

ACN 092 471 513

13 October 2016

ASX Release

DEVELOPMENT BOOST FOR NEW PENNY'S FIND GOLD MINE AS MINING CONTRACTOR APPOINTED

Empire Resources Limited ('Empire', ASX code: ERL) is today pleased to announce it has reached agreement to enter into a mining contract and payment arrangements with Perth-based national civil, mining and construction services provider, NRW Civil and Mining ('NRW', ASX code: NWH).

NRW will undertake all open pit mining operations at the new Penny's Find gold mine located 50 kilometres northeast of Kalgoorlie, WA.

Under the terms of the agreement, Empire will now have sufficient funds to conduct mining activities through to the commencement of gold production.

"The agreement with NRW Holdings now ensures the Penny's Find gold project has adequate working capital for initial mining of the open pit," Empire's Managing Director, David Sargeant said today.

"With site works already underway and mining commencing next month, gold ore treatment through the contracted third party processor, Lakewood Mill at Kalgoorlie, is anticipated to start in early 2017," Mr Sargeant said

In return for providing delayed payment arrangements for mining and as an incentive to provide best mining practice, once all outstanding considerations have been fully repaid NRW will earn a 9.5% gold royalty for the life of the open pit.

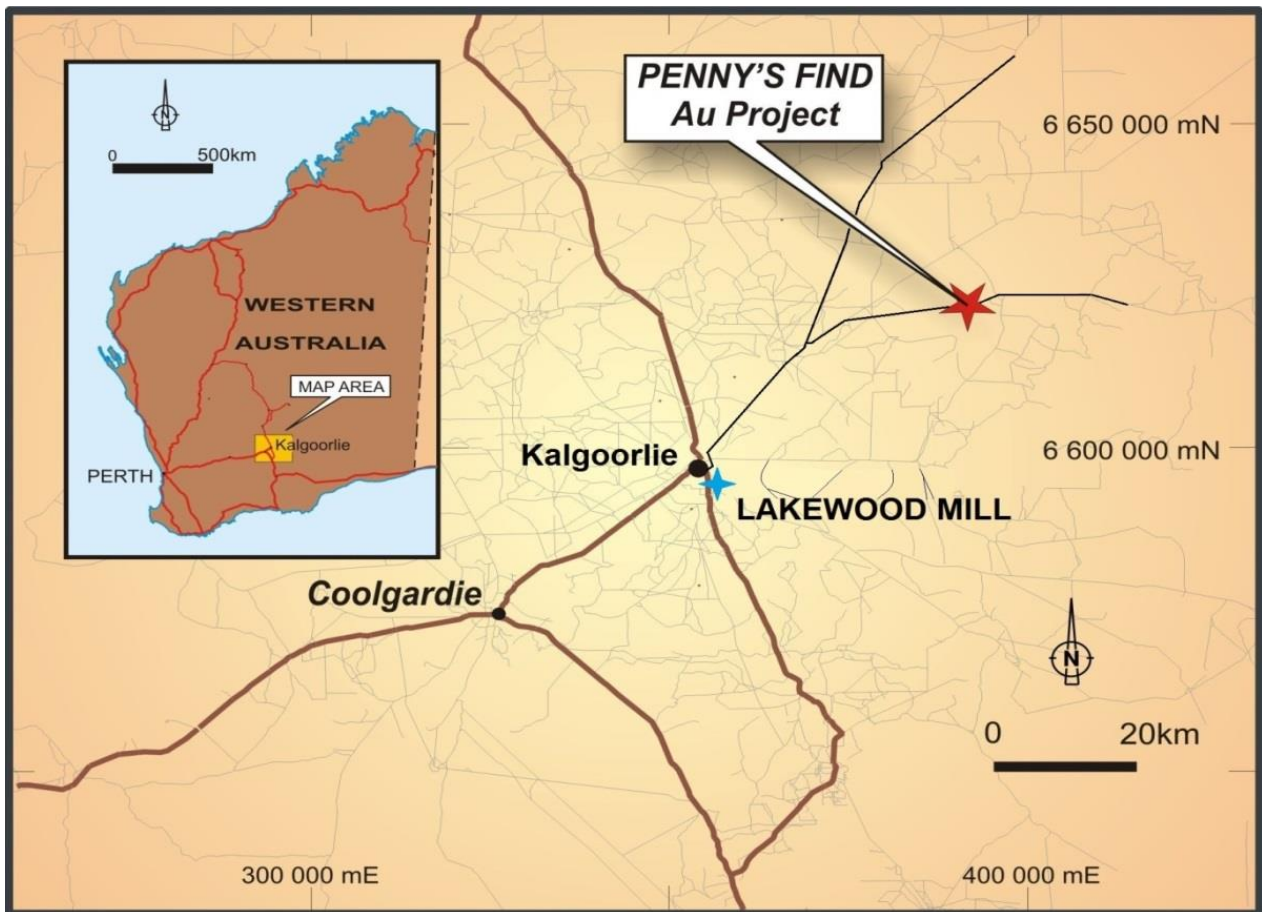


Figure 1 – Location of Penny's Find Project

The agreement provides for:

- NRW to defer costs to Empire from the initial mine start up to a maximum of four months.
- NRW, as the mining contractor, will commence mining activities immediately on completion of the Kurnalpi - Pinjin road diversion currently being undertaken on site (the current roadway traverses the planned open pit area), and establishment of the mine infrastructure.

The Empire – NRW agreement covers only the mining operations of the open pit and is subject to final legal documentation.

Empire has engaged Hampton Mining and Civil Services of Kalgoorlie to re-align the Kurnalpi - Pinjin Road with substantial progress already made.

The 1.8 km re-alignment is due to be completed by the end of October 2016 with mining of the open pit to commence thereafter.

Agreement has also been reached with the owners of the old May Day open pit, located 13 km north of Penny's Find, to extract water for use in road construction.

Penny's Find, in which Empire has a 60% stake, is in the heart of Western Australia's prolific Eastern Goldfields, with its gold inventory reserve of around 146,000 tonnes grading 4.62 grams per tonne gold, hosted within just the first 80 metres from surface.

Penny's Find's Bankable Feasibility Study earlier this year (based on a gold price of A\$1,500/oz) found that just the open pit operation alone would generate in the order of \$7.6 million in free cash flow in less than a year. For every \$100 increase in the price of gold above A\$1,500, the open pit would generate an additional \$2 million free cash flow.

Empire is working to eventually take the mine underground as Penny's Find's gold mineralisation extends to at least 250m depth where it remains open with a current known deeper resource inventory of 170,000 tonnes @ 5.40g/t Au beneath the open pit. A detailed update on this is expected to be provided to the market during the December Quarter.

DAVID SARGEANT
MANAGING DIRECTOR
October 2016

For further information on the Company,
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Competent Persons Statements

Mineral Resources

The information in this release concerning the Mineral Resources for the Penny's Find Deposit have been estimated by Mr Peter Ball B.Sc who is a director of DataGeo Geological Consultants and is a member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Ball has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and qualifies as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Ball consents to the inclusion in this public release of the matters based on his information in the form and context in which it appears.

Ore Reserves

The scientific and technical information in this report that relates to Ore Reserves estimates for the Penny's Find Project is based on information compiled by Mr Roselt Croeser, an independent consultant to Empire Resources Limited. Mr Croeser is a Member of the Australasian Institute of Mining and Metallurgy. Mr Croeser has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Croeser consents to the inclusion in the report of the matters related to the Ore Reserve estimate in the form and context in which it appears.

Reportable In Situ Mineral Resource by location and cut-off						
	Open Cut (0.5g/t)		Underground (1.5g/t)		Combined	
Class	Tonnes	Au g/t	Tonnes	Au g/t	Tonnes	Au g/t
Measured	-	-	-	-	-	-
Indicated	218,000	4.64	84,000	4.90	302,000	4.71
Inferred	82,000	1.79	86,000	5.89	168,000	3.89
TOTAL	300,000	3.86	170,000	5.40	470,000	4.42

PENNY'S FIND OPEN PIT ORE RESERVE - FEBRUARY 2016			
DESCRIPTION	TONNES	GRADE	GOLD TO
		g/t Au	MILL (ozs)
PROVED	-	-	-
PROBABLE	146,000	4.62	21,700
TOTAL	146,000	4.62	21,700



Penny's Find : Road re-alignment clearing



Penny's Find : Road re-alignment under construction



Penny's Find : Road re-alignment under construction