

19 April 2018

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

Via E-Lodgement

SUCCESSFUL TRANSFER OF PARTICIPATING INTERESTS UNDER SERVICE CONTRACT NO. 55 (SC55)

| | | |
|-----------------------------|----------------------|--------------------------------|
| Issued Capital: 425M | ASX Code: RMP | Closing price: A\$0.023 |
| | AIM Code: RMP | Closing Price: £0.0094 |

The Board of Red Emperor Resources NL ("**Red Emperor**" or the "**Company**") is pleased to provide the following update with respect to **SC55**, offshore Palawan Basin in the Philippines.

This week the Company finally received official confirmation from the Philippine Department of Energy (**DoE**) ratifying the request for the transfer of participating interests in SC55 from Otto Energy Limited (ASX: OEL) (**Otto Energy**) to its partners, Century Red Pte. Ltd (a 100% owned subsidiary of Red Emperor), Palawan55 Exploration & Production Corporation (**Palawan55**) and Pryce Gases, Inc.

Red Emperor's equity interest in SC55 is now 37.5% (previously 15%) after the DoE found the partners to be *"Financially qualified to assume the proposed interests. Legally qualified to assume the participating interest from Otto Energy considering that they are existing petroleum companies operating either as operator and/or consortium members in petroleum service contracts; And technically qualified, as exemplified by the joint cooperation and completion of previous exploration activities, such as the drilled Hawkeye-1 well."*

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

| Company | Participating Interests |
|------------------------------------|-------------------------|
| Palawan55 (Operator) | 37.50% |
| Century Red Pte. Ltd (Red Emperor) | 37.50% |
| Pryce Gases, Inc. | 25.00% |
| Total | 100% |

It is also understood that Palawan55 will be the "**Operator**" of SC55 as endorsed by the other remaining partners.

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

BOARD & MANAGEMENT

Mr Greg Bandy
 MANAGING DIRECTOR

Mr Nathan Rayner
 NON-EXECUTIVE DIRECTOR

Mr Jason Bontempo
 NON-EXECUTIVE DIRECTOR

Mr Aaron Bertolatti
 COMPANY SECRETARY

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ASX CODE | AIM CODE

RMP



| Sub-Phase (SP) | Work Program and Budget (WP&B) |
|---|--|
| 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 modeling and a contingent program of AVO studies = US\$ 478,750 |
| SP 5 (date of end of moratorium period until 12 months thereafter) | Drill one (1) Ultra-deepwater well = US\$ 3,000,000.00 |

As nominated “Operator” Palawan55 has suggested that the partners hold an Operating Committee Meeting to formalise their appointment as successor Operator, establish an Operating Committee and agree on related amendments to the JOA.

With respect to the committed work program, Palawan55 are currently conducting an inventory of the technical data that had been turned over by Otto Energy. They have also advised that they are engaging with consulting groups with respect to the programmed specialised geophysical studies in order to refine the budget.

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. Given the Hawkeye well discovered gas and a working petroleum system relatively close to Cinco, Red Emperor believes that SC55 remains a key asset for the Company to maintain exposure to.

For and on behalf of the Board

Greg Bandy
Managing Director