

30 July 2018

RED EMPEROR EXECUTES DEFINITIVE AGREEMENTS FOR ALASKA ACQUISITION

The Board of Red Emperor Resources NL (ASX/AIM: RMP) ("Red Emperor" or the "Company") is pleased to advise that it has executed "Definitive Agreements" in relation to the recently announced farm-in acquisition of four (4) highly prospective leases containing a significantly large oil prospect on the Alaska North Slope.

Highlights

- **Red Emperor, along with its consortium partners, has executed formal "Definitive Agreements" to acquire and drill a significantly large oil prospect on the prolific Alaska North Slope**
- **Permitting is currently underway, ahead of scheduled drilling in 1Q2019**
- **The drill target is immediately adjacent to and a direct analogue of the successful Horseshoe-1/1A oil well drilled by the Repsol-led joint venture in 2017**
- **Horseshoe is part of the billion-barrel plus Nanushuk oil play fairway, one of the largest conventional oil fields discovered in the US in more than 30 years¹**
- **Red Emperor to recommence trading on ASX**

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

Pursuant to the agreement, the Consortium Partners have funded their share of a US\$3,000,000 performance bond to the State of Alaska and a US\$500,000 cash payment to Great Bear as part of the consideration for the acquisition of the working interests in the Western Blocks.

¹ Oil Search Limited announcement 1 November, 2017

BOARD & MANAGEMENT

Mr Greg Bandy
MANAGING DIRECTOR

Mr Jason Bontempo
NON-EXECUTIVE DIRECTOR

Mr Aaron Bertolatti
DIRECTOR & COMPANY
SECRETARY

Mr Gracjan Lambert
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ASX CODE | AIM CODE

RMP

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

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

- Provide a performance bond to the State of Alaska of US\$3.0 million (RMP share US\$1.05m) by 31 July 2018. RMP has provided its share of the performance bond; and
- Drill an exploration well in the Western Blocks by 30 May 2019. The performance bond will be refunded if the well is drilled by this date.

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

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

The relevant interests in the Western Blocks under the commercial agreements (subject to standard regulatory approval by the State of Alaska) are as follows:

	Current Working Interest	Post Transaction			
		Working Interest (before back-in)	Paying Interest (before back-in)	Net Revenue Interest* (before back-in)	Working Interest*** (after back-in)
Red Emperor	-	31.5%	35%	26.25%	28%
88 Energy (Drilling Manager)	-	36.0%	40%	30.00%	32%
Otto Energy	10.8%	22.5%	25%	18.75%	20%
Great Bear Petroleum**	89.2%	10.0%	-	8.33%	20%
Alaskan State	-	-	-	16.67%	
	100.0%	100.0%	100.0%	100.0%	100%

* Government royalty of 16.67%

** Currently Operator of record on leases

*** "After back-in" interests reflect position if Great Bear exercise option to acquire further 10% working interest

Red Emperor's Managing Director, Greg Bandy, commented: "The speed and efficiency with which this transaction was both consummated and subsequently executed is testament to the quality of the consortium partners involved. Red Emperor is delighted to be part of this joint venture and looks forward to the coming months in anticipation of an extremely exciting drilling campaign."

Drilling Planning

88 Energy will manage the drilling of the initial test well on behalf of the joint venture and Consortium Partners. Internal interpretation by 88 Energy of the 3D seismic over the Western Blocks has confirmed the original interpretation by Otto’s technical team, which identified a gross best estimate resource volume of 400-million barrels and a geological chance of success in the range of 25-35%. RMP’s 31.5% working interest (before Great Bear’s 10% back-in) would be 126 MMbbl net to RMP. (The estimated quantities of petroleum that may potentially be recovered by the application of future development projects relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.)² A location to optimally test the prospect has been selected and permitting is underway, ahead of scheduled drilling in 1Q2019.

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

Lease Terms

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

Funding

The well is estimated to cost approximately US\$15 million (100% dry hole cost) in which case Red Emperor’s share would be US\$5.25 million. The Company is currently fully funded to meet its share of costs associated with both the drilling of the well and all ancillary transaction costs.

Philippines (SC-55)

The Company also has a participating interest of 37.5% in Service Contract no. 55 (SC 55) in the Philippines. The Company received confirmation during April 2018 from the Philippine Department of Energy (DoE) ratifying the request for transfer of participating interests in SC 55 from Otto Energy Limited to its partners Century Red Pte. Ltd (a 100% owned subsidiary of Red Emperor), Palawan55 Exploration and Production Corporation and Pryce Gases Inc.

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

As a result, the participating interests in SC 55 are as follows.

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

² See Prospective Resources Reporting Notes, p. 6 below.

The timeline for the moratorium period and Sub-Phase (SP) 5 has now been revised to reflect the transfer of interest. It is understood the minimum work program and budget for the moratorium period and SP 5 are unaffected by the transfer of interest, as shown below:

Sub-Phase (SP)	Work Program and Budget
Moratorium Period (Date of approval of transfer until 13 months thereafter)	Conduct a Qualitative Interpretation (QI) study of the greater Hawkeye area, lithology and petrophysical modelling and contingent program of AVO studies = USD596,500 (USD793,800 with contingency)
SP 5 (date of end of moratorium period until 12 months thereafter)	Drill one (1) Ultra-deepwater well = USD3,000,000

The moratorium period will end in May 2019.

Nominated "Operator", Palawan 55 Exploration and Production Corporation, chaired an Operating Committee meeting to discuss the proposed amendments to the Joint Operating Agreement, and, having recently completed their evaluation of prospective geophysical contractors, proposed a Work Program and Budget for the remainder of the moratorium period. Each participant was asked to identify their representative to the Operating Committee. A formal vote on the proposed resolutions is expected in the coming weeks. Proposed expenditure under the Work Program and Budget will be determined as part of this process.

Director, Management and Advisor Options

The Board has resolved to issue the following options to the key personnel associated with the Company. The options will be exercisable at 4 cents per share on or before 31 December 2020. The options issued to the CEO and corporate advisor will be issued immediately, whilst the proposed grants to the Managing Director and the non-executive directors will be subject to shareholder approval which will be sought at the upcoming Annual General Meeting.

- Mr Greg Bandy (Managing Director) - 6 million options
- Mr Gracjan Lambert (CEO) - 6 million options
- Mr Jason Bontempo (Non-executive Director) - 2 million options
- Mr Aaron Bertolatti (Non-executive Director) - 2 million options
- Max Capital Pty Ltd or nominee (Corporate advisor) for introduction, facilitation, corporate advisory and investor relations services for the Alaskan acquisition - 10 million options.

Capital Structure

The Company has 425,292,776 fully paid ordinary shares on issue. Upon grant of the options to the CEO and corporate advisor as set out above, it will have 16,000,000 options exercisable at 4 cents each on or before 31 December 2020.

Business Strategy

Red Emperor's strategic focus continues to be oil and gas exploration. The Company's participation in the Western Blocks exploration program will be its main project in the immediate future. The Company continues its involvement in SC 55.

ASX

The Company confirms that it is in compliance with all ASX Listing Rules including Listing Rule 3.1.

Following release of this announcement, the Company's securities will be reinstated to official quotation on ASX on Monday 30 July 2018.

For and on behalf of the Board



Greg Bandy
Managing Director

About Red Emperor Resources NL

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

Red Emperor has executed Definitive Agreements with its consortium partners 88 Energy Limited and Otto Energy Limited that will see the Company participate in the drilling of a highly prospective Nanushuk oil trend exploration well on the Alaska North Slope in early 2019. The drill target is immediately adjacent to and a direct analogue of the Horseshoe-1/1A oil well drilled. Horseshoe is part of the billion-barrel plus Nanushuk oil play-fairway, one of the largest conventional oil fields discovered in the US in more than 30 years.

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

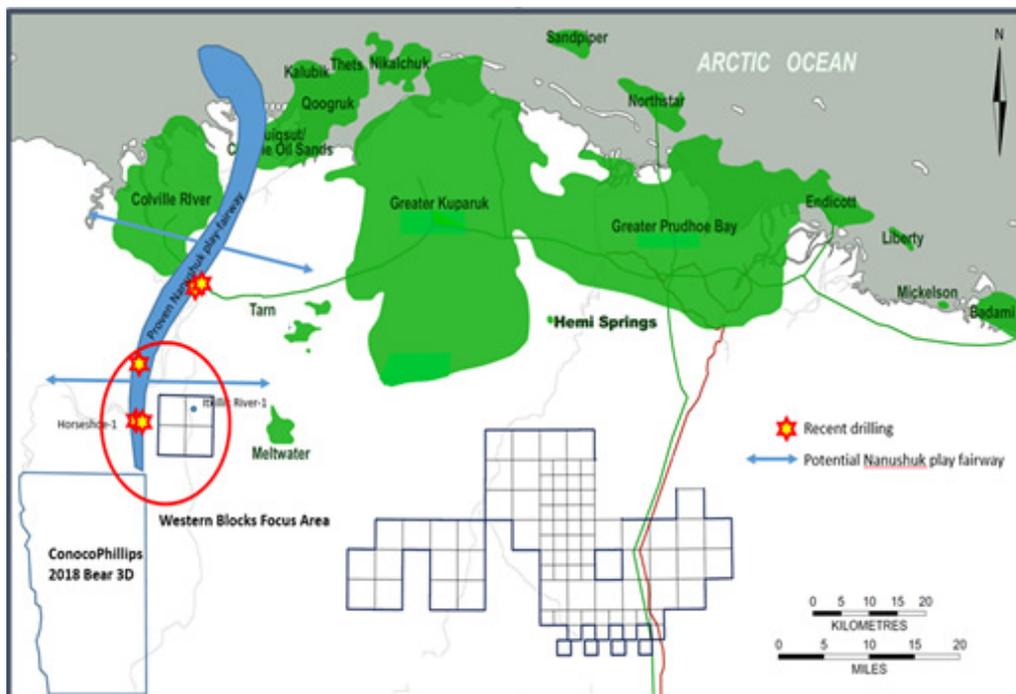


Figure 1. Alaska North Slope (Source: Modified from Otto Energy)

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.

Red Emperor participated in a USD \$25m exploration well (Hawkeye-1) within the block in 2015 and contributed in excess of AUD \$5m towards drilling costs. Over USD \$50m has been spent exploring SC55 to date and a number of drill-ready targets remain, including the “Cinco” gas prospect which has a best estimate prospective resource of 1.6tcf recoverable gas.

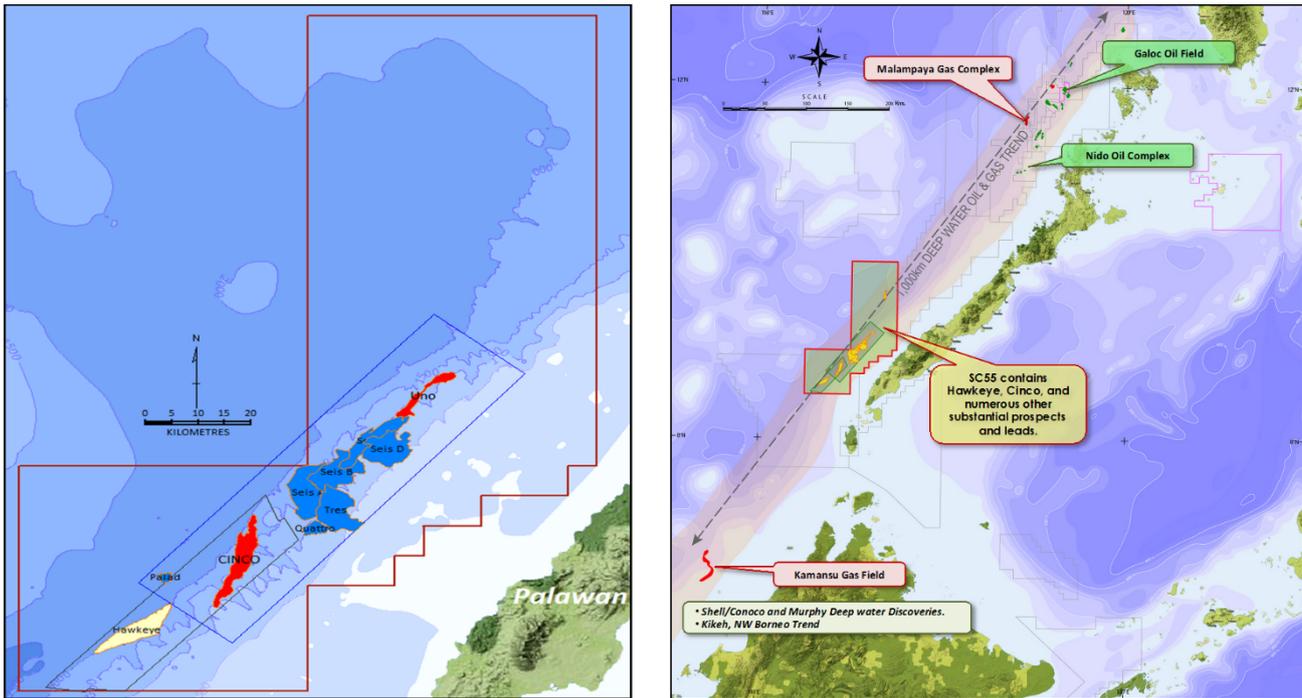


Figure 2. SC55 located in the southwest Palawan Basin, Philippines

Red Emperor's Tenements

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

KM² - Kilometres squared

Changes: The Company acquired an additional 22.5% interest in SC55 during the quarter.

Prospective Resources Reporting Notes

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

(i) The prospective resources information in this document is effective as at 30 April 2018. (ii) The prospective resources information in this document has been estimated and is classified in accordance with SPE PRMS (Society of Petroleum Engineers Petroleum Resources Management System). (iii) The prospective resources information in this document is reported according to the Company's economic interest in each of the resources and net of royalties. (iv) The prospective resources information in this document has been estimated and prepared using the deterministic method. (v) The prospective resources information in this document has been estimated using a 6:1 BOE conversion ratio for gas to oil; 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency. (vi) The prospective resources information in this document has been estimated on the basis that products are sold on the spot market with delivery at the sales point on the production facilities (vii) Prospective resources are reported on a best estimate basis. (viii) For prospective resources, the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. (ix) In respect to the prospective resources referred to in this statement, Red Emperor's working interest in the four leases (ADL#s 391718, 391719, 319720 and 391721), totalling 22,711 acres all of which are located on the North Slope, Alaska, USA will be 31.5% (as set out in the table on page 2) upon completion of the transaction detailed in this ASX release. (x) The prospective resources have been estimated on the following basis: the best estimate prospective recoverable resource calculation was based on a consideration of offset well information and seismic expression; a combination of volumetric assessment and field analogues have been used to estimate the prospective resources; exploration drilling will be required to assess these resources. (xi) The chance of discovery is considered moderate as the prospective resources are near developed and undeveloped reserves and in a proven oil and gas producing province. There is a risk that exploration will not result in sufficient volumes of oil and/or gas for a commercial development. (xii) Prospective resources are un-risked and have not been adjusted for an associated chance of discovery and a chance of development.