



ABN 99 124 734 961

AND ITS CONTROLLED ENTITIES

ANNUAL REPORT

30 JUNE 2015

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CORPORATE DIRECTORY	
Directors Mr. Greg Bandy – Managing Director Mr. Jason Bontempo – Non-Executive Director Mr. Nathan Rayner – Non-Executive Director	Auditors BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008
Company Secretary Mr. Aaron Bertolatti	Solicitors Occam Legal PO Box 50 Cottesloe WA 6911
Registered Office First Floor 35 Richardson Street West Perth WA 6005	Stock Exchange Australian Securities Exchange (Home Exchange: Perth, Western Australia) ASX Code: RMP Alternative Investment Market of the London Stock Exchange (AIM) AIM Code: RMP
Share Registry Computershare Investor Services Pty Ltd Level 11 172 St Georges Terrace Perth WA 6000	Website www.redemperorresources.com



Directors' Report

The Directors present their report for Red Emperor Resources NL ("Red Emperor", "Red Emperor" or "the Company") and its subsidiaries ("the Group") for the year ended 30 June 2015.

DIRECTORS

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

Mr. Greg Bandy – B.Com, ASXA1 (ASX)

Managing Chairman

Mr. Bandy has 15 years of experience in retail, corporate and capital markets, both in Australia and overseas. Mr. Bandy worked as a Senior Client Advisor at Montagu Stockbrokers and Patersons Securities for over 10 years before moving to the corporate sector.

A former director of Empire Beer Group Limited, Mr. Bandy oversaw the acquisition of Car Parking Technologies (now Smart Parking Limited ASX: SPZ) before stepping down as Executive Director. Mr. Bandy is also currently Managing Director of Orca Energy Limited (ASX: OGY).

Mr. Jason Bontempo - B.Com, CA

Non-Executive Director

Mr Bontempo has worked in investment banking and corporate advisory since qualifying as a Chartered Accountant with Ernst & Young in 1997. Mr Bontempo has worked for investment banks in Australia and the UK and has been closely involved with the advising and financing of companies in the resources industry specialising in asset sales and AIM | ASX listings. Mr Bontempo is also currently a director of Orca Energy Limited (ASX: OGY). Mr Bontempo is a former director of Glory Resources Limited, Matrix Metals Limited and Chameleon Mining NL.

Mr. Nathan Rayner - B.Eng, MEngSc, GradCertBusAdmin (appointed 23 October 2014)

Non-Executive Director

Mr. Rayner is a Petroleum Engineer with over 15 years of experience, specialising in managing technical teams, resource evaluations and developing gas projects globally. Mr. Rayner held the position of Evaluation Manager for Addax Petroleum Ltd, based in Geneva, managing its West African new discovery field development planning, appraisal programs and resource portfolio.

Mr. Rayner is currently the Chief Operating Officer of Sunbird Energy Limited (ASX: SNY) and is responsible for delivering the Full Field Development Plan for Sunbird Energy's Ibhuesi Gas Project. Prior to joining Sunbird Energy, Mr. Rayner held the position of Chief Operating Officer with Dart Energy Ltd, based in Singapore. As COO for Dart Energy, he had managerial, operational and technical responsibility for all international exploration, drilling and production activities in Europe, China, India and Indonesia. Mr Rayner is also currently a director of Orca Energy Limited (ASX: OGY).

Mr. Stephen Brockhurst - B.Com (resigned 23 October 2014)

Non-Executive Director

Mr. Brockhurst has over 13 years' experience in the finance and corporate advisory industry and has been responsible for the preparation of the Due Diligence process and Prospectuses on a number of initial public offers. Stephen Brockhurst experience includes corporate and capital structuring, corporate advisory and company secretarial services, capital raising, ASX and ASIC compliance requirements. Mr Brockhurst is a director of Jacka Resources Limited and Plymouth Minerals Limited and a former director of Krakatoa Resources Limited.

COMPANY SECRETARY

Mr. Aaron Bertolatti – B.Com, CA, AGIA (appointed 2 September 2014)

Mr. Bertolatti is a qualified Chartered Accountant and Company Secretary with over 9 years' experience in the mining industry and accounting profession. Mr. Bertolatti has both local and international experience and provides assistance to a number of resource companies with financial accounting and stock exchange compliance. Mr. Bertolatti has significant experience in the administration of ASX listed companies, corporate governance and corporate finance.

Ms. Sara Kelly and Ms. Rebecca Sanford resigned as joint company secretaries on 2 September 2014.

INTERESTS IN THE SECURITIES OF THE COMPANY

As at the date of this report, the interests of the Directors in the securities of Red Emperor Resources NL are:

Director	Ordinary Shares	Options – exercisable at \$0.055 each on or before 31-Dec-17
Greg Bandy	400,000	-
Jason Bontempo	-	-
Nathan Rayner	-	3,500,000

RESULTS OF OPERATIONS

The Company's net loss after taxation attributable to the members of Red Emperor for the year to 30 June 2015 was \$19,723,800 (2014: \$10,231,803).

DIVIDENDS

No dividend was paid or declared by the Company during the year and up to the date of this report.



CORPORATE STRUCTURE

Red Emperor Resources NL is a company limited by shares, which is incorporated and domiciled in Australia.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial year was oil and gas exploration.

REVIEW OF OPERATIONS

PHILIPPINES (SC55)

On 2 March 2015 Red Emperor signed a Farmin Agreement with Otto Energy Philippines Inc. (a wholly owned subsidiary of Otto Energy Ltd (ASX: OEL "Otto") to farm in to the offshore Philippines Block, Service Contract 55 ("SC55").

SC55 is located in the southwest Palawan Basin, 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. SC55 contains a number of distinct exploration play types including the Hawkeye turbidite clastic prospect and the material Cinco carbonate gas/condensate prospect, as well as a number of follow-up leads. The permit provides a material opportunity and a series of possible drill targets in an exploration campaign that will be undertaken during the remaining term of the service contract.

Otto entered into a Letter of Intent with Maersk to secure the Maersk Venturer ultra-deepwater drillship to drill the Hawkeye-1 exploration well in March 2015 with a rig contract subsequently executed in May.

In August 2015 the Company advised that the Hawkeye-1 exploration well was drilled to the planned total depth of 2,920m with the top reservoir intersected at 2,710m. The well proved the existence of hydrocarbons in SC55, however the hydrocarbon size discovered was at the low end of expectations and not likely to be economic to develop. Hawkeye-1 was plugged and abandoned with results from the well to be analysed with respect to other prospects, including Cinco, in the license that potentially share the same charge source.

The drilling program was executed smoothly, ahead of schedule and significantly under budget.

PUNTLAND

In June, Red Emperor's Joint Venture ("JV") partner and operator, Africa Energy Corp. (previously Horn Petroleum Corp.) (together "Africa Energy" or the "Operator"), gave notice to the Puntland State of Somalia advising of its intention to withdraw from the January 2007 Production Sharing Agreements ("PSAs") which cover the Nugaal and Dharoor Blocks.

In its notice to the Puntland Petroleum and Minerals Agency, Africa Energy cited the uncertainty of the current political climate in Somalia, especially in respect of the disagreement between the Federal Government of Somalia and the regional government of Puntland, over the legitimacy of the PSAs and potential territorial claims on the Nugaal Block as the principal reasons for its decisions.

Whilst Red Emperor is disappointed with this outcome, the Company acknowledges the political uncertainties that have existed within the country, the state and the region over the past 3 years, preventing the Joint Venture from conducting the activities required under the terms of the PSAs. Red Emperor supports the Operator in its decision to withdraw from the PSAs.

GEORGIA

During the year, the Georgian Ministry of Energy formally notified Strait Oil & Gas Limited ("Strait") that the Production Sharing Contract (PSC) over Block VIb had been terminated. The Ministry cited the non-performance of obligations, specifically the requirement to drill a well in accordance with the stipulated procedure. Red Emperor notes that this obligation has been acknowledged by its JV partner, Range Resources Limited (ASX: RRS, AIM: RRL, "Range"), both internally within JV correspondence as well as publicly.

Red Emperor believes it fulfilled its obligations with respect to Block VIb, specifically cash contributions towards the second well of a two well program, as per its Shareholder and Subscription Agreements (the "Agreements"). The Company continues to reserve any and all legal rights under the Agreements.

This outcome does not, in any way, affect the validity of Block VIa, which remains the subject of interest from various third party participants seeking to either acquire or farm in to the block. Negotiations have yet to progress to a level that warrants disclosure, however the Company looks forward to updating the market in due course

CORPORATE

On 23 October 2014 the Company announced the appointment of Nathan Rayner to the Board of Directors following the resignation of Stephen Brockhurst.

On 16 February 2015 the Company announced that it had sold its direct equity investment in Highfield Resources Limited (ASX: HFR) in accordance with its treasury management strategy. The shares were sold at a price of \$0.80 per share, which netted the Company \$798,279 after brokerage, a 66% return on its \$480,000 investment.



Directors' Report

The Company placed 66,558,555 shares in March 2015 at A\$0.032 per share (£0.016) to raise approximately A\$2.13m (£1.06m) from sophisticated investors both in Australia and the UK. The funds raised from the placement would be used to fund the drilling activities in the Philippines.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group during the financial year, other than as set out in this report.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

In July 2015 the Company, through its London broker, Brandon Hill Capital, and its Australian broker, 708 Capital, placed 65,750,000 new ordinary shares at 4 pence (A\$0.08) per share to raise £2.63 million (A\$5.26 million) before expenses. Proceeds from the raise and existing cash resources would be used to fund the drilling activities in the Philippines.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group will continue its investment in resource projects with the object of identifying commercial resources. The Company intends to pursue acquisition and investment opportunities to secure new projects in the natural resources sector.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The Group operates within the resources sector and conducts its business activities with respect for the environment while continuing to meet the expectations of the shareholders, employees and suppliers. The Group's exploration activities are currently regulated by significant environmental regulation under laws of Australia. The Group aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation.

The Group has no current reporting obligations under the Natural Greenhouse and Energy Reporting Act 2007 due to all operations occurring overseas. The Directors are mindful of the regulatory regime in relation to the impact of the organisational activities on the environment. There have been no known breaches by the Group during the period.

SHARE OPTIONS

As at 30 June 2015 there were 4,500,000 unissued ordinary shares under options. The details of the options are as follows:

Number	Exercise Price \$	Expiry Date
4,500,000	\$0.055	31-Dec-17
4,500,000		

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

11,859,773 unlisted options expired unexercised during the financial year.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has made an agreement indemnifying all the Directors and officers of the Company against all losses or liabilities incurred by each Director or officer in their capacity as Directors or officers of the Company to the extent permitted by the Corporations Act 2001. The indemnification specifically excludes wilful acts of negligence.

The Company paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current officers of the Company, including officers of the Company's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group.

During the financial period, Red Emperor Resources NL paid a premium of \$14,025 (2014: \$12,865) to insure the directors and officers of the Group and its controlled entities.

DIRECTORS' MEETINGS

During the financial year, in addition to regular Board discussions, the number of formal meetings of Directors held during the year and the number of meetings attended by each Director was as follows:

Director	Number of Meetings Eligible to Attend	Number of Meetings Attended
Greg Bandy	2	2
Jason Bontempo	2	2
Stephen Brockhurst	-	-
Nathan Rayner	2	2

During the financial year, the Directors also met regularly to discuss all matters associated with investment strategy, review of opportunities, and other Company matters on an informal basis. Circular resolutions were passed as necessary to execute formal Board decisions.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.



CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Red Emperor Resources NL support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that Red Emperor is in compliance to the extent possible with those guidelines, which are of importance to the commercial operation of a junior listed resources company. During the financial year, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Company.

The Company has established a set of corporate governance policies and procedures which can be found, along with the Company's Corporate Governance Statement, on Red Emperor's website: www.redemperorresources.com.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires the Company's auditors to provide the Directors of Red Emperor with an Independence Declaration in relation to the audit of the financial report. A copy of that declaration is included at page 29 of the annual report. There were no non-audit services provided by the Company's auditor.

AUDITED REMUNERATION REPORT

This report, which forms part of the directors' report, outlines the remuneration arrangements in place for the key management personnel ("KMP") of Red Emperor Resources NL for the financial year ended 30 June 2015. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

Details of Key Management Personnel

Mr. Greg Bandy	Managing Director
Mr. Jason Bontempo	Non-Executive Director
Mr. Nathan Rayner	Non-Executive Director - appointed 23 October 2014
Mr. Stephen Brockhurst	Non-Executive Director - resigned 23 October 2014
Mr. Aaron Bertolatti	Company Secretary

Remuneration Policy

The Board is responsible for determining and reviewing compensation arrangements for the Directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a yearly basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. The expected outcome of this remuneration structure is to retain and motivate Directors.

As part of its Corporate Governance Policies and Procedures, the board has adopted a formal Remuneration Committee Charter and Remuneration Policy. The Board has elected not to establish a remuneration committee based on the size of the organisation and has instead agreed to meet as deemed necessary and allocate the appropriate time at its board meetings.

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Chair's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. Non-executive directors do not receive performance-based pay.

The following fees have applied:

Level	Cash Remuneration
Managing Director	\$180,000
Non-Executive Director	\$30,000 - \$36,000

Additional fees

A Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Retirement allowances for directors

Superannuation contributions required under the Australian Superannuation Guarantee Legislation continue to be made and are deducted from the directors' overall fee entitlements where applicable.



Directors' Report

Details of Remuneration

Details of the nature and amount of each element of the remuneration of each Director and Executive of the Company for the year ended 30 June 2015 are as follows:

2015	Short term			Options	Post employment		Total \$	Option related %
	Base Salary \$	Directors Fees \$	Consulting Fees \$	Share Based Payments \$	Superannuation \$	Prescribed Benefits \$		
Directors								
Greg Bandy	180,000	-	-	-	17,100	-	197,100	-
Jason Bontempo	-	30,000	-	-	2,700	-	32,700	-
Steve Brockhurst	-	9,249	-	-	675	-	9,924	-
Nathan Rayner	-	24,744	-	28,483	-	-	53,227	53.5
Key Management								
Aaron Bertolatti	-	-	36,682	8,036	-	-	44,718	18.0
	180,000	63,993	36,682	36,519	20,475	-	337,669	

There were no other executive officers of the Company during the financial year ended 30 June 2015.

2014	Short term			Options	Post employment		Total \$	Option related %
	Base Salary \$	Directors Fees \$	Consulting Fees \$	Share Based Payments \$	Superannuation \$	Prescribed Benefits \$		
Directors								
Greg Bandy	180,000	-	-	-	16,650	-	196,650	-
Jason Bontempo	-	30,000	-	-	2,775	-	32,775	-
Steve Brockhurst	-	30,000	-	-	2,775	-	32,775	-
	180,000	60,000	-	-	22,200	-	262,200	-

There were no other executive officers of the Company during the financial year ended 30 June 2014.

Shareholdings of Key Management Personnel

The number of shares in the Company held during the financial year by each Director and specified executives of the Group, including their personally related parties, is set out below. There were no shares granted during the reporting year as compensation.

2015	Balance at the start of the year	Granted during the year as compensation	On exercise of share options	Other changes during the year	Balance at the end of the year
Greg Bandy	400,000	-	-	-	400,000
Jason Bontempo	-	-	-	-	-
Steve Brockhurst ¹	250,001	-	-	(250,001)	-
Nathan Rayner ²	-	-	-	-	-

¹ Mr. Brockhurst resigned as a Non-Executive Director on 23 October 2014.

² Mr. Rayner was appointed as a Non-Executive Director on 23 October 2014.

All equity transactions with key management personnel other than arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

Option holdings of Key Management Personnel

The numbers of options over ordinary shares in the Company held during the financial year by each Director of Red Emperor Resources NL and specified executives of the Group, including their personally related parties, are set out below:

2015	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Exercisable	Un-exercisable
Greg Bandy	-	-	-	-	-	-	-
Jason Bontempo	-	-	-	-	-	-	-
Steve Brockhurst	-	-	-	-	-	-	-
Nathan Rayner	-	3,500,000	-	-	3,500,000	1,250,000	2,250,000 ¹

¹ 1,250,000 Options granted vest and are exercisable on 30 September 2015 and 1,000,000 Options granted vest and are exercisable on 30 April 2016.

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

Options granted as part of remuneration have been valued using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option.

Options granted under the plan carry no dividend or voting rights. For details on the valuation of options, including models and assumptions used, please refer to note 21.



Service Agreements

Executive Directors

The Company has a service agreement with Mr Greg Bandy as Managing Director. The key terms are summarised as follows;

- Employment commencing 1 December 2013 until agreement is validly terminated in accordance with the terms;
- The Company may terminate the employment by giving 12 months written notice if Mr Bandy becomes incapacitated by illness or injury or becomes of unsound mind;
- The Company may terminate the employment by giving 1 month written notice if Mr Bandy commits any serious or persistent breach of any of the provisions in the agreement and the breach is not remedied within 21 days of the receipt of written notice from the Company to do so;
- The Company may terminate the employment without reason by providing 12 months written notice;
- Mr Bandy may terminate the employment by providing 6 months written notice to the Company;
- On termination of the employment, Mr Bandy is entitled to payment of any accrued annual leave entitlements; and
- A salary of \$180,000 per year effective 28th November 2013 on a Total Employment Cost basis and is reviewed annually.

Non-executive Directors

On appointment to the Board, all non-executive directors enter into a service agreement with the Group in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the director.

Loans to Directors and Executives

There were no loans to Directors and executives during the financial year ended 30 June 2015.

Voting and comments made at the Company's 2014 Annual General Meeting

Red Emperor Resources NL received 75.3% of "yes" votes on its remuneration report for the 2014 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

END OF AUDITED REMUNERATION REPORT

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

Greg Bandy
Managing Director

Perth, Western Australia
11 September 2015



Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2015

	Note	30 June 2015 \$	30 June 2014 \$
Continuing Operations			
Interest received	3	338,059	422,654
Finance costs		(1,705)	(1,996)
Employee and director benefits expense		(274,858)	(261,600)
Professional and Consultants		(301,157)	(378,126)
ASX and AIM and share registry fees		(113,661)	(244,490)
Travel		(119,284)	(107,675)
Impairment expense		(19,355,434)	(9,588,355)
(Loss) / gain on derivative liability	12	783	20,893
Realised gain on investment	8	320,000	-
Unrealised FX loss		14,632	(3,032)
Share based payment expense	21	(57,519)	-
Other expenses		(173,656)	(90,076)
Loss before income tax		(19,723,800)	(10,231,803)
Income tax expense	4	-	-
Net loss for the year		(19,723,800)	(10,231,803)
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Other comprehensive loss		(356)	(2,415,222)
Other comprehensive income for the year net of tax		(356)	(2,415,222)
Total comprehensive loss for the year		(19,724,156)	(12,647,025)
Loss per share			
Basic loss per share (cents)	19	(6.77)	(3.843)
Diluted loss per share (cents)	19	N/A	N/A

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**Consolidated Statement of Financial Position as at 30 June 2015**

	Note	2015 \$	2014 \$
Current Assets			
Cash and cash equivalents	5	12,494,427	10,321,349
Trade and other receivables	6	618,316	54,991
Assets held for sale	7	3,000,000	-
Total Current Assets		16,112,743	10,376,340
Non-Current Assets			
Financial assets at fair value through profit and loss	8	400	298,101
Investment accounted for using the equity method	9	-	6,928,175
Exploration and evaluation expenditure	10	-	15,000,000
Total Non-Current Assets		400	22,226,276
Total Assets		16,113,143	32,602,616
Current Liabilities			
Trade and other payables	11	819,254	140,722
Derivative financial liability	12	-	783
Total Current Liabilities		819,254	141,505
Total Liabilities		819,254	141,505
Net Assets		15,293,889	32,461,111
Equity			
Issued capital	13	52,167,148	49,646,733
Reserves	14	3,839,144	3,802,981
Accumulated losses	15	(40,712,403)	(20,988,603)
Total Equity		15,293,889	32,461,111

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

**Consolidated Statement of Changes in Equity for the year ended 30 June 2015**

	Issued capital \$	Accumulated losses \$	Foreign exchange translation reserve \$	Share based payments reserve \$	Total \$
Balance at 1 July 2013	49,646,733	(10,756,800)	2,386,817	3,831,386	45,108,136
Total comprehensive loss for the year					
Loss for the year	-	(10,231,803)	-	-	(10,231,803)
Other Comprehensive Loss	-	-	(2,415,222)	-	(2,415,222)
Total comprehensive loss for the year	-	(10,231,803)	(2,415,222)	-	(12,647,025)
Transactions with owners in their capacity as owners					
Issue of shares	-	-	-	-	-
Issue of options	-	-	-	-	-
Share issue costs	-	-	-	-	-
Balance at 30 June 2014	49,646,733	(20,988,603)	(28,405)	3,831,386	32,461,111
Balance at 1 July 2014	49,646,733	(20,988,603)	(28,405)	3,831,386	32,461,111
Total comprehensive loss for the year					
Loss for the year	-	(19,723,800)	-	-	(19,723,800)
Other Comprehensive Loss	-	-	(356)	-	(356)
Total comprehensive loss for the year	-	(19,723,800)	(356)	-	(19,724,156)
Transactions with owners in their capacity as owners					
Issue of shares	3,475,965	-	-	-	3,475,965
Issue of options	-	-	-	-	-
Share based payments	21,000	-	-	36,519	57,519
Cost of issue	(976,550)	-	-	-	(976,550)
Balance at 30 June 2015	52,167,148	(40,712,403)	(28,761)	3,867,905	15,293,889

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

**Consolidated Statement of Cash Flows for the year ended 30 June 2015**

	Note	2015 \$	2014 \$
Cash flows from operating activities			
Payments to suppliers and employees		(1,020,479)	(999,114)
Interest received		338,059	422,654
Finance cost		(1,705)	(1,996)
Net cash used in operating activities	5	(684,125)	(578,456)
Cash flows from investing activities			
Payments for purchase of equities		(182,299)	(297,701)
Payments for exploration and evaluation		(365,705)	(487,201)
Proceeds from sale of equities		798,279	-
Payments for investment in associate		(59,140)	(299,703)
Net cash provided by / (used in) investing activities		191,135	(1,084,605)
Cash flows from financing activities			
Proceeds from issue of shares and options		2,802,618	-
Payment of share issue costs		(136,550)	-
Net cash provided by financing activities		2,666,068	-
Net increase / (decrease) in cash and cash equivalents		2,173,078	(1,663,061)
Cash and cash equivalents at beginning of year		10,321,349	11,984,410
Cash and cash equivalents at the end of the year	5	12,494,427	10,321,349

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



1. Corporate Information

The financial report of Red Emperor Resources NL ("Red Emperor", "Red Emperor" or "the Company") for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the Directors on 10 September 2015. Red Emperor is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and the principal activities of the Company are described in the Directors' Report.

2. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Red Emperor Resources NL is a for-profit entity for the purpose of preparing the financial statements. Red Emperor Resources NL is a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. The financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated. The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Red Emperor Resources NL ("Red Emperor", "the Company" or "parent entity") as at 30 June 2015 and the results of all subsidiaries for the year then ended. Red Emperor Resources NL and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special structured entities) over which the Group controls. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balance and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction proves evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Subsidiaries are accounted for in the parent entity financial statements at cost.

Associates

Associates are all entities over which the group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as reduction in the carrying amount of the investment.

When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

(c) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.



Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(d) Exploration and Evaluation Expenditure

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

Accumulated costs in relation to an abandoned area are written off in full against loss in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(e) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(f) Earnings/(loss) per share

i. Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

ii. Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(g) Cash and Cash Equivalents

For statement of cash flows presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in rate and bank overdrafts.



(h) Trade & other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

(i) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) Current assets held for sale

Current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Block VIa remains the subject of interest from various third party participants seeking to either acquire or farm in to the block. The Board has decided to reclassify its 20% ownership interest in Strait Oil and Gas (UK) Ltd to Assets Held for Sale at 30 June 2015.

(k) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(l) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Red Emperor Resources NL's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss, except when they are deferred in equity when they are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss and other comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit and loss are recognized in profit or loss as part of the fair value gain or loss on translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

(m) Parent entity information

The financial information for the parent entity, Red Emperor Resources NL, disclosed in note 26 has been prepared on the same basis as the consolidated financial statements.

(n) Derivative financial liability

Derivatives are initially recognised at their fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of the reporting period. The subsequent changes in fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss.

(o) Employee Benefits

i. Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

ii. Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.



Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

iii. Share-based payments

Share-based compensation benefits are provided to employees of Red Emperor Resources NL at the Directors' discretion.

The fair value of options granted by Red Emperor Resources NL is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

(p) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even of the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(q) Revenue Recognition

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

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting. All revenue is stated net of the amount of goods and services tax (GST).

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(s) Investments & financial instruments

Classification

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

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

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



Recognition and de-recognition

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

Impairment

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

(t) Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definitions, seldom equal the related actual results.

Key Estimate – Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office. In the event that the manner by which the carrying value of these assets is recovered differs from that which is assumed for the purpose of this estimation, the associated tax charges may be significantly less than this amount.

Exploration and Evaluation Expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

(u) New and amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2014 affected any of the amounts recognised in the current period or any prior period, although it caused minor changes to the Group's disclosures.

(v) New standards and interpretations not yet adopted

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

- *AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018)*

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

The directors anticipate that the adoption of AASB 9 will not have a material impact on the Group's financial instruments.

- *AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2017).*

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and



- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

The directors anticipate that the adoption of AASB 15 will not have a material impact on the Group's revenue recognition and disclosures.

▪ *Other standards not yet applicable*

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

(w) 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.

	2015 \$	2014 \$
3. Revenue from continuing operations		
Revenue		
Bank Interest	338,059	422,654
	338,059	422,654
4. Income Tax		
(a) Income tax expense		
Major component of tax expense for the year:		
Current tax	-	-
Deferred tax	-	-
	-	-
(b) Numerical reconciliation between aggregate tax expense recognised in the Statement of Profit or Loss and Other Comprehensive Income and tax expense calculated per the statutory income tax rate.		
A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Company's applicable tax rate is as follows:		
Loss from continuing operations before income tax expense	(19,723,800)	(10,231,803)
Tax at the Australian rate of 30%	(5,917,140)	(3,069,541)
Tax effect of amounts not deductible in calculating taxable income:		
Non-deductible expenses	6,007,309	2,910,243
Current year tax losses not recognised	50,735	226,828
Movement in unrecognised temporary differences	(44,904)	(43,341)
Recoupment of prior year capital losses not previously brought to account	(96,000)	-
Non-assessable income	-	(6,268)
Deductible equity raising costs	-	(17,921)
Income tax expense	-	-
(c) Deferred tax Liabilities		
Exploration and evaluation expenditure	-	-
Timing differences	45	45
Off set of deferred tax assets	(45)	(45)
Net deferred tax liabilities	-	-
(d) Deferred tax assets arising on timing		
Tax revenue losses	1,427,544	-
Tax capital losses	156,214	1,529,360
Expenses taken to equity	-	252,214
Deductable temporary differences	28,735	67,852
	1,612,493	1,849,426
Off set of deferred tax liabilities	(45)	(45)
Net deferred tax assets not brought to account	1,612,448	1,849,381

No deferred tax assets have been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.



The benefit for tax losses will only be obtained if:

- the Company derives future assessable income in Australia of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised; and
- the Company continues to comply with the conditions for deductibility imposed by tax legislation in Australia; and
- no changes in tax legislation in Australia adversely affect the Company in realising the benefit from the deductions for the losses.

At 30 June 2015, there is no recognised or unrecognised deferred income tax liability for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiary as the Group has no liability for additional taxation should such amounts be remitted

	2015 \$	2014 \$
5. Cash And Cash Equivalents		
Reconciliation of cash		
Cash comprises of:		
Cash at bank	12,494,427	10,321,349
Reconciliation of operating loss after tax to net cash flow from operations		
Loss after tax	(19,723,800)	(10,231,803)
<i>Non-cash items</i>		
Impairment expense	19,355,434	9,588,355
Share based payment	57,519	-
Realised gain on investment	(320,000)	-
Depreciation	-	(5,398)
Gain on derivative liability	(783)	20,893
Net exchange differences	(356)	(3,032)
<i>Change in assets and liabilities</i>		
Increase in trade and other receivables	(49,978)	(27,811)
Increase in trade and other payables	(2,161)	80,340
Net cash flow used in operating activities	(684,125)	(578,456)
6. Trade and Other Receivables - Current		
Prepayments	9,097	2,893
Trade debtors	47,997	43,245
Share issue funds ¹	513,347	-
GST receivable	47,875	8,853
	618,316	54,991

¹ On 30 June 2015 the Company issued 6,250,000 shares at 4 pence per share to sophisticated investors in the UK however funds were not received until 2 July 2015.

Trade debtors, prepayments 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.

7. Assets Held for Sale

Interest in Strait Oil and Gas	3,000,000	-
	3,000,000	-

Block VIa remains the subject of interest from various third party participants seeking to either acquire or farmin to the block. Upon assessment, the Board has decided to reclassify its 20% ownership interest in Strait Oil and Gas (UK) Ltd to Assets Held for Sale at 30 June 2015.

8. Financial Assets at Fair Value Through Profit and Loss

Opening Balance	298,101	400
Acquisition of listed investments ¹	182,299	297,701
Disposal of listed investments ²	(800,000)	-
Realised gain on investments ²	320,000	-
Closing balance	400	298,101

¹ On 22 September 2014 the Company was issued 379,790 Tranche 2 shares in Highfield Resources Limited at \$0.48 per share.

² On 16 February 2015 the Company sold its direct equity investment in Highfield Resources (1,000,000 shares) at a price of \$0.80 per share.

Financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.



	2015 \$	2014 \$
9. Investments Accounted for Using Equity Method		
Opening Balance	6,928,175	6,628,472
Cost of investment, net of transaction costs	59,140	299,703
Impairment expense ¹	(3,987,315)	-
Assets transferred to assets held for sale	(3,000,000)	-
Closing balance	-	6,928,175

¹ The impairment loss incurred during the 2015 financial year is related to the Company's 20% ownership interest in Strait Oil and Gas which is the subject of interest from various third party participants seeking to either acquire or farm in to the block. The Board assessed the fair value of the asset to be \$3,000,000 at year end.

The Company has a 20% ownership interest in Strait Oil and Gas (UK) Ltd, a consolidated entity, and as a consequence has significant influence but not control over the group. Red Emperor has not been provided with financial statements for the period and consequently has recorded the contribution to the investment during the current year at cost and a gain/loss after income tax of nil for the period.

10. Deferred Exploration and Evaluation Expenditure		
Opening Balance	15,000,000	26,486,004
Exploration and evaluation expenditure capitalised during the period	368,362	101,440
FX difference	(243)	(1,999,089)
Exploration expenditure written off ¹	(15,368,119)	(9,588,355)
Closing balance	-	15,000,000

¹ The Joint Venture gave notice to the Puntland State of Somalia advising of its intention to withdraw from the January 2007 Production Sharing Agreements which cover the Nugaal and Dharoor. As a result exploration and evaluation expenditure has been written down to nil.

11. Trade and Other Payables		
Trade payables	113,214	112,722
Accruals	26,040	28,000
Other ¹	680,000	-
	819,254	140,722

¹ On 29 and 30 June 2015 the Company received funds totaling \$680,000 for shares to be issued to sophisticated investors in Australia. Shares however were not allotted until 2 July 2015.

Trade payables are non-interest bearing and are normally settled on 60-day terms. Other payables are non-interest bearing and have an average term of 2 months. There are no amounts not expected to be settled within 12 months. Please refer to note 20 on Financial Risk Management for further discussion on risk management.

12. Derivative Financial Liability		
On 30 December 2011 the Company issued 1,636,363 warrants as payment for capital raising services. The warrants had the following terms, exercisable at £0.11 on or before 30 December 2014.		

Movements in Derivative Liability

Opening Balance	783	21,676
Movement in fair value of warrants	(783)	(20,893)
Closing balance	-	783

13. Issued Capital

(a) Issued and paid up capital

Issued and fully paid	52,167,148	49,646,733
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(b) Movements in ordinary shares on issue

	2015		2014	
	Number of shares	\$	Number of shares	\$
Opening Balance	266,234,221	49,646,733	266,234,221	49,646,733
Shares issued via placement ¹	66,558,555	2,122,618	-	-
Shares issued to consultants ²	500,000	21,000	-	-
Shares issued to corporate advisors ³	10,000,000	420,000	-	-
Shares issued to corporate advisors ⁴	10,000,000	420,000	-	-
Shares issued via placement ⁵	6,250,000	513,347	-	-
Transaction costs on share issue	-	(976,550)	-	-
	359,542,776	52,167,148	266,234,221	49,646,733

¹ The Company placed 66,558,555 shares in March 2015 at A\$0.032 per share (£0.016) to sophisticated investors in both Australia and the UK.



² On 5 May 2015, 500,000 shares were to a consultant as consideration for promotional services and pursuant to a Professional Services Agreement dated 31 March 2015.

³ On 5 May 2015, 20,000,000 shares were to corporate advisors as consideration for the introduction, facilitation and corporate advisory services related to the SC55 transaction and pursuant to the Corporate Advisory Agreement.

⁴ On 5 May 2015, 20,000,000 shares were to corporate advisors as consideration for stockbroking and advisory services and pursuant to the Corporate Services Mandate.

⁵ On 30 June 2015 the Company issued 6,250,000 shares at 4 pence per share to sophisticated investors in the UK however funds were not received until 2 July 2015.

(c) Ordinary shares

The Company does not have authorised capital nor par value in respect of its issued capital. Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Company.

(d) Capital risk management

The Company's capital comprises share capital, reserves less accumulated losses amounting to a net equity of \$15,293,889 at 30 June 2015. The Company manages its capital to ensure its ability to continue as a going concern and to optimise returns to its shareholders. The Company was ungeared at year end and not subject to any externally imposed capital requirements. Refer to note 20 for further information on the Company's financial risk management policies.

(e) Share Options

As at 30 June 2015 there were 4,500,000 unissued ordinary shares under options. The details of the options are as follows:

Number	Exercise Price \$	Expiry Date
4,500,000	\$0.055	31-Dec-17
4,500,000		

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

11,859,773 unlisted options expired unexercised during the financial year.

14. Reserves

Share based payments reserve
Foreign exchange translation reserve

2015 \$	2014 \$
3,867,905	3,831,386
(28,761)	(28,405)
3,839,144	3,802,981

Movements in Reserves

Share based payments reserve
Opening balance
Share based payments expense
Closing balance

3,831,386	3,831,386
36,519	-
3,867,905	3,831,386

The share based payment reserve is used to record the value of equity benefits provided to Directors and executives as part of their remuneration and non-employees for their goods and services. Refer to note 21 for further details of the options issued during the financial year ended 30 June 2015.

Foreign exchange translation reserve
Opening balance
Foreign exchange translation difference
Closing balance

(28,405)	2,386,817
(356)	(2,415,222)
(28,761)	(28,405)

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

15. Accumulated losses

Movements in accumulated losses were as follows:

Opening balance
Loss for the year
Closing balance

(20,988,603)	(10,756,800)
(19,723,800)	(10,231,803)
(40,712,403)	(20,988,603)

16. Auditor's Remuneration

The auditor of Red Emperor Resources NL is BDO Audit (WA) Pty Ltd

Amounts received or due and receivable for:

- an audit or review of the financial report

41,954	50,121
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	2015 \$	2014 \$
17. Key Management Personnel Disclosures		
(a) Remuneration of Key Management Personnel		
Details of the nature and amount of each element of the emolument of each Director and Executive of the Company for the financial year are as follows:		
Short term employee benefits	280,675	240,000
Share based payments	36,519	-
Other employee expense (superannuation)	20,475	22,220
Total remuneration	337,669	262,220

(b) Other transactions with key management personnel

Mr. Greg Bandy charged reimbursements of expenses, at cost, paid on behalf of the Company of \$58,532 during the year. Mr. Aaron Bertolatti charged reimbursements of expenses, at cost, paid on behalf of the Company of \$864 during the year. Mr. Nathan Rayner charged reimbursements of expenses, at cost, paid on behalf of the Company of \$3,500 during the year

Transactions with key management personnel were made at arm's length at normal market prices and normal commercial terms. There were no other transactions with key management personnel for the year ended 30 June 2015.

(c) Loans to/from related parties

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

18. Related party disclosures**(a) Key management personnel**

For Director related party transactions please refer to Note 17 "Key management personnel disclosures".

(b) Subsidiaries

The consolidated financial statements include the financial statements of Red Emperor Resources NL and the subsidiaries listed in the following table:

Name of Entity	Country of Incorporation	Equity Holding	
		2015	2014
Puntland Oil Pty Ltd	Australia	100%	100%
Georgian Oil Pty Ltd	Australia	100%	100%
Vianista Pty Ltd	Australia	100%	-
Century Red Pte. Ltd	Singapore	100%	-

	2015 \$	2014 \$
19. Loss per Share		
Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.		
The following reflects the loss and share data used in the total operations basic and diluted earnings per share computations:		
Loss used in calculating basic and dilutive EPS	(19,723,800)	(10,231,803)
	Number of Shares	
Weighted average number of ordinary shares used in calculating basic loss per share:	291,261,691	266,234,221
Effect of dilution:		
Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted loss per share:	291,261,691	266,234,221

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements. As the Company is loss making, there is no diluted EPS calculated.

20. Financial Risk Management

The Groups activities expose it to a variety of financial risks including interest rate risk, price risk, credit risk and liquidity risk. The Groups overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group does not use derivative financial instruments; however the Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and aging analysis for credit risk.

Risk management is carried out by the Board of Directors with assistance from suitably qualified external and internal advisors. The Board provides written principles for overall risk management and further policies will evolve commensurate with the evolution and growth of the Group.

**(a) Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. As at reporting date the Group had sufficient cash reserves to meet its requirements. The Group therefore had no credit standby facilities or arrangements for further funding in place.

The financial liabilities of the Group at reporting date were trade payables incurred in the normal course of the business. These were non-interest bearing and were due within the normal 30-60 days terms of creditor payments. The Group does not consider this to be material to the Group and have therefore not undertaken any further analysis of risk exposure.

(b) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Company's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash. The Company manages the risk by investing in short term deposits.

Interest rate sensitivity

The following table demonstrates the sensitivity of the Company's Statement of Profit or Loss and Other Comprehensive Income to a reasonably possible change in interest rates, with all other variables constant.

Change in Basis Points	Effect on Post Tax Loss (\$) Increase/(Decrease)		Effect on Equity including retained earnings (\$) Increase/(Decrease)	
	2015	2014	2015	2014
Increase 75 basis points	93,708	77,410	93,708	77,410
Decrease 75 basis points	(93,708)	(77,410)	(93,708)	(77,410)

A sensitivity of 75 basis points has been used as this is considered reasonable given the current level of both short term and long term Australian Dollar interest rates. The change in basis points is derived from a review of historical movements and management's judgement of future trends.

(c) Credit Risk Exposures

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis. The Group does not have any significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk without taking account of the fair value of any collateral or other security obtained.

	2015 \$	2014 \$
Cash and cash equivalents AA	12,494,427	10,321,349
	12,494,427	10,321,349

(d) Capital Risk Management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's capital includes ordinary share capital, partly paid shares and financial liabilities, supported by financial assets. The Group's capital includes mainly ordinary share capital and financial liabilities supported by financial assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The net working capital position of the Company at 30 June 2015 was \$15,293,489 (2014: \$10,234,835) and the net increase in cash held during the year was \$2,173,078 (2014: net decrease (\$1,663,061)). The Group currently has \$12,494,427 (2014: \$10,321,349) of cash and cash equivalents and no debt.

(e) Price risk

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

**(f) Foreign exchange risk**

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

(g) Fair value estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets, such as trading and fair value through profit or loss, is based on current quoted market prices at reporting date. The quoted market price used for financial assets held by the Group is the current market price.

The fair value of financial instruments that are not traded in an active market such as unlisted investments and subsidiaries is determined using valuation techniques where applicable. Where this is unable to be done they are carried at cost. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature.

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

30 June 2015	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial Assets				
Financial assets at fair value through profit and loss	400	-	-	400
	400	-	-	400

30 June 2015	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Finance Liability				
Derivative finance liability	-	-	-	-
	-	-	-	-

30 June 2014	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial Assets				
Financial assets at fair value through profit and loss	298,101	-	-	298,101
	298,101	-	-	298,101

30 June 2014	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Finance Liability				
Derivative finance liability	-	783	-	783
	-	783	-	783

2015
\$

2014
\$

21. Share Based Payments**(a) Recognised share based payment transactions**

Share based payment transactions recognised either as operational expenses in the Statement of Profit or Loss and Other Comprehensive Income or as capital raising costs in the equity during the year were as follows:

Employee and Director share based payments	36,519	-
Shares issued to consultants ¹	21,000	-
	57,519	-

¹ On 5 May 2015, 500,000 shares were to a consultant as consideration for promotional services and pursuant to a Professional Services Agreement dated 31 March 2015.

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

The fair value at grant date of options granted during the year 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 and 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 year ended 30 June 2015:

Grant Date	Expiry date	Exercise price per option	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
30/04/2015	31/12/2017	\$0.055	-	4,500,000	-	-	4,500,000	1,600,000 ¹
				4,500,000	-	-	4,500,000	1,600,000

¹ Employees and Directors were granted 4,500,000 options exercisable at \$0.055 each on or before 31 December 2017 in three tranches:

- 1,600,000 options are exercisable immediately;
- 1,600,000 vest and are exercisable on 30 September 2015; and
- 1,300,000 vest and are exercisable on 30 April 2016

The expense recognised in respect of the above options granted during the year was \$36,519.

The model inputs, not included in the table above, for options granted during the year ended 30 June 2015 included:

- options were granted for no consideration;
- expected life of options was 2.7 years;
- share price at grant date was \$0.04;
- expected volatility was 70%;
- expected dividend yield of nil; and
- a risk free interest rate of 2.50.

There were no options granted to employees or Directors during the year ended 30 June 2014.

(c) Share-based payments to suppliers

There were no options granted to suppliers during the years ended 30 June 2015 and 30 June 2014.

22. Operating Segments

The Company has determined the operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. During the year the consolidated entity operated in two business segments, exploration & evaluation and treasury (other).

Basis of accounting for purposes of reporting by operating segmentsAccounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment transactions

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location. Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- head office and other administration expenditure.

The Group operates in two industries, mineral and oil and gas exploration however due to the differing geographical areas and functional currencies the financial information has been broken down into two operating segments being exploration and administration (other) in three geographical areas.



<u>Segment Performance</u>	Australian Exploration & Evaluation \$	Georgian Exploration & Evaluation \$	Puntland Exploration & Evaluation \$	Treasury \$	Total \$
30 June 2015					
Revenue					
Interest revenue	-	-	-	338,059	338,059
Total segment revenue	-	-	-	338,059	338,059
Total Group revenue	-	-	-	338,059	338,059
Segment net profit before tax	-	-	-	338,059	338,059
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>					
Unallocated items:					
Forex gain/(loss)	-	-	-	(14,632)	(14,632)
Loss of associate	-	-	-	-	-
Employee and director benefits expense	-	-	-	-	(274,858)
Impairment of Exploration Expenditure	-	(3,987,315)	(15,368,119)	-	(19,355,434)
Realised gain on investment	-	-	-	-	320,000
Gain/ (loss) on Derivative liability	-	-	-	783	783
Other	-	-	-	-	(737,718)
Net loss before tax from continuing operations					(19,723,800)

	Australian Exploration & Evaluation \$	Georgian Exploration & Evaluation \$	Puntland Exploration & Evaluation \$	Treasury \$	Total \$
30 June 2014					
Revenue					
Interest revenue	-	-	-	422,654	422,654
Total segment revenue	-	-	-	422,654	422,654
Total Group revenue	-	-	-	422,654	422,654
Segment net profit before tax	-	-	-	422,654	422,654
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>					
Unallocated items:					
Forex gain/(loss)	-	-	-	(3,032)	(3,032)
Loss of associate	-	-	-	-	-
Employee and director benefits expense	-	-	-	-	(261,600)
Impairment of Exploration Expenditure	-	-	(9,588,355)	-	(9,588,355)
Gain/ (loss) on Derivative liability	-	-	-	20,893	20,893
Other	-	-	-	-	(822,363)
Net loss before tax from continuing operations					(10,231,803)



Red Emperor Resources NL

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

<u>Segment Assets</u>	Australian Exploration & Evaluation \$	Georgian Exploration & Evaluation \$	Puntland Exploration & Evaluation \$	Treasury \$	Total \$
30 June 2015					
Segment assets	-	-	-	400	400
<i>Segment assets increases/ (decreases) for the half year:</i>					
- capital expenditure	-	-	-	-	-
- investment accounted for using equity method	-	-	-	-	-
- financial assets at fair value through profit and loss	-	-	-	400	400
- Assets held for sale	-	3,000,000	-	-	3,000,000
<i>Reconciliation of segment assets to Group assets</i>	-	-	-	-	3,000,400
Unallocated items:					
Cash and cash equivalents					12,494,427
Trade and other receivables					618,316
Total Group assets from continuing operations					16,113,143
	Australian Exploration & Evaluation \$	Georgian Exploration & Evaluation \$	Puntland Exploration & Evaluation \$	Treasury \$	Total \$
30 June 2014					
Segment assets	-	6,928,175	15,000,000	298,101	22,226,276
<i>Segment assets for the year:</i>					
- capital expenditure	-	-	15,000,000	-	15,000,000
- Investment accounted for using equity method	-	6,928,175	-	-	6,928,175
- financial assets at fair value through profit and loss	-	-	-	298,101	298,101
<i>Reconciliation of segment assets to Group assets</i>	-	6,928,175	15,000,000	298,101	22,226,276
Unallocated items:					
Cash and cash equivalents					10,321,349
Trade and other receivables					54,991
Total Group assets from continuing operations					32,602,616
<u>Segment Liabilities</u>	Australian Exploration & Evaluation \$	Georgian Exploration & Evaluation \$	Puntland Exploration & Evaluation \$	Treasury \$	Total \$
30 June 2015					
Segment liabilities	-	-	-	-	-
<i>Reconciliation of segment liabilities to Group assets</i>					
Unallocated items:					
Trade and other payables					819,254
Total Group liabilities from continuing operations					819,254
	Australian Exploration & Evaluation \$	Georgian Exploration & Evaluation \$	Puntland Exploration & Evaluation \$	Treasury \$	Total \$
30 June 2014					
Segment liabilities	-	-	-	-	-
<i>Reconciliation of segment liabilities to Group assets</i>					
Unallocated items:					
Trade and other payables					140,722
Derivative financial liability					783
Total Group liabilities from continuing operations					141,505



23. Commitments and Contingent Liabilities

Red Emperor Resources (or nominee) has the right to earn a 15% working interest in Service Contract SC55 (Farmin interest) in consideration for paying, in cash, 15% of the Well Costs for the drilling and testing of the Hawkeye – 1 well. Red Emperor will pay no back costs associated with the block and no promote on well costs (i.e. RMP will spend 15% to earn 15%). Red Emperor's well cost exposure is capped at US\$5.625m.

24. Subsequent Events

In July 2015 the Company, through its London broker, Brandon Hill Capital, and its Australian broker, 708 Capital, placed 65,750,000 new ordinary shares at 4 pence (A\$0.08) per share to raise £2.63 million (A\$5.26 million) before expenses. Proceeds from the raise and existing cash resources would be used to fund the drilling activities in the Philippines.

In August 2015 the Company advised that the Hawkeye-1 exploration well was drilled to the planned total depth of 2,920m with the top reservoir intersected at 2,710m. The well proved the existence of hydrocarbons in SC55, however the hydrocarbon size discovered was at the low end of expectations and not likely to be economic to develop. Hawkeye-1 was plugged and abandoned with results from the well to be analysed with respect to other prospects, including Cinco, in the license that potentially share the same charge source

25. Dividends

No dividend was paid or declared by the Company in the year ended 30 June 2015 or the period since the end of the financial year and up to the date of this report (2014: nil). The Directors do not recommend that any amount be paid by way of dividend for the financial year ended 30 June 2015.

26. Parent Entity Information

The following details information related to the parent entity, Red Emperor Resources NL, at 30 June 2015. The information presented here has been prepared using consistent accounting policies as presented in Note 2.

	2015 \$	2014 \$
Current assets	13,102,968	10,367,487
Total assets	13,123,296	32,593,763
Current liabilities	(819,254)	(102,612)
Total liabilities	(819,254)	(102,612)
Net assets	12,304,042	32,491,151
Issued capital	52,167,148	49,646,733
Reserves	3,867,904	3,831,386
Accumulated losses	(43,731,010)	(20,986,968)
	12,304,042	32,491,151
Loss of the parent entity	(22,744,042)	(10,413,735)
Other comprehensive income for the year	-	-
Total comprehensive loss of the parent entity	(22,744,042)	(10,413,735)

Guarantees

The parent entity has provided financial guarantees in respect of agreements entered into by the subsidiaries. The parent entity has given unsecured guarantees in respect of all exploration & evaluation expenditure commitment obligations for Puntland and the Georgian Project.



Directors' Declaration

In accordance with a resolution of the Directors of Red Emperor Resources NL, I state that:

1. In the opinion of the Directors:
 - a) the financial statements and notes of Red Emperor Resources NL for the year ended 30 June 2015 are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the Company's consolidated financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - ii. complying with Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(b).
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. This declaration has been made after receiving the declarations required to be made by the Directors in accordance with sections of 295A of the Corporations Act 2001 for the financial year ended 30 June 2015.

On behalf of the Board

Greg Bandy
Managing Director

Perth, Western Australia
11 September 2015

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

As lead auditor of Red Emperor Resources NL for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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



Jarrad Prue
Director

BDO Audit (WA) Pty Ltd
Perth, 11 September 2015

INDEPENDENT AUDITOR'S REPORT

To the members of Red Emperor Resources NL

Report on the Financial Report

We have audited the accompanying financial report of Red Emperor Resources NL, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, 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 Red Emperor Resources NL, would be in the same terms if given to the directors as at the time of this auditor's report.



Basis for Qualified Opinion

As discussed in Note 9, the reclassification of the Investment in Associate to a Non-current Asset Held for Sale has resulted in an impairment loss of \$3,987,315 in the statement of Profit or Loss and Other Comprehensive Income.

At 30 June 2014 we were unable to obtain sufficient appropriate audit evidence to support the carrying value of the Investment in Associate of \$6,298,175 because management were unable to obtain access to the financial information of the Associate. Our audit opinion on the financial report for the year ended 30 June 2014 was modified accordingly.

Consequently, as a result of the possible effect of our modified opinion in the prior year, we are unable to determine whether any adjustments to the amount of the impairment resulting from the reclassification of the Investment in Associate to a Non-current Asset Held for Sale are necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph:

- (a) the financial report of Red Emperor Resources NL is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Red Emperor Resources NL for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'J Prue', is written over a faint, light blue BDO logo.

Jarrad Prue

Director

Perth, 11 September 2015



ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current at 31 August 2015.

Distribution of Share Holders

	Ordinary Shares	
	Number of Holders	Number of Shares
1 - 1,000	40	11,103
1,001 - 5,000	161	493,254
5,001 - 10,000	146	1,222,778
10,001 - 100,000	341	13,177,415
100,001 - and over	90	410,388,226
TOTAL	778	425,292,776

There were 420 holders of ordinary shares holding less than a marketable parcel.

Top Twenty Share Holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Number of shares	%
BARCLAYSHARE NOMINEES LIMITED	54,398,918	12.79
TD DIRECT INVESTING NOMINEES (EUROPE) LIMITED <SMKTNOMS>	29,852,730	7.02
HSDL NOMINEES LIMITED	21,266,524	5.00
INVESTOR NOMINEES LIMITED <WRAP>	18,740,041	4.41
HARGREAVES LANSDOWN (NOMINEES) LIMITED <15942>	18,489,023	4.35
HSBC CLIENT HOLDINGS NOMINEE (UK) LIMITED <731504>	18,392,902	4.33
TD DIRECT INVESTING NOMINEES (EUROPE) LIMITED <SMKTISAS>	17,089,540	4.02
BNY (OCS) NOMINEES LIMITED <672936>	16,978,137	3.99
ROY NOMINEES LIMITED <441960>	15,971,352	3.76
INVESTOR NOMINEES LIMITED <NOMINEE>	13,942,775	3.28
HSDL NOMINEES LIMITED <MAXI>	11,535,912	2.71
HARGREAVES LANSDOWN (NOMINEES) LIMITED <VRA>	10,861,075	2.55
SHARE NOMINEES LTD	10,500,170	2.47
HARGREAVES LANSDOWN (NOMINEES) LIMITED <HLNOM>	10,035,917	2.36
JIM NOMINEES LIMITED <JARVIS>	8,548,153	2.01
WEALTH NOMINEES LIMITED <NOMINEE>	7,806,860	1.84
SEVENTY THREE PTY LTD <KING SUPER FUND NO 3 A/C>	7,325,595	1.72
PEEL HUNT HOLDINGS LIMITED <PMPRINC>	7,094,994	1.67
JAMES CAPEL (NOMINEES) LIMITED <PC>	6,602,486	1.55
LAWSHARE NOMINEES LIMITED <SIPP>	6,569,235	1.55
	312,002,339	73.38

Substantial Shareholders

Name	Number of shares	%
BARCLAYSHARE NOMINEES LIMITED	54,398,918	12.79
TD DIRECT INVESTING NOMINEES (EUROPE) LIMITED <SMKTNOMS>	29,852,730	7.02
HSDL NOMINEES LIMITED	21,266,524	5.00
	105,518,172	24.81

Unquoted Equity Securities

Options

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

On-Market Buy Back

There is no current on-market buy back.

Voting Rights

All ordinary shares carry one vote per share without restriction. Options have no voting rights.



Use of Proceeds

In accordance with listing rule 4.10.19, the Company confirms that it has used cash and assets in a form readily convertible to cash in a way consistent with its business objectives during the financial year ended 30 June 2015.

Restricted Securities subject to escrow period

There are no securities on issue subject to escrow.

TENEMENT TABLE

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

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