

**EMPIRE RESOURCES LIMITED  
ACN 092 471 513**

**OFFER DOCUMENT  
RIGHTS ISSUE**

**Non-renounceable pro-rata entitlement of 1 New Share for every 3 Shares held at an issue price of 1 cent per New Share to raise up to approximately \$1,610,672**

**Offer closes at 5.00pm WST on 29 November 2018**

**This Offer Document is not a prospectus.** It does not contain all of the information that an investor would find in a prospectus or which may be required to make an informed decision regarding, or about the rights attaching to, the New Shares.

You should read the entire document before deciding whether to accept the offer of New Shares. If you have any questions about the Offer or the action you should take, you should speak to your professional adviser.

## **IMPORTANT NOTICE**

This Offer Document has been prepared by Empire Resources Limited and is issued pursuant to the requirements of section 708AA of the Corporations Act, as modified, for the offer of New Shares without disclosure to investors under Part 6D.2 of the Corporations Act. This Offer Document is dated 15 November 2018 and was lodged with ASX on this date.

This document is not a prospectus under the Corporations Act and has not been lodged with ASIC. It does not contain all of the information that an investor would find in a prospectus or which may be required by an investor in order to make an informed investment decision regarding, or about the rights attaching to, New Shares. Nevertheless this document contains important information and requires your immediate attention. It should be read in its entirety. If you are in any doubt as to how to deal with this Offer Document, you should consult your professional adviser as soon as possible.

### **Information about the Company**

The Company is listed on ASX, and our Shares are granted official quotation by ASX. In preparing this Offer Document, we have had regard to the fact that we are a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers who investors may consult. Information about the Company is publicly available and can be obtained from ASIC and ASX. This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company. You should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to subscribe for New Shares.

### **Not investment or financial product advice**

The information in this document is not investment or financial product advice, does not purport to contain all the information that you require in evaluating a possible acquisition of New Shares in the Company and has been prepared without taking into account the investment objectives, financial situation, tax position and needs of you or any particular investor.

Before deciding whether to apply for New Shares, you should conduct your own independent review, investigation and analysis of the Company and New Shares in light of your personal circumstances (including financial and taxation issues). You should obtain any professional advice you require to evaluate the merits and risks of an investment in the Company before making any investment decision based on your investment objectives.

### **Overseas shareholders**

The Company has reviewed the register of Shareholders of the Company and has determined that this document will only be sent to Shareholders with a registered address in Australia or New Zealand on the Record Date. This document may not be distributed and does not constitute an offer in any other jurisdiction unless otherwise determined by the Company.

### **Disclaimer of representatives**

No person is authorised to give any information or to make any representation, in connection with the Rights Issue that is not contained in this Offer Document. Any information or representation that is not in this Offer Document may not be relied on as having been authorised by the Company or its related bodies corporate in connection with the Rights Issue.

Except as required by law, and only to the extent so required, none of the Company, or any other person, warrants or guarantees the future performance of the Company or any return on the investment made pursuant to this Offer Document.

### **Financial data**

All dollar values are in Australian dollars (\$).

### **Defined terms**

Terms used in this Offer Document are defined in the Glossary. The words "we", "our" and "us" refer to the Company. The words "you" or "your" refer to Shareholders.

## **CORPORATE DIRECTORY**

### **DIRECTORS**

Dr Michael Ruane (Non-Executive Chairman)  
Mr David Sargeant (Executive Director)  
Mr Lee Christensen (Non-Executive Director)  
Mr Jeremy Atkinson (Non-Executive Director)

### **SOLICITORS**

Fairweather Corporate Lawyers  
595 Stirling Highway  
Cottesloe, Western Australia, 6011

### **COMPANY SECRETARY**

Mr Simon Storm

### **UNDERWRITER AND LEAD MANAGER**

Mac Equity Partners Pty Ltd  
Suite 7, 29 The Avenue  
Nedlands WA 6009

### **REGISTERED OFFICE**

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Victoria Park WA 6100

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Email: [info@resourcesempire.com.au](mailto:info@resourcesempire.com.au)

Website: [www.resourcesempire.com.au](http://www.resourcesempire.com.au)

### **SHARE REGISTRY\***

Security Transfer Australia Pty Ltd  
Suite 913, Exchange Tower  
530 Little Collins Street  
MELBOURNE VIC 3000 AUSTRALIA

Tel: 1300 992 916

Fax: +61 8 9315 2233

\* The name of the Share Registry is included for information purposes only. It has not been involved in the preparation of this Offer Document.

## TABLE OF CONTENTS

CORPORATE DIRECTORY .....	3
1. KEY INFORMATION .....	5
2. TIMETABLE .....	7
3. DETAILS OF THE RIGHTS ISSUE .....	8
4. EFFECT OF RIGHTS ISSUE ON CONTROL AND DIRECTORS' INTERESTS.....	12
5. RISK FACTORS .....	14
6. ACTION REQUIRED BY SHAREHOLDERS.....	18
7. GLOSSARY.....	21

1. **KEY INFORMATION**

<b>SUMMARY OF RIGHTS ISSUE OFFER</b>	
<b>Offer</b>	1 New Share for every 3 Shares held on the Record Date. See Section 3.1.
<b>Issue Price</b>	1 cent per New Share. See Section 3.1.
<b>Number of New Shares to be issued</b>	<p>Up to approximately 161,067,158 New Shares will be issued at Full Subscription.</p> <p>The precise number of New Shares to be issued is not known and will vary depending on how many Shares are on issue on the Record Date and the number of Shares applied for under the Offer. See Section 3.3.</p>
<b>Funds raised</b>	<p>Up to approximately \$1,610,672 will be raised by the Rights Issue at Full Subscription.</p> <p>The precise amount of funds that will be raised is not known and will vary depending on how many Shares are on issue on the Record Date and the number of Shares applied for under the Rights Issue. See Section 3.1.</p>
<b>Underwriting, sub-underwriting and Lead Manager arrangements</b>	<p>The Rights Issue is partly underwritten by Mac Equity Partners Pty Ltd as the Underwriter.</p> <p>The Underwriter has agreed to underwrite the Shortfall to the amount of \$1,135,000 (the Underwritten Amount) and will be paid an underwriting fee by the issue of 5,015,000 Shares representing a fixed underwriting fee of \$16,100 plus 3% of the Underwritten Amount (\$34,050) being a total of \$50,150.</p> <p>Entities associated with 2 of the Directors (Dr Michael Ruane and Mr Jeremy Atkinson) are among the sub-underwriters. Dr Michael Ruane's entity is a sub-underwriter to the sum of \$420,000 and Mr Jeremy Atkinson's entity is a sub-underwriter to the sum of \$50,000. Any Shortfall issued to these related party sub-underwriters will be issued in accordance with Shortfall allocation set out in Section 3.10 and will be issued pro-rata between these related party sub-underwriters as to their sub-underwritten amounts.</p> <p>Neither the Underwriter nor any of the sub-underwriters can increase their voting power beyond 20%.</p> <p>The Underwriter is also appointed as the Lead Manager to seek to place any Shortfall remaining after the issue of New Shares under the Offer. The Underwriter will be paid 3% plus GST on the value of any such Shortfall that is placed.</p> <p>See Sections 3.8, 3.9 and 3.10.</p>
<b>Minimum Subscription</b>	<p>Minimum Subscription is \$1,310,981.</p> <p>This equates to the Underwritten Amount of \$1,135,000 plus the commitment given by the Directors, Dr Michael Ruane and Mr Jeremy Atkinson, to take up their (and their associates) Entitlement, together \$175,981.</p> <p>See Section 3.7.</p>

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**SUMMARY OF RIGHTS ISSUE OFFER**

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**Use of funds**

At Minimum Subscription, funds (including existing funds) are intended to be used:

- to repay some existing debts being accrued employee and contractor entitlements and a loan facility;
- for exploration and development of the Company's Projects including advancing a definitive feasibility study for underground mining at the Penny's Find Project;
- for general working capital; and
- to pay the costs of the rights issue process.

See Section 3.2.

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**Entitlement to participate in Rights Issue**

All Eligible Shareholders on the Record Date are entitled to participate in the Rights Issue.

Optionholders are not entitled to participate in the Offer unless they exercise their Options before the Record Date. See Section 3.4.

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**Shortfall**

Eligible Shareholders who are not related parties and that have subscribed for their full Entitlement may apply for Shortfall Shares. Application by Eligible Shareholders with moneys does not guarantee any allotment of Shortfall Shares.

The Directors not associated with the sub-underwriting (being David Sargeant and Lee Christensen) will have discretion as to how to allocate Shortfall Shares as between Eligible Shareholder Applicants and the Underwriter except that the related party sub-underwriters will only participate in the take-up of Shortfall after Eligible Shareholder Applicants.

See Section 3.10.

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**Risks**

The Rights Issue should be considered highly speculative as the Company is a gold and copper focused explorer and miner. The 2 major projects in the Company's portfolio are the Penny's Find gold project and the Yuinmery copper-gold project. Some of the specific risks to an investment in the Company are future capital needs, exploration risk, underground mining feasibility study at Penny's Find Project, development and mining, commodity price volatility and reliance on key personnel risk.

See Section 5.

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**The potential effect of the Rights Issue on control of the Company**

The Company is of the view that the Rights Issue will not materially affect the control of the Company. By reason of existing shareholdings in the Company and the structure of the Rights Issue, no Shareholder can increase their voting power beyond 20% by reason of the Rights Issue.

The Company will not issue any New Shares by reason of Shortfall to Eligible Shareholders or others so they can increase their voting power beyond 20%. See Section 4.1.

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## 2. TIMETABLE

<b>Event</b>	<b>Date</b>
Pro-rata Offer announced	6 November 2018
New Shares quoted on an "ex" basis (date from which the New Shares commence trading without the entitlement to participate in the Offer).	9 November 2018
Record Date (date for identifying Shareholders entitled to participate in the Offer).	12 November 2018
Offer Document with Entitlement Form sent to Eligible Shareholders	15 November 2018
Offer opens	15 November 2018
Closing Date (last date for lodgement of Entitlement Forms and Application Money)	29 November 2018
Trading of New Shares commences on a deferred settlement basis	30 November 2018
Company to notify ASX notified of the Shortfall (if any)	4 December 2018
Issue of New Shares and end of deferred settlement trading	6 December 2018

The timetable outlined above is indicative only and subject to change. The Directors reserve the right to vary these dates including the Closing Date, subject to the Listing Rules and the Corporations Act. The Directors also reserve the right not to proceed with the whole or part of the Rights Issue at any time prior to the issue of New Shares. In that event, the Application Money will be returned without interest.

### 3. DETAILS OF THE RIGHTS ISSUE

#### 3.1 The Rights Issue

Eligible Shareholders are invited to participate in a non-renounceable pro-rata entitlements rights issue on the basis of 1 New Share for every 3 Shares (1:3) held as at the Record Date (5.00pm WST on 12 November 2018), at an issue price of 1 cent per New Share.

The Company currently has 483,201,475 Shares and 32,102,000 unlisted Options. Based on the current capital structure of the Company, up to approximately 161,067,158 New Shares will be issued under the Offer at Full Subscription to raise up to \$1,610,672 (before the costs of the issue). If any of the Options are exercised before the Record Date then the number of New Shares that may be issued under the Offer could increase.

The New Shares will rank equally in all respects with existing Shares.

#### 3.2 Purpose and use of proceeds

The Company has current funds of approximately \$817,000. The Rights Issue will increase the total number of Shares on issue and increase our cash reserves by up to \$1,610,672 (before costs).

The table below sets out the proposed application existing funds and funds raised under the Rights Issue assuming both Minimum Subscription and a full take-up of Entitlements.

<b>Funds Available</b>	<b>Minimum Subscription (\$)</b>	<b>Full Subscription (\$)</b>
Current cash on hand at 25 October 2018	817,000	817,000
Funds raised under the Offer	1,310,981	1,610,672
<b>Total funds available</b>	<b>\$2,127,981</b>	<b>\$2,427,672</b>

<b>Use of Funds</b>	<b>Amount (\$)</b>	<b>Amount (\$)</b>
Repay employee and contractor entitlements <sup>1</sup>	576,000	576,000
Repay Loan Facility <sup>2</sup>	503,100	503,100
Ongoing care and maintenance and infill and extension drilling at the Penny's Find Project	315,000	315,000
Advance a definitive feasibility study for underground mining at the Penny's Find Project	85,000	85,000
Further exploration of the Yuinmery and other Projects	100,000	100,000
General working capital <sup>3</sup>	522,331	821,102
Cash costs of the Offer <sup>4</sup>	26,550	27,470
<b>Total</b>	<b>\$2,127,981</b>	<b>\$2,427,672</b>

Notes:

1. By agreement some employee and contractor entitlements have been accrued rather than paid.
2. On 12 October 2018, Kesli Chemicals Pty Ltd (an entity associated with Dr Ruane) loaned \$500,000 to the Company to be used for ongoing work relating to the Penny's Find Project. The loan is on reasonable arms length terms to the Company as it is unsecured and with interest of 7.5% per annum payable quarterly in arrears. The loan including accrued interest at the date of issue of New Shares under this Offer will be approximately \$503,100.



3. General working capital includes corporate administration and operating costs and may be applied to directors' fees, ASX and share registry fees, legal, tax and audit costs. Further, general working capital may be applied to Project expenditure including in the event the Company exercises the option to purchase Evolution Mining's interest in 2 granted exploration licences abutting the Yuinmery Project and elects to pay cash (see ASX announcement of 16 January 2017).
4. Cash costs of the Offer include the legal, printing, postage and ASX expenses. The costs assumes that no lead manager fee of 3% is payable on the funds raised between Minimum Subscription and Full Subscription. The maximum of such a fee payable is \$8,990.
5. In the event that moneys are received beyond Minimum Subscription but less than Full Subscription, the Company intends to apply the additional funds to general working capital.
6. This table is a statement of our proposed application of the funds raised as at the date of this Offer Document. As with any budget, unexpected events and new circumstances have the potential to affect our decisions and we reserve the right to vary the way the funds are applied

### 3.3 Capital structure

Assuming that no Options are exercised before the Record Date, the effect of the Offer on the Company's issued share capital at Minimum Subscription and Full Subscription is shown in the following table:

Shares	Minimum Subscription	Full Subscription
Existing Shares	483,201,475	483,201,475
New Shares issued under Rights Issue	131,098,100	161,067,158
Underwriting fee Shares	5,015,000	5,015,000
<b>Total Shares on issue after completion of the Rights Issue</b>	<b>619,314,575</b>	<b>649,283,633</b>

In addition to Shares, the Company has on issue:

- (a) 22,102,000 unlisted Options (exercise price 2.5 cents, expiry date 3 May 2019);
- (b) 1,000,000 unlisted Options (4 cents and 22 June 2019); and
- (c) 9,000,000 unlisted Options (4 cents and 18 July 2019).

### 3.4 Eligible Shareholders

The Rights Issue is available to all Shareholders whose registered address on the Record Date is situated in Australia or New Zealand. As a non-renounceable offer, Eligible Shareholders may not sell or otherwise dispose of their rights to apply for New Shares under the Offer.

The holders of Options are not eligible to participate in the Rights Issue unless they exercise their Options before the Record Date.

### 3.5 Entitlements

Only Eligible Shareholders may apply for New Shares under the Offer. The Entitlement to participate will be determined on the Record Date. The number of New Shares to which you are entitled is shown on the personalised Entitlement Form which accompanies this Offer Document. Fractional Entitlements will be rounded up to the nearest whole number.

You are encouraged to apply for New Shares as early as possible. To apply for the New Shares under the Offer, you must complete your Entitlement Form and lodge it together with payment for the New Shares by no later than the Closing Date (5pm WST on 29 November 2018). Please see Section 6 of this Offer Document for further information regarding the acceptance of the Offer.

The Offer will lapse if you do not accept your Entitlement by the Closing Date.

### 3.6 **Closing Date**

We will accept applications from the Opening Date until 5pm (WST) on 29 November 2018 or such other date as the Directors may determine, subject to the requirements of the Corporations Act and the Listing Rules.

### 3.7 **Minimum Subscription**

Minimum Subscription is \$1,310,981.

This equates to the Underwritten Amount of \$1,135,000 plus the commitment given by the Directors, Dr Michael Ruane and Mr Jeremy Atkinson, for them and their associates to take up their Entitlement (together \$175,981).

### 3.8 **Partly Underwritten and Sub-underwritten**

The Company has appointed the Underwriter under the Underwriting Agreement to underwrite the Shortfall up to the Underwritten Amount of \$1,135,000. The Underwriter is not a related party of the Company.

Under the Underwriting Agreement the Underwriter is obliged to subscribe for the Shortfall (up to the Underwritten Amount of \$1,135,000) within 1 business day of receiving notice from the Company as to the number of Shortfall Shares. The maximum number of securities that the Underwriter is required to subscribe for under the Shortfall is 113,500,000 New Shares.

The Company is required to reimburse the Underwriter for all reasonable out-of-pocket expenses.

The Company is required to make the Offer in accordance with all relevant regulatory requirements and the Company has given various representations and warranties to the Underwriter, which are customary for an agreement of this kind.

The Underwriter has discretion to terminate its obligations under the Underwriting Agreement on the occurrence of a number of events, which may occur before the issue of the Shortfall. The termination events are customary for an agreement of this kind. The more significant termination events include the S&P/ASX 200 Index falling to a level that is 95% or less of the level at the close of trading at the date of this Offer Document and where a material adverse change occurs in respect of the Company or its assets.

The Company will pay the Underwriter by the issue of 5,015,000 Shares representing a fixed fee of \$16,100 plus an underwriting fee of 3% of the Underwritten Amount (being \$34,050) being \$50,150 for its services as Underwriter.

The Underwriter has appointed sub-underwriters to sub-underwrite the Underwriting Agreement. Kesli Chemicals Pty Ltd (ACN 009 254 371) (an entity associated with Dr Michael Ruane) and Atkinson Self-Managed Superannuation Fund (an entity associated with Mr Jeremy Atkinson) are among the sub-underwriters. Dr Michael Ruane's entity is a sub-underwriter to the sum of \$420,000 and Mr Jeremy Atkinson's entity is a sub-underwriter to the sum of \$50,000. Any Shortfall issued to these related party sub-underwriters will be issued in accordance with Shortfall allocation set out in Section 3.10 and will be issued pro-rata between these related party sub-underwriters as to their sub-underwritten amounts.

The Underwriter may pay a fee to sub-underwriters in its sole discretion. No sub-underwriting fee is payable to entities associated with Dr Michael Ruane and Mr Jeremy Atkinson in their role as sub-

underwriters.

### 3.9 **Lead Manager**

The Company has appointed the Underwriter to be the lead manager to place any remaining Shortfall after the issue of New Shares under the Offer. The Underwriter will be paid a fee for its services as Lead Manager being 3% plus GST on the value of any such Shortfall that is placed.

### 3.10 **Shortfall**

Any New Shares not applied for by Eligible Shareholders under the Rights Issue will form the Shortfall.

Eligible Shareholders who are not related parties and that have subscribed for their full Entitlement may apply for Shortfall Shares by completing the "*additional New Shares*" section in the Entitlement Form. Application by Eligible Shareholders with moneys does not guarantee any allotment of Shortfall Shares. All Application Moneys in relation to which Shortfall Shares are not allocated will be returned without interest.

The Directors not associated with the sub-underwriting (being David Sargeant and Lee Christensen) will have discretion as to how to allocate Shortfall Shares as between Eligible Shareholder Applicants and the Underwriter except that the related party sub-underwriters will only participate in the take-up of Shortfall after Eligible Shareholder Applicants.

The Company will not issue Shortfall Shares so that an Applicant's voting power in the Company may exceed 20%.

Subject to the above, the Directors reserve the right to place any Shortfall Shares at their discretion within 3 months of the Closing Date. The Underwriter has been appointed as Lead Manager to place this remaining Shortfall and will be paid a fee as set out in Section 3.9.

Shortfall Shares will be issued at the same price as the New Shares offered under the Rights Issue. The offer of Shortfall Shares is an offer under this Offer Document.

### 3.11 **Continuous Disclosure Obligations**

The Company is a "*disclosing entity*" (as defined in Section 111AC of the Corporations Act) for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX and, as such, the Company is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

Specifically, the Company is required to notify ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the securities markets conducted by the ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price of value of its securities.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include information that would be included in a disclosure document or which investors ought to have regard to in deciding whether to subscribe for Shares under the Offer. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

All announcements made by the Company are available from its website [www.resourceempire.com.au](http://www.resourceempire.com.au) or the ASX [www.asx.com.au](http://www.asx.com.au).

#### 4. EFFECT OF RIGHTS ISSUE ON CONTROL AND DIRECTORS' INTERESTS

##### 4.1 Effect on Control

The effect of the Rights Issue on the control of the Company, and the consequences of that effect, will depend upon a number of factors, including the level of take up from Eligible Shareholders. The primary consequences will be as follows:

- (a) If all Eligible Shareholders as at the Record Date take up their full Entitlement, the Rights Issue will have no effect on the control of the Company and all Shareholders will hold the same percentage interest in the Company subject only to changes resulting from Excluded Shareholders being unable to participate in the Rights Issue.
- (b) In the more likely event that not all Eligible Shareholders subscribe for their full Entitlement (ie there is a Shortfall), Eligible Shareholders who do not subscribe for their full Entitlement under the Rights Issue and Excluded Shareholders unable to participate in the Rights Issue will be diluted relative to those Shareholders who subscribe for some or all of their Entitlement. The extent of the dilution will depend on the degree to which Eligible Shareholders take up their Entitlement. The maximum dilution if you do not take up your Entitlement will approach 20% if nearly all Eligible Shareholders other than you take up their full Entitlement.
- (c) By reason of existing shareholdings in the Company and the structure of the Rights Issue, no Shareholder can increase their voting power beyond 20% by the Rights Issue. The Company will not issue any New Shares under the Shortfall so a party can increase their voting power beyond 20%.

By reason of the above, the Company is of the view that the Rights Issue will not materially affect the control of the Company. Information on the relevant interest of the Underwriter and the 2 Director related sub-underwriters are set out in Section 4.2.

##### 4.2 Relevant interest of Underwriter and Director related sub-underwriters

The Underwriter is not presently a Shareholder of the Company and is not a related party of the Company.

The maximum relevant interest that may result to the Underwriter by the Offer is 19.14% at Minimum Subscription which will only occur if it is required to take up the Shortfall to the Underwritten Amount. This calculation includes the issue of the underwriting fee Shares. However, the Underwriter has entered into sub-underwriting agreements in respect of its underwriting commitment.

Two of the sub-underwriters are related parties, they being entities controlled by Dr Michael Ruane and Mr Jeremy Atkinson. These related party sub-underwriters will be allocated Shortfall Shares only after any allocation of Shortfall Shares to Eligible Shareholder Applicants that apply for Shortfall Shares after subscribing for their full Entitlement.

Set out below is a table indicating the potential maximum voting power of Dr Ruane and Mr Atkinson.

Director	Current Holding of Shares	Current Voting Power	Entitlement under the Offer	Sub-underwritten Shares	Maximum Shareholding post-Offer	Maximum Voting Power post-Offer <sup>1</sup>
Dr Michael Ruane and associates	52,594,141	10.88%	17,531,381	42,000,000	112,125,522	18.10%
Mr Jeremy Atkinson and associates	200,000	0.04%	66,667	5,000,000	5,266,667	0.85%

1. The maximum voting power post-Offer is based upon Minimum Subscription and the issue of the underwriting fee Shares and the unlikely scenario that no Eligible Shareholders other than Dr Ruane and Mr Atkinson take up their Entitlement.

#### 4.3 Directors' Interests

The relevant interest of each of the Directors in the securities of the Company as at the Record Date is set out in the table below.

Director	Shares	Options
Michael Ruane	52,594,141 <sup>2</sup>	-
David Sargeant	6,400,000	7,440,000 <sup>1</sup>
Lee Christensen	-	-
Jeremy Atkinson	200,000 <sup>2</sup>	-

Notes:

1. The Options have an exercise price of 2.5 cents and an expiry date of 3 May 2019.
2. Each of Michael Ruane and Jeremy Atkinson have committed to take up their (and their associates) Entitlement under the Rights Issue and further (by associated entities) have agreed to sub-underwrite the Rights Issue as set out in Section 3.8. No sub-underwriting fee is payable to Michael Ruane or Jeremy Atkinson and their entities for sub-underwriting.

## 5. RISK FACTORS

### 5.1 Introduction

Applicants should be aware that an investment in the Company is highly speculative. The Company is a gold and copper focused explorer and miner. The 2 major projects in the Company's portfolio are the Penny's Find gold project and the Yuinmery copper-gold project.

The activities of the Company are subject to various risks that may impact on the future performance of the Company. The following is a non-exhaustive list of the risks that may have a material effect on the financial position and performance of the Company and the value of its securities.

The specific risks below are some of the risks to the Company of a specific nature by reason of its Penny's Find gold mining project and its Yuinmery copper-gold exploration project. The general investment risks below are some of the risks to the Company of a general economic nature.

### 5.2 Specific risks

#### **Future capital needs and additional funding**

The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including prospectivity of Projects (existing and future), the results of exploration, development and mining activities, the price of commodities and stock market and industry conditions.

No assurance can be given that future funding will be available to the Company on favourable terms (or at all). If adequate funds are not available on acceptable terms the Company may not be able to further develop its projects and it may impact on the Company's ability to continue as a going concern.

#### **Exploration**

The Company intends to undertake further exploration at its Projects which is a high risk undertaking. In particular, the Company will focus on undertaking further drilling at the Penny's Find Project for resource in fill and expansion potential. This will assist the underground mining feasibility study referred to below. Additionally the Company intends to accelerate exploration at the Yuinmery Project and other Projects.

There can be no assurance of success from the Company's exploration activities.

#### **Underground mining feasibility study at Penny's Find Project**

The Company conducted open pit mining at the Penny's Find Project between May 2017 and April 2018. The mine is currently on care and maintenance pending a decision by the Company on whether to take the Penny's Find Project to a longer term underground mining operation. The Company intends to conduct further exploration at the Project and update and complete a feasibility study into underground mining.

There is no guarantee that the feasibility study will confirm the economic viability of underground mining at the Penny's Find Project or any subsequent successful implementation of underground mining at the Project.

#### **Development and mining**

Possible future development of a mining operation at any of the Company's projects is dependent on a number of factors including, but not limited to, failure to acquire and/or delineate economically recoverable ore bodies, unfavourable geological conditions, failing to receive the necessary approvals from all relevant authorities and parties, unseasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical

failure of operating plant and equipment, unexpected shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, risk of access to the required level of funding and contracting risk from any third parties providing essential services.

In the event that the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions and other accidents.

### **Commodity price volatility**

The Company is seeking to develop projects which will be reliant on the prices of various commodities including gold and copper.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include worldwide and regional supply and demand for commodities, forward selling by producers and production cost levels, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

### **Reliance on key personnel**

The Company's success largely depends on the core competencies of its Directors and any management and their familiarisation with, and ability to operate in, the resource industry.

### **Resource and reserve estimates**

Mineral Resource and Ore Reserve estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource and reserve estimates are inherently imprecise and rely to some extent on interpretations made.

Additionally, resource and reserve estimates may change over time as new information becomes available. If the Company encounters mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

### **Title**

All of the tenements or licences in which the Company has or may earn an interest in will be subject to applications for renewal or grant (as the case may be). The renewal or grant of the terms of each tenement or licence is usually at the discretion of the relevant government authority.

Additionally, tenements are subject to a number of State specific legislative conditions including payment of rent and meeting minimum annual expenditure commitments. The inability to meet these conditions could affect the standing of a tenement or restrict its ability to be renewed.

If a tenement or licence expires, is not renewed or granted, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that tenement.

### **Native title and land access**

The Native Title Act 1993 (Cth) recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is a significant uncertainty associated with native title in Australia and this may impact upon the Company's operations and future plans.

It is important to note that the existence of a native title claim is not an indication that native title in fact exists to the land covered by the claim, as this is a matter ultimately determined by the Federal Court. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner) or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

The Company must also comply with Aboriginal heritage legislation requirements which require heritage survey work to be undertaken ahead of the commencement of mining operations.

### **Environmental**

The Company's Projects are subject to State and Federal laws and regulations regarding environmental matters. The Governments and other authorities that administer and enforce environmental laws and regulations determine these requirements. As with all exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly, any further mine development or mining. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits.

Further, the Company may require additional approvals from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

### **Legal Proceedings and Toll Treatment Agreement Dispute**

Legal proceedings may arise from time to time in the course of the business of the Company. As at the date of this Offer Document, other than the disputes referred to below, there are no material legal proceedings or disputes affecting the Company and the Directors are not aware of any legal proceedings pending or threatened against or affecting the Company.

The Company refers to ASX announcements of 29 March 2018, 23 April 2018 and 31 July 2018. The Company is in dispute concerning a now terminated toll treatment agreement. The Company is claiming that an amount is still owed to the Company by Eastern Goldfields Mining Services pursuant to the toll treatment agreement. The amount owing is still to be quantified.

Johannes Norregaard (the plaintiff) has commenced an action in the Supreme Court of Western Australia against the Company and Brimstone Resources Ltd as the then joint venture participants in the Penny's Find Project. The plaintiff is seeking damages relating to his engagement as the Project Manager of the Penny's Find Project. Both the Company and Brimstone Resources Ltd are defending the action, which is not yet listed for trial.

### **Toll Treatment of Ore**

Any ore mined from the Penny's Find Project is intended to be toll treated by a third party at a mill treatment operation. The Company will need to contract for such services.

### **Insurance**

The Company may maintain insurance within ranges of coverage that it believes to be consistent with industry practice and having regard to the nature of activities being conducted. However, it is not always possible to cost-effectively insure against all risks associated with such activities. The Company may decide not to take out insurance against certain risks as a result of high premiums or for other reasons. Should liabilities arise on uninsured risks, the Company's business, financial condition and results of operations and the market price of the Shares may be materially adversely affected.



## **Climate Change Regulation**

Mining of mineral resources is relatively energy intensive and is dependent on the consumption of fossil fuels. Increased regulation and government policy designed to mitigate climate change may adversely affect the Company's cost of operations and adversely impact the financial performance of the Company.

### **5.3 General investment risks**

#### **Securities investments and share market conditions**

There are risks associated with any securities investment. The trading prices of securities trade fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for resource exploration and development companies may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

#### **Economic risk**

Changes in both Australia and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings.

#### **Legislative**

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies may adversely affect the financial performance of the Company.

## 6. ACTION REQUIRED BY SHAREHOLDERS

### 6.1 Acceptance of Offer

The number of New Shares to which you are entitled is shown on the Entitlement Form accompanying this Offer Document. If you are an Eligible Shareholder, you may:

- Take up your Entitlement in full or in part; or
- Allow your Entitlement to lapse.

Acceptance of the Offer must not exceed the Entitlement as shown on the Entitlement Form. However, you may apply for Shortfall Shares in accordance with Section 3.10 if you take up your Entitlement in full. The Directors reserve the right to reject any applications for New Shares that are not made in accordance with the terms of this Offer Document or the instructions on the Entitlement Form. Fractional Entitlements to Shares will be rounded up.

### 6.2 Taking up your Entitlement in full or in part

If you wish to accept your Entitlement in full or in part either:

- Complete the Entitlement Form for the number of New Shares you wish to take up in accordance with the instructions on the form. Return your completed form, together with the Application Money to the Company's share registry (see Section 6.5 below). It must be received by no later than the Closing Date (5pm WST on 29 November 2018).

OR

- Make a payment of 1 cent for each New Share you wish to apply for by BPAY in accordance with the instructions on the Entitlement Form by no later than the Closing Date (5pm WST on 29 November 2018).

If you take up your Entitlement in full, you may apply for further New Shares as part of the Shortfall in accordance with Section 3.10.

### 6.3 Allowing your Entitlement to lapse

If you do not wish to take up any of your Entitlement under the Offer, then you do not need to take any action. If you do nothing then your Entitlement will lapse. The New Shares not subscribed for will form part of the Shortfall.

Although you will continue to own the same number of Shares, your percentage shareholding in the Company will be diluted.

### 6.4 Payment for New Shares

The issue price of 1 cent per New Share is payable in full on application.

All payments are to be made in Australian currency by cheque or by BPAY.

Cheques should be drawn on an Australian branch of a financial institution, made payable to "*Empire Resources Limited*" and crossed "*Not Negotiable*".

BPAY payments should be made in accordance with the instructions on the Entitlement Form using the BPAY Biller Code and Customer Reference Number shown on the form. You are not required to return the Entitlement Form if you use BPAY to pay the Application Money. You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment. You should take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY are received by the Closing Date. The Customer

Reference Number is used to identify your holding. If you have multiple holdings you will receive multiple Customer Reference Numbers. You must use the Customer Reference Number shown on each Entitlement Form to pay for each holding separately. If you pay by BPAY and do not pay your full Entitlement, your remaining Entitlement will lapse. Your completed BPAY acceptance, once paid, cannot be withdrawn. We do not accept any responsibility for incorrectly completed BPAY payments.

## 6.5 Address details and enquiries

Completed Entitlement Forms and cheques for the Application Money (if not paying by BPAY) should be mailed to the postal address or delivered by hand to the delivery address set out below by no later than the Closing Date (5pm WST on 29 November 2018):

<b>Postal address:</b>	<b>Delivery address:</b>
Empire Resources Limited PO Box 52 Collins Street West VIC 8007	Empire Resources Limited Suite 913, Exchange Tower 530 Little Collins Street MELBOURNE VIC 3000

You should ensure that your Entitlement Form (and Application Money) is sent early to ensure that they arrive at the postal or delivery address specified above by the Closing Date. If we receive your Entitlement Form after the Closing Date, the Directors may, at their discretion, accept or reject your Application. If we reject your Application, we will refund your Application Money in full without interest

If you have any questions about the Rights Issue or how to complete your Entitlement Form, please contact the Company Secretary.

## 6.6 Issue of New Shares and quotation on ASX

New Shares under the Rights Issue will be issued as soon as practicable after the Closing Date. New Shares will be allotted and that transaction confirmation statements will be sent to you. However, if the Closing Date is extended then the date for allotment and posting may also be extended.

Application for official quotation by ASX of the New Shares offered under this Offer Document has been made. If permission for quotation is not granted by ASX, the New Shares will not be allotted and Application Money will be refunded (without interest) as soon as practicable.

It is your responsibility to confirm your holdings before trading in New Shares. Any person who sells New Shares before receiving confirmation of their holding will do so at their own risk. The Company and the share registry disclaim all responsibility to any person who trades in New Shares before receiving their confirmation statement.

Application Money will be held in trust in a separate bank account on behalf of each Eligible Shareholder until the New Shares are issued. If necessary, Application Money will be refunded as soon as reasonably practicable, without interest. Interest earned on the Application Money will be retained by the Company, regardless of whether New Shares are issued under the Offer.

The Directors may at any time decide to withdraw this Offer Document and the offers made under the Rights Issue, in which case the Company will return all Application Money (without interest) as soon as practicable.

## 6.7 Excluded Shareholders

The Offer under the Rights Issue is not extended to Excluded Shareholders (any Shareholder whose registered address on the Record Date is situated outside Australia or New Zealand). The Rights Issue does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

In making this decision, the Directors have taken into account the small number of Excluded Shareholders and the cost and administrative complexity of complying with applicable regulations in jurisdictions outside Australia and New Zealand.

The New Shares are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand.

This Offer Document has not been registered, filed with or approved by any New Zealand regulatory authority. This Offer Document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Eligible Shareholders holding Shares on behalf of persons who are resident outside Australia or New Zealand (including nominees, custodians and trustees) are responsible for ensuring that any dealing with their Entitlement and any New Shares issued do not breach the laws and regulations in the relevant overseas jurisdiction, and should seek independent professional advice and observe any applicable restrictions relating to the taking up of Entitlement or the distribution of this Offer Document or the Entitlement Form.

The making of an Application (whether by the return of a duly completed Entitlement Form or the making of a BPAY payment or otherwise) will constitute a representation that there has been no breach of such laws or regulations. Shareholders who are nominees, custodians or trustees are therefore advised to seek independent advice as to how they should proceed.

## 6.8 **Taxation**

There may be taxation implications in relation to the Rights Issue and subscribing for New Shares. These taxation implications vary depending on your individual circumstances.

You should seek and rely on your own taxation advice regarding an investment in the Company. Neither the Company nor any of its officers, employees, agents and advisers accepts any liability or responsibility with respect to the taxation consequences connected with the Rights Issue or the New Shares.

## 7. GLOSSARY

Where the following terms are used in this Offer Document they have the following meanings:

<b>Applicant</b>	A person who makes an Application.
<b>Application</b>	An application to subscribe for New Shares under this Offer Document.
<b>Application Money</b>	Money payable by Eligible Shareholders in respect of New Shares applied for under this Offer Document.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as applicable.
<b>Board</b>	The board of directors of the Company.
<b>Closing Date</b>	The last day for payment and return of Entitlement Forms, being 5.00pm (WST) on 29 November 2018 or such other date as may be determined by the Directors.
<b>Company</b>	Empire Resources Limited (ACN 092 471 513).
<b>Constitution</b>	The constitution of the Company.
<b>Corporations Act</b>	Corporations Act 2001 (Cth).
<b>Director</b>	A director of the Company.
<b>Eligible Shareholder</b>	Shareholders with a registered address in Australia or New Zealand as at the Record Date.
<b>Entitlement</b>	The number of New Shares that an Eligible Shareholder may apply for under the Offer, as determined by the number of Shares held on the Record Date.
<b>Entitlement Form</b>	The entitlement and acceptance form accompanying this Offer Document.
<b>Excluded Shareholder</b>	A Shareholder whose registered address is not in Australia or New Zealand.
<b>Full Subscription</b>	The maximum amount to be raised under the Offer being the sum of \$1,610,672 assuming no existing Options are exercised.
<b>Issue Price</b>	1 cent per New Share.
<b>Lead Manager</b>	The Underwriter.
<b>Listing Rules</b>	The official listing rules of ASX, as amended or waived by ASX from time to time.
<b>Minimum Subscription</b>	The sum of \$1,310,981.

<b>New Share</b>	A Share to be issued under this Offer Document.
<b>Offer</b>	The offer to Eligible Shareholders of New Shares under the Rights Issue.
<b>Offer Document</b>	This offer document.
<b>Option</b>	An option to acquire a Share.
<b>Record Date</b>	5.00pm (WST) on 12 November 2018.
<b>Rights Issue</b>	The pro-rata non-renounceable offer conducted pursuant to this Offer Document under which up to approximately 161,067,158 New Shares will be offered to Eligible Shareholders on the basis of 1 New Share for every 3 Shares held at the Record Date at the Issue Price.
<b>Share</b>	A fully paid ordinary share in the Company.
<b>Shareholder</b>	A registered holder of Shares.
<b>Shortfall</b>	The number of New Shares not applied for under the Rights Issue before the Closing Date.
<b>Underwriter</b>	Mac Equity Partners Pty Ltd (ACN 126 369 640) (AFSL 338731).
<b>Underwriting Agreement</b>	The underwriting agreement between the Company and the Underwriter.
<b>Underwritten Amount</b>	The sum of \$1,135,000.
<b>WST</b>	Western Standard Time.