variety of financial risks including interest rate risk, price risk, credit risk and liquidity risk. The Groups 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 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 reporting date were trade payables incurred in the normal course of the 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 (\$) Increase/(Decrease)		Effect on Equity including retained earnings (\$) Increase/(Decrease)	
	2017	2016	2017	2016
Increase 75 basis points	81,910	87,867	81,910	87,867
Decrease 75 basis points	(81,910)	(87,867)	(81,910)	(87,867)

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 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.

	2017 \$	2016 \$
Cash and cash equivalents AA-	10,921,315	11,715,540
	10,921,315	11,715,540

(d) Capital Risk Management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they 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 2017 was \$10,919,884 (2016: \$11,679,409) and the net decrease in cash held during the year was \$681,641 (2016: net decrease \$355,556). The Group currently has \$10,921,315 (2016: \$11,715,540) of cash and cash equivalents and no debt.

(e) Price risk

The Group is exposed to base metals commodity price risk. The price of base metals can be volatile and influenced by factors beyond the Company's control. As the Group is engaged in exploration and development activities, no sales of commodities are forecast for the next 12 months, and accordingly, no hedging or derivative transactions have been used to manage commodity price risk. Price risk will not have a significant impact on the financial report.

(f) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and Great British Pound.

	2017 \$	2016 \$
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13. 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:

Loss used in calculating basic and dilutive EPS	(758,918)	(9,034,572)
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	Number of Shares	
Weighted average number of ordinary shares used in calculating basic loss per share:	425,292,776	425,112,639

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.

14. 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 year were as follows:

	2017 \$	2016 \$
Employee and Director share based payments	-	30,934
Options issued to consultants	-	212,863
	-	243,797

(b) Employee and Director share based payments

There were no options granted to Employees, Consultants or Directors during the years ended 30 June 2017 and 30 June 2016. An expense of \$30,934 was recognised during the year ended 30 June 2016 in respect to options granted in the prior year.

(c) Share-based payments to suppliers

There were no options granted to suppliers during the year ended 30 June 2017.

During the year ended 30 June 2016, the Company issued unlisted options to a consultant for services rendered in relation to the capital raising. The value of services received were unable to be measured reliably and were therefore measured using fair value of market prices. These options have been valued using the Black-Scholes option pricing model.

Grant Date	Expiry date	Exercise price per option	Balance at start of the period Number	Granted during the period Number	Exercised during the period Number	Expired during the period Number	Balance at end of the period Number	Exercisable at end of the period Number
2/07/2015	2/07/2018	\$0.08	-	4,320,000	-	-	4,320,000	4,320,000
				4,320,000	-	-	4,320,000	4,320,000

The amount recognised as a capital raising cost in respect of the above options granted was \$212,862.



The model inputs, not included in the table above, for options granted during the year included:

- a) options were granted for no consideration;
- b) expected life of options was 3 years;
- c) share price at grant date was \$0.095;
- d) expected volatility was 70%;
- e) expected dividend yield of nil; and
- f) a risk-free interest rate of 2.0%.

15. 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	Georgian Exploration & Evaluation \$	Philippines Exploration & Evaluation \$	Treasury \$	Total \$
30 June 2017				
Revenue				
Interest revenue	-	-	158,634	158,634
Total segment revenue	-	-	158,634	158,634
Total Group revenue	-	-	158,634	158,634
Segment net profit before tax	-	-	158,634	158,634
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>				
Unallocated items:				
Forex gain/(loss)	-	-	(112,584)	(112,584)
Employee and director benefits expense	-	-	-	(274,103)
Other	-	-	-	(530,865)
Net loss before tax from continuing operations				(758,918)



Segment Performance	Georgian Exploration & Evaluation \$	Philippines Exploration & Evaluation \$	Treasury \$	Total \$
30 June 2016				
Revenue				
Interest revenue	-	-	239,406	239,406
Total segment revenue	-	-	239,406	239,406
Total Group revenue	-	-	239,406	239,406
Segment net profit before tax	-	-	239,406	239,406
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>				
Unallocated items:				
Forex gain/(loss)	-	-	(423,331)	(423,331)
Employee and director benefits expense	-	-	-	(269,547)
Impairment of Exploration Expenditure	(3,000,000)	(4,711,110)	-	(7,711,110)
Realised gain on investment	-	-	-	28,341
Other	-	-	-	(898,331)
Net loss before tax from continuing operations				(9,034,572)

Segment Assets	Georgian Exploration & Evaluation \$	Philippines Exploration & Evaluation \$	Treasury \$	Total \$
30 June 2017				
Segment assets	-	-	400	400
<i>Segment assets increases/ (decreases) for the year:</i>				
- financial assets at fair value through profit or loss	-	-	400	400
<i>Reconciliation of segment assets to Group assets</i>				
	-	-	-	400
Unallocated items:				
Cash and cash equivalents				10,921,315
Trade and other receivables				51,727
Total Group assets from continuing operations				10,973,442

Segment Assets	Georgian Exploration & Evaluation \$	Philippines Exploration & Evaluation \$	Treasury \$	Total \$
30 June 2016				
Segment assets	-	-	400	400
<i>Segment assets increases/ (decreases) for the year:</i>				
- financial assets at fair value through profit or loss	-	-	400	400
<i>Reconciliation of segment assets to Group assets</i>				
	-	-	-	400
Unallocated items:				
Cash and cash equivalents				11,715,540
Trade and other receivables				33,415
Total Group assets from continuing operations				11,749,355

Segment Liabilities	Georgian Exploration & Evaluation \$	Philippines Exploration & Evaluation \$	Treasury \$	Total \$
30 June 2017				
Segment liabilities	-	-	-	-
<i>Reconciliation of segment liabilities to Group assets</i>				
Unallocated items:				
Trade and other payables				53,558
Total Group liabilities from continuing operations				53,558



Segment Liabilities	Georgian Exploration & Evaluation	Philippines Exploration & Evaluation	Treasury	Total
30 June 2016	\$	\$	\$	\$
Segment liabilities	-	-	-	-
<i>Reconciliation of segment liabilities to Group assets</i>				
Unallocated items:				
Trade and other payables				69,946
Total Group liabilities from continuing operations				69,946

16. Dividends

No dividend was paid or declared by the Company in the year ended 30 June 2017 or the period since the end of the financial year and up to the date of this report (2016: nil). The Directors do not recommend that any amount be paid by way of dividend for the financial year ended 30 June 2017.

17. Commitments and Contingent Assets and Liabilities

The Directors are not aware of any new commitments and contingent assets and liabilities as at 30 June 2017.

18. Events Occurring after the Reporting Period

There have been no other significant events subsequent to the end of the financial year to the date of this report.

19. Parent Entity Information

The following details information related to the parent entity, Red Emperor Resources NL, at 30 June 2017. The information presented here has been prepared using consistent accounting policies as presented in Note 2.

	2017 \$	2016 \$
Current assets	10,963,579	11,738,885
Total assets	10,964,079	11,739,385
Current liabilities	(53,558)	(69,946)
Total liabilities	(53,558)	(69,946)
Net assets	10,910,521	11,669,439
Issued capital	57,329,505	57,329,505
Reserves	4,111,702	4,111,702
Accumulated losses	(50,530,686)	(49,771,768)
	10,910,521	11,669,439
Income/ (loss) of the parent entity	(758,918)	(6,040,758)
Other comprehensive income for the year	-	-
Total comprehensive loss of the parent entity	(758,918)	(6,040,758)



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 2017 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 2017 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 2017.

On behalf of the Board

Greg Bandy
Managing Director

Perth, Western Australia
21 September 2017

DECLARATION OF INDEPENDENCE BY MATTHEW CUTT TO THE DIRECTORS OF RED EMPEROR RESOURCES NL

As lead auditor of Red Emperor Resources NL for the year ended 30 June 2017, 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.



Matthew Cutt

Director

BDO Audit (WA) Pty Ltd

Perth, 21 September 2017

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 2017, 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 2017 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. We have determined there are no Key Audit Matters to be communicated in our Report.



Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the annual financial report, but does not include the financial report and our 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 on the other information obtained prior to the date of this auditor's report, 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 4 to 6 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Red Emperor Resources NL, for the year ended 30 June 2017, 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

Handwritten signature in blue ink. The signature consists of the letters 'BDO' above the name 'M Cutt'.

Matthew Cutt

Director

Perth, 21 September 2017



ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current at 11 September 2017.

Distribution of Share Holders

	Ordinary Shares	
	Number of Holders	Number of Shares
1 - 1,000	43	10,922
1,001 - 5,000	156	473,941
5,001 - 10,000	132	1,105,500
10,001 - 100,000	299	11,600,693
100,001 - and over	152	412,101,720
TOTAL	782	425,292,776

There were 396 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	%
PERSHING NOMINEES LIMITED <PERNY>	37,274,309	8.76
BARCLAYS DIRECT INVESTING NOMINEES LIMITED <CLIENT1>	32,647,288	7.68
MS MERLE SMITH <THE MINI PENSION FUND A/C>	19,510,212	4.59
WEALTH NOMINEES LIMITED <NOMINEE>	17,457,311	4.11
INTERACTIVE BROKERS LLC <IBLLCR>	16,505,451	3.88
TD DIRECT INVESTING NOMINEES (EUROPE) LIMITED <SMKTNOMS>	15,379,528	3.62
JALAVER PTY LTD <FALCON PENSION A/C>	14,526,096	3.42
HSDL NOMINEES LIMITED	14,272,199	3.36
INVESTOR NOMINEES LIMITED <WRAP>	12,818,762	3.01
HARGREAVES LANSDOWN (NOMINEES) LIMITED <15942>	11,456,474	2.69
HSBC CLIENT HOLDINGS NOMINEE (UK) LIMITED <731504>	10,031,954	2.36
TD DIRECT INVESTING NOMINEES (EUROPE) LIMITED <SMKTISAS>	9,929,750	2.34
BNY (OCS) NOMINEES LIMITED <672936>	9,335,657	2.20
INVESTOR NOMINEES LIMITED <NOMINEE>	9,248,940	2.18
HSDL NOMINEES LIMITED <MAXI>	8,553,243	2.01
SHARE NOMINEES LTD	7,978,377	1.88
JAMES CAPEL (NOMINEES) LIMITED <PC>	7,142,728	1.68
HARGREAVES LANSDOWN (NOMINEES) LIMITED <VRA>	6,747,436	1.59
SURF COAST CAPITAL PTY LTD <MINNIE P/F A/C>	5,900,000	1.39
MS INGRID JOAN OLSEN	5,000,000	1.18
	271,715,715	63.89

Substantial Shareholders

Name	Number of shares	%
PERSHING NOMINEES LIMITED <PERNY>	37,274,309	8.76
BARCLAYS DIRECT INVESTING NOMINEES LIMITED <CLIENT1>	32,647,288	7.68
	69,921,597	16.44

Unquoted Equity Securities

Options

Class	Number	Holder with more than 20%
Options over ordinary shares exercisable at \$0.08 on or before 2 July 2018	4,320,000	- Brandon Hill Capital Limited 2,950,000 options - 708 Capital Pty Ltd 1,370,000 options
Options over ordinary shares exercisable at \$0.055 on or before 31 December 2017	4,500,000	- Mrs Allison Jane Rayner <Rayner Investment Trust A/C> 3,500,000 options - Mrs Jaimie Marie Bertolatti 1,000,000 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 2017.

Restricted Securities subject to escrow period

There are no securities on issue subject to escrow.

TENEMENT TABLE

Tenement Reference	Location	Working Interest
Block Vla	Republic of Georgia	20%
Service Contract 55	Philippines	15%

Holder: Oil & Gas Beneficial percentage interests held in farm-in or farm-out agreements.