

18 February 2013

Manager of Company Announcements
ASX Limited
Level 8 Exchange Plaza
2 The Esplanade
PERTH WA 6000

By E-Lodgement

JOINT VENTURE AGREEMENT ON GEORGIAN CBM PROJECT

Highlights:

- **Agreement reached on the joint development of Coal Bed Methane (“CBM”) gas and conventional gas potential around the Tkibuli-Shaori Coal Field with Georgian Industrial Group;**
- **GIG has estimated Contingent Resources for the Tkibuli Project of approximately 400 bcf of CBM gas;**
- **GIG is the largest industrial holding company in Georgia;**
- **The fast-track program is designed for gas production and sales to potentially begin within 18 months;**
- **GIG to purchase all gas produced on a take or pay arrangement; and**
- **Red Emperor is carried through the drilling of the first well and the remaining Pilot project, is proposed to be predominantly debt financed, reducing capital contributions from Red Emperor.**

Red Emperor Resources NL (“**Red Emperor**” or “**the Company**”) is pleased to announce that the Company, along with its joint venture partners, Strait Oil and Gas UK Limited (“**Strait**”) and Range Resources Limited (“**Range**”) (together “**the Consortium**”) have executed a heads of agreement with the Georgian Industrial Group (“**GIG**”) with respect to the joint development of the Coal Bed Methane project (CBM) and conventional gas potential around the Tkibuli-Shaori Coal Field (“**Tkibuli Project**”) in the Republic of Georgia.

Terms of Agreement

GIG and the Consortium will jointly establish a Development Company on a 50:50 basis. The Development Company will be commencing feasibility and technical studies, followed by an initial three or four well pilot project. The appraisal / pilot production wells will be drilled first to clarify flow rates and other key parameters including optimum well construction / completion strategy, well spacing and water treatment and disposal requirements prior to full scale development. Based on a study by Advanced Resources International (“**ARI**”) full development would involve 6 CBM wells per annum that are forecast to produce between 0.3-0.5 mmcf/d per well. It is anticipated that over the first 3 years, production will build to rates that will fund further expansion of the CBM project.

The initial pilot project will focus on appraising area already known to be venting methane, thus ensuring a higher chance of success. The work programme is anticipated to commence in the second half of 2013 and will be predominantly debt financed, resulting in limited capital commitments for Red Emperor moving forward. New wells will target

BOARD & MANAGEMENT

Mr Greg Bandy
EXECUTIVE DIRECTOR

Mr Jason Bontempo
NON-EXECUTIVE DIRECTOR

Mr Stephen Brockhurst
NON-EXECUTIVE DIRECTOR

Ms Rebecca Sandford
Ms Shannon Robinson
JOINT COMPANY SECRETARY

REGISTERED OFFICE

Ground Floor
1 Havelock Street
West Perth WA 6005

POSTAL ADDRESS

PO Box 1440
West Perth WA 6872

CONTACT DETAILS

Tel: +61 8 9488 5220
Fax: +61 8 9324 2400

WEBSITE

www.redemperorresources.com

SHARE REGISTRY

Computershare
Level 2
45 St Georges Terrace
Perth WA 6000
Tel: 1300 555 159

NOMINATED ADVISER & UK BROKER

Fox Davies Capital Limited
1 Tudor Street
London EC4Y 0AH
Tel: +44 (0) 203 463 5010

ASX CODE | AIM CODE

RMP



horizons at depths between 500 and 2,000 metres and can be drilled within approximately 45 days. The fast-track program is designed for gas production and sales to begin within 18 months given the existing infrastructure and logistics. GIG have agreed a take or pay arrangement for all gas produced by the Development Company at a 5% discount to a regional indexed price less transportation, thus removing the monetization risk so often faced with prospective CBM projects in the region. Over the last few years regional prices have averaged between US\$8 - US\$10 / mcf.

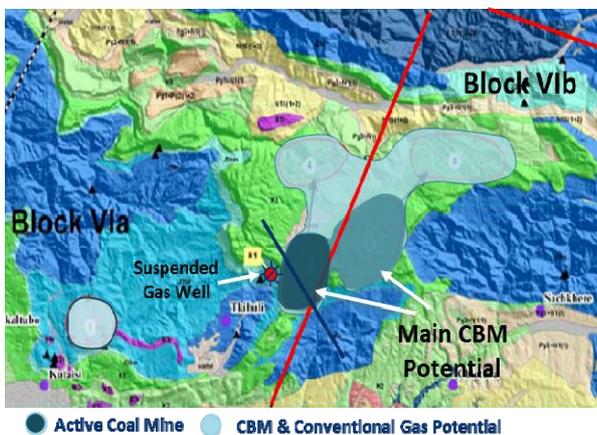
It is the intention of the Consortium to ensure that the first well of the pilot program counts as the commitment well with respect to retaining Block VIb. Red Emperor will be free carried for the full costs of this first well.

Tkibuli Project Overview

Tkibuli has been estimated by ARI to contain Contingent Resources (mean) of approximately 400billion cubic feet (“bcf”) of CBM gas. Sand horizons have also been identified around the coal beds, which could add additional, conventional hydrocarbon resources to those estimated for CBM at Tkibuli alone. Over 400 exploration and non-hydrocarbon wells have been drilled in the Tkibuli area, many encountering hydrocarbons and one producing gas for over 35 years.

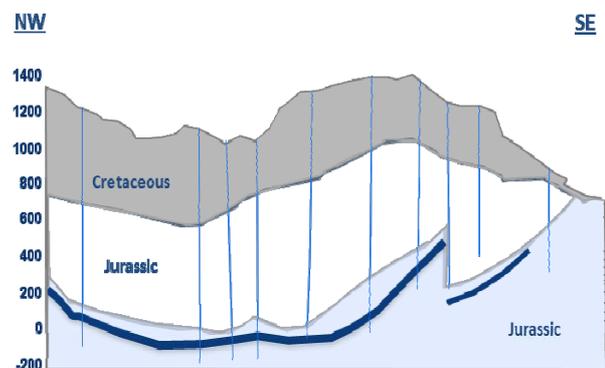
CBM has become an increasingly important source of energy around the world and production is well established in the US, Australia and China. Access to market is key to commercialisation and, although major pipelines transect the country, Georgia remains almost entirely dependent on imports of foreign natural gas. CBM production from Tkibuli, therefore, could immediately be fed into the local energy market.

CBM & CMM Potential¹



Source: ¹ Advanced Resources International (ARI) for GII/USTDA 2009

Section through Tkibuli Coal Deposits



Source: ³ Straat UNFCCC (2009)

Georgia Industrial Group Partnership

The Georgian Industrial Group was established in 2006 and has extensively invested in the local economy and continues to support prospective businesses. GIG operates the 200MW gas-fired power station located in Gardabani, as well as importing 25% of gas currently used in Georgia. The power station currently does not use any gas sourced locally in Georgia.

GIG is the largest holding company within Georgia and embraces a number of subsidiary companies operating in the energy sector, acquiring and processing of natural resources, production of building materials, logistics service and real estate development. GIG’s operations are concentrated on the



acquiring and processing of the Country's resources, which in turn fosters the long-term development and success of Georgian industries.

For and on behalf of the Board

Greg Bandy
Executive Director

Background

Red Emperor Resources NL (ASX: RMP | AIM: RMP) is a natural resources exploration company with interests in the frontier state of Puntland, Somalia and the Republic of Georgia.

In Puntland, Red Emperor holds a 20% working interest in two licences encompassing the highly prospective Dharoor and Nugaal valleys. These two exploration areas cover over 36,000km². Horn Petroleum, the operator and 60% interest holder, has completed a two well program with the JV having now entered the next phase of the two Production Sharing Contracts across both blocks.

In the Republic of Georgia, Red Emperor has a 20% working interest in onshore blocks VIa and VIb, covering approximately 6,500km². After the drilling of the first well in July 2011 Mukhiani -1 the JV has focused on evaluating the large unconventional CBM potential of the area, as it is seen to be relatively low risk and has the potential to contribute cash flow to fund further exploration if successful.

The Contingent Resource estimate quoted above of 400bcf of CBM gas at the Tkibuli project is sourced from the publically available report by Advanced Resources International's ("ARI") prepared in 2009: *CMM and CBM development in the Tkibuli-Shaori Region, Georgia*. Advanced Resources International, Inc., 2009. Prepared for GIG/Saknakshiri and U.S. Trade and Development Agency. The report can be viewed at: http://www.globalmethane.org/documents/toolsres_coal_overview_ch13.pdf

The Joint Venture technical consultants have not yet reviewed the details of ARI's resource estimate and the reliability of this estimate and its compliance with the SPE reporting guidelines or other standard is uncertain. Red Emperor and its JV partners will be seeking to confirm this resource estimate, and seek to define reserves, through its appraisal program and review of historical data during the next 12 months.

Competent Person

Subject to the Caveat above regarding the ARI report: All of the technical information, including information in relation to reserves and resources that is contained in this document has been reviewed internally by the Company's technical consultant, Mr Alexander Parks. Mr Parks is a Petroleum Engineer who is a suitably qualified person with over 15 years' experience in assessing hydrocarbon reserves and has reviewed the release and consents to the inclusion of the technical information.