BRANDON HILL CAPITAL

Red Emperor Resources (RMP LN)

Oil & Gas – Initiating Coverage

27 March 2015

Stock Data

Share Price:	2.62p
Market Cap (M):	£8.7m
EV (M):	£2.7m

Price Chart

52 Week Range

1.18p 2.8p 4.12p

Company Summary

Red Emperor Resources is an E&P with assets in Georgia, Puntland and the Philippines.

Research:

William Arnstein

+44 20 3463 5020

william.arnstein@brandonhillcapital.com

www.brandonhillcapital.com

Breathing new life into exploration strategy

Investment Case

We initiate coverage on Red Emperor with a Buy rating and a 6p target price offering 129% upside potential. The recent farm-in to Block SC55 in the Philippines has rejuvenated the acreage portfolio for the company adding a moderate risk, high impact exploration well to the 2015 work programme. Having recently traded at a discount to cash, the share price has responded positively to the transaction and we see further upside potential as key milestones are reached ahead of the commencement of drilling operations. A strong balance sheet leaves the company fully funded and well positioned to exploit further attractive opportunities that are emerging as a result of the fall in oil prices.

Hawkeye-1 well to be drilled in early Q3 2015

Red Emperor has a 15% working interest in the Hawkeye-1 well, which is due to be drilled in early Q3 2015. The well will test a toe-thrust prospect located in deep water areas previously untested in the Southwest Palawan Basin. Material discoveries have been made on trend and in similar play types in the Sabah Trough, while the Northwest Palawan Basin also hosts a number of analogous oil and gas discoveries.

Well to test 112mmbbl of prospective resource potential

Mid-case, gross prospective resources for the Hawkeye prospect are estimated at 112mmbbl (14.3mmbbl net to Red Emperor after government take), with a P90 to P10 range of 19-401mmbbl. Due to the favourable fiscal regime we estimate the economic threshold at $48/bbl.

Geological risks are considered moderate

While the Southwest Palawan Basin is under-explored, a number of past wells have encountered good quality reservoir and oil and gas shows. Structures in deep water acreage are expected to have good access to oil-prone source rock in the basin depocentres, although there is a risk of gas as demonstrated in an interpreted flat spot in the Hawkeye structure. Bright amplitudes down-dip are viewed as consistent with an oil-leg, although charge and source rock remain key risks. The geological chance of success (GCoS) is estimated at 32%.

Fully funded

With A$11.9m of cash, Red Emperor is fully funded for the current work programme. Net well costs for Hawkeye-1 are estimated at US$4.5m, with the company securing an option to cap its exposure at US$5.625m, leaving headroom for new ventures and any resumption of activity at its assets in Georgia and Puntland.

Valuation

Our total net asset value for Red Emperor is 11.9p/sh of which core NAV contributes 1.1p/sh and risked NAV 10.9p/sh. Within risked NAV, the Hawkeye prospect is valued at 9.9p/sh risked at 24% providing substantial upside potential in a success case (43.8p fully unrisked). The stock currently trades at a 0.22x valuation multiple (price to total NAV).

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Executive Summary

Investment case

By securing a 15% interest in Block SC55, Red Emperor has successfully rejuvenated its acreage portfolio, adding material exploration upside and near term news flow potential. While this may run counter to industry trends, where exploration budgets have been slashed, this approach is in line with the corporate strategy and demonstrates the option value that a strong balance sheet offers in capturing opportunities that would otherwise be unobtainable. Importantly, SC55 has been secured on attractive terms and based on our own analysis the project appears robust at low oil prices and is therefore an attractive risk/reward opportunity.

The initial reaction to the transaction has been positive and while the Red Emperor share price now trades at a premium to many listed exploration juniors on the AIM market we feel this is justified, due to the fully funded work programme and defined catalysts, and only likely to increase as key milestones are reached ahead of drilling. The Hawkeye prospect is due to be drilled in early Q3 2015 and in a success case offers upside of 43.8p/sh on a fully de-risked and undiluted basis making Red Emperor one of the most levered plays to exploration in 2015.

Catalysts

Milestones associated with the Hawkeye-1 well are set to be the key catalysts for Red Emperor through 2015. The company is expecting government approval for its farm-in shortly and a firm rig contract to be signed in early April (a LOI was signed at the start of March). The rig will take approximately eight days to mobilise with drilling operations planned to commence in early Q3 2015. The well is expected to take 23 days to reach target depth with additional time beyond this required to evaluate any zones of interest. Post well analysis is likely to continue into 2016.

Other potential catalysts for Red Emperor could include additional new venture activity, political progress in Somalia and drilling in Georgia. The timing of the wells in Georgia are uncertain, with activity contingent on Range Resources securing financing. We understand negotiations to bring in a new partner is ongoing with the proposal to drill as many as five coal bed methane wells. Red Emperor would be fully carried for the first of these wells.

Funding

Red Emperor has a strong balance sheet and is fully funded for all planned activity. As at 31 December 2014, the company had reported net cash of A$9.5m (excluding the investment in Highfield Resources, which was disposed in February for A$798k) and no debt. The corporate cash burn rate is low with an outflow of just A$339k (operating cash flow net of interest received) reported for the first half of the current financial year.

Cash transaction costs associated with the SC55 farm-in of A$150k are more than offset by the A$2.1m placing carried out in conjunction with the deal, further strengthening the balance sheet. Net of the Hawkeye-1 well costs of A$5.8m we expect the company to end 2015 with well in excess of A$5.0m available, leaving sufficient funding flexibility to pursue additional new venture opportunities.

Valuation

As a pure exploration company our valuation for Red Emperor is largely driven by the EMVs of the upstream assets adjusted for balance sheet items and the PV of G&A (five years). To ensure that our valuation is conservative we apply additional risk factors to the geological chance of success (GCoS) to derive an overall commercial chance of success (CCoS) for each project. In line with industry practice we use a standard 10% discount factor and a fully diluted number of shares (we exclude options and warrants from this calculation that we consider are unlikely to be exercised). Our macro assumptions are outlined in the financial summary on page 12.

Based on this approach, our total net asset value for Red Emperor is 11.9p/sh putting the company on a 0.22x valuation multiple (price to total NAV). While other companies in the sector trade at steeper discounts, we believe a premium is justified by Red Emperor's strong balance sheet, fully funded work programme and clear catalysts.

As shown in exhibit 1 below, core NAV contributes 1.1p to our overall valuation, with forecast cash (including JV balances) at June 2015 YE of 1.7p and PV of G&A –0.6p the main components of this. Within risked NAV of 10.9p we include 9.9p for the Hawkeye prospect and 0.9p for the Puntland acreage. We exclude any value for the two licences in Georgia as future activity is contingent on the JV securing licence extensions and Range Resources arranging financing.

While future activity in Puntland is also contingent, we believe this acreage is highly prospective and more attractive for future farm-out activity and so this asset retains a value. Recent transactions involving the Odewayne PSC in Somaliland, suggest each licence is worth US$10m net to Red Emperor on a carried basis. Applying a 50% discount to allow for a future farm-out and a 50% risk factor to reflect ongoing uncertainties we value the Dharoor and Nugaal PSCs at US$5m in aggregate. As a comparison, the EV of Africa Energy implies a US$3.9m valuation.

For the Hawkeye prospect we base our valuation on the operators best estimate prospective resource of 112mmbbl, a 24% CCoS and a $13.0/bbl multiple. The valuation multiple is calculated from an early development concept derived from analogous projects and applying the Philippines fiscal regime. Fully unrisked the Hawkeye prospect is valued at 43.8p/sh or 17 times the current share price, providing significant upside potential.

Exhibit 1: Net asset value

Project	Country	Licence	Operator	Gross unrisked resources (mmboe)	Working interest (%)	Overall commercial CoS (%)	NPV (US$/boe)	Risked NPV (US$m)	Risked NPV (p/sh)	Unrisked NPV (p/sh)
Financial adjustments and other business activities										
- Net debt								9.0	1.7	1.7
- PV of corporate overheads								-3.4	-0.6	-0.6
Core financial adjustments and other business activities								5.6	1.1	1.1
Core NAV								**5.6**	**1.1**	**1.1**
Exploration prospects										
- Hawkeye	Philippines	SC55	Otto Energy (63.18%)	112.0	15.0%	24%	13.0	52.3	9.9	43.8
- Various	Puntland	Dharoor/Nugaal	Africa Energy (60%)		20.0%	25%		5.0	0.9	
Risked exploration NAV				112.0	15.0%	24%	14.2	57.3	10.9	43.8
Risked NAV				**112.0**	**15.0%**	**24%**	**14.2**	**57.3**	**10.9**	**43.8**
Total NAV				**112.0**	**15.0%**	**24%**	**15.6**	**62.9**	**11.9**	**44.8**

Source: Brandon Hill Capital

The Philippines

Farm-in agreement

In March 2015, Red Emperor announced that it had signed an agreement with Otto Energy to farm in to the large 9,880km^2 exploration licence SC55, located in the Philippines. The terms of the deal are very favourable, reflecting current weaker oil prices, with Red Emperor paying no promote on the agreed work programme and no back costs (estimated c.US$30m gross).

Red Emperor will earn a 15% working interest in the exploration block by simply funding its pro-rata 15% share of the drilling costs associated with the upcoming Hawkeye-1 well. Furthermore, if costs spiral higher than $37.5m gross ($5.625m net to Red Emperor) Red Emperor will have the option to cap its exposure to the well at this level and reduce its working interest from 15%. The current well cost estimate for the well is $30m gross ($4.5m net to Red Emperor) providing 25% headroom to this threshold.

If results are positive and a discovery that merits appraisal is made, then Red Emperor will a pay a disproportionate share of the next well on the licence up to $2.0m (in addition to its 15% working interest).

Following completion of the farm-in agreement, other partners in the JV will include Otto Energy (78.18%) and Trans-Asia Petroleum Corporation (6.82%). As announced in January 2015, Otto Energy has also agreed farm-in terms with PNOC Exploration Company ("PNOC") for a 15% working interest and this transaction is subject to approval by the Office of the President of the Philippines.

Fiscal terms

Operating under a service contract regime, upstream oil and gas fiscal terms in the Philippines are highly attractive. Contractors earn a service fee of 40% of net production and can recover costs from up to 70% of gross revenue. No royalties are payable and corporation tax is paid from the government profit share. Importantly, service contracts incorporate tax stabilization clauses.

In deep water acreage, such as SC55, a Filipino Participation Incentive Allowance of 7.5% of gross revenue is granted to contractors for service contracts with a minimum Philippine ownership of 10%. This will be satisfied in SC55 if PNOC completes its proposed farm-in agreement.

Signature ($50k) and production bonuses are low with the latter ranging from $300k at the start of production to $2.0m if production exceeds 75mbopd or 750mmcfpd.

Exploration licences have a seven year duration (extendable by three years) and are split into a number of sub-phases. Contractors agree a minimum work programme for each sub-phase of the exploration period with an expected total minimum expenditure. The value of any unfulfilled work is payable at the end of each sub-phase. A one year period is allowed for appraisal after the expiry of the exploration period.

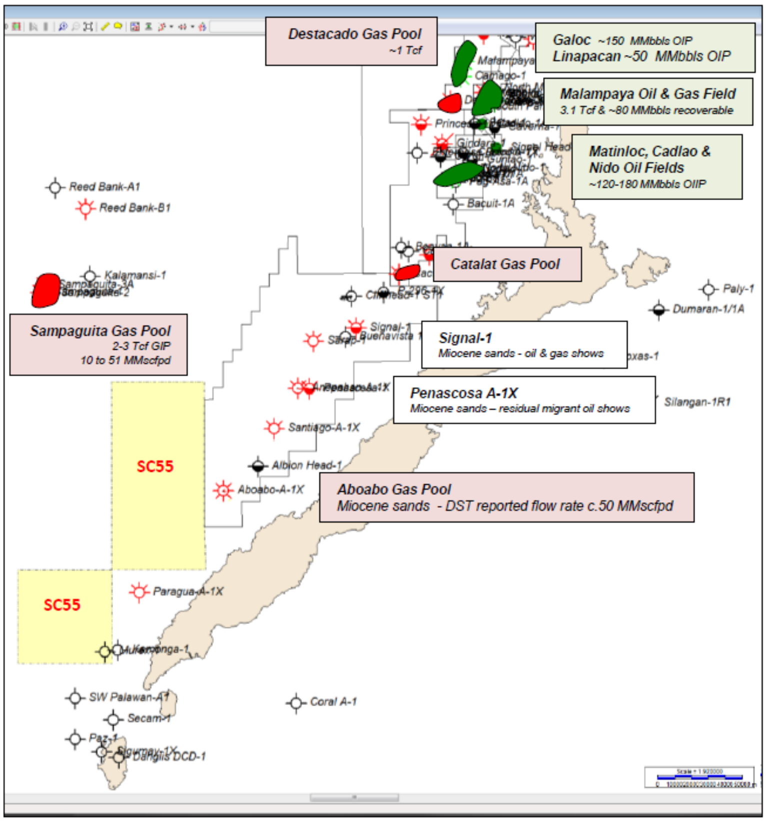
Production licences are awarded for a 25 year period and are extendable for up to 15 years in total (three terms of five years).

Background

The Philippines has a long history of oil and gas exploration dating back to 1896, although it was not until the 1950's that activity became more widespread. In the 1970's, industry focus turned to the Northwest Palawan Basin leading to the discovery of a series of small fields, including the Nido A oil field (15mmbbl) in 1976, the first oil discovery in the Philippines, Cadloa (17mmbbl) in 1977, Nido B (15mmbbl) in 1978, Martinloc (10mmbbl) in 1979 and Galoc (25mmbbl) in 1981 among others.

The first major deep water offshore discovery was made in 1989 with the Camago/Malampaya field (3.7Tcf). The field was brought on-stream in 2001 and contributes the majority of the hydrocarbons produced in the Philippines today. The redeveloped Galoc field, is the largest oil field in production, but volumes at 6.7mbopd are relatively modest.

Exhibit 2: Block SC55 location and JV partners



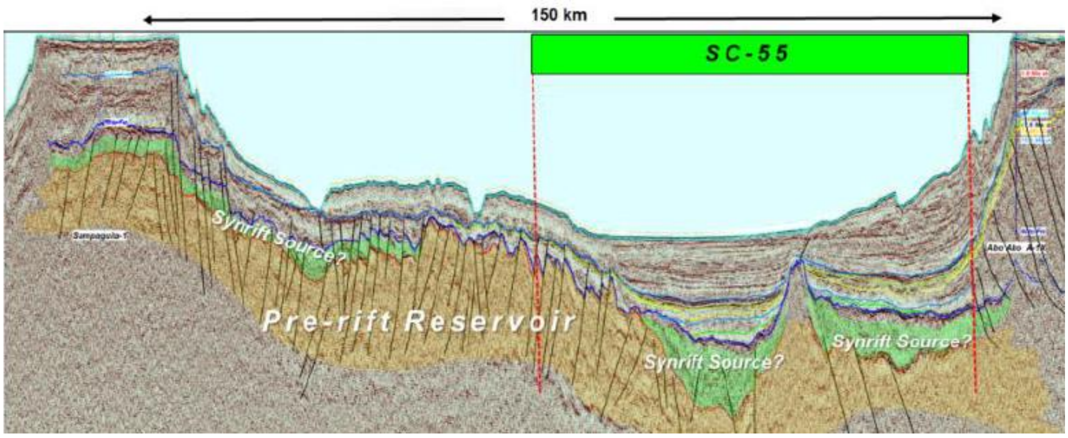
Source: Brandon Hill Capital

While these discoveries prove several different working hydrocarbon systems exist to the northwest of Palawan Island, the Southwest Palawan Basin, in which SC55 is located, remains only sparsely explored. More than a dozen wells have been drilled, of which a number have encountered oil and gas shows.

This includes the Aboabo-1 well, which was drilled by Phillips in 1975 and was reportedly flow tested at c.50mmcfpd. The most recent well, Baragatan-1A, was drilled in 2014 and targeted a rotated fault block structure approximately 20km northeast of this discovery. The well was drilled to a TD of 2,681m and encountered a shallow thin sandstone reservoir with potential gas shows and a deeper limestone reservoir (poor to good quality) with low gas saturations (C1-C5).

Along with an unsuccessful shallow water well drilled within Block SC55 (the only well drilled in the block), these results provide limited read-across to the deep water exploration potential of the Southwest Palawan Basin, which remains essentially untested. Basin modelling by Jordan & Pay Exploration Consultants predicts source rock in the synrift depocentres (see exhibit 3 below) to be in the oil window with deep water structures, such as the Hawkeye prospect, to be better positioned to access charge through vertical migration pathways.

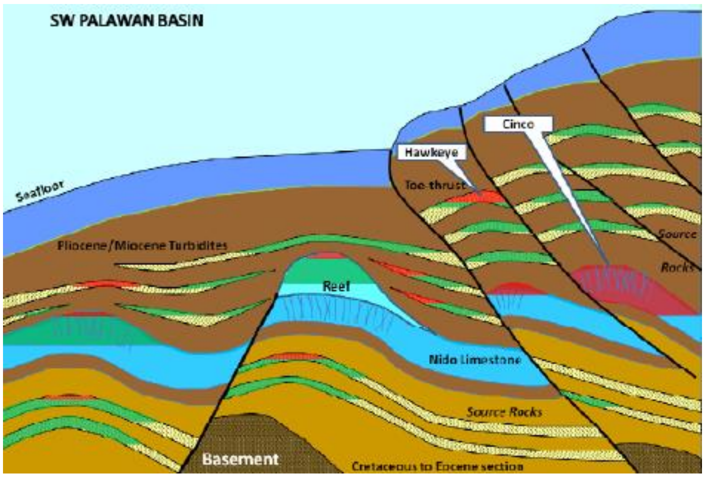
Exhibit 3: Block SC55 location and JV partners



Source: Brandon Hill Capital

Several prospective deep water play types (see exhibit 4) have been identified in Block SC55, including Oligocene and early Miocene-aged carbonate reefs and platforms and middle Miocene-aged turbidite reservoirs in the form of toe thrusts. These plays are proven and highly prolific along trend to the northeast (Northwest Palawan Basin) and to the southwest (Sabah and Sarawak Basins) and have achieved high success rates in recent years.

Exhibit 4: Block SC55 prospects and leads



Source: Brandon Hill Capital

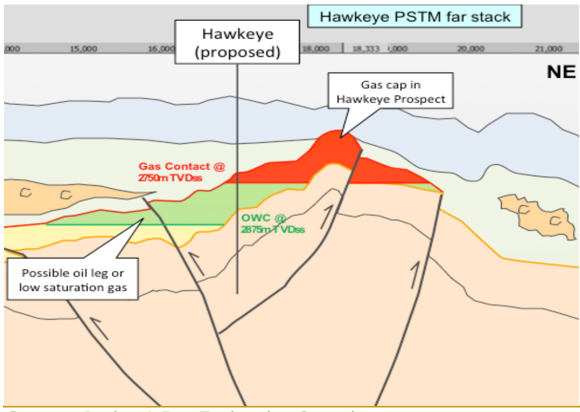
Hawkeye prospect

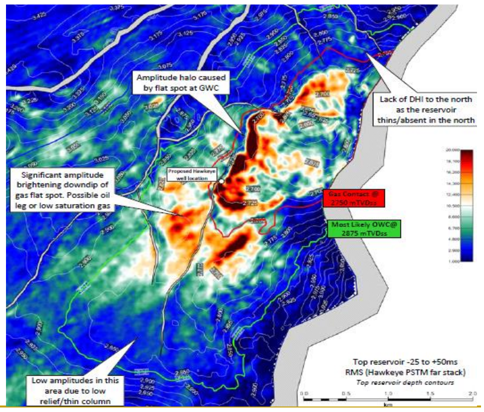
The Hawkeye prospect, which is located in water depths of 1,690m, is a well-defined Miocene-aged toe thrust structure analogous to discoveries in Malaysia such as the 536mmboe Kikeh field (a 2002 Murphy discovery in the Sabah Trough and brought on-stream in 2007). The target reservoir is relatively shallow at approximately 1,000m below sea bed and will take just 23 days to drill.

A letter of intent for the Maersk Venturer ultra-deepwater drillship was recently signed and it is expected that drilling operations will commence in early Q3 2015. The rig is not on contract and the operator has acquired all long lead time items providing confidence in this timing.

The robustness of the Hawkeye prospect is supported by a number of direct hydrocarbon indicators that have been identified from 3D seismic data (the same response is seen on both PSTM and PSDM data) including a flat spot in a crestal location interpreted as a gas cap. Bright amplitudes down-dip provide evidence of an oil leg or lower saturation gas (caused by leakage) and are consistent with structural contours on the western side of the prospect. Amplitudes to the north and south are more variable and is explained by the lower relief and reservoir thinning.

Exhibit 5: Hawkeye cross section and seismic amplitude

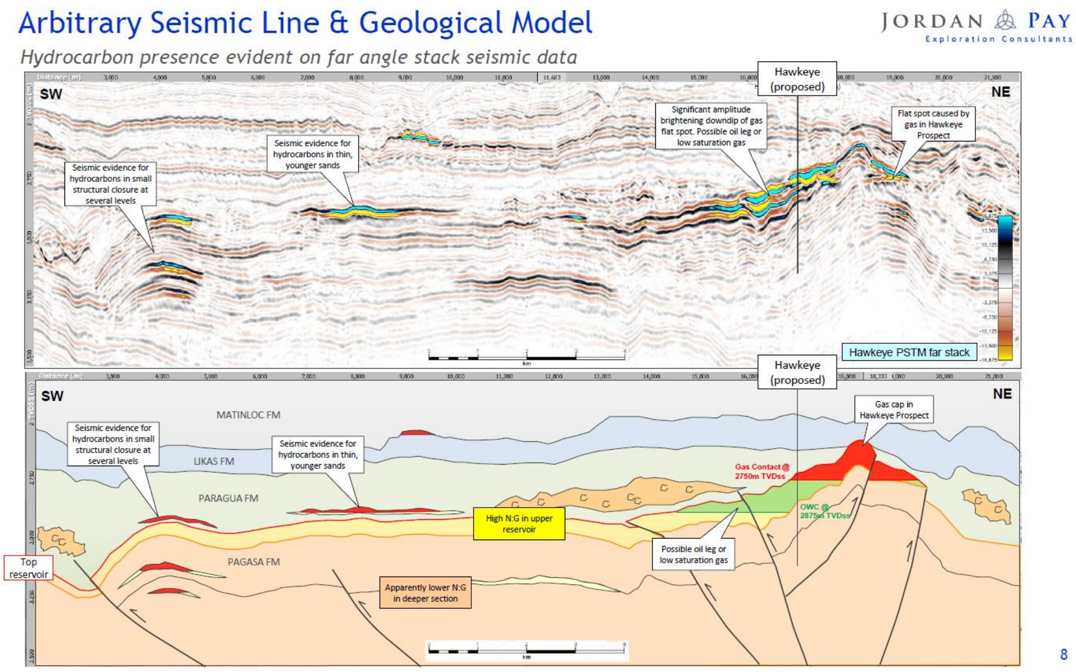




Source: Jordan & Pay Exploration Consultants

Additional seismic anomalies are identified in two smaller 4-way dip closed structures that are down-dip of Hawkeye and are interpreted by Jordan & Pay as gas filled. In the operators' P10 case, these structures are oil filled increasing the lowest oil-water contact to an estimated 3,100m. In this scenario the potential size of the oil column rises from 125m (P50) to 350m (P10) and the size of the structure from 9.4km^2 (P50) to 53.3km^2 (P10).

Exhibit 6: Hawkeye cross section and seismic amplitude



Source: Jordan & Pay Exploration Consultants

As a result of this uncertainty the prospective resource range is quite large ranging from 19mmbbl in the low case to 401mmbbl in the high case. Best estimate prospective resources are 112mmbbbl and 16.8mmbbl net to Red Emperor (14.3mmbbl after government take) excluding the gas cap (100Bcf GIIP).

Based on an early development concept, we estimate the value per barrel at $13.0/bbl with the economic threshold at $48/bbl oil prices. If a gas discovery is made, we believe the commercial potential is limited, however, advances in FLNG suggest the economic threshold for the right project could be as low as 500Bcf. We have not modelled this scenario.

Exhibit 7: Hawkeye prospective resources

mmbbl	STOIIP	Gross recoverable	Recovery factor	Net recoverable	Net after tax*
Low	87.0	19.0	21.8%	2.9	2.4
Mid	484.0	112.0	23.1%	16.8	14.3
High	1539.0	401.0	26.1%	60.2	51.1

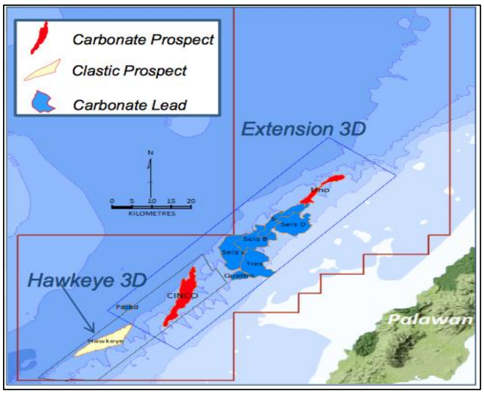
Source: Otto Energy, *net to Red Emperor after FPIA and government profit share

This highlights source presence and maturity and hydrocarbon charge as the main prospect risk, although this risk is partially de-risked by DHIs and a well-imaged trap. Reservoir quality and seal are considered lower risk. The overall geological chance of success is estimated by Jordan & Pay at 32% and the operator at 27%.

Follow-on potential

Block SC55 contains a number of independent play types including the Hawkeye turbidite clastic toe thrust anticline prospect and the Cinco combination carbonate reefal/platform prospect. Numerous other prospects and leads provide follow-up potential that could be targeted in future drilling campaigns are highlighted in exhibit 8 below.

Exhibit 8: Exploration targets

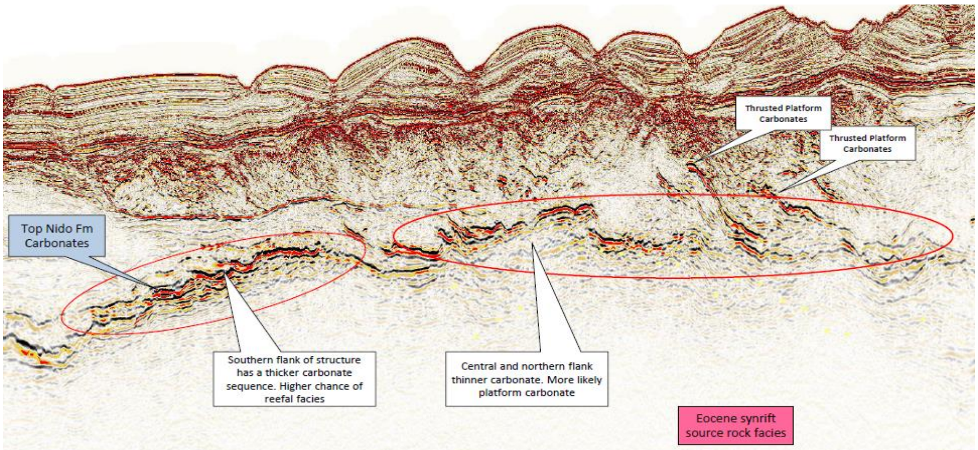


Source: Jordan & Pay Exploration Consultants

In aggregate, the gas and condensate prospect and lead inventory alone contain 11Tcf and 403mmbbls of prospective resource potential. While not the largest, the drill-ready Cinco prospect had at one stage, prior to the withdrawal of BHP Billiton from the JV, been the primary target on the block.

The Cinco prospect is a very large carbonate structure comprised of a combination of reefal facies and a platform carbonate build-up and is considered analogous to the 3.7Tcf Malampaya field operated by Shell. Prospective resources for Cinco are estimated at 1.6Tcf and 403mmbbl of condensate with a geological chance of success of 16%. Reservoir presence and effectiveness and seal are considered the primary risk.

Exhibit 9: Cinco seismic



Source: Jordan & Pay Exploration Consultants

Other assets

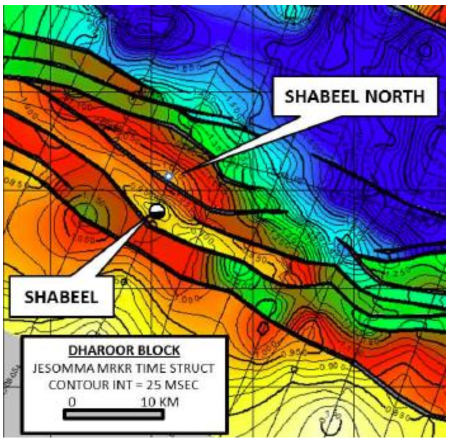
Puntland

In August 2010 Red Emperor announced that it had secured a 20% working interest (an initial 10% with an option on a further 10%, which was exercised almost immediately) in the Dharoor Valley and Nugaal Valley PSCs from Africa Oil (now Africa Energy and previously known as Horn Petroleum). The current partners are Horn Petroleum (60%) and Range Resources (20%).

Prior to Red Emperor farming in, the JV spent approximately $35m on seismic acquisition and geotechnical analysis. From this work several prospects and leads were identified and under the farm-in transaction Red Emperor paid $1m in back costs and a 10% promote to a gross cost cap of $25m towards the first well on each licence.

The Dharoor Valley and Nugaal Valley PSCs are located in the Puntland autonomous state of Somalia. The blocks are lightly explored, but are considered analogues to the prolific Sayun-Masila and Marib-Shawba Basins of Yemen due to the shared geological history.

Exhibit 10: Puntland



Source: Red Emperor

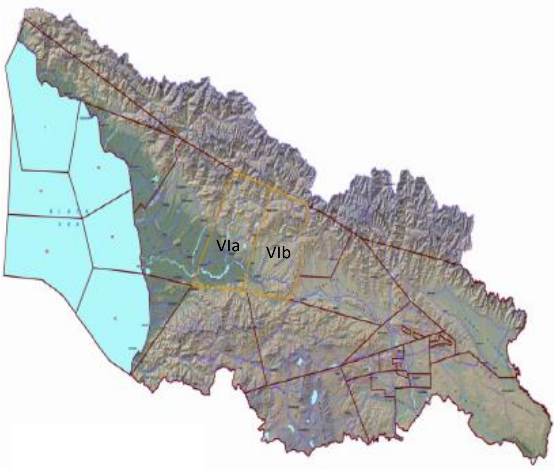
Drilling operations targeting the Al Meda Basin (conjugate to the Sayun-Masila Basin) commenced in January 2012. Both wells (Shabeel-1 and Shabeel North-1) were drilled to basement targeting Cretaceous and Jurassic aged sandstone and carbonate reservoirs within tilted fault block structures. Oil and gas shows were encountered in Upper Cretaceous and Jurassic intervals, but both structures appeared breached. The results, however, provide encouragement for future exploration with three of the four key elements (source, seal and reservoir) essentially proven. Trap effectiveness remains a key risk.

Due to an ongoing dispute between Puntland and the Federal government with regards to control of the oil and gas sector, exploration activities have now stalled. Whilst this contractual uncertainty remains, the joint venture has focused on eliminating costs and is negotiating a two year extension to both PSCs. The current licence phase expires in October 2015 and requires a well to be drilled in each PSC.

Georgia

Red Emperor has a 20% interest in two onshore exploration blocks, VIa and VIb, located in Georgia. The interest is held through a 20% shareholding in Strait Oil & Gas (Gibraltar) Ltd (“Strait”), which was acquired in 2011 in exchange for funding a disproportionate share of the cost of two exploration wells (net expenditure was capped at US$5.6m). Other shareholders of Strait include the original founders (35%) and Range Resources (45%).

Exhibit 11: Location map



Source: Red Emperor

The PSCs were awarded to Strait in 2006 and prior to Red Emperor farming in a 410km 2D seismic survey and a Helium survey were acquired. The first well, Mukhiana-1, was drilled in mid-2011, however, results indicated that possible basement rocks were encountered far shallower than expected. Site preparations for a second well commenced, but the well was not drilled.

Since then the strategic focus has shifted to coal bed methane, where a considerable potential resource estimated at 500Bcf has been identified. A revised work programme, including a 200km 2D seismic survey and three shallow wells, was agreed with the objective to fast-track first commercial gas sales within 18 months. The seismic survey was successfully acquired in 2012, although, drilling activity has since been delayed.

Preparations for drilling are advanced but the timing of the first well is contingent on Range Resources securing financing. As the cost cap was reached without drilling the second well on the original work programme, Range will carry Red Emperor for the cost of the next well. The JV is hopeful that an extension (for Block VIb) can be secured to allow drilling to commence after the March 2015 deadline.

Financials

Exhibit 12: Summary financials

Company description
Red Emperor Resources is an oil and gas exploration company with assets in Georgia, Puntland and the Philippines.

Strategy
The corporate strategy is to identify and evaluate new oil and gas exploration opportunities that offer material upside potential for shareholders. The company has a low cash burn and a strong balance sheet that it can leverage to secure opportunities.

Investment case
Red Emperor has rejuvenated its acreage portfolio by acquiring a 15% working interest in Block SC55 on favourable terms. The share price is expected to re-rate as key milestones are reached ahead of drilling the high impact Hawkeye-1 exploration well in early Q3 2015.

Summary information	
Recommendation	Buy
Target price	6.0
Upside/downside (%)	129.0%
Ticker	RMP LN
Exchange	AIM
Year end	30 Jun
Market cap (£m)	8.7
Share price (GBp)	2.62
52 week high (GBp)	4.12
52 week low (GBp)	1.18
Ave daily volume (,000 shares)	1,416
Ave daily value (£)	39,200
Free float (%)	99.9%

Top shareholders	%
Barclays Nominees	11.5%
HSDL Nominees	7.6%
TD Direct Investing Nominees	6.8%
Hargreaves Lansdown Nominees	4.5%
TD Direct Investing Nominees	4.4%
Directors	0.1%
Total	34.9%

NAV summary (GBp/sh)	Risked	Unrisked
Price/core producing NAV	0.0	0.0
Price/core development NAV	0.0	0.0
Price/core financial adjustments NAV	1.1	1.1
Price/core NAV	1.1	1.1
Price/risked appraisal NAV	0.0	0.0
Price/risked exploration NAV	10.9	43.8
Price/risked NAV	10.9	43.8
Price/total NAV	11.9	44.8

Assumptions	2013	2014	2015E	2016E
Brent ($/bbl)	108.70	109.17	65.72	61.03
US$/GBP	1.55	1.63	1.57	1.49
US$/A$	1.32	1.09	1.20	1.29

Income statement (A$m)	2013	2014	2015E	2016E
Revenue	0.0	0.0	0.0	0.0
Production costs	0.0	0.0	0.0	0.0
Other expenses	-0.7	-1.1	-1.4	-1.1
Clean EBITDAX	-0.7	-1.1	-1.4	-1.1
Exploration write-off	0.0	-9.6	-15.2	0.0
Clean EBITDA	-0.7	-10.7	-16.6	-1.1
Taxation	0.0	0.0	0.0	0.0
Clean EBIDA	-0.7	-10.7	-16.6	-1.1
Net interest	0.5	0.4	0.3	0.2
DD&A	0.0	0.0	0.0	0.0
Minorities/discontinued operations	0.0	0.0	0.0	0.0
Clean net income	-0.2	-10.2	-16.3	-0.9
Exceptional items	0.0	0.0	0.2	0.0
Reported net income	-0.2	-10.2	-16.1	-0.9

Cash flow (A$m)	2013	2014	2015E	2016E
Cash flows from operations after interest/tax	-1.2	-0.6	-0.9	-0.7
Working capital/other	0.5	0.1	-0.1	0.0
Cash flows from operations	-0.7	-0.6	-0.9	-0.7
Capex	-8.5	-0.8	-3.8	-3.0
A&D/other	1.0	-0.3	0.6	0.0
Cash flows after intvesting activities	-8.3	-1.7	-4.1	-3.7
Net equity issuance	2.3	0.0	2.1	0.0
Change in debt	0.0	0.0	0.0	0.0
Other	-0.1	0.0	0.0	0.0
Cash flows after financing	-6.2	-1.7	-2.0	-3.7

Balance sheet (A$m)	2013	2014	2015E	2016E
Cash	12.0	10.3	8.3	4.6
Trade receivables	0.1	0.1	0.0	0.0
Other	0.0	0.0	0.0	0.0
Intangible assets	26.5	15.0	0.6	6.8
Tangible assets	0.0	0.0	0.0	0.0
Other investments	6.6	7.2	10.2	7.0
Total assets	45.2	32.6	19.2	18.4
Debt	0.0	0.0	0.0	0.0
Trade payables	0.1	0.1	0.1	0.1
Other	0.0	0.0	0.0	0.0
Total liabilities	0.1	0.1	0.1	0.1
Net assets	45.1	32.5	19.1	18.4
Net debt	-12.0	-10.3	-11.5	-4.6

Per share (GBp)	2013	2014	2015E	2016E
EPS normal	-0.03	-2.17	-2.62	-0.13
EPS diluted	-0.03	-2.17	-2.62	-0.13
Adj. EPS normal	-0.03	-2.17	-2.65	-0.13
Adj. EPS diluted	-0.03	-2.17	-2.65	-0.13
DPS	0.00	0.00	0.00	0.00
Net cash	2.20	2.19	1.87	0.68
Operating cash flow (after tax/interest)	-0.22	-0.13	-0.14	-0.11

Source: Brandon Hill Capital

Research Disclosures

William Arnstein

Will is a CFA charterholder and has more than 10yrs experience as a sell-side equity research analyst having previously worked at Dresdner Kleinwort, Jefferies International and finnCap. In his last role, he co-founded the Oil & Gas franchise at finnCap and later became Head of Oil & Gas, where he also coordinated corporate finance and corporate broking in addition to his responsibilities as a Research Director. During his career, Will has worked closely with many international E&P companies, both listed and private, evaluating assets across the globe and has developed particular expertise in petroleum economics and asset valuation. In 2010, Will was awarded No.1 stock picker for the European energy sector in the FT/Starmine Awards.

+44 (0)203 463 5020
william.arnstein@brandonhillcapital.com

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Research disclosure as of 27 March 2015

Company Name	Disclosure
Red Emperor Resources (RMP LN)	1,2,7

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Brandon Hill Contact List

International Sales

Oliver Stansfield
Tel:+44 20 3463 5061
Email: oliver.stansfield@brandonhillcapital.com

Alex Walker
Tel:+44 20 3463 5018
Email: Alex.walker@brandonhillcapital.com

Pierre Iseux
Tel:+44 20 3463 5024
Email: pierre.iseux@brandonhillcapital.com

Corporate Finance & Broking

Jonathan Evans
Tel: +44 20 3463 5016
Email: jonathan.evans@brandonhillcapital.com

Wei Jiao
Tel: +44 20 3463 5019
Email: Wei.Jiao@brandonhillcapital.com

Robert Beenstock
Tel:+44 20 3463 5023
Email: Robert.beenstock@brandonhillcapital.com

Research

Peter Rose
Tel: +44 20 3463 5034
Email: peter.rose@brandonhillcapital.com

William Arnstein
Tel: +44 20 3463 5020
Email: william.arnstein@brandonhillcapital.com