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ASX Release

## **Australia's Empire eyes domestic barite mining opportunity for Africa's largest oil producer**

Australian gold and copper explorer, Empire Resources Limited, (ASX: "ERL") has announced the company is entering a joint venture opportunity in Africa to focus on one of the principal ingredients used in that country's large offshore petroleum industry.

The move is the second international foray for Perth based Empire, adding to its current 17% stake in ASX listed FYI Resources which is developing high demand potash interests in Thailand.

Subject to due diligence, Empire will emerge with a 49% stake in a new company being set up to commence replacing Angola's currently imported supplies of barite with a locally mined and produced product and supplying regional barite consumers.

Angola is a major petroleum producer and operates one of Africa's largest offshore oil industries. It uses barite as an essential component of drilling muds in petroleum wells where it helps provide stability in zones of high gas and fluid pressure.

However, the country relies on full barite imports to service its oil industry.

Empire announced today it has commenced examining how best to replace existing imports of barite into Angola mining and producing barite at a domestic level.

Managing Director, Mr David Sargeant, said "This opportunity has the potential to provide early and maiden cash flow to Empire in addition to its existing but longer term and advanced copper and gold projects in Western Australia, including the wholly owned Yuinmery high grade Cu-Au project."

To achieve its objective, Empire has entered into an agreement with an unlisted Australian Company, Mandara Resources Pty Ltd, to establish the Angolan operation.

Empire will hold a 49% interest and Mandara a 51% interest in Barola Resources Limited, a newly established unlisted Australian entity to manage the Angolan business.

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### **Proposed \$500,000 placement**

To fund its interest, Empire is planning to place 55.5 million ordinary shares at a price of A\$0.009 per share to raise \$500,000 before the costs of the issue. The placement will be made to sophisticated investors and professional investors introduced by William Buck Financial Services (WA) Pty Ltd. William Buck Financial Services (WA) Pty Ltd was appointed as a corporate advisor to the company in May 2013

It is expected the shares will be issued in four tranches in the period leading up to and after the Annual General Meeting on 26 November 2014, but in any event no later than 3 months after the date of Shareholder approval (or such later date to the extent permitted by any ASX waiver of the ASX Listing Rules).

Allotment of the tranches leading up to the AGM will be made in accordance with the Company's available 15% capacity pursuant to ASX Listing Rule 7.1, with approval of this share issue to be put to shareholders for approval at the AGM on 26 November 2014.

The new shares will rank equally with existing Empire ordinary shares quoted on the ASX.

The proceeds of the placement will fund initial evaluation by the new Angolan company of various barite deposits, and provide working capital.

Mr Sargeant said "The proposed corporate move represented a more robust opportunity for Empire to participate in a low cost, open-cut mining opportunity for a product with an already established local market."

"The key barite targets are in close proximity to export infrastructure and offers relatively easy mining methodologies," Mr Sargeant said.

"Our initial reviews indicate this project can operate on a stand-alone basis from an early stage and in a manner that will still allow Empire to progress its primary copper and gold interests in Australia."

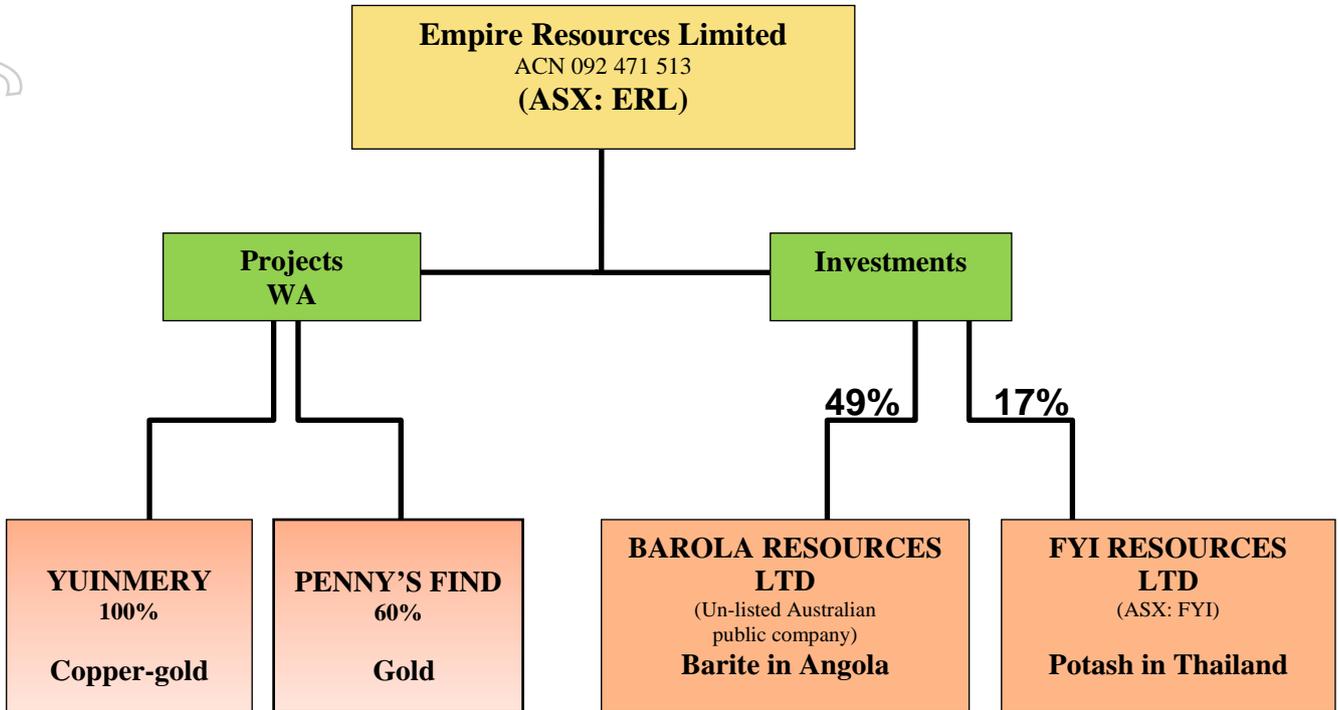
For further information on the Company visit [www.resourceempire.com.au](http://www.resourceempire.com.au)

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# CORPORATE STRUCTURE



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# NOTES

## BARITE

Barite, or baryte, is a naturally occurring mineral composed of barium sulphate ( $\text{BaSO}_4$ ), generally white in colour and distinctive because of its high density.

Due to its high density, 80% of worldwide production of barite is used as a weighting agent for drilling fluids in oil and gas exploration to suppress high formation pressures and prevent blowouts.

The remaining 20% has a wide range of uses from medical applications, electronics, ceramics, and as fillers in the car, rubber and paint industries.

World production in 2013 was 8.5 million tonnes. China accounts for around 40% of world production with India, the United States, Morocco and Turkey accounting for a further 40%.

## ANGOLAN OIL INDUSTRY

Oil is Angola's most important industry with the country alternating with Nigeria as Africa's largest producer. Angola's oil fields produce about 1.7 million barrels a day of light, sweet crude oil which is perfect for processing into petrol, kerosene and high quality diesel.

The continental shelf off the coast of Angola has been shown to be rich in oil ever since the first offshore discovery was made in 1966. Since then, exploration has taken place along the entire coastline with many substantial discoveries. More recently, significant exploration has started to move into deep water where it is thought similar potential exists as in Brazil, where large oil deposits have recently been discovered in an identical geological setting.

Angola has a proven record in reliable oil production and offers a more stable and secure environment than many of its oil competitors on the west coast of Africa resulting in all the world's major oil companies now being active in the country e.g. Total, ENI, Chevron, BP and ExxonMobil.

Currently the oil industry in Angola has to import 100% of the barite it uses to drill wells, the nearest producing countries being Morocco and Algeria in north Africa.

Mandara Resources has recognised an opportunity to provide the expanding Angolan oil industry with locally derived barite at a significant discount to imported material. Reduced transportation costs, no import duty and Angolan Government support will significantly benefit in-country production of barite.



The initial focus for Barola will be the barite deposits located, proximal to good infrastructure including roads, towns and the recently recommissioned east-west railway which links the area to Atlantic deep water seaports.

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