



# **Red Emperor Resources NL**

## **Interim Financial Report**

### **31 December 2018**

ABN 99 124 734 961  
[redemperorresources.com](http://redemperorresources.com)

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## CORPORATE DIRECTORY

### Directors & Officers

Greg Bandy – Managing Director  
 Aaron Bertolatti – Director & Company Secretary  
 Jason Bontempo – Non-Executive Director  
 Gracjan Lambert – Chief Executive Officer

### 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

### Strand Hanson Limited

26 Mount Row  
 Mayfair, London W1K 3SQ  
 Tel: +44 (0) 207 409 3494

### Stock Exchanges

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

AIM operated by the London Stock Exchange (AIM)  
 AIM Code: **RMP**

The Directors are pleased to present their report for Red Emperor Resources NL ("Red Emperor" or the "Company") and its subsidiaries (the "Group") for the half year ended 31 December 2018.

## DIRECTORS

The persons who were directors of Red Emperor during the half year and up to the date of this report are:

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

## REVIEW OF OPERATIONS

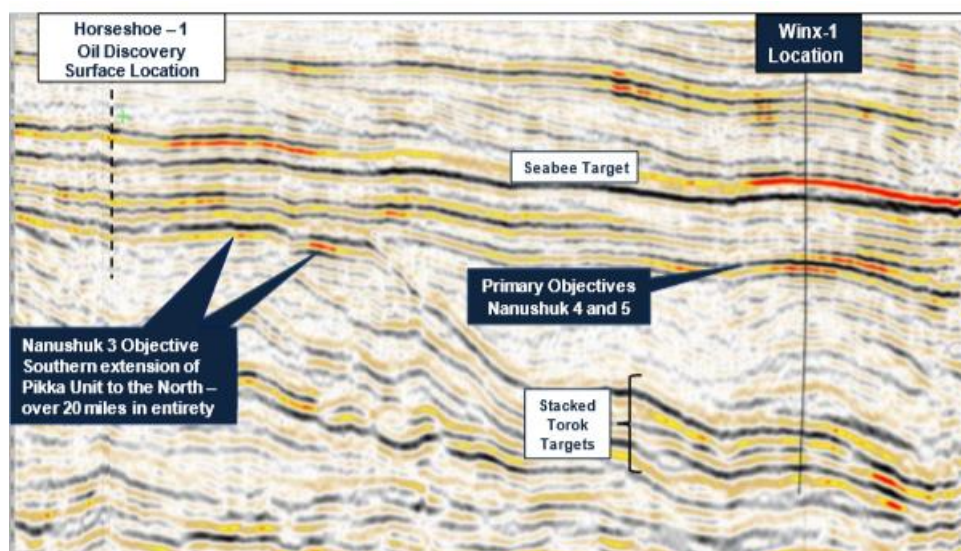
### Alaska North Slope

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

The consortium operator, 88 Energy, via its wholly owned subsidiary, Captivate Energy Alaska, Inc, subsequently executed a rig contract with Nordic-Calista Services for the drilling of the "Winx" Prospect, located on the Western Blocks, North Slope of Alaska. Winx is a 3D seismic defined oil prospect in the successful Nanushuk play fairway with a gross mean unrisked prospective resource of 400 million barrels ("MMbbls") (126MMbbls net to Red Emperor) and a geological chance of success in the range of 25-30%. Refer to the Company's announcement of 25 June 2018 for further details.

*Cautionary Statement: The estimated quantities of petroleum that may be potentially recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation are required to determine the existence of a significant quantity of potentially moveable hydrocarbons.*

The primary objective of the Winx-1 well ("Winx-1") is the Nanushuk Topset play, targeting the Nanushuk 4 and 5 sands. As can be seen in Figure 1, the location of Winx-1 has been identified using the Nanuq South 3D which covers the third party 2017 Horseshoe discovery plus a large swathe of the "Western Blocks". Similar amplitude response is observed at the Winx prospect to that seen at the successful Horseshoe well location, which is situated approximately 4 miles (6 kilometres) to the west.



**Figure 1 | Winx-1 targeting multiple stacked prospects with strong amplitude support**



### Philippines (Block SC55)

DownUnder GeoSolutions commenced work following the award of the seismic data reprocessing and quantitative interpretation (QI) contract. This activity is part of the ongoing 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 our extensive and robust data set we can ensure that the consortium is on the strongest technical footing as it moves forward in due course.

### Corporate

Red Emperor Alaska Limited, a wholly owned subsidiary company, was incorporated on 11 July 2018 in the State of Alaska.

On 8 August 2018, the Company issued 16,000,000 unlisted options to management and certain corporate advisers exercisable at A\$0.04 each on or before 31 December 2020.

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

### SIGNIFICANT EVENTS AFTER THE REPORTING DATE

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

During the month of January 2019, the Company constructed an approximate 11-mile (18-kilometre) ice road on the Western Blocks to provide access to the Winx-1 drill location. The drill rig, Nordic Rig#3, was mobilised on 1 February 2019 (local Alaska time) from Deadhorse, Alaska arriving on location on 7 February 2019 (local Alaska time). After completion of rig-up activities and other preparatory work, the Winx-1 well was spudded on 15 February 2019 (local Alaska time).

There are no other significant events subsequent to the end of the reporting period to the date of this report.

### Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires the Company's auditors to provide the Directors of the Company with an Independence Declaration in relation to their review of the interim financial report. This Independence Declaration is set out on page 4 and forms part of this Directors' report for the half-year ended 31 December 2018.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3) of the Corporations Act 2001.

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

**Greg Bandy**  
**Managing Director**  
Perth, Western Australia  
28 February 2019

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

As lead auditor for the review of Red Emperor Resources NL for the half-year ended 31 December 2018, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



**Jarrad Prue**

Director

**BDO Audit (WA) Pty Ltd**

Perth, 28 February 2019



**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
*for the half-year ended 31 December 2018*

	Note	31 December 2018 \$	31 December 2017 \$
<b>Continuing Operations</b>			
Interest received		52,602	68,746
Sale of subsidiary - Georgian Oil Pty Ltd		26,976	-
Employee and director benefits expense		(245,049)	(123,131)
Professional and consultants		(123,742)	(156,883)
ASX and AIM and share registry fees		(70,996)	(30,923)
Exploration expenditure written off		-	(31,373)
Realised gain on investment		-	10,445
Share based payment expense	8	(700,330)	-
Unrealised Foreign exchange gain/(loss)		26,585	(22,866)
Other expenses		(324,406)	(149,050)
<b>Loss before income tax</b>		<b>(1,358,360)</b>	<b>(435,035)</b>
Income tax expense		-	-
<b>Loss after Income Tax</b>		<b>(1,358,360)</b>	<b>(435,035)</b>
<b>Other comprehensive loss</b>			
<b>Items that may be reclassified to profit or loss</b>			
Foreign currency translation differences		160,936	224
<b>Other comprehensive income/(loss) for the period net of tax</b>		<b>160,936</b>	<b>224</b>
<b>Total comprehensive loss for the period</b>		<b>(1,197,424)</b>	<b>(434,811)</b>
<b>Loss per share for the period attributable to the members of Red Emperor Resources NL</b>			
Basic loss per share (cents)		(0.32)	(0.10)
Diluted loss per share (cents)		N/A	N/A

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 31 December 2018

	Note	31 December 2018 \$	30 June 2018 \$
<b>Current Assets</b>			
Cash and cash equivalents		4,446,161	10,344,621
Trade and other receivables	3	1,521,623	17,883
<b>Total Current Assets</b>		<b>5,967,784</b>	<b>10,362,504</b>
<b>Non-Current Assets</b>			
Deferred exploration and evaluation expenditure	4	3,864,694	-
Financial assets at fair value through profit or loss		-	400
<b>Total Non-Current Assets</b>		<b>3,864,694</b>	<b>400</b>
<b>Total Assets</b>		<b>9,832,478</b>	<b>10,362,904</b>
<b>Current Liabilities</b>			
Trade and other payables		96,829	132,561
<b>Total Current Liabilities</b>		<b>96,829</b>	<b>132,561</b>
<b>Total Liabilities</b>		<b>96,829</b>	<b>132,561</b>
<b>Net Assets</b>		<b>9,735,649</b>	<b>10,230,343</b>
<b>Equity</b>			
Issued capital	5	57,329,505	57,329,505
Reserves	6	4,960,494	4,096,828
Accumulated losses	7	(52,554,350)	(51,195,990)
<b>Total Equity</b>		<b>9,735,649</b>	<b>10,230,343</b>

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



**Consolidated Statement of Changes in Equity**  
*for the half-year ended 31 December 2018*

	Issued capital \$	Accumulated losses \$	Foreign exchange translation reserve \$	Share based payments reserve \$	Total \$
<b>Balance at 1 July 2017</b>	<b>57,329,50</b>	<b>(50,505,893)</b>	<b>(15,430)</b>	<b>4,111,702</b>	<b>10,919,88</b>
<b>Total comprehensive loss for the period</b>					
Loss for the period	-	(435,035)	-	-	(435,035)
Other comprehensive income/(loss)	-	-	224	-	224
<b>Total comprehensive income/(loss) for the period</b>	-	(435,035)	224	-	(434,811)
<b>Transactions with owners in their capacity as owners</b>					
<b>Balance at 31 December 2017</b>	<b>57,329,505</b>	<b>(50,940,928)</b>	<b>(15,206)</b>	<b>4,111,702</b>	<b>10,485,073</b>
<b>Balance at 1 July 2018</b>	<b>57,329,505</b>	<b>(51,195,990)</b>	<b>(14,874)</b>	<b>4,111,702</b>	<b>10,230,34</b>
<b>Total comprehensive loss for the year</b>					
Loss for the year	-	(1,358,360)	-	-	(1,358,360)
Other comprehensive income/(loss)	-	-	160,936	-	160,936
<b>Total comprehensive income/(loss) for the year</b>	-	(1,358,360)	160,936	-	(1,197,424)
<b>Transactions with owners in their capacity as owners</b>					
Proceeds from options issued during the period	-	-	-	2,400	2,400
Share based payments	-	-	-	700,330	700,330
<b>Balance at 31 December 2018</b>	<b>57,329,505</b>	<b>(52,554,350)</b>	<b>146,062</b>	<b>4,814,432</b>	<b>9,735,649</b>

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

**Consolidated Statement of Cash Flows for the half-year ended 31 December 2018**

	Note	31 December 2018 \$	31 December 2017 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(796,261)	(486,509)
Interest received		52,602	68,746
<b>Net cash used in operating activities</b>		<b>(743,659)</b>	<b>(417,763)</b>
<b>Cash flows from investing activities</b>			
Payments for exploration and evaluation		(3,890,334)	(13,059)
Payment of performance bond		(1,454,779)	-
Proceeds from sale of subsidiary - Georgian Oil Pty Ltd		26,976	-
Proceeds from sale of equities		-	10,445
<b>Net cash used in investing activities</b>		<b>(5,318,137)</b>	<b>(2,614)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of options		2,400	-
<b>Net cash provided by financing activities</b>		<b>2,400</b>	<b>-</b>
Net decrease in cash and cash equivalents		(6,059,396)	(420,377)
Cash and cash equivalents at beginning of period		10,344,621	10,921,315
Effects of exchange rate changes on cash and cash equivalents		160,936	(22,865)
<b>Cash and cash equivalents at the end of the period</b>		<b>4,446,161</b>	<b>10,478,073</b>

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



## **1. Corporate Information**

The financial report of Red Emperor Resources NL ("Red Emperor" or the "Company") for the half-year ended 31 December 2018 was authorised for issue in accordance with a resolution of the Directors on 28 February 2019.

Red Emperor is a company limited by shares incorporated in Australia whose shares are publicly traded on both the Australian Securities Exchange and of the AIM market operated by the London Stock 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**

### **(a) Basis of Preparation**

These general purpose financial statements for the half-year reporting period ended 31 December 2018 have been prepared in accordance with applicable accounting standards including AASB 134 "Interim Financial Reporting" and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with IAS 34 "Interim Financial Reporting".

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2018 and any public announcements made by Red Emperor during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The half-year report has been prepared on an accruals basis and is based on historical costs. For the purpose of preparing the half-year financial report the half-year has been treated as a discrete reporting period.

### **(b) Compliance Statement**

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

### **(c) New or amended Accounting Standards and Interpretations adopted**

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

#### *AASB 9 Financial Instruments*

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

**(d) 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.

	31 December 2018 \$	30 June 2018 \$
<b>3. Trade and other receivables</b>		
GST receivable	13,915	5,604
Performance bond <sup>1</sup>	1,497,307	-
Other Receivables	10,401	12,279
	<b>1,521,623</b>	<b>17,883</b>

<sup>1</sup> The four Alaska North Slope leases comprising the Western Blocks are scheduled to expire on 30 April 2021. During this period, the joint venture partners are required to post a US\$3.0m (Red Emperor's share US\$1.05m) performance bond and undertake the drilling and testing of an initial test well by no later than 31 May 2019. The performance bond was posted with the Alaska Department of Natural Resources during July 2018 and will be refunded if the well is drilled before 31 May 2019.

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

**4. Deferred Exploration & Evaluation Expenditure**

Opening balance	-	-
Acquisition of exploration tenements <sup>1</sup>	480,784	-
Exploration and evaluation expenditure incurred during the period	3,383,910	-
	<b>3,864,694</b>	-

<sup>1</sup> At 31 December 2018 the deferred exploration and evaluation balance included approximately \$480,784 (US\$350,000) of consideration payable under an agreement with Great Bear Petroleum Ventures II LLC to acquire the majority of Great Bear's working interest in four leases on the western flank of the Alaska North Slope.

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

**5. Issued Capital****(a) Issued and paid up capital**

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

	31 December 2018		30 June 2018	
	No. of shares	\$	No. of shares	\$
Opening Balance	425,292,776	57,329,505	425,292,776	57,329,505
Closing Balance	<b>425,292,776</b>	<b>57,329,505</b>	<b>425,292,776</b>	<b>57,329,505</b>



	31 December 2018 \$	30 June 2018 \$
<b>6. Reserves</b>		
Share based payments reserve	4,814,432	4,111,702
Foreign exchange translation reserve	146,062	(14,874)
	<b>4,960,494</b>	<b>4,096,828</b>

**Movements in Reserves***Share based payments reserve*

Opening balance	4,111,702	4,111,702
Share based payments expense	700,330	-
Proceeds from option issue	2,400	-
Closing balance	<b>4,814,432</b>	<b>4,111,702</b>

The share based payments reserve is used to record the value of equity benefits provided to Directors and executives as part of their remuneration and non-employees for their goods and services and to record the premium paid on the issue of unlisted options. Refer to note 8 for further details of the securities issued during the half-year ended 31 December 2018.

*Foreign exchange translation reserve*

Opening balance	(14,874)	(15,430)
Foreign exchange translation difference	160,936	556
Closing balance	<b>146,062</b>	<b>(14,874)</b>

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

**7. Accumulated losses**

Movements in accumulated losses were as follows:

Opening balance	(51,195,990)	(50,505,893)
Loss for the period	(1,358,360)	(690,097)
Closing balance	<b>(52,554,350)</b>	<b>(51,195,990)</b>

	31 December 2018 \$	31 December 2017 \$
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**8. Share based payments****(a) Recognised share based payment transactions**

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

Employee and Director share based payments	(463,487)	-
Share based payments to suppliers	(236,843)	-
	<b>(700,330)</b>	<b>-</b>

**(b) Employee and Director share based payments**

The fair value at grant date of options granted during the reporting period was determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share and the risk-free interest rate for the term of the option. The table below summarises options granted during the half-year ended 31 December 2018:



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
08/08/2018	31/12/2020	\$0.04	-	6,000,000	-	-	6,000,000	6,000,000
22/11/2018	31/12/2020	\$0.04	-	10,000,000	-	-	10,000,000	10,000,000
				<b>16,000,000</b>	-	-	<b>16,000,000</b>	<b>16,000,000</b>

The expense recognised in respect of the above options granted during the half-year was \$463,487 which represents the fair value of the options.

There were no unlisted options issued to employees and directors during the half-year ended 31 December 2017.

The model inputs, not included in the table above, for options granted during the half-year ended 31 December 2018 included:

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

### (c) Share-based payment to suppliers

The Company issued unlisted options to provide consideration to consultants and corporate advisors for services rendered during the half-year ended 31 December 2018. These options were valued using the Black-Scholes option pricing model as the value of the work performed could not be reliably determined.

Grant Date	Expiry date	Exercise price per option	Balance at start of the 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
08/08/2018	31/12/2020	\$0.04	-	10,000,000	-	-	10,000,000	10,000,000
				<b>10,000,000</b>	-	-	<b>10,000,000</b>	<b>10,000,000</b>

The expense recognised in respect of the above options granted during the half-year was \$236,843 which represents the fair value of the options.

There were no unlisted options issued to suppliers during the half-year ended 31 December 2017.

The model inputs, not included in the table above, for options granted during the half-year ended 31 December 2018 included:

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


**9. 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	
		31 December 2018	31 December 2017
Puntland Oil Pty Ltd	Australia	100%	100%
Georgian Oil Pty Ltd	Australia	- <sup>1</sup>	100%
Vianista Pty Ltd	Australia	100%	100%
Century Red Pte. Ltd	Singapore	100%	100%
Red Emperor Alaska Limited	USA	100%	-

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

**10. Contingent assets and liabilities**

The Directors are not aware of any new contingent liabilities or assets as at 31 December 2018. There has been no change in contingent liabilities or assets since the last annual reporting date.

**11. Dividends**

No dividends have been paid or provided for during the half-year.

**12. Commitments**

There are no material commitments as at 31 December 2018.

**13. 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 reporting period 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 makers 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 a 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.

<b>Segment Performance</b>	<b>Alaska Exploration &amp; Evaluation \$</b>	<b>Georgian Exploration &amp; Evaluation \$</b>	<b>Philippines Exploration &amp; Evaluation \$</b>	<b>Treasury \$</b>	<b>Total \$</b>
<b>31 December 2018</b>					
Revenue					
Interest revenue	-	-	-	52,602	52,602
Other income	-	26,976	-	-	26,976
<b>Total segment revenue</b>	<b>-</b>	<b>26,976</b>	<b>-</b>	<b>52,602</b>	<b>79,578</b>
 Total Group revenue	 -	 26,976	 -	 52,602	 79,578
<b>Segment net profit before tax</b>	<b>-</b>	<b>26,976</b>	<b>-</b>	<b>52,602</b>	<b>79,578</b>
 <i>Reconciliation of segment result to group net profit/(loss) before tax</i>					
Unallocated items:					
Foreign exchange gain/(loss)	-	-	-	26,585	26,585
Employee and director benefits expense	-	-	-	-	(245,049)
Share based payments	-	-	-	-	(700,330)
Other	-	-	-	-	(439,566)
<b>Net loss before tax from continuing operations</b>					<b>(1,358,360)</b>
 <b>31 December 2017</b>					
Revenue					
Interest revenue	-	-	-	68,786	68,786
Other income				10,445	10,445
<b>Total segment revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>79,231</b>	<b>79,231</b>
 Total Group revenue	 -	 -	 -	 79,231	 79,231
<b>Segment net profit before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>79,231</b>	<b>79,231</b>
 <i>Reconciliation of segment result to group net profit/(loss) before tax</i>					
Unallocated items:					
Employee and director benefits expense	-	-	-		(123,131)
Unrealised FX loss	-	-	-	(22,866)	(22,866)
Other	-	-	-		(289,038)
<b>Net loss before tax from continuing operations</b>				<b>(22,866)</b>	<b>(435,035)</b>



<b>Segment Assets</b>	<b>Alaska Exploration &amp; Evaluation \$</b>	<b>Georgian Exploration &amp; Evaluation \$</b>	<b>Philippines Exploration &amp; Evaluation \$</b>	<b>Treasury \$</b>	<b>Total \$</b>
<b>31 December 2018</b>					
<b>Segment assets</b>	-	-	-	400	400
<i>Segment assets increases/ (decreases) for the year:</i>					
- Trade and other receivables	1,497,307	-	-	-	1,497,307
- financial assets at fair value through profit or loss				(400)	(400)
- Deferred exploration and evaluation expenditure	3,767,487	-	97,207	-	3,864,694
<i>Reconciliation of segment assets to Group assets</i>					
	<b>5,264,794</b>	<b>-</b>	<b>97,207</b>	<b>-</b>	<b>5,362,001</b>
Unallocated items:					
Cash and cash equivalents					4,446,161
Trade and other receivables					24,316
<b>Total Group assets from continuing operations</b>					<b>9,832,478</b>
<b>30 June 2018</b>					
<b>Segment assets</b>	-	-	-	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>					
	<b>-</b>	<b>-</b>	<b>-</b>	<b>400</b>	<b>400</b>
Unallocated items:					
Cash and cash equivalents					10,344,621
Trade and other receivables					17,883
<b>Total Group assets from continuing operations</b>					<b>10,362,904</b>
<b>Segment Liabilities</b>					
<b>31 December 2018</b>					
<b>Segment liabilities</b>	-	-	-	-	-
<i>Reconciliation of segment liabilities to Group assets</i>					
Unallocated items:					
Trade and other payables					96,829
<b>Total Group liabilities from continuing operations</b>					<b>96,829</b>
<b>30 June 2018</b>					
<b>Segment liabilities</b>	-	-	-	-	-
<i>Reconciliation of segment liabilities to Group assets</i>					
Unallocated items:					
Trade and other payables					132,561
<b>Total Group liabilities from continuing operations</b>					<b>132,561</b>

**14. Significant Events after the Reporting Date**

Subsequent to the reporting period end, the Company placed 100,000,000 new ordinary shares at an issue price of 2.8 pence (AUD0.05) per share to raise £2.8 million (approximately AUD5.0m) before expenses. The oversubscribed placing was made to both new and existing institutional and sophisticated investors, via the Company's UK Broker, Brandon Hill Capital, and its Australian Broker and Corporate Adviser, 708 Capital Pty Ltd and Max Capital. In addition, the Company agreed to issue, in aggregate, 6,000,000 unlisted options to its abovementioned brokers and corporate adviser, exercisable at a price of 2.8 pence (AUD0.05) per new ordinary share, on or before 15 January 2022.

During the month of January 2019, the Company constructed an approximate 11-mile (18-kilometre) ice road on the Western Blocks to provide access to the Winx-1 drill location. The drill rig, Nordic Rig#3, was mobilised on 1 February 2019 (local Alaska time) from Deadhorse, Alaska arriving on location on 7 February 2019 (local Alaska time). After completion of rig-up activities and other preparatory work the Winx-1 well was spudded on 15 February 2019 (local Alaska time).

There are no other significant events subsequent to the end of the financial period to the date of this report.



In the opinion of the Directors of Red Emperor Resources NL (the "Company"):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
  - a. complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b. giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year then ended; and
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.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Board

**Greg Bandy**  
**Managing Director**  
Perth, Western Australia  
28 February 2019

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Red Emperor Resources NL

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Red Emperor Resources NL (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, 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 half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



### **Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

**BDO Audit (WA) Pty Ltd**

BDO  


**Jarrad Prue**

**Director**

Perth, 28 February 2019

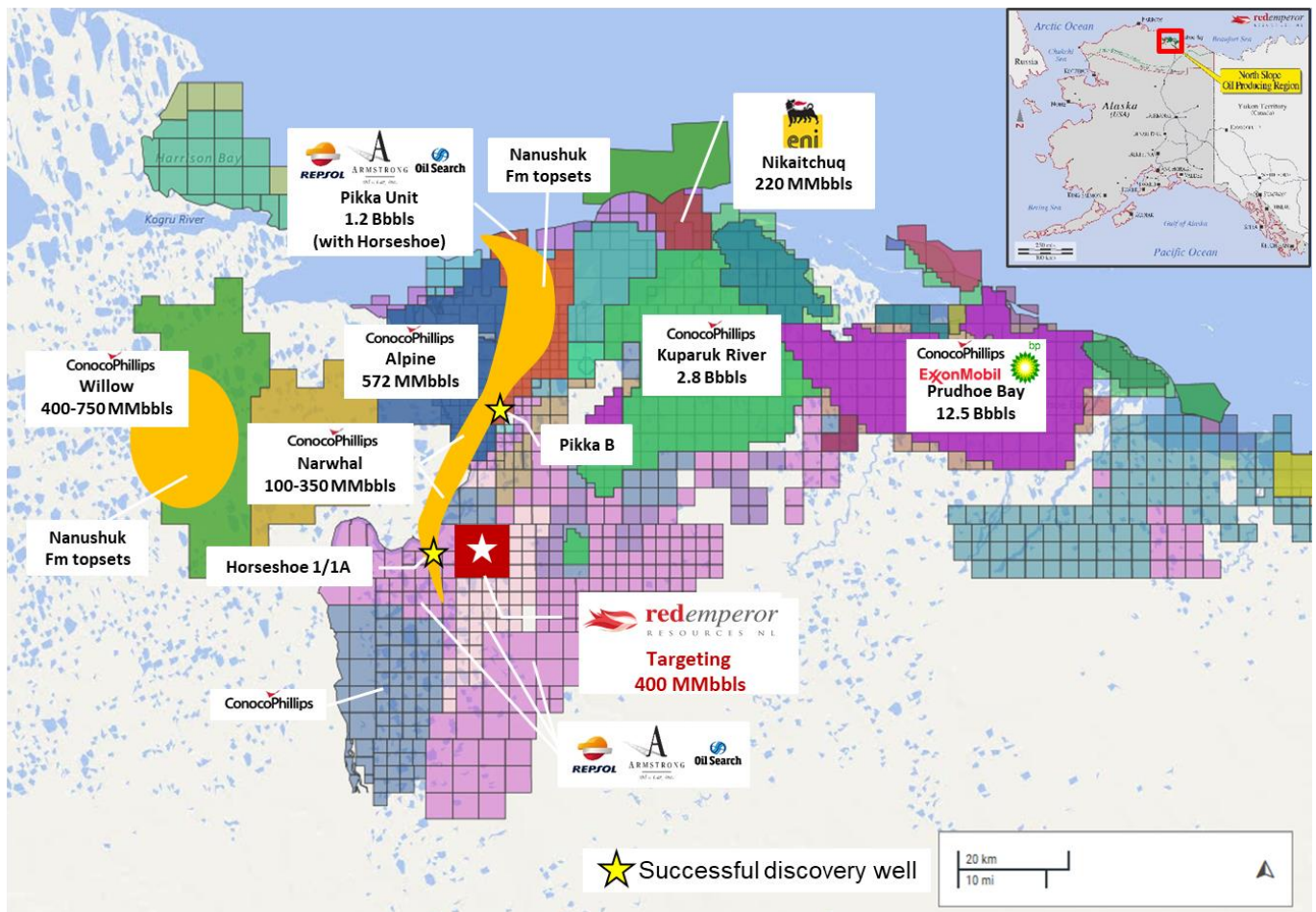


Red Emperor Resources NL is an Australian natural resource exploration company listed on both the Australian Securities Exchange (ASX: RMP) and the AIM Market (AIM: RMP). Red Emperor has oil and gas interests on the Alaska North Slope and in South East Asia.

### Alaska

Red Emperor has entered into Definitive Agreements with its consortium partners 88 Energy Limited and Otto Energy Limited 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. The drill target is immediately adjacent to and a direct analogue of the third party Horseshoe-1/1A oil well 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.

Technical work on the Western Blocks has identified a gross best estimate prospective resource volume of 400 million barrels ("MMbbls") (126 MMbbls net to RMP), and a geological chance of success of 25%-35%. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.



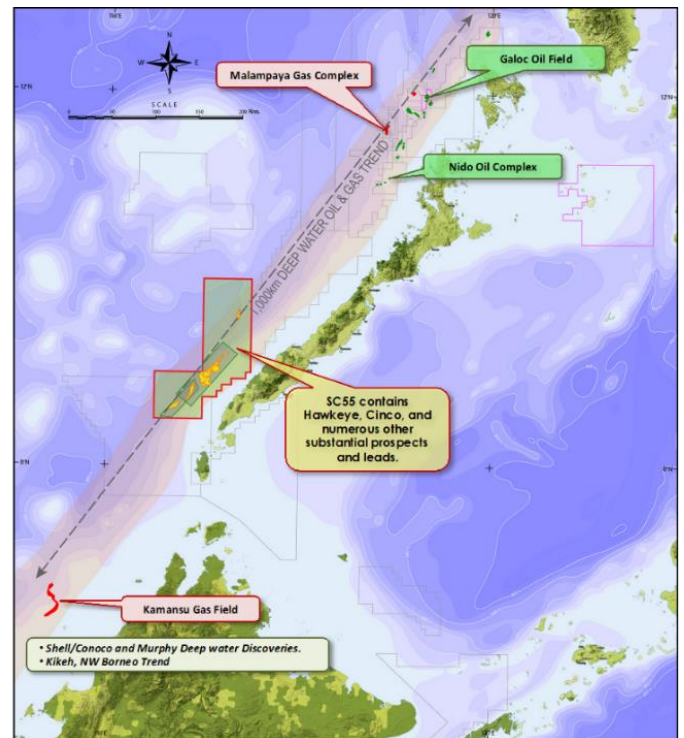
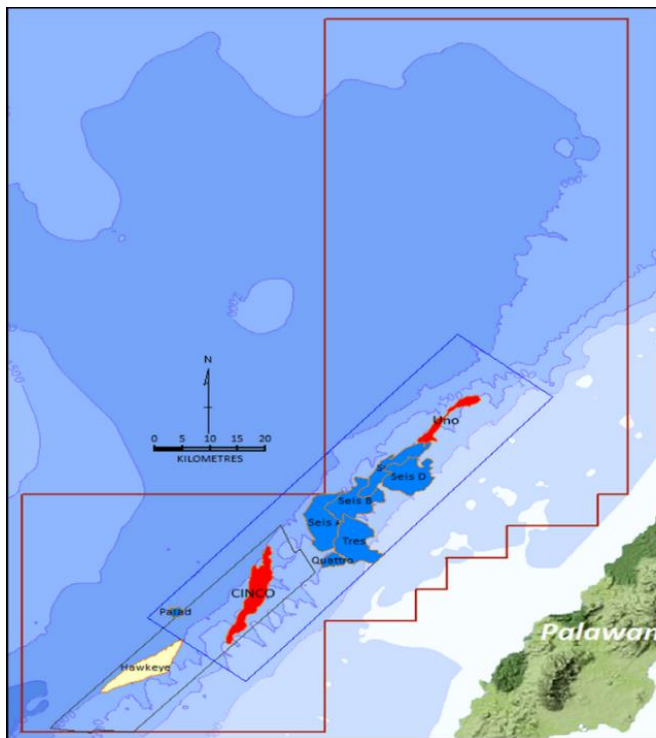
**Winx-1 exploration well, Western Blocks, Alaska North Slope**



## 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 trillion cubic feet (“tcf”) recoverable gas.



SC55 located in the southwest Palawan Basin, Philippines

## Red Emperor's Project Areas

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



### **Prospective Resources Reporting Notes**

The Company announced the prospective resources estimate for the Western Blocks in its announcement titled "Red Emperor to acquire interest in large oil prospect in prolific Alaska North Slope" made on 25 June 2018. The Company confirms that it is not aware of any new information or data that materially affects the information included in that announcement, and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.

(i) The prospective resources information in this announcement is effective as at 30 April 2018. (ii) The prospective resources information in this announcement has been estimated and is classified in accordance with SPE PRMS (Society of Petroleum Engineers Petroleum Resources Management System). (iii) The prospective resources information in this announcement is reported according to the Company's economic interest in each of the resources and net of royalties. (iv) The prospective resources information in this announcement has been estimated and prepared using the deterministic method. (v) The prospective resources information in this announcement has been estimated using a 6:1 BOE conversion ratio for gas to oil; 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency. (vi) The prospective resources information in this announcement has been estimated on the basis that products are sold on the spot market with delivery at the sales point on the production facilities. (vii) Prospective resources are reported on a best estimate basis. (viii) For prospective resources, the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. (ix) In respect to the prospective resources referred to in this announcement, Red Emperor's working interest in the four leases (ADL#s 391718, 391719, 319720 and 391721), totalling 22,711 acres all of which are located on the North Slope, Alaska, USA will be 31.5% (as set out in the table above) upon completion of the transaction. (x) The prospective resources have been estimated on the following basis: the best estimate prospective recoverable resource calculation was based on a consideration of offset well information and seismic expression; a combination of volumetric assessment and field analogues have been used to estimate the prospective resources; exploration drilling will be required to assess these resources. (xi) The chance of discovery is considered moderate as the prospective resources are near developed and undeveloped reserves and in a proven oil and gas producing province. There is a risk that exploration will not result in sufficient volumes of oil and/or gas for a commercial development. (xii) Prospective resources are un-risked and have not been adjusted for an associated chance of discovery and a chance of development.