



ABN 99 124 734 961

Interim Financial Report
For the Half Year Ended 31 December 2009

RED EMPEROR RESOURCES NL
ABN 99 124 734 961

INTERIM FINANCIAL REPORT
For the Half Year Ended 31 December 2009

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COMPANY DIRECTORY

MANAGING DIRECTOR

Kent Hunter

NON-EXECUTIVE DIRECTORS

Stephen Brockhurst

Terry Gardiner

COMPANY SECRETARY

Elizabeth Hanrahan

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Advanced Share Registry Services

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STOCK EXCHANGE LISTING

Australian Stock Exchange

(Home Exchange: Perth, Western Australia)

Code: RMP

RED EMPEROR RESOURCES NL
ABN 99 124 734 961

INTERIM FINANCIAL REPORT

DIRECTORS' REPORT

Your directors submit the financial report of the Company for the half year ended 31 December 2009.

DIRECTORS

The names of Directors who held office during or since the end of the half year are:

Kent Hunter	Managing Director
Stephen Brockhurst	Non-Executive Director
Terry Gardiner	Non-Executive Director

REVIEW OF OPERATIONS

EXPLORATION

JILLEWARRA PROJECT

The North Murchison Goldfields have recently had resurgence in polymetallic exploration with the discoveries of the Doolgunna Project (Sandfire Resources NL) and the Austin Project (Silver Swan Group).

The Company is considering further exploration opportunities including broad spaced geochemistry over the remainder of the Project leading to identify possible drill targets to test the gossan and the margins of the ultramafic unit. The prospective ultramafic – basalt contact zone strikes for over 6km within the Project Area but has received limited historical drill testing.

The Company continues to pursue heritage and environmental approvals for such programs.

PROPOSED SIBERIAN POTASH PROJECT ACQUISITION

On 16 December 2008 the Company announced it had entered into an agreement to acquire an interest in a substantial potash project in South-East Siberia, Russia (**Potash Project or Project**). On 20 May, the Company announced it had reached agreement to amend the terms pursuant to which it will acquire an interest in the Project. The acquisition is conditional, inter alia, on the vendor demonstrating that it is entitled to acquire clear title to the Project.

As announced to ASX 7 September 2009, the Company has been advised by its Russian partners that the acquisition date is facing a delay of several months due to system rules recently granted final approval and implemented by the Russian Judicial Ministry.

At this stage the Directors believe the acquisition will take place in the first half of 2010.

The Company remains confident of acquiring the project under the commercial terms as detailed in previous announcements and firmly believes in the outlook for the future of the potash and fertiliser industries as recently supported by several major acquisitions within the industry.

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DIRECTORS' REPORT

REVIEW OF OPERATIONS (continued)

RUSSIAN TIMBER PROJECT

As announced to ASX on 19 June 2008, the Company has entered into a Memorandum of Understanding with Russian partners whereby the partners will provide the Company with the opportunity to acquire a 100% interest in a license to harvest a timber resource in Russia.

The Company continues to monitor the progress of the acquisition and looks forward to updating the market on the project in the future.

OTHER PROJECTS WITH RUSSIAN PARTNERS

The Company and its Russian Partners continue to source and review additional and alternative resource projects, including mineral resources, for attractive opportunities to add shareholder value. The Company is currently reviewing several prospective projects. The Company looks forward to updating the market on these exploration projects in the future.

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INTERIM FINANCIAL REPORT

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

Lead Auditors Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration for the half year ended 31 December 2009 is set out on page 20.

This report is signed in accordance with a resolution of the Board of Directors.



Kent Hunter
Director

Perth
Dated 11 March 2010

RED EMPEROR RESOURCES NL
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STATEMENT OF COMPREHENSIVE INCOME
For the Half Year Ended 31 December 2009

	Note	31 December 2009 \$	31 December 2008 \$
Revenue from ordinary activities		18,927	73,227
Net fair value gain on financial assets		282,110	-
Administration expenses		(29,330)	(25,320)
Capital raising expense		(166,679)	-
Compliance and regulatory expenses		(34,999)	(32,412)
Consultancy costs		(60,868)	(52,636)
Directors fees		(30,000)	(29,250)
Employee benefits expense		(7,200)	(6,450)
Occupancy expense		(12,000)	(12,000)
Net loss on share trading		(73,815)	(26,000)
Net fair value loss on financial assets		-	(841,316)
Exploration expenditure written off		(1,055)	(269)
Forestry expenditure written off		(30,487)	(349,579)
Project generation expense written off		(103,034)	(367,360)
Loss before income tax expense		(248,430)	(1,669,365)
Income tax expense		-	-
Loss from continuing operations		(248,430)	(1,669,365)
Other comprehensive income		-	-
Total comprehensive income for the period		(248,430)	(1,669,365)
Total comprehensive income attributable to members of the company		(248,430)	(1,669,365)
Basic loss per share (cents per share)		(0.64)	(4.28)

The accompanying notes form part of this financial report.

RED EMPEROR RESOURCES NL
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STATEMENT OF FINANCIAL POSITION
As at 31 December 2009

	Note	31 December 2009 \$	30 June 2009 \$
CURRENT ASSETS			
Cash and cash equivalents		312,347	1,145,505
Trade and other receivables		18,510	54,799
Financial assets at fair value through profit and loss		1,070,952	921,144
Financial assets available for sale		225,580	200,000
TOTAL CURRENT ASSETS		<u>1,627,389</u>	<u>2,321,448</u>
NON-CURRENT ASSETS			
Exploration and evaluation expenditure		732,892	702,754
TOTAL NON-CURRENT ASSETS		<u>732,892</u>	<u>702,754</u>
TOTAL ASSETS		<u>2,360,281</u>	<u>3,024,202</u>
CURRENT LIABILITIES			
Trade and other payables		13,600	100,671
Financial liabilities		-	355,000
TOTAL CURRENT LIABILITIES		<u>13,600</u>	<u>455,671</u>
TOTAL LIABILITIES		<u>13,600</u>	<u>455,671</u>
NET ASSETS		<u>2,346,681</u>	<u>2,568,531</u>
EQUITY			
Issued Capital		5,299,019	5,103,029
Option reserve		-	194,990
Financial assets reserve		25,580	-
Accumulated losses		(2,977,918)	(2,729,488)
TOTAL EQUITY		<u>2,346,681</u>	<u>2,568,531</u>

The accompanying notes form part of this financial report.

RED EMPEROR RESOURCES NL
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STATEMENT OF CHANGES IN EQUITY
For The Half Year Ended 31 December 2009

	Issued Capital	Option Reserve	Financial assets reserve	Retained Profits/(Losses)	Total
	\$	\$		\$	\$
Balance at 1 July 2008	5,103,029	194,990	-	(761,630)	4,536,389
Shares issued during the year	-	-	-	-	-
Options issued during the year	-	-	-	-	-
Transaction costs	-	-	-	-	-
Total comprehensive income	-	-	-	(1,669,365)	(1,669,365)
Balance at 31 December 2008	<u>5,103,029</u>	<u>194,990</u>	<u>-</u>	<u>(2,430,995)</u>	<u>2,867,024</u>

	Issued Capital	Option Reserve	Financial assets reserve	Retained Profits/(Losses)	Total
	\$	\$		\$	\$
Balance at 1 July 2009	5,103,029	194,990	-	(2,729,488)	2,568,531
Shares issued during the year	1,040	(40)	-	-	1,000
Options lapsed during the year	194,950	(194,950)	-	-	-
Transaction costs	-	-	-	-	-
Revaluation increment	-	-	25,580	-	-
Total comprehensive income	-	-	-	(248,430)	(222,850)
Balance at 31 December 2009	<u>5,299,019</u>	<u>-</u>	<u>25,580</u>	<u>(2,977,918)</u>	<u>2,346,681</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS
For The Half Year Ended 31 December 2009

	31 December 2009 \$	31 December 2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(356,973)	(156,983)
Payments for exploration and evaluation	(46,731)	(140,148)
Payments for forestry and evaluation	(36,461)	(353,567)
Payments for mineral project generation	(125,080)	(389,528)
Interest received	19,540	85,817
Net cash used in operating activities	(545,705)	(954,409)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of shares	(62,688)	(88,666)
Proceeds from sale of shares	129,235	-
Net cash used in investing activities	66,547	(88,666)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,000	-
Standby loan funds refunded	(355,000)	-
Payments for costs of issue of shares	-	-
Net cash provided by financing activities	(354,000)	-
Net increase/(decrease) in cash held	(833,158)	(1,043,075)
Cash at beginning of half year	1,145,505	2,699,284
Cash at end of reporting half year	312,347	1,656,209

The accompanying notes form part of this financial report.

RED EMPEROR RESOURCES NL
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NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2009

1. STATEMENT OF SIGNIFICANT ACCOUNT POLICIES

Significant Accounting Policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2009 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Red Emperor Resources NL. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2009, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

Accounting Standards not Previously Applied

The Company has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the separate income statement/single statement approach to the presentation of the Statement of Comprehensive Income;
- other financial statements are renamed in accordance with the Standard; and
- presentation of a third Statement of Financial Position as at the beginning of a comparative financial year where relevant amounts have been affected by a retrospective change in accounting policy or material reclassification of items.

RED EMPEROR RESOURCES NL
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NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2009

1. STATEMENT OF SIGNIFICANT ACCOUNT POLICIES (continued)

Operating Segments

From 1 January 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Company's chief operating decision maker which, for the Company, is the board of directors. In this regard, such information is provided using different measures to those used in preparing the Statement of Comprehensive Income and Statement of Financial Position. Reconciliations of such management information to the statutory information contained in the interim financial report have been included.

As a result of the adoption of the revised AASB 8, certain cash generating units have been redefined having regard to the requirements in AASB 136: Impairment of Assets.⁷

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

2. OPERATING SEGMENTS

The Company has identified its 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 half-year the consolidated entity operated in two business segments (for primary reporting) being:

- (i) mineral exploration; and
- (ii) forestry; and

principally in two geographical segment (for secondary reporting) being:

- (i) Australia; and
- (ii) Russia

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision 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 Company.

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NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2009

2. OPERATING SEGMENTS (continued)

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 Company 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:

- administration and other operating expenses not directly related to a specific segment.

Comparative information

This is the first reporting period in which AASB 8: Operating Segments has been adopted. Comparative information has been stated to conform to the requirements of the Standard.

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NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2009

2. OPERATING SEGMENTS (continued)

(a) Segment performance

	Australia Exploration & Evaluation \$	Russia Exploration & Evaluation \$	Forestry Evaluation \$	Treasury \$	Total Operations \$
Half Year Ended 31 December 2009					
Revenue					
Interest revenue	-	-	-	18,927	18,927
Realised gain on sale of financial assets	-	-	-	-	-
Total segment revenue	-	-	-	18,927	18,927
<i>Reconciliation of segment result to net profit before tax</i>					
Unallocated revenue	-	-	-	-	-
Total group revenue	-	-	-	18,927	18,927
Segment net profit/(loss) before tax	-	-	-	(56,934)	(56,934)
<i>Reconciliation of segment result to net loss before tax</i>					
Amounts not included in segment result but reviewed by the board:					
- net fair value gain/(loss) on financial assets	-	-	-	282,110	282,110
- exploration expenditure written off	(1,055)	(103,034)	-	-	(104,089)
- forestry expenditure written off	-	-	(30,487)	-	(30,487)
Unallocated items:					
- other	-	-	-	-	(339,030)
Net loss before tax from continuing operations					<u>(248,430)</u>

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NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2009

2. OPERATING SEGMENTS (continued)

(a) Segment performance

	Australia Exploration & Evaluation \$	Russia Exploration & Evaluation \$	Forestry Evaluation \$	Treasury \$	Total Operations \$
Half Year Ended 31 December 2008					
Revenue					
Interest revenue	-	-	-	73,227	73,227
Realised gain on sale of financial assets	-	-	-	-	-
Total segment revenue	-	-	-	73,227	73,227
<i>Reconciliation of segment result to net profit before tax</i>					
Unallocated revenue	-	-	-	-	-
Total group revenue	-	-	-	73,227	73,227
Segment net profit before tax	-	-	-	45,021	45,021
<i>Reconciliation of segment result to net loss before tax</i>					
Amounts not included in segment result but reviewed by the board:					
- net fair value gain/(loss) on financial assets	-		-	(841,316)	(841,316)
- exploration expenditure written off	(269)	(367,360)	-	-	(367,629)
- forestry expenditure written off	-	-	(349,579)	-	(349,579)
Unallocated items:					
- other	-	-	-		(155,862)
Net loss before tax from continuing operations					<u>(1,669,365)</u>

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NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2009

2. OPERATING SEGMENTS (continued)

(b) Segment assets

	Australia Exploration & Evaluation \$	Russia Exploration & Evaluation \$	Forestry Evaluation \$	Treasury \$	Total Operations \$
As at 31 December 2009					
Segment assets	732,891	-	-	1,608,880	2,341,771
Segment asset increases/(decreases) for the half year:					
- capital expenditure	30,138	-	-	-	30,138
- financial assets at fair value through profit and loss	-	-	-	(657,769)	(657,769)
	<u>30,138</u>	<u>-</u>	<u>-</u>	<u>(657,769)</u>	<u>(627,631)</u>
<i>Reconciliation of segment assets to total assets</i>					
Other assets	-	-	-	-	<u>18,510</u>
Total asset from continuing operations					<u>2,360,281</u>

As at 30 June 2009

Segment assets	702,754	-	-	2,266,649	2,969,403
Segment asset increases for the half year:					
- capital expenditure	51,437	-	-	-	51,437
- financial assets at fair value through profit and loss	-	-	-	(28,783)	(28,783)
	<u>51,437</u>	<u>-</u>	<u>-</u>	<u>(28,783)</u>	<u>22,654</u>
<i>Reconciliation of segment assets to total assets</i>					
Other assets	-	-	-	-	<u>54,799</u>
Total asset from continuing operations					<u>3,024,202</u>

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NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2009

2. OPERATING SEGMENTS (continued)

(c) Segment liabilities

	Australia Exploration & Evaluation \$	Russia Exploration & Evaluation \$	Forestry Evaluation \$	Treasury \$	Total Operations \$
As at 31 December 2009					
Segment liabilities	-	-	-	-	-
<i>Reconciliation of segment liabilities to total liabilities</i>					
Other liabilities	-	-	-	-	13,600
Total liabilities from continuing operations					13,600
As at 30 June 2009					
Segment liabilities	15,539	14,342	-	355,000	384,881
<i>Reconciliation of segment liabilities to total liabilities</i>					
Other liabilities	-	-	-	-	70,790
Total liabilities from continuing operations					455,671

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NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2009

3. EVENTS SUBSEQUENT TO REPORTING DATE

Since the reporting date, the Australian stock market has undergone a significant change in value and consequently the fair value of financial assets as at the date of this report has decreased by approximately \$112,000.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

4. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Company currently has no contingent assets or contingent liabilities.

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DIRECTORS' DECLARATION
For the Half Year Ended 31 December 2009

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 18 are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards; and
 - (b) give a true and fair view of the company's financial position as at 31 December 2009 and its performance for the half year ended on that date.
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Kent Hunter
Director

PERTH
Dated 11 March 2010

To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

This declaration is made in connection with our review of the financial report of Red Emperor Resources NL for the half year ended 31 December 2009 and in accordance with the provisions of the Corporations Act 2001.

We declare that, to the best of our knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review;
- no contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to the review.

Yours faithfully



BENTLEYS
Chartered Accountants



CHRIS WATTS
Director

DATED at PERTH this 11th day of March 2010

Independent Auditor's Review Report

To the Members of Red Emperor Resources NL

We have reviewed the accompanying half-year financial report of Red Emperor Resources NL ("the Company") which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

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Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Company's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Red Emperor Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Matters Relating to the Electronic Presentation of the Audited Financial Report

This review report relates to the financial report of Red Emperor Resources NL for the half-year ended 31 December 2009 included on the website of Red Emperor Resources NL. The directors of the Company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on the Company's website.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

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

- a. Giving a true and fair view of the Company's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.



BENTLEYS
Chartered Accountants



CHRIS WATTS
Director

DATED at PERTH this 11th day of March 2010