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# **EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITY**

ABN 32 092 471 513

## **Interim Financial Report**

for the half-year ended 31 December 2014

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**CORPORATE DIRECTORY**

***DIRECTORS***

Tom Revy BAppSc – Chairman  
David Sargeant BSc – Managing Director  
Adrian Jessup BSc(Hons) – Executive Director

***MANAGEMENT***

David Ross BSc(Hons) MSc – Exploration Manager

***COMPANY SECRETARY***

Simon Storm BCom, BCompt(Hons), CA, FGIA

***REGISTERED and PRINCIPAL OFFICE***

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Victoria Park 6100  
Western Australia

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ABN 32 092 471 513

***SHARE REGISTRY***

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
Applecross 6153  
Western Australia

***AUDITOR***

HLB Mann Judd  
Level 4  
130 Stirling Street  
Perth 6000  
Western Australia

***SECURITIES EXCHANGE LISTING***

The Company is listed on the Australian Securities  
Exchange Limited. Home Exchange Perth  
ASX Code: Shares ERL

# EMPIRE RESOURCES LIMITED

## DIRECTORS' REPORT 31 DECEMBER 2014

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### Directors' Report

Your directors submit their report on Empire Resources Limited (the "Company") and its controlled entity ("the Group") for the half-year ended 31 December 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

### Directors

The directors of the Company at any time during or since the end of the half-year were:

Tom Revy  
David Sargeant  
Adrian Jessup

### Review of Operations and Exploration Activities

The Group's loss for the half-year ended 31 December 2014 was \$865,110 (2013: \$759,294).

During the period the principal activities of the Company consisted of mineral exploration and evaluation of properties in Australia and overseas. During the period, Empire Resources Ltd invested in Barola Resources Ltd, a 49% owned company, which is incorporated in Australia. There has been no significant change in these activities during the financial period.

### Dividends

No dividends have been paid during the period and no dividends have been recommended by the directors.

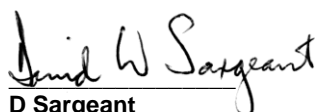
### Events subsequent to reporting date

No matter or circumstance has arisen, since the end of the financial half year, which significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods.

### Auditors Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the interim financial report. This written Auditor's Independence Declaration is set out on page 13 and forms part of this directors' report for the half-year ended 31 December 2014.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s306(3) of the Corporations Act 2001.



**D Sargeant**  
**Managing Director**

Perth, Western Australia  
9<sup>th</sup> March 2015

EMPIRE RESOURCES LIMITED

CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Consolidated	
	31/12/2014 \$	31/12/2013 \$
Interest income	1,503	1,044
Depreciation expense	(1,150)	(2,286)
Exploration expense	(137,228)	(207,763)
Interest expense	(1,152)	-
Employee benefits expense	(5,127)	(13,903)
Management fee expense	(217,800)	(217,800)
Directors fees	(21,000)	(21,000)
Accounting expense	(30,905)	(30,080)
Share-based payment	(53,884)	(54,762)
ASX expense	(14,173)	(16,438)
Corporate relations expense	(36,162)	(49,472)
Insurance expense	(14,280)	(14,908)
Other expenses	(42,541)	(40,077)
Share of loss of equity accounted investees	(291,211)	(91,849)
<b>Loss before income tax</b>	<b>(865,110)</b>	<b>(759,294)</b>
Income tax benefit	-	-
<b>Net loss for the year</b>	<b>(865,110)</b>	<b>(759,294)</b>
Other comprehensive income	-	-
<b>Total comprehensive loss for the year</b>	<b>(865,110)</b>	<b>(759,294)</b>
Basic and diluted loss per share (cents per share)	<b>(0.44)</b>	(0.43)

*The accompanying notes form part of these financial statements.*

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EMPIRE RESOURCES LIMITED

CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2014

	Note	Consolidated	
		31/12/2014	30/06/2014
		\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		416,092	18,152
Trade and other receivables		43,372	110,257
Other financial assets		20,000	20,000
<b>Total Current Assets</b>		<b>479,464</b>	<b>148,409</b>
<b>NON-CURRENT ASSETS</b>			
Investments accounted for using the equity method		41,390	282,600
Plant and equipment		1,997	3,147
<b>Total Non-Current Assets</b>		<b>43,387</b>	<b>285,747</b>
<b>TOTAL ASSETS</b>		<b>522,851</b>	<b>434,156</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		709,700	400,252
<b>Total Current Liabilities</b>		<b>709,700</b>	<b>400,252</b>
<b>TOTAL LIABILITIES</b>		<b>709,700</b>	<b>400,252</b>
<b>NET ASSETS</b>		<b>(186,849)</b>	<b>33,904</b>
<b>EQUITY</b>			
Issued capital	7	17,760,576	17,170,103
Reserves		1,065,911	1,012,027
Accumulated losses		(19,013,336)	(18,148,226)
<b>TOTAL EQUITY</b>		<b>(186,849)</b>	<b>33,904</b>

*The accompanying notes form part of these financial statements.*

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EMPIRE RESOURCES LIMITED

CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Consolidated			
	Issued Capital \$	Accumulated Losses \$	Option Reserves \$	Total \$
<b>Balance at 1 July 2013</b>	16,970,103	(17,265,723)	904,259	608,639
Shares issued during the year	216,000	-	-	216,000
Share-based payments	-	-	54,762	54,762
Equity issue expenses	(16,000)	-	-	(16,000)
Loss for the year	-	(759,294)	-	(759,294)
<b>Balance at 31 December 2013</b>	<b>17,170,103</b>	<b>(18,025,017)</b>	<b>959,021</b>	<b>104,107</b>
<b>Balance at 1 July 2014</b>	<b>17,170,103</b>	<b>(18,148,226)</b>	<b>1,012,027</b>	<b>33,904</b>
Shares issued during the year	599,000	-	-	599,000
Share-based payments	-	-	53,884	53,884
Equity issue expenses	(8,527)	-	-	(8,527)
Loss for the year	-	(865,110)	-	(865,110)
<b>Balance at 31 December 2014</b>	<b>17,760,576</b>	<b>(19,013,336)</b>	<b>1,065,911</b>	<b>(186,849)</b>

The accompanying notes form part of these financial statements.

**EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITY**

**CONDENSED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	Consolidated	
	31/12/2014 \$	31/12/2013 \$
<b>Cashflows from Operating Activities</b>		
Payments to suppliers and employees	(205,884)	(234,546)
Interest received	1,503	1,044
Interest expense	(1,152)	-
Other - R&D tax offset	97,891	-
<b>Net cash used in operating activities</b>	<b>(107,642)</b>	<b>(233,502)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of plant and equipment	-	(1,818)
Payment for investment in associate	(50,000)	-
Exploration and evaluation expenditure	(38,120)	(97,265)
<b>Net cash used in investing activities</b>	<b>(88,120)</b>	<b>(99,083)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issue of equity securities	599,000	200,000
Equity securities issue costs	(5,298)	(16,000)
<b>Net cash provided by financing activities</b>	<b>593,702</b>	<b>184,000</b>
<b>Net increase/ (decrease) in cash held</b>	<b>397,940</b>	<b>(148,585)</b>
Cash at the beginning of the financial year	18,152	197,857
Cash at the end of the financial year	416,092	49,272

*The accompanying notes form part of these financial statements.*

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# EMPIRE RESOURCES LIMITED

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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### 1. Statement of Significant Accounting Policies

#### Statement of Compliance

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2014 (which is available upon request from the Company's registered office at 53 Canning Highway, Western Australia 6100 or at [www.resourceempire.com.au](http://www.resourceempire.com.au)) and any public announcements made by Empire Resources Ltd and its controlled entity during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

#### Basis of preparation

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

#### Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2014.

#### Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2014, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company's operations and effective for annual reporting periods beginning on or after 1 July 2014.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company and, therefore, no change necessary to Group accounting policies.

The Directors have reviewed all new Standards and Interpretation that have been issued but are not yet effective for the half-year ended 31 December 2014. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company and, therefore, no change necessary to Group accounting policies.

# EMPIRE RESOURCES LIMITED

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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### 1. Statement of Significant Accounting Policies (continued)

#### Going Concern

As disclosed in the Statement of Comprehensive Income, the Group recorded operating losses of \$865,110 (2013:\$ 759,294) for the half-year and as disclosed in the Statement of Cash Flows, the Group recorded cash outflows from operating activities of \$107,642 (2013:\$233,502) and cash outflows from investing activities of \$88,120 (2013:\$99,083) and a cash inflow from financing activities of \$593,702 (2013: \$184,000). After consideration of these financial conditions, the Directors have assessed the following matters in relation to the adoption of the going concern basis of accounting by the Group:

- The Group has successfully completed a capital raising during the half-year as disclosed in Note 7 and has the ability to continue doing so on a timely basis, pursuant to the Corporations Act 2001, as is budgeted to occur in the twelve month period from the date of this financial report;
- The Group has working capital deficit of \$230,236 (30/6/14: \$251,843) at balance date and retains the ability to scale down their operations to conserve cash, in the event that the capital raisings are delayed or reduced; and
- The Group has the ability, if required, to undertake mergers, acquisitions or restructuring activity or to wholly or in part, dispose of interests in investments, mineral exploration and development assets.

The directors also anticipate that a further equity raising will be required and will be completed in 2015. Should this equity raising not be completed, there is a material uncertainty that may cast significant doubt as to whether the Group will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

#### 2. Related Parties

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2014 annual financial report.

#### 3. Segment Reporting

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Empire Resources Ltd.

Consistent with prior year, the Group operates only in one business and geographical segment being predominantly in the area of mining and exploration in Australia. The Group considers its business operations in mineral exploration to be its primary reporting function.

#### 4. Dividends

No dividends were paid or declared payable during or since the half-year.

#### 5. Contingent Liabilities

There has been no change in contingent liabilities of the company or the Group since the last annual reporting date.

#### 6. Events Subsequent to Reporting Date

No matter or circumstance has arisen, since the end of the financial half year, which significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods.

**EMPIRE RESOURCES LIMITED**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**7. Issued capital**

**(a) Ordinary shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares. On a show of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

	Consolidated	
	31/12/2014 \$	30/06/2014 \$
249,201,475 (2014: 182,645,921) fully paid ordinary shares	<b>17,760,576</b>	17,170,103

	Consolidated	
	Six months ended 31/12/2014 No.	Year ended 30/06/2014 No.
<b>(i) Ordinary shares - number</b>		
At beginning of period	<b>182,645,921</b>	171,645,921
Share placement - 10,000,000 on 20 September 2013 at \$0.02	-	10,000,000
Shares issued pursuant to a Farm-in and JV Agreement - 1,000,000 on 17 December 2013 at \$0.016	-	1,000,000
Share placement - 16,666,666 on 23 October 2014 at \$0.009	<b>16,666,666</b>	-
Share placement - 16,666,666 on 3 November 2014 at \$0.009	<b>16,666,666</b>	-
Share placement - 11,111,111 on 20 November 2014 at \$0.009	<b>11,111,111</b>	-
Share placement - 11,000,000 on 9 December 2014 at \$0.009	<b>11,000,000</b>	-
Share placement - 11,111,111 on 31 December 2014 at \$0.009	<b>11,111,111</b>	-
<b>Balance at end of period</b>	<b>249,201,475</b>	182,645,921

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**EMPIRE RESOURCES LIMITED**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**7. Issued capital (continued)**

	Consolidated	
	Six months ended 31/12/2014 \$	Year ended 30/06/2014 \$
<b>(ii) Ordinary shares – value</b>		
At beginning of period	<b>17,170,103</b>	16,970,103
Share placement - 10,000,000 on 20 September 2013 at \$0.02	-	200,000
Shares issued pursuant to a Farm-in and JV Agreement - 1,000,000 on 17 December 2013 at \$0.016	-	16,000
Share placement - 16,666,666 on 23 October 2014 at \$0.009	<b>150,000</b>	-
Share placement - 16,666,666 on 3 November 2014 at \$0.009	<b>150,000</b>	-
Share placement - 11,111,111 on 20 November 2014 at \$0.009	<b>100,000</b>	-
Share placement - 11,000,000 on 9 December 2014 at \$0.009	<b>99,000</b>	-
Share placement - 11,111,111 on 31 December 2014 at \$0.009	<b>100,000</b>	-
Less share issue costs	<b>(8,527)</b>	(16,000)
<b>Balance at end of period</b>	<b>17,760,576</b>	<b>17,170,103</b>

**(b) Options**

As at 31 December 2014 (30 June 2014: 33,000,000) the Company had the following options on issue over ordinary shares:-

Grant Date	Date of Expiry	Exercise Price \$	Number under Option
27-Jun-13	31-Aug-16	0.04	10,000,000
28-Jun-13	31-Aug-16	0.05	10,000,000
29-Jun-13	31-Aug-16	0.06	10,000,000
			<u>30,000,000</u>

**8. Commitments**

In May 2013, the Company entered into an agreement with William Buck Financial Services (WA) Pty Ltd to provide corporate advisory services. Pursuant to this agreement, the company will pay: a monthly retainer, success fees of up to 5% based upon increases in market capitalisation and for transactions introduced and implemented, capital raising fees of up to 6% at normal commercial rates and an options package of 30 million unlisted options linked to improvements in the Company's share price.

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## EMPIRE RESOURCES LIMITED

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### DIRECTORS' DECLARATION

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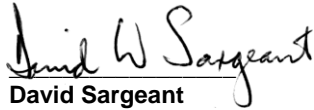
In the opinion of the Directors of Empire Resources Limited ("Company"):

1. The financial statements and notes as set out on pages 4 to 11 are in accordance with the Corporations Act 2001, including:

- a) complying with Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- b) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year then ended.

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed made in accordance with a resolution of the Board of Directors made pursuant to s303(5) of the Corporations Act 2001.



**David Sargeant**  
**Managing Director**

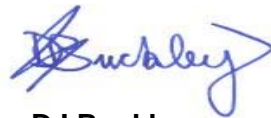
Perth, Western Australia  
9<sup>th</sup> March 2015

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the consolidated financial report of Empire Resources Limited for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

**Perth, Western Australia  
9 March 2015**



**D I Buckley  
Partner**

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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Empire Resources Limited

### Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Empire Resources Limited ("the company"), which comprises the condensed statement of financial position as at 31 December 2014, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

#### *Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Empire Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

***Emphasis of Matter***

Without qualifying our opinion, we draw attention to Note 1 in the half-year financial report which indicates that the directors anticipate that a further equity raising will be required and will be completed in 2015. Should the equity raising not be completed, there is a material uncertainty that may cast significant doubt as to whether the Group will be able to realise its assets and extinguish its liabilities in the normal course of business.



**HLB Mann Judd**  
**Chartered Accountants**



**D I Buckley**  
**Partner**

**Perth, Western Australia**  
**9 March 2015**

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