

**EMPIRE RESOURCES LIMITED  
AND CONTROLLED ENTITY**

ABN 32 092 471 513

**Interim Financial Report**

31 December 2016

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**CORPORATE DIRECTORY**

***DIRECTORS***

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

***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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Website [www.resourcesempire.com.au](http://www.resourcesempire.com.au)  
ABN 32 092 471 513

***SHARE REGISTRY***

Security Transfer Australia 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 2016

### 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 2016. 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 2016 was \$1,227,303 (2015: \$761,079).

During the period the principal activities of the Group consisted of mineral exploration, evaluation and development of properties in Australia. There has been no significant change in these activities during the financial period.

The Company holds a 60% interest and acts as manager in an unincorporated exploration and mining joint venture to explore for, evaluate and mine reserves of gold, nickel and other minerals on the Penny's Find tenements. A feasibility study into mining those reserves has been completed and the joint venture commenced initial mining of overburden at the open pit. The remaining 40% interest is held by unlisted Brimstone Resources Ltd.

### Dividends

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

### Events subsequent to reporting date

In January 2017, the Company entered into a two year option agreement to acquire two copper-gold licences from Evolution Mining (Mungari) Pty Ltd.

In February 2017, The Company received a further \$150,000 loan from a third party.

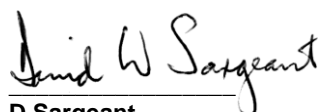
In March 2017, the Company awarded, on behalf of the Penny's Find Joint Venture, a haulage contract to Hampton Transport Services for the cartage of gold ore from the Penny's Find gold mine to the Lakewood Mill.

Other than this, 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 15 and forms part of this directors' report for the half-year ended 31 December 2016.

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  
13<sup>th</sup> March 2017

EMPIRE RESOURCES LIMITED

CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Consolidated	
	31/12/2016 \$	31/12/2015 \$
Revenue - interest income	14,056	254
Net gain on disposal of investment	-	210,131
Interest expense	(11,942)	(15,076)
Depreciation expense	(10,010)	(774)
Exploration expense	(50,584)	(469,363)
Feasibility written back	7,217	-
Pre Mining expense	(874,054)	-
Employee benefits expense	(111,283)	(39,560)
Management fee expense	(126,900)	(217,800)
Directors' fees expense	(21,000)	(21,000)
Accounting expense	(37,160)	(34,005)
Share-based payment	(18,159)	(53,884)
ASX expense	(23,131)	(14,429)
Corporate relations expense	(50,837)	(39,511)
Insurance expense	(12,683)	(13,153)
Other expenses	(7,957)	(52,909)
<b>Loss before income tax</b>	<b>(1,334,427)</b>	<b>(761,079)</b>
Income tax benefit	107,124	-
<b>Net loss for the period</b>	<b>(1,227,303)</b>	<b>(761,079)</b>
Other comprehensive income	-	-
<b>Total comprehensive loss for the period</b>	<b>(1,227,303)</b>	<b>(761,079)</b>
Basic and diluted loss per share (cents per share)	<b>(0.32)</b>	(0.29)

*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 2016

	Note	Consolidated	
		31/12/2016	30/06/2016
		\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		260,611	265,828
Trade and other receivables	8	629,653	89,224
Other financial assets		20,000	20,000
<b>Total Current Assets</b>		<b>910,264</b>	<b>375,052</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		174,967	29,714
<b>Total Non-Current Assets</b>		<b>174,967</b>	<b>29,714</b>
<b>TOTAL ASSETS</b>		<b>1,085,231</b>	<b>404,766</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	958,428	634,347
Borrowings	10	352,850	132,940
Provision for restoration and rehabilitation		167,424	-
<b>Total Current Liabilities</b>		<b>1,478,702</b>	<b>767,287</b>
<b>TOTAL LIABILITIES</b>		<b>1,478,702</b>	<b>767,287</b>
<b>NET (LIABILITIES) / ASSETS</b>		<b>(393,471)</b>	<b>(362,521)</b>
<b>EQUITY</b>			
Issued capital	11	19,610,918	18,572,844
Reserves		1,737,474	1,579,195
Accumulated losses		(21,741,863)	(20,514,560)
<b>TOTAL (DEFICIENCY) / EQUITY</b>		<b>(393,471)</b>	<b>(362,521)</b>

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

EMPIRE RESOURCES LIMITED

CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Consolidated			
	Issued Capital \$	Accumulated Losses \$	Option Reserves \$	Total \$
<b>Balance at 1 July 2015</b>	17,822,941	(18,889,940)	1,118,917	51,918
Shares issued during the period	100,000	-	-	100,000
Share based payment	-	-	53,884	53,884
Equity issue expenses	(7,654)	-	-	(7,654)
Loss for the period	-	(761,079)	-	(761,079)
Other comprehensive income for the	-	-	-	-
<b>Balance at 31 December 2015</b>	<b>17,915,287</b>	<b>(19,651,019)</b>	<b>1,172,801</b>	<b>(562,931)</b>
<b>Balance at 1 July 2016</b>	<b>18,572,844</b>	<b>(20,514,560)</b>	<b>1,579,195</b>	<b>(362,521)</b>
Shares issued during the period	1,260,000	-	-	1,260,000
Share based payment	-	-	18,159	18,159
Options issued for share issue costs	-	-	140,120	140,120
Equity issue expenses	(221,926)	-	-	(221,926)
Loss for the period	-	(1,227,303)	-	(1,227,303)
Other comprehensive income for the	-	-	-	-
<b>Balance at 31 December 2016</b>	<b>19,610,918</b>	<b>(21,741,863)</b>	<b>1,737,474</b>	<b>(393,471)</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 2016

	Consolidated	
	31/12/2016	31/12/2015
	\$	\$
<b>Cash Flows from Operating Activities</b>		
Exploration and evaluation expenditure	(766,555)	(368,889)
Payments to suppliers and employees	(321,790)	(171,646)
Interest received	1,056	254
Interest paid	(9,092)	(14,190)
<b>Net cash used in operating activities</b>	<b>(1,096,381)</b>	<b>(554,471)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of plant and equipment	(63,525)	-
Payments to joint venture on behalf of Brimstone Resources Ltd	(248,000)	-
Proceeds from sale of investment	-	400,000
<b>Net cash (used in) / provided by investing activities</b>	<b>(311,525)</b>	<b>400,000</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issue of equity securities	1,260,000	100,000
Equity securities issue costs	(154,379)	(9,338)
Proceeds from borrowings	350,000	270,000
Repayments of borrowings	(52,932)	(200,000)
<b>Net cash provided by financing activities</b>	<b>1,402,689</b>	<b>160,662</b>
<b>Net (decrease) / increase in cash held</b>	<b>(5,217)</b>	<b>6,191</b>
Cash at the beginning of the period	265,828	119,069
<b>Cash at the end of the period</b>	<b>260,611</b>	<b>125,260</b>

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

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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 2016 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 and methods of computation are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

**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 2016.

**Adoption of new and revised Accounting Standards**

In the half-year ended 31 December 2016, 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 2016.

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 also reviewed all new Standards and Interpretation that have been issued but are not yet effective for the half-year ended 31 December 2016. 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 2016

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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 \$1,227,303 (2015:\$ 761,079) for the half-year and as disclosed in the Statement of Cash Flows, the Group recorded cash outflows from operating activities of \$1,096,381 (2015:\$554,471), cash outflows from investing activities of \$311,525 (2015: inflow \$400,000) and a cash inflow from financing activities of \$1,402,689 (2015: \$160,662). 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 11 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 a working capital deficit of \$568,438 (30/6/16: \$392,235) at balance date and retains the ability to scale down its 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 the first half of 2017. 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 continue as a going concern and therefore whether it will 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 2016 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

The Company has been named as a defendant in a writ issued in the Supreme Court of Western Australia. The writ claims the amount of \$60,000 plus an undefined profit claim and an amount of damages and costs which arises from the termination of arrangements. The Company believes that the claims are entirely without merit and will be vigorously defended.

**EMPIRE RESOURCES LIMITED**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

**6. Events Subsequent to Reporting Date**

In January 2017, the Company entered into a two year option agreement to acquire two copper-gold licences from Evolution Mining (Mungari) Pty Ltd. Empire must meet all expenditure commitments while retaining an option to purchase Evolution Mining (Mungari) Pty Ltd's interest for either a cash or share consideration of \$500,000. A 2% net smelter royalty capped at \$500,000 will be payable by Empire on any minerals produced from the two tenements.

In February 2017, The Company received a further \$150,000 loan from a third party.

In March 2017, the Company awarded, on behalf of the Penny's Find Joint Venture, a haulage contract to Hampton Transport Services for the cartage of gold ore from the Penny's Find gold mine to the Lakewood Mill.

Other than this, 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.

**7. Investments**

**(a) Investments accounted for using the Equity Method**

	Consolidated	
	Six months ended 31/12/2016 \$	Year ended 30/06/2016 \$
Reconciliation of movements in investments accounted for using the equity method:		
Balance at 1 July	-	<b>189,869</b>
Proceeds on sale	-	<b>(400,000)</b>
Profit recognised on sale	-	<b>210,131</b>
Balance at end of period	-	-

Name of entity	Principal activity	Country of incorporation	Ownership interest		Market Value	
			31/12/2016 %	30/06/2016 %	31/12/2016 \$	30/06/2016 \$
Associated entity						
FYI Resources Ltd	Mineral exploration	Australia	<b>13%</b>	14%	<b>468,000</b>	300,000

**(b) Investments in subsidiary**

Controlled entity	Country of incorporation	Percentage Owned 31/12/2016 %	Percentage Owned 30/06/2016 %
	Parent Entity:		
Empire Resources Limited	Australia		
Subsidiary of Empire Resources Limited:			
Torrens Resources Pty Ltd	Australia	<b>100</b>	100

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EMPIRE RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

8. Trade and other receivables

	Consolidated	
	31/12/2016	30/06/2016
	\$	\$
<b>Current</b>		
Trade receivables	173,574	44,770
Payments to JV on behalf of Brimstone Resources Ltd	248,000	-
Other receivables	208,079	44,454
	<b>629,653</b>	<b>89,224</b>

9. Trade and other payables

	Consolidated	
	31/12/2016	30/06/2016
	\$	\$
Trade payables and accruals	736,492	543,209
Employee benefits and GST	221,936	91,138
	<b>958,428</b>	<b>634,347</b>

10. Borrowings

	Consolidated	
	31/12/2016	30/06/2016
	\$	\$
Director loans	150,023	52,932
Other loans (i)	202,827	80,008
	<b>352,850</b>	<b>132,940</b>

(i) The interest rate on the loan is 12% per annum. It is expected the Borrower will repay the loan from the proceeds of a future share placement of ordinary shares. No fixed terms for repayment have been set.

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**EMPIRE RESOURCES LIMITED**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

**11. 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	
	31/12/2016	30/06/2016
	\$	\$
387,201,475 (30/6/2016: 324,201,475) fully paid ordinary shares	<b>19,610,918</b>	<b>18,572,844</b>

	Consolidated	
	Six months ended 31/12/2016 No.	Year ended 30/06/2016 No.
<b>(i) Ordinary shares - number</b>		

At 1 July	<b>324,201,475</b>	259,201,475
Share placement - 10,000,000 on 19 November 2015 at \$0.01	-	10,000,000
Share placement - 10,000,000 on 29 February 2016 at \$0.01	-	10,000,000
Share placement - 5,000,000 on 31 March 2016 at \$0.01	-	5,000,000
Share placement - 30,000,000 on 5 May 2016 at \$0.0125	-	30,000,000
Share placement - 10,000,000 on 22 June 2016 at \$0.02	-	10,000,000
Share placement - 63,000,000 on 18 July 2016 at \$0.02	<b>63,000,000</b>	-
<b>Balance at end of period</b>	<b>387,201,475</b>	<b>324,201,475</b>

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**EMPIRE RESOURCES LIMITED**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

**11. Issued capital (continued)**

	Consolidated	
	Six months ended 31/12/2016 \$	Year ended 30/06/2016 \$
<b>(ii) Ordinary shares – value</b>		
At 1 July	<b>18,572,844</b>	17,822,941
Share placement - 10,000,000 on 19 November 2015 at \$0.01	-	100,000
Share placement - 10,000,000 on 29 February 2016 at \$0.01	-	100,000
Share placement - 5,000,000 on 31 March 2016 at \$0.01	-	50,000
Share placement - 30,000,000 on 5 May 2016 at \$0.0125	-	375,000
Share placement - 10,000,000 on 22 June 2016 at \$0.02	-	200,000
Share placement - 63,000,000 on 18 July 2016 at \$0.02	<b>1,260,000</b>	-
Less share issue costs	<b>(221,926)</b>	(75,097)
<b>Balance at end of period</b>	<b>19,610,918</b>	18,572,844

**(b) Options**

As at 31 December 2016 the Company had the following options on issue over ordinary shares:-

	Number	Weighted average exercise price	Number	Weighted average exercise price
	31/12/2016	31/12/2016	30/06/2016	30/06/2016
Outstanding at the beginning of the year:	<b>53,102,000</b>	<b>\$0.04</b>	30,000,000	\$0.05
Granted 18 July 2016	<b>9,000,000</b>	<b>\$0.04</b>	23,102,000	\$0.04
Expired 31 August 2016	<b>(30,000,000)</b>	<b>\$0.05</b>	-	-
Outstanding at the end of the year	<b>32,102,000</b>	<b>\$0.03</b>	53,102,000	\$0.04

The following share-based payment arrangements were entered into during the half-year.

	Grant Date	Expiry date	Exercise price	Vesting Period	Fair value at grant date of options
<b>Consultant options</b>	18-Jul-16	18-Jul-19	\$0.04	18-Jul-16	\$0.02

## EMPIRE RESOURCES LIMITED

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

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#### 11. Issued capital (continued)

The fair value of the equity-settled share options granted is estimated as at the date of grant using the Black and Scholes model taking into account the terms and conditions upon which the options were granted.

Expected Volatility	Option life	Dividend yield	Risk-free interest rate	Grant date share price
140%	3 years	0%	1.57%	\$0.02

#### 12. Financial Instruments

The fair value of financial assets and liabilities approximate their carrying amounts at balance date.

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## EMPIRE RESOURCES LIMITED

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### DIRECTORS' DECLARATION

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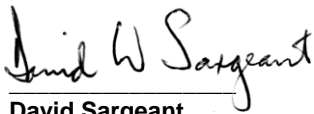
In the opinion of the Directors of Empire Resources Limited ("Company"):

1. The attached financial statements and notes thereto 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 2016 and of its performance for the half-year then ended; and

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  
13<sup>th</sup> March 2017

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**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 2016, 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  
13 March 2017

**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 2016, the condensed statement of comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the Group 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 gives a true and fair view and 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 Group's financial position as at 31 December 2016 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 Group's financial position as at 31 December 2016 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 conclusion, 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 the first half of 2017. 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 continue as a going concern and, therefore, whether it 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**  
**13 March 2017**