

24 July 2018

JUNE 2018 QUARTERLY REPORTS

The Board of Red Emperor Resources NL (ASX/AIM: RMP) ("Red Emperor" or the "Company") provides the following commentary and Appendix 5B for the June 2018 Quarter.

Highlights

- **Red Emperor signed a binding term sheet to acquire and drill a significantly large oil prospect on the prolific Alaska North Slope**
- **The drill target is immediately adjacent to and a direct analogue of the successful Horseshoe-1/1A oil well drilled by the Repsol-led joint venture 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 years¹**
- **Gracjan Lambert joined the Company as the new Chief Executive Officer**

Alaska North Slope

During the quarter, Red Emperor executed a binding term sheet agreement that will see the Company participate in the drilling of a highly prospective Nanushuk oil trend exploration well on the Alaska North Slope in early 2019. Final definitive agreements are expected to be executed in July with Red Emperor, along with its Consortium Partners, having exclusivity over the opportunity.

Commercial Agreement

Red Emperor, along with Otto Energy Limited (ASX: OEL) ("Otto") and 88 Energy Limited (ASX: 88E) ("88 Energy") (collectively the "Consortium Partners"), executed a binding term sheet agreement with Great Bear Petroleum Ventures II LLC ("Great Bear") to acquire the majority of Great Bear's working interest in four leases on the western flank of the Alaska North Slope, specifically ADL#s 391718, 391719, 319720 & 39172; collectively the "Western Blocks".

¹ Oil Search Limited announcement 1 November, 2017

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

Further information in relation to each of the four lease areas was provided in the Company's ASX announcement dated 25 June 2018.

In consideration for acquiring the leases, the consortium partners will undertake the following:

- Provide a performance bond to the State of Alaska of US\$3.0 million (RMP share US\$1.05m) by 31 July 2018; and
- Drill an exploration well in the Western Blocks by 31 May 2019.

The Consortium Partners will provide the following consideration to Great Bear:

- Free carry Great Bear for a 10% working interest in the leases for the drilling, completion and production testing of an initial test well, including all associated costs such as permitting, ice road access and test production disposition;
- Pay US\$500,000 (RMP share US\$175,000) upon execution of the definitive agreements;
- Pay US\$500,000 (RMP share US\$175,000) upon receipt of final permits necessary to drill the initial test well, in any case by no later than 31 December 2018; and
- Provide an option for Great Bear to acquire a further 10% working interest prior to the initial test well by paying its pro-rata share of all costs of the initial test well or, if exercised within 6 months of completing the initial test well, by paying 200% of its pro-rata share of all costs of the initial test well.

Drilling Planning

88 Energy will manage the drilling of the initial test well within the Western Blocks on behalf of the joint venture and Consortium Partners. 88 Energy has already commenced a rig market survey and is identifying a suitable rig with which to commence the drilling operations. Given that the location is only accessible through an ice road, drilling will be undertaken during the winter operational months once the Alaska North Slope is opened for operations. The joint venture has met with the Alaska Department of Natural Resources to expedite required approvals and permits to undertake the initial test well.

Lease Terms

The four North Slope leases comprising the Western Blocks have recently been extended by three years with the term now expiring on 30 April 2021. During this period the joint venture is required to post a US\$3.0 million performance bond and undertake the drilling and testing of an initial test well by no later than 31 May 2019. The leases have an annual rental of US\$10.00 per acre or fraction thereof and have been fully paid through to May 2019.

Funding

The well is estimated to cost approximately US\$15 million (100% dry hole cost) of which Red Emperor's share will be US\$5.25 million. There is also a performance bond of US\$3 million (RMP share US\$1.05m) to be posted to the Alaska DNR by 31 July 2018. The bond will be refunded if the well is drilled before 31 May 2019. The Company expects to fund cost of the bond and drilling of the well from its current, strong cash position. Red Emperor's working interest will most likely be held through a soon-to-be-incorporated, wholly owned subsidiary.

Philippines (SC 55)

In April, the Company finally received official confirmation from the Philippine Department of Energy (DoE) ratifying the request for the transfer of participating interests in Service Contract no. 55 (SC55) from Otto Energy Limited (ASX: OEL) to its partners, Century Red Pte. Ltd (a 100% owned subsidiary of Red Emperor Resources NL), PaIawan55 Exploration & Production Corporation and Pryce Gases, Inc.

Red Emperor’s equity interest in Block SC 55 is now 37.5% (previously 15%) after the DoE found the partners to be *“Financially qualified to assume the proposed interests. Legally qualified to assume the participating interest from Otto Energy considering that they are existing petroleum companies operating either as operator and/or consortium members in petroleum service contracts; And technically qualified, as exemplified by the joint cooperation and completion of previous exploration activities, such as the drilled Hawkeye-1 well.”*

As a result, the participating interests in SC55 are as follows:

Company	Participating Interests
Palawan55 Exploration & Production Corporation (Operator)	37.50%
Century Red Pte. Ltd (Red Emperor Resources)	37.50%
Pryce Gases, Inc.	25.00%
Total	100%

Subsequent to the quarter end, nominated “Operator” Palawan55 chaired an Operating Committee Meeting to discuss the proposed amendments to the Joint Operating Agreement and, having recently completed their evaluation of prospective geophysical contractors, propose a Work Program and Budget for the remainder of the moratorium period. Additionally, each company was asked to identify their representative to the Operating Committee. A formal vote on the proposed resolutions is expected in the coming weeks.

California

During the quarter, Red Emperor’s proposed Californian Joint Venture partner, Oil Ventures Limited (Oil Ventures), were unsuccessful in agreeing commercial terms to acquire a number of leases prospective for oil & gas in the Sacramento Gas Basin.

As a result, Red Emperor and Oil Ventures entered into an amended HoA whereby if either party wishes to lease or explore in Areas of Mutual Interest (AMI) in the Sacramento Basin before May 1, 2020 they will do so under certain conditions (refer to announcement dated 17 May 2018). While the Company was disappointed in not being able to execute any lease agreements as anticipated, it deployed minimal capital in pursuit of the venture and was grateful for the opportunity provided.

Corporate

Board and Management Changes

During the quarter, Red Emperor appointed Mr. Gracjan P. Lambert as its new Chief Executive Officer (“CEO”). Mr. Lambert brings with him a wealth of technical and commercial experience in the global oil and gas industry, built over more than 20 years working in Europe, Asia (including the Middle East), Australia, North and South America, and Africa. He has spent the last 10 years at ExxonMobil in diverse roles including managing global field operations and leading complex international commercial negotiations. Over the course of his career he has leveraged his proven commercial track record and technical expertise to inform profitable decision making and leadership. Mr. Lambert holds a PhD in Exploration Geophysics from Curtin University in Western Australia and will be relocating back to Perth to fulfil his role as CEO.

As well as this significant addition to the senior management team, the Company also appointed Mr. Aaron Bertolatti to the Board. Mr. Bertolatti, who is currently Red Emperor’s Company Secretary, is a qualified Chartered Accountant with over 10 years’ experience in the mining industry and accounting profession.

Mr Nathan Rayner resigned as non-executive director during the quarter. The Company again thanks Mr. Rayner for his work over the past 3 years and wishes him well in the future.

Other

At the end of the Quarter the Company had cash at bank of \$10.34m. Refer to the attached Appendix 5B for further details.

For and on behalf of the Board



Greg Bandy
Managing Director

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 Alternative Investment Market (AIM: RMP). Red Emperor has oil and gas interests on the Alaska North Slope and in South East Asia.

Red Emperor has executed a binding term sheet that will see the Company participate in the drilling of a highly prospective Nanushuk oil trend exploration well on the Alaska North Slope in early 2019, with an estimated prospective resource volume of 400 MMbbls. The drill target is immediately adjacent to and a direct analogue of the Horseshoe-1/1A oil well drilled. 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.

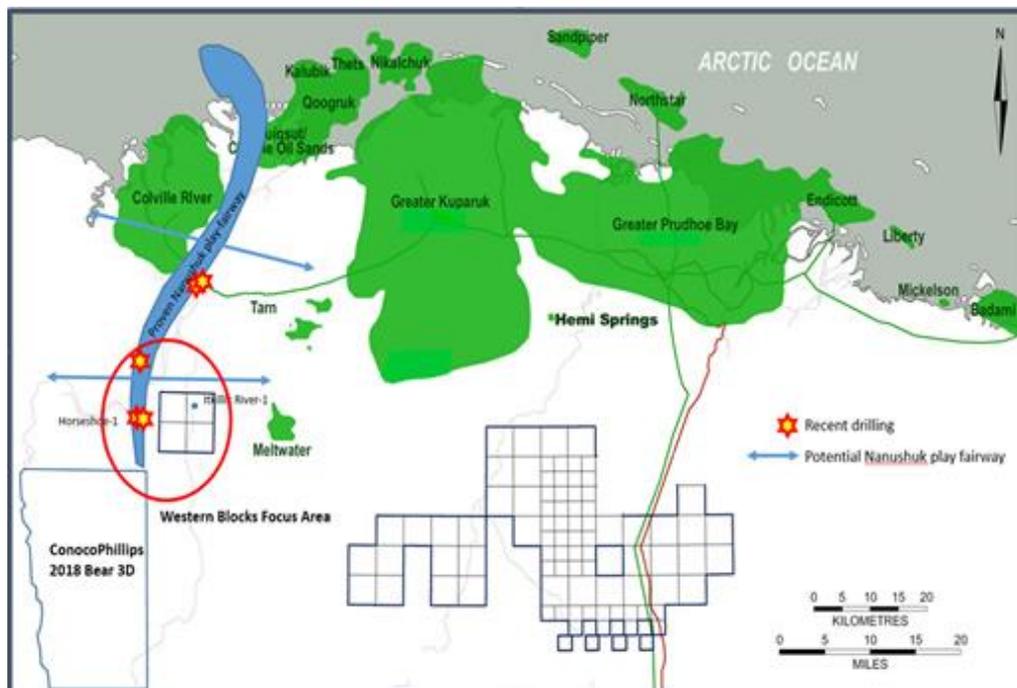


Figure 1. Alaska North Slope (Source: Modified from Otto Energy)

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 9,880km² 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 USD \$25m exploration well (Hawkeye-1) within the block in 2015 and contributed in excess of AUD \$5m towards drilling costs. Over USD \$50m 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 1.6tcf recoverable gas.

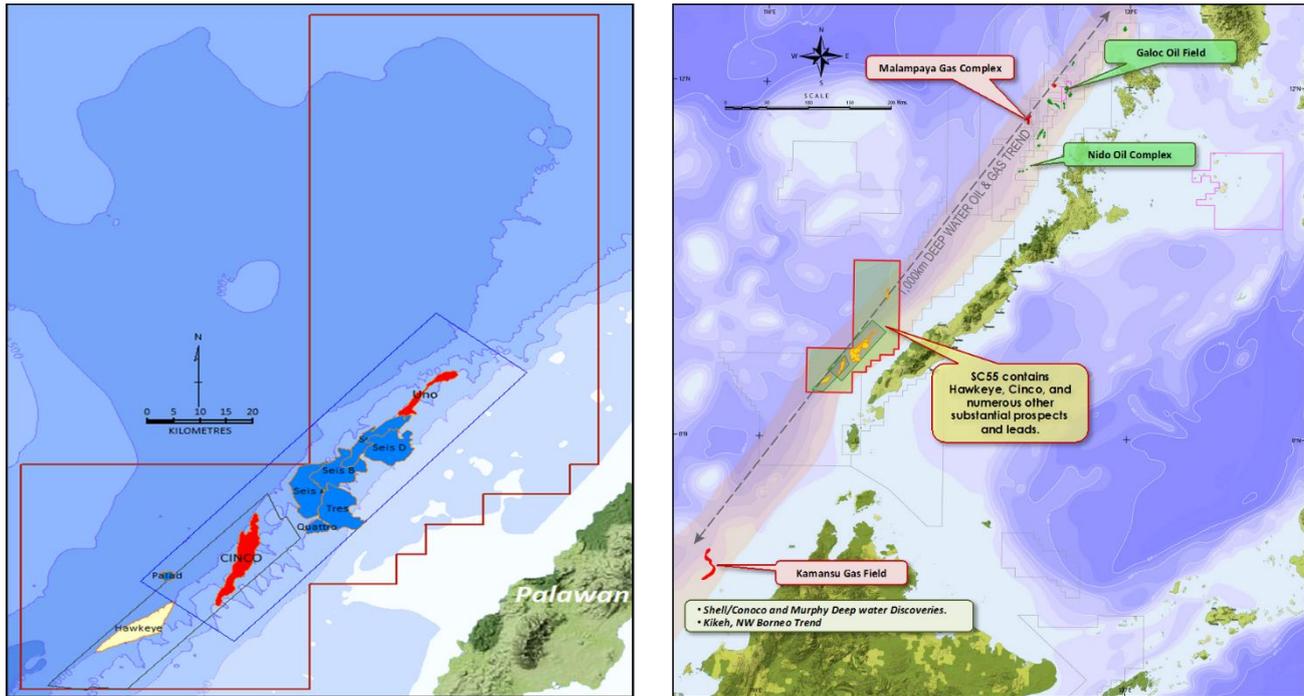


Figure 2. SC55 located in the southwest Palawan Basin, Philippines

Red Emperor's Tenements

Tenement	Location	Area	Structure
Philippines			
SC55	Palawan Basin, Philippines	9,880 km ²	37.5%

KM² – Kilometres squared

Changes: The Company acquired an additional 22.5% interest in SC55 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")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(23)	(160)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(175)	(807)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	33	135
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)		
- Refund of exploration deposits	135	135
1.9 Net cash from / (used in) operating activities	(30)	(697)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	10
	(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)	-	-
2.6	Net cash from / (used in) investing activities	-	10

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
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	-	-
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)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	10,308	10,921
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(30)	(697)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	10
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	66	110
4.6	Cash and cash equivalents at end of period	10,344	10,344

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	10,344	10,308
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	10,344	10,308

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	36
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	

Payment of Directors Fees and Remuneration - \$36k

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

N/A

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	1,700,000
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	250,000
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	1,950,000

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
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	SC55 – Palawan Basin, Philippines	Service Contract	15%	37.5%

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: 24 July 2018

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.