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ASX Release

BINDING TERM SHEET EXECUTED FOR SALE OF PENNY'S FIND MINING LEASE FOR \$600,000 AND ROYALTY STREAM

WA gold producer and explorer, Empire Resources Limited ('Empire', ASX code: ERL) is pleased to advise the sale of its Penny's Find gold mine 45 km northeast of Kalgoorlie (Figure 1) in a cash and royalty transaction. The Company retains upside from ownership of highly prospective tenements surrounding and north of the Penny's Find mine lease (Figure 2).

Details of the sale include:

- Empire has signed a binding Term Sheet to sell 100% of its Penny's Find Mine Tenements to WA minerals project developer, Orminex Limited ('Orminex', ASX code: ONX) via the Orminex subsidiary Orminex Penny's Find Pty Ltd ('OPF')
- Consideration for the deal includes a tiered \$600,000 cash payment to Empire by Orminex in three equal milestones as set out below
- Empire will also receive royalty payments consisting of a 5% net smelter royalty (NSR) on the first 50,000 ounces of gold recovered. After the first 50,000 ounces of gold, the NSR reverts to a 2.5% of gold recovered for the life of mine. Orminex will pay all State royalties
- ERL retains full ownership and all rights to 32 km² of highly gold prospective exploration tenements within the broader Penny's Find project but outside of the mining area now sold to Orminex (Figure 2)
- Prepayments of royalty apply if mining has not commenced within an agreed time frame or ceases for an extended period of time
- The Term Sheet is subject to full form legal documentation being signed within 30 days and to any necessary ASX (obtaining shareholder approval if ASX determine listing rule 11.2 is applicable), ASIC, Shareholder or other Regulatory requirements

Empire's Managing Director, Mr David Sargeant:

"The sale of the Penny's Find mining leases is a timely disposal as on completion it provides to Empire a cash injection and the ability to participate in the royalty stream resulting from an earlier development of the project in a strong gold price regime than would otherwise have been possible with Empire's current limited cash reserves. The income from the transaction will enable Empire to explore on its very prospective Penny's North Tenements (Figure 2) building on our existing knowledge of that area's prospectivity and gold mining potential. It will also enable the Company to explore at the Yuinmery project to expand the already significant copper-gold resources previously defined by the Company at that project."

The cash component consists of \$600,000 from Orminex broken into three equal milestone payments; on signing of full form documents, upon commencement of mining at the Penny's Find project and at the first gold pour.

Empire established the open-pit and underground gold resources at Penny's Find, electing to mine the near-surface inventory to completion, before putting the project on hold to evaluate options for its development or sale.

DAVID SARGEANT
MANAGING DIRECTOR
March 2019

For further information on the Company,
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Figure 1 - Project Location Map

