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ASX Release

PENNY'S FIND GOLD MINE LAKEWOOD MILLING RESULTS TO DATE

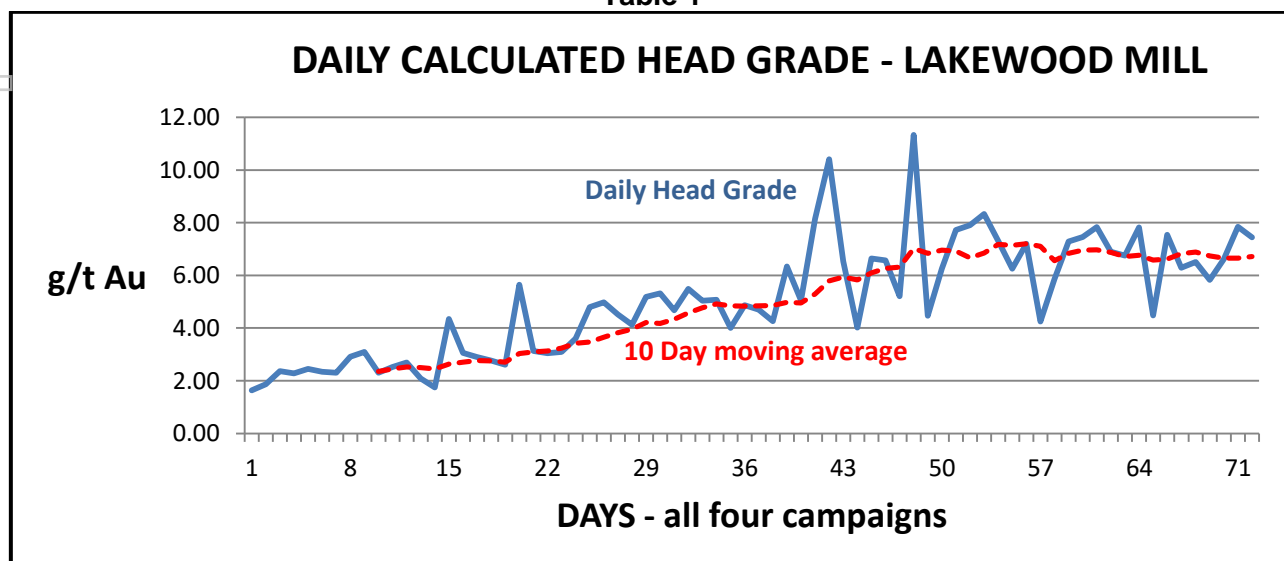
Empire Resources Ltd (ASX code:ERL), on behalf of the Penny's Find Joint Venture, has received most reconciliations from the Lakewood Mill and Perth Mint regarding the fourth ore treatment campaign undertaken from the recently completed Penny's Find open pit.

Details of this fourth treatment campaign through the Lakewood Mill at Kalgoorlie- Boulder, WA are as follows:

- **28,134** dry tonnes processed
- Average calculated head grade of **6.68g/t Au**
- Total gold recovered was **5,520oz***
- Average total gold recovery was **91.6%**, with **68.4%** recovered by gravity
- Average price per ounce received was **A\$1,745.30**
- Total gold sales amounted to **A\$9.3 million** received to date

* Includes gold poured and gold retained on carbon the value of which is paid by the mill to the PFJV partners

Table 1



Furthermore the Company confirms that subsequent to the release of the March 2018 quarterly report:-

- total revenue receipts by the Penny's Find Joint Venture ("PFJV") since 1 April 2018 from the Lakewood campaign are \$9.3 million, up until 30 May, 2018;

- ERL's current cash balance is \$0.8M (which includes 60% of the PFJV balance of \$0.702M);

- all outstanding monies owed to Blue Cap Mining Pty Ltd, under the provisions of the Funding Agreement dated 16 August 2017, and other major project operatives, arising from the development and mining of the Penny's Find mine, have been paid .

- the PFJV has distributed \$1.2 million to the JV partners, Empire Resources Ltd and Brimstone Resources Ltd ("Brimstone");

- given the revenue receipts to 30 May 2018, and any further income that arises following the completion of the reconciliation from the Lakewood Mill campaign, including any settlement funds from Burbanks, the Company expects to have positive operating cash flows for the June 2018 quarter;

- should the need arise to raise further cash to fund its operations:

- the Company retains its share placement capacity under the listing rules and could issue up to 120 million new shares;
- Brimstone owes ERL approximately \$1.1 million for unfunded contributions and interest relating to development costs for the Penny's Find mine. Payment of the debt is due in full on or before 6 June 2018;
- the Company owns 7 million shares in FYI Resources Ltd ("FYI"). As announced on 28 May 2018, in consideration of the payment of an option fee of \$80,000 by the grantee, ERL has granted an exclusive right during the option term of six months for these shares to be acquired at a minimum of 12 cents per share; and
- as announced to the ASX on 29 March 2018, dispute resolution proceedings have commenced between Empire and Eastern Goldfields Milling Services (EGMS), operators of the Burbanks Mill at Coolgardie, where ERL is seeking to recover in excess of \$830,000 owed to the Company following the processing in October to December 2017 by EGMS of ore from the PFJV.

Based on the above observations, the Company expects to be able to continue its operations and to meet its business objectives as it moves towards:-

- completing the full underground mine feasibility study, which will determine mining reserves available to be extracted from the underground operations directly below the Penny's Find open pit; and
- fulfilling ongoing exploration commitments at its Yuinmery Copper - Gold Project.

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