

ACN 092 471 513

21 June 2016

ASX Release

## **PENNY'S FIND GOLD MINE BANKABLE FEASIBILITY STUDY COMPLETED**

- **Technically sound and financially viable project generating A\$7.6 million undiscounted free cash flow in less than a year based on A\$1,500/oz**
- **Total cost of production A\$1,086/oz**
- **Every A\$100/oz rise in the gold price over A\$1,500/oz generates extra A\$2 million cash flow**
- **Open pit ore reserve of 146,000 tonnes @ 4.62g/t Au for 21,700 contained ounces**
- **Project based on a single pit to 80m depth using conventional mining techniques and toll treating**
- **Mining on schedule to commence third quarter 2016**
- **Feasibility study commenced on underground extension**

Empire Resources Ltd ('Empire', ASX code: ERL, the "Company") is today pleased to announce the completion of a Bankable Feasibility Study (BFS) for the Penny's Find gold deposit located 50km northeast of Kalgoorlie, WA.

The BFS, based on a probable ore reserve of **146,000 tonnes @ 4.62g/t Au** (Table 1) as announced to the ASX on the 15 February 2016, shows Penny's Find to be a technically sound and financially viable project generating **\$7.6 million** undiscounted free cash flow in less than a year based on \$1,500/oz.

The BFS proposes conventional mining of a single open pit to a depth of 80m using excavators and dump trucks with ore transported to a nearby toll milling facility. A summary of the BFS is presented below.

Mining approvals for Penny's Find have already been issued by the WA Department of Mines and Petroleum, as announced to the ASX on the 5 May 2016.

**Empire's Managing Director, Mr David Sargeant:**

*"The completion of the Bankable Feasibility Study, based on a gold price of A\$1,500/oz, is an important milestone in the progression of Penny's Find towards development and comes just twelve months after Empire resumed management of the project.*

*"With an average open-pit grade of 4.62g/t Au to a depth of 80m this project represents an excellent near term production opportunity for Empire given the current high gold price.*

*"We also believe there is substantial upside at Penny's Find once an ongoing feasibility study into development of the underground resource has been completed. This along with exploration potential at depth bodes well for the long term future of the project".*

*"Discussions with financiers regarding project funding are progressing with the aim of achieving first gold production in the second half of 2016".*

**Table 1 - Ore Reserves**

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

**DAVID SARGEANT**  
**MANAGING DIRECTOR**

For further information on the Company, visit [www.resourcesempire.com.au](http://www.resourcesempire.com.au)

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## Penny's Find Gold Project

Empire Resources Ltd holds a 60% direct interest in the Penny's Find gold project situated on granted Mining Lease 27/156. The remaining 40% interest is held by unlisted Brimstone Resources Ltd ('Brimstone').

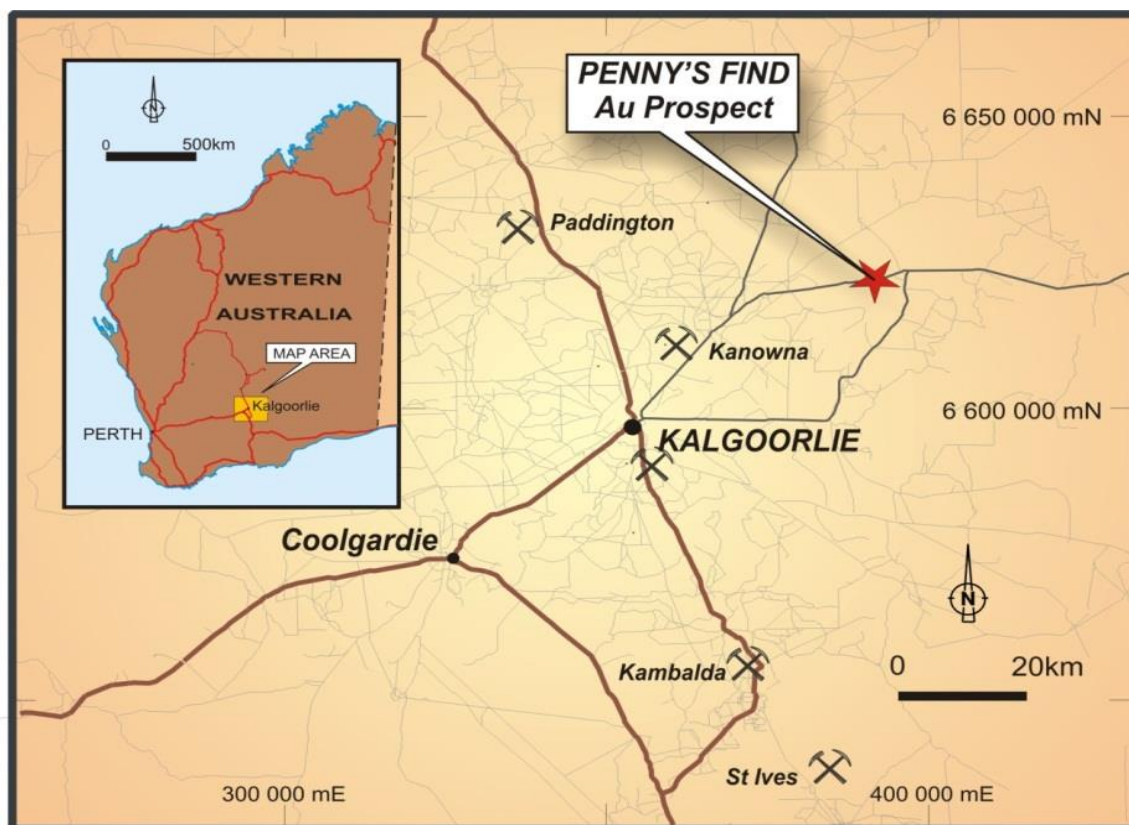
A 2012 JORC compliant reportable mineral resource of **470,000 tonnes @ 4.42g/t Au** (Table 2) containing **66,800 ounces** of gold was reported to the ASX on the 1 September 2015.

**Table 2 – Penny's Find Resources**

Reportable In Situ Mineral Resource by location and cut-off						
Class	Open Cut (0.5g/t)		Underground (1.5g/t)		Combined	
	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
<b>TOTAL</b>	<b>300,000</b>	<b>3.86</b>	<b>170,000</b>	<b>5.40</b>	<b>470,000</b>	<b>4.42</b>

Penny Find's total in-situ mineral resource extends to 250m below surface and remains open at depth. High grade gold mineralization is hosted by quartz veins at the contact between sediments and basalt.

Both oxide and fresh mineralization are free milling with 98% and 99% recoveries achieved in recent testwork respectively. There is also a high gravity recoverable gold component, 53% for oxide and 85% for fresh.



**Figure 1 – Location Penny's Find deposit**

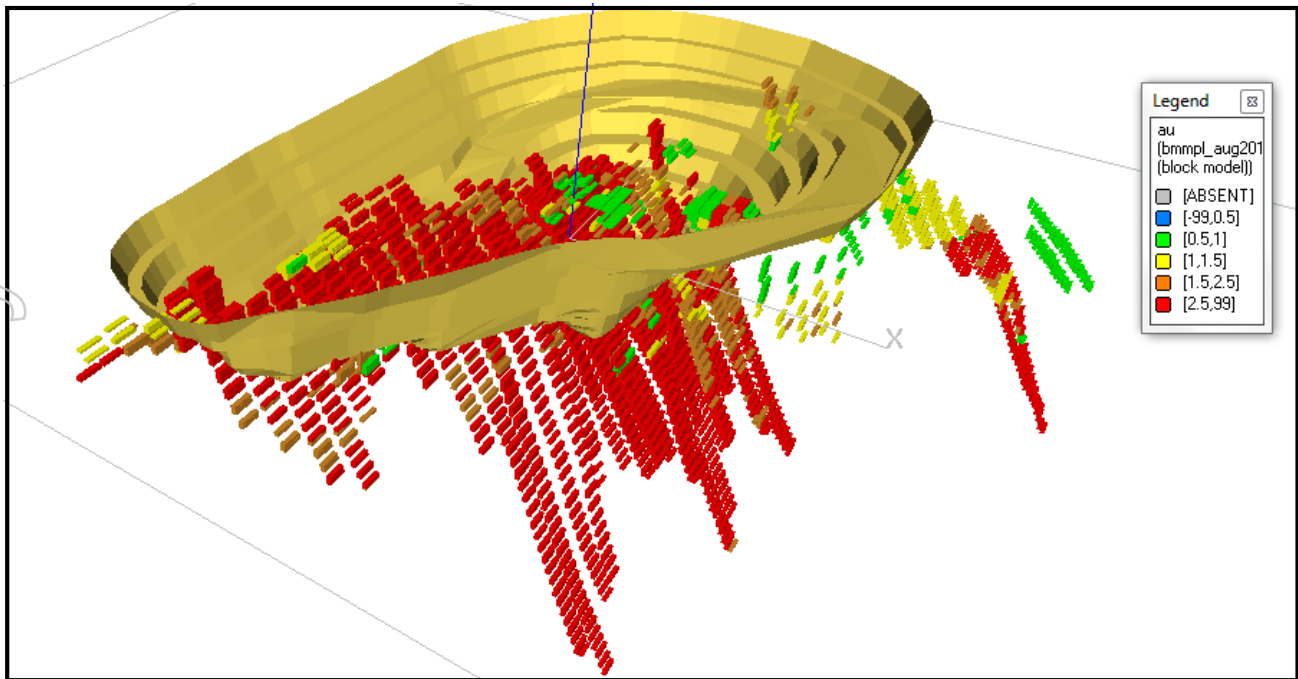


Figure 2 – Penny's Find Resource Model showing blocks above 0.5g/t Au

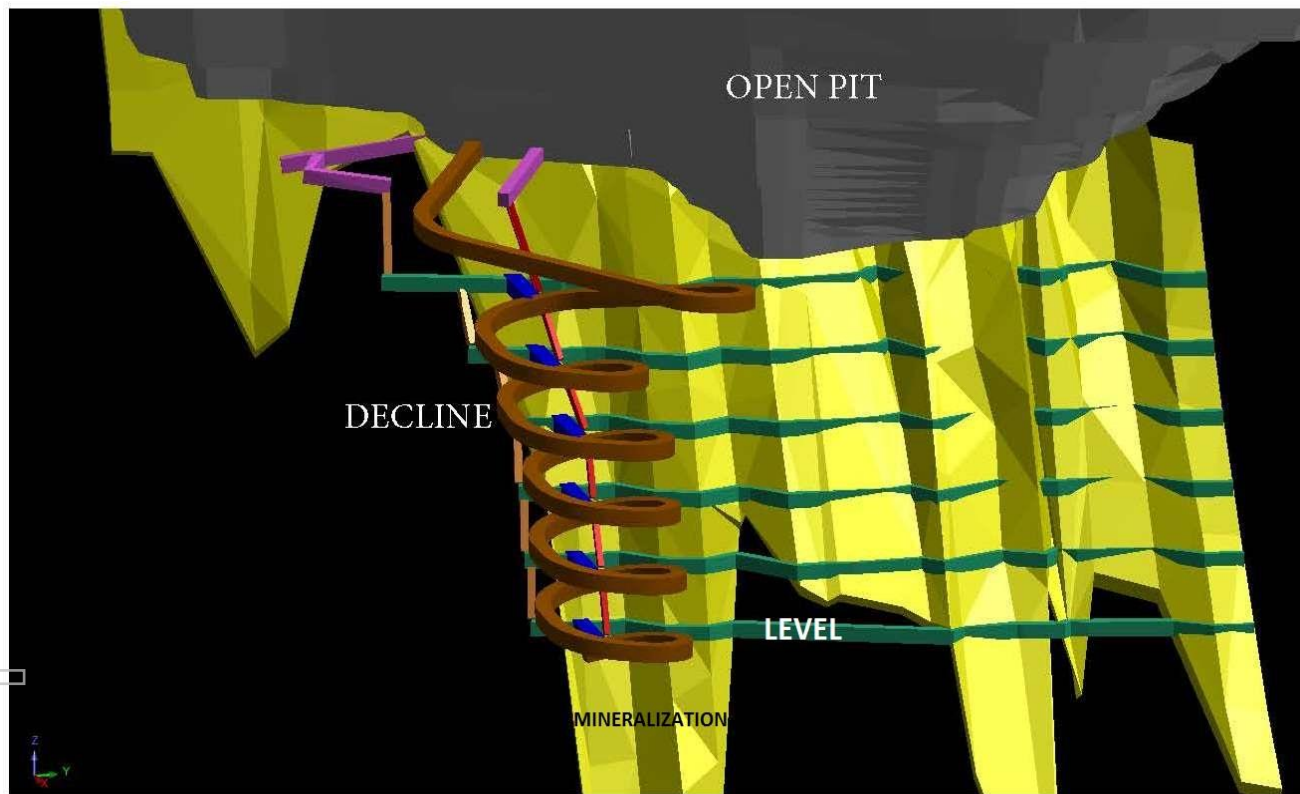


Figure 3 – Penny's Find Preliminary Underground Mine Design - Long Section

## Underground Feasibility Study

A feasibility study has commenced on gold mineralization located below the planned open pit. Table 2 reports an indicated and inferred resource in this area of 170,000t @ 5.40g/t Au.

A preliminary underground mine design has been undertaken to ensure the final open pit design is able to mesh smoothly with any possible future underground development (Figure 3).

## Bankable Feasibility Study Summary

The Penny's Find ore reserve is contained within a single open pit mined to a depth of 80m with ore trucked off site for treatment through a toll milling facility using conventional gravity recovery and a CIL circuit.

The ore reserve has been calculated at a gold price of **AUD\$1,500 per ounce** and a lower cut-off grade of **1.41g/t Au**.

Open cut mining is based on extraction by conventional truck and excavator techniques with 15% ore dilution and 5% ore loss. The open pit will comprise a mixture of free dig and drill and blast reflecting the deeply weathered footwall sediments and fresh competent hanging wall basalts.

Gold processing and extraction is based on all metallurgical studies completed to date and includes a conservative overall gold recovery of 93%. All additional administration, road diversion, construction and overhead costs, including royalties, have been included in the BFS.

Mining, transport and processing costs have been updated now based on tender submissions from contractors and previously announced MOU with Golden Mile Milling to process ore through the Lakewood plant.

**Table 3 : Bankable Feasibility Study Details**

<b>Parameter</b>	<b>Base Case A\$1,500/oz</b>	<b>A\$1,700/oz</b>
Free Cashflow (A\$ million)	7.6	11.6
Revenue (A\$ million)	29.6	33.6
Total Costs (A\$ million)	22.0	22.0
Payback (months)	8	7
Capex (A\$ million)	1.5	1.5
Total Cost of Production/oz	\$1,086	
Mining Reserve	146,000 tonnes @ 4.62g/t Au	
Mining Cost/Ore tonne	\$139.70	
Assumed Recovery	93%	
Recovered Gold	20,252 ounces	
Open Pit Mine Life	11 months	

## Competent Persons Statements

### 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.*

### 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.*

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