

26 April 2019

## Red Emperor Resources NL

### Quarterly Activities and Cashflow Report For the Period ended 31 March 2019

The Board of Red Emperor Resources NL (ASX/AIM: RMP) ("RMP", "Red Emperor" or the "Company") is pleased to provide the following commentary on its activities and an Appendix 5B for the quarter ended 31 March 2019.

#### Highlights

- **The Winx-1 exploration well was spudded on 15 February 2019 and reached a total depth of 6,800ft on 3 March 2019**
- **All pre-drill targets were intersected safely and efficiently with the well successfully plugged and abandoned on 18 March 2019**
- **Drilling operations were completed on time and without incident, and it is anticipated that well costs will be on or slightly under budget**
- **Along with its joint venture partners, RMP is proceeding with its plan to further evaluate the Nanushuk potential of the Western Blocks by using the valuable data obtained whilst drilling Winx-1, as well as potentially reprocessing the existing 3D seismic data**
- **RMP remains well positioned financially with a current cash balance of approximately AUD4.625m, excluding its share of the performance bond refund - the process for obtaining the refund (RMP's share approx. AUD1.46m) is underway**
- **Seismic data reprocessing and quantitative interpretation work ongoing on Block SC55 in the Philippines**

#### Alaska North Slope

During the quarter, Red Emperor's Joint Venture partner 88 Energy Limited (ASX/AIM: 88E), in its capacity as consortium operator, spudded the Winx-1 exploration well on the Western Blocks, and intersected all pre-drill targets safely and efficiently. Total target depth of 6,800ft was reached on 3 March 2019.

Whilst early indications from the logging while drilling (LWD) data were encouraging, provisional wireline results indicated low oil saturations in the Nanushuk Topsets not conducive to successfully flowing the formation, as borne out by the Modular Formation Dynamics Test (MDT) sampling results, which did not retrieve hydrocarbon samples.

Additionally, on completion of the wireline logging programme in the Torok Channel Sequence, it was apparent that the oil saturations in the zone of interest were also low and not conducive to hydrocarbon flow.

The oil saturations are nevertheless evidence of an active petroleum system with charge, and further work is required to determine whether there is an effective trapping mechanism on the Western Blocks. The forward plan is to further evaluate and integrate the valuable data acquired at Winx-1 including potentially reprocessing the Nanuq 3D seismic (2004), in order to evaluate the remaining prospectivity on the Western Blocks, including the Nanushuk Fairway potential.

#### BOARD & MANAGEMENT

Mr Greg Bandy  
MANAGING DIRECTOR

Mr Jason Bontempo  
NON-EXECUTIVE DIRECTOR

Mr Aaron Bertolatti  
DIRECTOR & COMPANY  
SECRETARY

Mr Gracjan Lambert  
CHIEF EXECUTIVE OFFICER

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#### ASX CODE | AIM CODE

RMP

As announced by the Company on 26 March 2019, Winx-1 was successfully plugged and abandoned with the Nordic#3 rig and associated services fully demobilised prior to the end of the quarter.

### **Philippines (Block SC55)**

Seismic data reprocessing and quantitative interpretation (QI) works are ongoing and being performed by DownUnder GeoSolutions. This activity is part of the continuing effort by the Block SC55 consortium to help further de-risk previously identified drill-ready targets, including the "Cinco" gas prospect which has a best estimate prospective resource of 1.6 trillion cubic feet ("tcf") recoverable gas, and identify new highly prospective leads whilst reducing overall uncertainty. By leveraging the extensive and robust data set the consortium hopes to ensure that it is on the strongest technical footing as it moves forward to the next phase of operations.

### **Corporate**

During the quarter, the Company placed 100,000,000 new ordinary shares at an issue price of AUD0.05 (2.8 pence) per share to raise AUD5m (approximately £2.8m) before expenses. The oversubscribed placing was made to both new and existing institutional and sophisticated investors, via the Company's UK Broker, Brandon Hill Capital, and its Australian Broker and Corporate Adviser, 708 Capital Pty Ltd and Max Capital. The Company remains active in reviewing other potential opportunities and at the end of the quarter had cash at bank of AUD4.625m, excluding its share of the performance bond refund. Refer to the Appendix 5B for further details.

**For further information, please visit [www.redemperorresources.com](http://www.redemperorresources.com) or contact:**

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*This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.*

### About Red Emperor Resources NL

Red Emperor Resources NL is an Australian natural resource exploration company listed on both the Australian Securities Exchange (ASX: RMP) and the AIM Market (AIM: RMP). Red Emperor has oil and gas interests on the Alaska North Slope and in South East Asia.

### Alaska

Red Emperor entered into Definitive Agreements in July 2018 with its consortium partners 88 Energy Limited and Otto Energy Limited that subsequently saw the Company earn a 31.5% working interest in the Western Blocks on the North Slope Alaska by participating in the drilling of the Winx-1 exploration well in early 2019. Whilst results from the Winx-1 well indicated a technical if not commercial success, the valuable well data gathered has encouraged RMP to continue to evaluate the Nanushuk potential of the Western Blocks with its partners.

The Western Blocks are adjacent to third party acreage where the Horseshoe-1/1A oil well was successfully drilled in 2017. Horseshoe is part of the billion-barrel plus Nanushuk oil play-fairway, one of the largest conventional oil fields discovered in the US in more than 30 years.

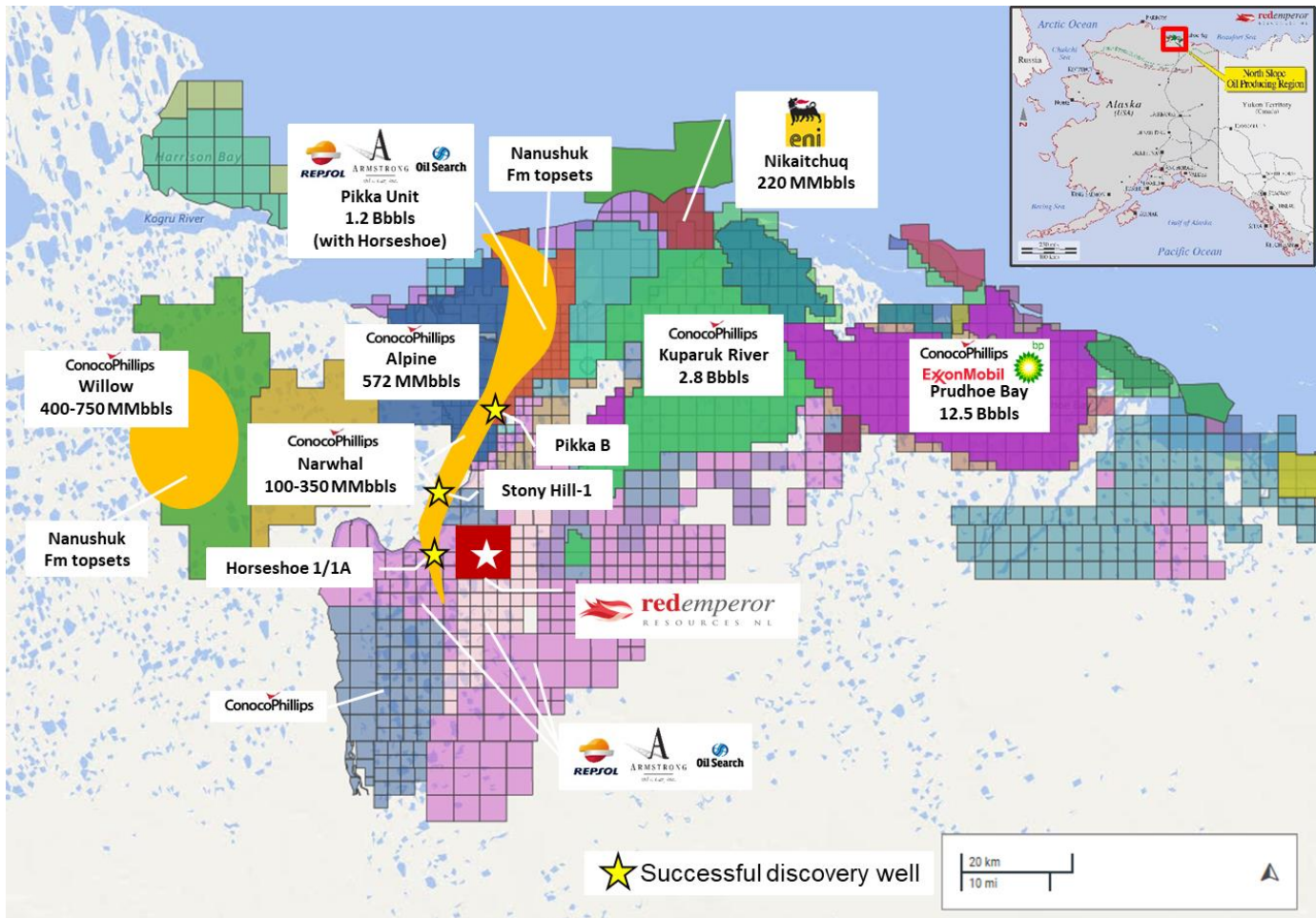
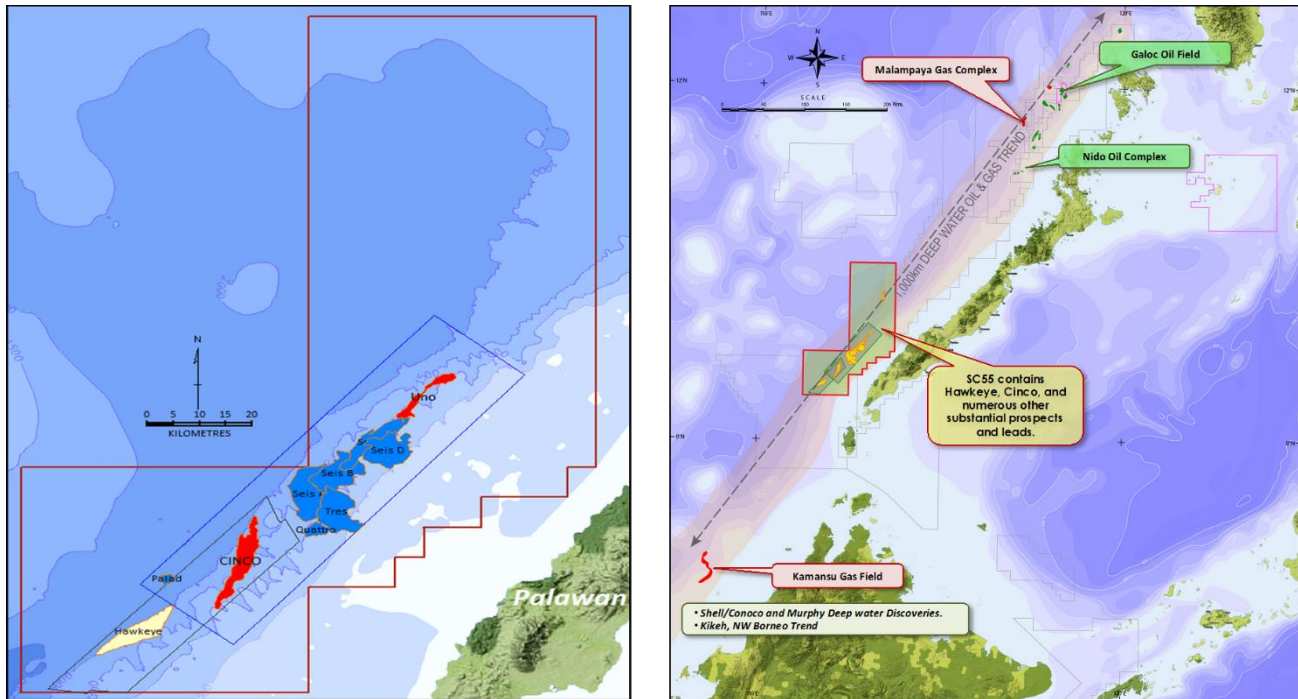


Figure 1: Western Blocks, Alaska North Slope

### Philippines

Red Emperor also holds an equity interest of 37.5% of Block SC55, which is located in the southwest Palawan Basin. SC55 covers an area of 9,880km<sup>2</sup> and was awarded to Otto Energy Investments Ltd (formerly NorAsian Energy Ltd) in 2005. It is a deep-water block in the middle of a proven regional oil and gas fairway that extends from the productive offshore Borneo region in the southwest to the offshore Philippine production assets northwest of Palawan.

Red Emperor participated in a USD25m exploration well (Hawkeye-1) within the block in 2015 and contributed in excess of AUD5m towards drilling costs. Over USD50m has been spent exploring SC55 to date and a number of drill-ready targets remain, including the "Cinco" gas prospect which has a best estimate prospective resource of 1.6 tcf recoverable gas.



**Figure 2: SC55 located in the southwest Palawan Basin, Philippines**

### Red Emperor's Tenements

The following listing of tenements held is provided in accordance with ASX Listing Rule 5.3 for the quarter ended 31 March 2019.

Tenement	Location	Area	Structure
<b>Alaska</b>			
Western Blocks	North Slope, Alaska	92km <sup>2</sup>	31.5%
<b>Philippines</b>			
SC55	Palawan Basin, Philippines	9,880km <sup>2</sup>	37.5%

No tenements were acquired or relinquished during the quarter.

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

RED EMPEROR RESOURCES NL

### ABN

99 124 734 961

### Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(4,155)	(8,044)
(b) development	-	-
(c) production	-	-
(d) staff costs	(50)	(179)
(e) administration and corporate costs	(309)	(976)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	12	64
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)		
- Payment of bond deposit (State of Alaska)	-	(1,455)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(4,502)</b>	<b>(10,590)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)		
	Proceeds from disposal of subsidiary	-	27
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>27</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	5,000	5,000
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(315)	(315)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	2
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>4,685</b>	<b>4,687</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	4,446	10,344
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,502)	(10,590)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	27
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,685	4,687

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	(4)	157
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>4,625</b>	<b>4,625</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	4,625	4,446
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,625</b>	<b>4,446</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
62
-

Payment of Directors Fees and Remuneration - A\$62k

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

<b>Current quarter \$A'000</b>
-
-

N/A

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

N/A

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	482
9.2 Development	-
9.3 Production	-
9.4 Staff costs	49
9.5 Administration and corporate costs	180
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>711</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	N/A			



### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

(Company secretary)

Date: 26 April 2019

Print name: Aaron Bertolatti

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.