17 MAY 2018

COMPANY UPDATE

Issued Capital: **425M**	ASX Code: **RMP** AIM Code: **RMP**	Closing price: **A$0.023** Closing Price: **£0.009**

The Board of Red Emperor Resources NL ("**Red Emperor"** or the "**Company"**) provides the following update with respect to its proposed Californian lease acquisitions.

As previously announced, in October 2017 the Company signed a binding Heads of Agreement (**HoA**) with Oil Ventures Pty Limited (**Oil Ventures**) to acquire a number of strategic leases in California, prospective for oil and gas. Red Emperor was to earn a 60% interest in a newly established Joint Venture by contributing 100% of the total budget for the proposed acquisition (USD640,000) after which RMP would be responsible for its 60% equity interest.

Unfortunately, Red Emperor's proposed Joint Venture partner, Oil Ventures, along with the retained Californian "landman", White Wolf Land Service, have been unsuccessful in agreeing commercial terms with the two majority mineral rights owners of two highly prospective Areas of Mutual Interest (**AMI**) identified by Oil Ventures in the Sacramento Gas Basin.

As a result, Red Emperor and Oil Ventures have now entered into an amended HoA whereby if either party wishes to lease or explore in the AMI before 1 May 2020 they will do so under the following conditions:

(a) The parties propose to establish an incorporated joint venture for the purposes of acquiring two prospective oil and gas drilling lease packages across land in the northern Sacramento Gas Basin of California to search for, develop and produce oil and gas (each, a **Lease Package**).

(b) The parties propose that each Lease Package will be held by a separate United States incorporated company to be established by the parties (each, a **JVCo**).

(c) The shareholdings in each JVCo will be 60% as to RMP and 40% as to Oil Ventures.

(d) RMP's shareholding will be in consideration of RMP funding USD400,000 of mutually agreed exploration works in the AMI.

(e) Oil Venture's shareholding will be in consideration of Oil Venture's undertaking:

   (i) the identification and technical review of the two prospects and their respective Leases, drill targeting and seismic interpretation at its expense; and

   (ii) farm-out negotiations with respect to the Leases at its expense.

(f) Upon the farmout of a well on behalf of the JV, any additional technical support from Oil Ventures will be at standard commercial terms.

While the Company is disappointed in not being able to execute any lease agreements as anticipated, it remains focused on reviewing and hopefully acquiring additional oil and gas assets to complement its current portfolio of projects.

For and on behalf of the Board

Greg Bandy
Managing Director

BOARD & MANAGEMENT

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MANAGING DIRECTOR

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NON-EXECUTIVE DIRECTOR

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