

ACN 092 471 513

16 January 2017

ASX Release

OPTION AGREEMENT TO ACQUIRE EVOLUTION MINING'S INTEREST IN COPPER-GOLD PROJECT

Imminent gold miner, Empire Resources Ltd ('Empire', 'Company', ASX code: ERL) has entered in to a two year option agreement (the 'Option Agreement') to acquire from Evolution Mining (Mungari) Pty Ltd ('Evolution Mining'), its interest in two highly prospective copper - gold licences in central Western Australia.

The two granted exploration licences, E57/681 and E57/1027, abut the northern boundary of Empire's wholly-owned and advanced Yuinmery copper-gold project (Figures 1, 2 and 3) and includes the significant **A Zone copper-gold prospect** which lies on the northern boundary.

Empire Managing Director, Mr David Sargeant said "With an imminent cash flow anticipated from gold mining at the Penny's Find project, Empire is keen to advance new exploration targets.

"Further drilling at A Zone should allow Empire to calculate the prospect's maiden resource which will significantly expand the total copper-gold resource base at Yuinmery, greatly improving the overall economics of this project.

"As per our announcement to the ASX on 17 May 2016, Just Desserts prospect hosts an Indicated and Inferred resource of **1.27 million tonnes @ 1.9% Cu, 0.7g/t Au** based on a 1% copper cut-off (Table 1) so we now have a great opportunity in 2017 to enhance the robustness of the overall Yuinmery holding."

Previous exploration on E57/681 has intersected significant copper-gold mineralisation at the **A Zone prospect** situated just 1.3km along strike from Empire's Just Desserts copper-gold deposit.

Better intersections at A Zone prospect include:

- **5m @ 4.4% Cu, 0.4g/t Au within 19m @ 1.9% Cu, 0.3g/t Au** from 160m downhole
- **4m @ 4.5% Cu, 0.5g/t Au within 7m @ 3.2% Cu, 0.5g/t Au** from 192m downhole
- **5m @ 2.8% Cu, 1.2g/t Au within 10m @ 1.8% Cu, 0.9g/t Au** from 222m downhole
- **3m @ 4.0% Cu, 3.3g/t Au within 8m @ 2.4% Cu, 1.3g/t Au** from 275m downhole

Details of the above drilling were reported by Empire in announcements to the ASX on the 16 August, 12 September and 22 December 2011 and on the 6 February 2012.

**Table 1 : Just Desserts Reportable Mineral Resources
April 2016**

Reportable Mineral Resource to a depth of 170m						
Cut-off	Weath	Class	Tonnes	Cu %	Au ppm	Ag ppm
1% Cu	Partial	Indicated	47,000	1.37	0.37	1.09
		Inferred	31,000	2.14	0.22	2.20
		sub-total	78,000	1.68	0.31	1.53
	Fresh	Indicated	752,000	1.65	0.84	1.54
		Inferred	435,000	2.31	0.49	2.81
		sub-total	1,187,000	1.89	0.71	2.01
All	Indicated	799,000	1.63	0.82	1.51	
	Inferred	467,000	2.30	0.47	2.76	
	Total	1,266,000	1.88	0.69	1.97	

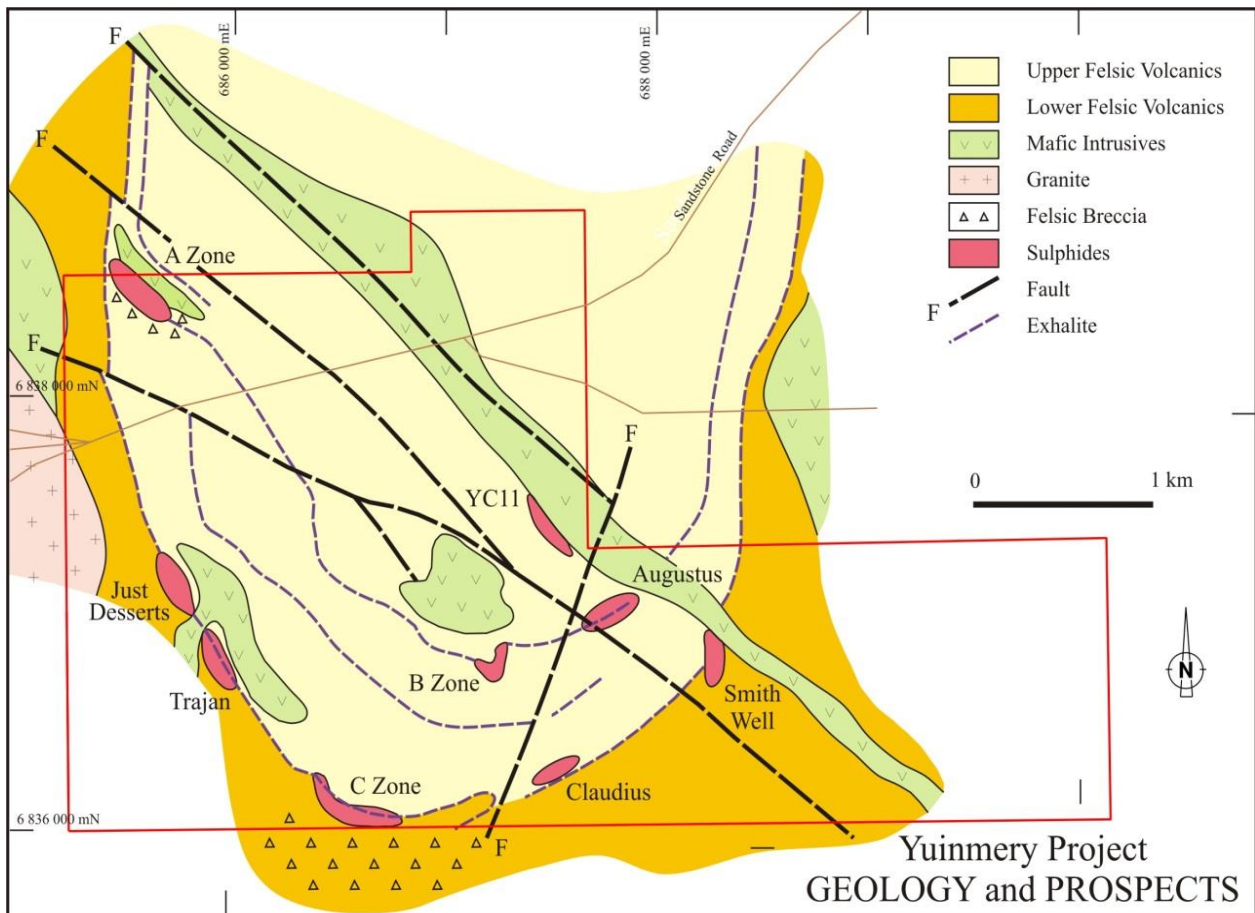


Figure 1

The two exploration licences, E57/681 and E57/1027, are the subject of a joint venture between Evolution Mining and Giralia Resources Pty Ltd, a wholly owned subsidiary of Atlas Iron Ltd. Evolution Mining currently holds an interest of approximately 91% in the joint venture.

Under the Option Agreement, Empire must meet all expenditure commitments while retaining an option to purchase Evolution Mining's interest for either a cash or share consideration of A\$500,000. A 2% net smelter royalty capped at A\$500,000 will be payable by Empire on any minerals produced from the two tenements.

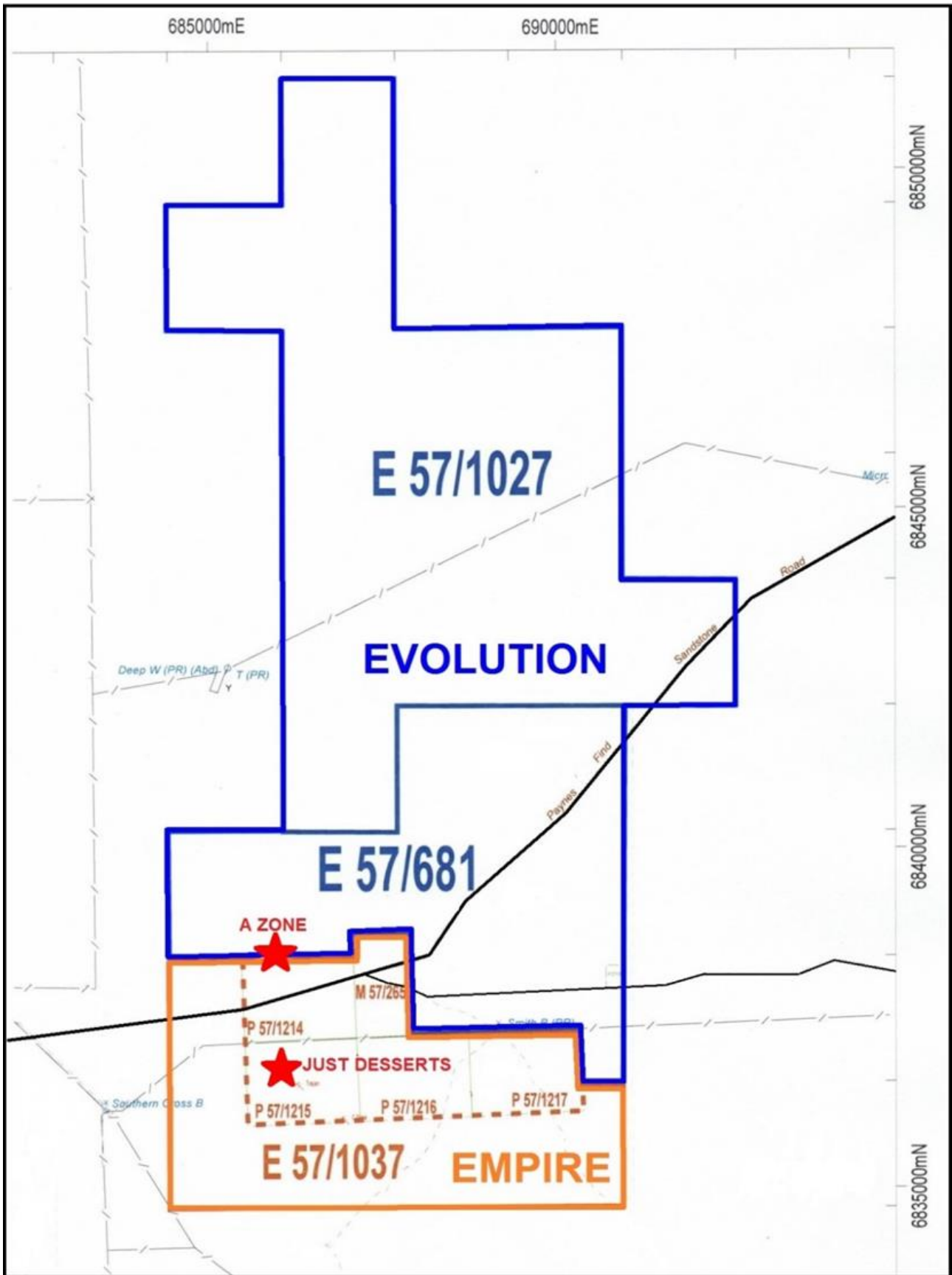


Figure 2 : Yuinmery Tenements



Figure 3: Yuinmery Project Location

DAVID SARGEANT
MANAGING DIRECTOR
January 2017

For further information on the Company
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Competent Persons Statement - Mineral Resource Estimate

The information in this release concerning the Mineral Resources for the Just Desserts/Trajan 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.