



ACN 092 471 513

**NOTICE OF ANNUAL GENERAL MEETING  
OF SHAREHOLDERS**

**MONDAY 28 NOVEMBER 2011**

**10.00 AM**

**AT**

**METRO HOTEL  
61 CANNING HIGHWAY  
SOUTH PERTH  
WESTERN AUSTRALIA**

For personal use only

## NOTICE OF ANNUAL GENERAL MEETING

*The attached "Explanatory Memorandum" should be read in conjunction with this Notice of Meeting.*

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of shareholders of Empire Resources Limited ACN 092 471 513 ("**the Company**") will be held at the Metro Hotel, 61 Canning Highway, South Perth, Western Australia on **28 November 2011 at 10 a.m.**, to conduct the following business:

### **BUSINESS OF THE MEETING**

#### **ANNUAL REPORT 2011**

To receive and consider the financial report together with the Directors' report (including the remuneration report) and auditor's report for the financial year ended 30 June 2011.

#### **ORDINARY BUSINESS – RESOLUTIONS**

##### **RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT (NON-BINDING RESOLUTION)**

To consider and, if thought fit to pass, with or without amendment, the following resolution as a non-binding resolution:

*"That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the Remuneration Report as set out in the Directors' Report in the Annual Report for the year ended 30 June 2011".*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any of the Key Management Personnel listed in the Remuneration Report and any of their closely related parties. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form) or the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the proxy decides).

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 1.

##### **RESOLUTION 2 – TO RE-ELECT MR TOM REVY AS A DIRECTOR**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*"That Mr Tom Revy, who retires as a Director in accordance with rule 3.6 of the Company's Constitution and, being eligible, having offered himself for re-election, is hereby re-elected as a Director".*

##### **RESOLUTION 3 – RATIFICATION OF PREVIOUS SHARE ISSUE – SEPTEMBER 2011**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That for the purpose of ASX Listing Rule 7.4 and for all other purposes, shareholders of the Company approve and ratify the prior issue of 15,000,000 fully paid ordinary shares at 8.2 cents per share on 23 September 2011 to sophisticated and professional investors, to fund ongoing working capital requirements of the Company."*

#### **Voting Exclusion**

For the purposes of ASX Listing Rule 7.5.6 in relation to Resolution 3, the Company will disregard any votes cast by or on behalf of a person who participated in the placement or any of their respective associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

**RESOLUTION 4 – GRANT OF OPTIONS TO A DIRECTOR - MR DAVID SARGEANT**

To consider and, if thought fit, to pass the following as an ordinary resolution:

*“That for the purposes of section 195 and Chapter 2E of the Corporations Act and for Listing Rule 10.14 and for all other purposes, the Company approves and authorises the grant to Mr David Sargeant (or his nominee) a total of 500,000 Options on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”*

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by or on behalf of a director of the entity or any of their associates (except one who is ineligible to participate in any employee incentive scheme in relation to the entity). However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form) or the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the proxy decides).

Further, a member of Key Management Personnel and their closely related parties may not vote as a proxy on this resolution if the appointment does not specify how the proxy is to vote.

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 4.

**RESOLUTION 5 – GRANT OF OPTIONS TO A DIRECTOR - MR ADRIAN JESSUP**

To consider and, if thought fit, to pass the following as an ordinary resolution:

*“That for the purposes of section 195 and Chapter 2E of the Corporations Act and for Listing Rule 10.14 and for all other purposes, the Company approves and authorises the grant to Mr Adrian Jessup (or his nominee) a total of 500,000 Options on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”*

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by or on behalf of a director of the entity or any of their associates (except one who is ineligible to participate in any employee incentive scheme in relation to the entity). However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form) or the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the proxy decides).

Further, a member of Key Management Personnel and their closely related parties may not vote as a proxy on this resolution if the appointment does not specify how the proxy is to vote.

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 5.

**RESOLUTION 6 – GRANT OF OPTIONS TO A DIRECTOR - MR TOM REVY**

To consider and, if thought fit, to pass the following as an ordinary resolution:

*“That for the purposes of section 195 and Chapter 2E of the Corporations Act and for Listing Rule 10.14 and for all other purposes, the Company approves and authorises the grant to Mr Tom Revy (or his nominee) a total of 500,000 Options on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”*

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by or on behalf of a director of the entity or any of their associates (except one who is ineligible to participate in any employee incentive scheme in relation to the entity). However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form) or the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the proxy decides).

Further, a member of Key Management Personnel and their closely related parties may not vote as a proxy on this resolution if the appointment does not specify how the proxy is to vote.

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 6.

All Shareholders are invited to attend. An Explanatory Memorandum to Shareholders follows this notice.

### **By Order of the Board**



**Simon Storm**  
Company Secretary

14 October 2011

### **PROXIES**

1. A Proxy Form is enclosed with this Notice.
2. A member may appoint not more than 2 proxies. A proxy need not be a member.
3. Where a member appoints 2 proxies and does not specify the proportion or number of the member's votes each proxy may exercise half of the member's rights.
4. An instrument appointing a proxy or a power of attorney may not be treated as valid unless:
  - (a) in the case of a proxy, the Proxy Form, and, if it is executed by an attorney, the relevant power of attorney or a certified copy of it; and
  - (b) in the case of an attorney, the power of attorney or a certified copy of it, to the satisfaction of the Directors is or are deposited at the Company's registered office at 53 Canning Highway, Victoria Park, Western Australia or on fax number (08) 9361-3184 by no later than 48 hours before the time fixed for holding the meeting.
5. An instrument appointing a proxy must be in writing under the hand of the appointor or of the appointor's attorney duly authorised in writing or, if the appointor is a body corporate, either under its common seal if it has a common seal, or under the hand of an officer or duly authorised attorney or duly authorised representative.
6. In accordance with regulation 7.11.37 of the Corporations Regulations 2001, the Company has determined that all securities of the Company registered as at 48 hours before the time appointed for the meeting will be taken for purposes of the meeting, to be held by the persons who are registered holders thereof at 5pm. WST on 28<sup>th</sup> November 2011. Accordingly, transactions registered after this time will be disregarded in determining entitlements to attend and vote at the meeting.

## OTHER

Words, which are defined in the Explanatory Memorandum, have the same meaning when used in this Notice of Meeting unless the context requires otherwise. For assistance in considering the Notice of Meeting and the Explanatory Memorandum, the following words are defined here:

"ASX" means Australian Securities Exchange Limited (ACN 008 624 691).

"Board" means the board of directors of the Company.

"Company" means Empire Resources Limited ACN 092 471 513.

"Corporations Act" means the Corporations Act 2001 (Cth).

"Director" means a director of the Company.

"Dollar" or "\$" means Australian Dollars.

"Employee" includes an officer, employee or contractor of, or consultant to, the Company.

"Explanatory Memorandum" means the explanatory memorandum set out and attached to this Notice of Meeting.

"Key Management Personnel" is a member of the key management personnel as disclosed in the Remuneration Report.

"Listing Rules" means the listing rules of ASX.

"Notice of Meeting" or "Notice" means this notice of annual general meeting.

"Option" means an option to apply for one Share.

"Plan" or "Share Plan" means the Empire Resources Option Plan.

"Proxy Form" means the proxy form accompanying this Notice of Meeting.

"Remuneration Report" as set out in the Directors' Report in the Annual Report for the year ended 30 June 2011.

"Resolution" means a resolution set out in this Notice of Meeting.

"Shareholder" means a holder of Shares.

"Shares" means fully paid ordinary shares in the capital of the Company.

"WST" means Western Standard Time.

**EMPIRE RESOURCES LIMITED  
EXPLANATORY MEMORANDUM**

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the annual general meeting of Shareholders to be held on **28 November 2011** (“**the Meeting**”).

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting.

**BUSINESS OF THE MEETING**

**Annual Report 2011**

Section 317 of the Corporations Act requires the Directors to lay before the annual general meeting the financial report, Directors’ report (including the remuneration report) and the auditor’s report for the last financial year that ended before the annual general meeting.

In accordance with section 250S of the Corporations Act, Shareholders will be provided with a reasonable opportunity to ask questions or make statements in relation to these reports but no formal resolution to adopt the reports will be put to Shareholders at the annual general meeting (save for Resolution 1 for the adoption of the remuneration report).

**ORDINARY BUSINESS – RESOLUTIONS**

***RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT (NON-BINDING RESOLUTION)***

Pursuant to section 250R(2) of the Corporations Act, the Company is required to put the Remuneration Report to a non-binding vote of Shareholders. The Annual Report contains a Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the Managing Director and non-executive Directors. The Annual Report is available on the Company’s website at [www.resourcesempire.com.au](http://www.resourcesempire.com.au).

The provisions of the Corporations Act dealing with the non-binding vote on the remuneration report have recently been amended. The Corporations Act still provides that Resolution 1 need only be an advisory vote of Shareholders and does not bind the directors. However, in addition, the Corporations Act now provides that if the Company’s Remuneration Report resolution receives a “no” vote of 25 per cent or more of votes cast at the Meeting, the Company’s subsequent remuneration report must explain the Board’s proposed action in response or, if the Board does not propose any action, the Board’s reasons for not making any changes. The Board will take into account the outcome of the vote when considering the remuneration policy, even if it receives less than a 25% “no” vote.

In addition, the Corporations Act now sets out a ‘two strikes’ re-election process. Under the ‘two strikes’ re-election process, if the Company’s remuneration report receives a ‘no’ vote of 25% or more of all votes cast at two consecutive annual general meetings (that is, ‘two strikes’), a resolution (the ‘spill resolution’) must be put to the second annual general meeting, requiring Shareholders to vote on whether the Company must hold another general meeting (known as the ‘spill meeting’) to consider the appointment of all of the Directors who stand for re-appointment (other than the Managing Director). If the spill resolution is approved by a simple majority of 50% or more of the eligible votes cast, the ‘spill meeting’ must be held within 90 days of that second annual general meeting (unless none of the Directors, other than the Managing Director, stand for re-appointment). Further information will be provided on the ‘spill resolution’ and ‘spill meeting’ for any annual general meeting at which the Company may face a ‘second strike’.

The remuneration levels for directors, officer and senior managers are competitively set to attract and retain appropriate directors and key management personnel.

The chairman of the Meeting will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on, the Remuneration Report.

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

**RESOLUTION 2 – TO RE-ELECT MR TOM REVY AS A DIRECTOR**

In accordance with rule 3.6 of the Company's Constitution, at each annual general meeting of the Company one third of the Directors for the time being, or if their number is not 3 or a multiple of 3, then the number nearest to but not exceeding 1/3 need to retire from office by rotation, but no Director may retain office for more than 3 years without submitting himself or herself for re-election even though the submission results in more than 1/3 of the Directors retiring from office.

Accordingly, Mr Revy is required to retire by rotation at the forthcoming annual general meeting, and being eligible, offers himself for re-election as a Director.

Mr Revy is an experienced mining and business development manager. His experience includes an eight year term with the international engineering and project delivery group, GRD Minproc Limited, with particular global responsibility for the group's core technical and development activities for mineral resources projects. As a member of the GRD Minproc board, Mr Revy held the position of Director Development prior to his departure as part of the AMEC scheme of arrangement with ASX listed GRD Limited.

Mr Revy is also a former Director Development and Director of Technical Development and Solutions, for GRD Minproc.

He has worked on corporate and business development solutions for mining and exploration projects across Australia, Papua New Guinea, the United States, Africa, South America and China and is a former investment advisor in Perth with JB Were & Son.

**RESOLUTION 3 – RATIFICATION OF PREVIOUS SHARE ISSUE – SEPTEMBER 2011**

On 23 September 2011, the Company issued 15,000,000 fully paid ordinary shares at a price of 8.2 cents per Share.

Whilst the issue made on 23 September 2011 did not require the prior approval of Shareholders as it was within the Company's existing 15% placement capacity, the purpose of this resolution is to give approval to the allotment of these Shares in accordance with the requirements of Listing Rule 7.4 to provide the Company with the flexibility to issue further securities in accordance with the limits under the Listing Rules should the need arise in the future.

The following information is provided to Shareholders in accordance with the requirements of Listing Rule 7.5:

- (a) the number of Shares allotted and issued was 15,000,000;
- (b) the Shares were issued at an issue price of 8.2 cents per Share;
- (c) the Shares were fully paid ordinary shares in the capital of the Company;
- (d) the allottees of the Shares were sophisticated and professional investors introduced by Bell Potter; and
- (e) the funds raised from the issue of the Shares were used to fund continued exploration at the Yuinmery project and for working capital requirements of the Company.

The approval given under this resolution is not given for any other purpose other than to provide the Company with the flexibility to issue further securities.

**RESOLUTION 4, 5 AND 6 - GRANT OF OPTIONS TO DIRECTORS, MESSRS, DAVID SARGEANT, ADRIAN JESSUP AND TOM REVY**

**1.1 Director Options**

Resolutions 4, 5 and 6 deal with the grant of Options to three Directors of the Company under the terms and conditions of the Empire Resources Option Plan (summarised in Annexure A).

The Company proposes to offer to grant Options to three Directors, David Sargeant (or his nominee), Adrian Jessup (or his nominee) and Thomas Revy (or his nominee).

The proposed grant of Options to David Sargeant, Adrian Jessup and Thomas Revy ("Recipient Officers") is intended to:

- (a) provide an appropriate and adequate incentive for them;
- (b) ensure that the Company may retain their services; and
- (c) reinforce their commitment as Directors to the Company.

The Recipient Officers will only benefit from the grant of Options when there is an improvement in the Company's share price by an amount equivalent to 55% above the VWAP over the last five trading days before the date of their grant, which is to be no later than the date of the meeting.

The number of Options proposed to be granted to the Recipient Officers reflects the level of commitment provided or to be provided by each director to the Company, taking into account the responsibilities of each director and the time commitments required from each director. The number of Options proposed to be granted to the Recipient Officers also reflects the value the Board feels that each director brings to the enhancement of the Company and the level of commitment required by the Company from each director.

It is intended to grant the Options to Recipient Officers within 1 month of the approval of Resolutions 4 to 6.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as options), if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period. Options issued under Resolutions 4 to 6 would at this time fall within one of those exceptions. If approval is given under Listing Rule 10.14, approval is not required under Listing Rule 7.1.

One of the effects of Resolutions 4 to 6 in their current form will be to allow the directors to grant the Options proposed to be granted without using the Company's 15% annual placement capacity.

Pursuant to and in accordance with Listing Rule 10.14, the following information is provided in respect of the Options to which Resolutions 4 to 6 relate:

- (a) the maximum number of Options to be granted is 1,500,000 (500,000 to each of the Recipient Officers);
- (b) the Options will be granted no later than 1 month after the date of the General Meeting;
- (c) the Options will, if not exercised beforehand, expire three years from the date of grant;
- (d) the exercise price for the Options will be the price that is 55% above the VWAP over the last five trading days before the date of their grant, which is to be no later than the date of the meeting;

- (e) 500,000 Options have been granted for nil consideration under the Plan to each of the Recipient Officers since its approval on 19 November 2009;
- (f) the grantees will be Messrs Sargeant, Jessup and Revy (or their nominees);
- (g) Shares issued pursuant to the exercise of the Options will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (h) no funds will be raised from the grant of the Options.

## **1.2 Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) shareholder approval is obtained prior to the giving of the financial benefit.

For the purposes of Chapter 2E, each Recipient Officer is a related party and the grant of Options to Messrs Sargeant, Jessup and Revy constitutes the giving of a financial benefit. Accordingly, Shareholder approval is required.

In accordance with the requirements of Chapter 2E, and in particular, section 219 of the Corporations Act, the following information is provided to Shareholders to allow them to assess the proposed grant of Options to the Recipient Officers:

### **(a) The related party to whom the proposed resolutions would permit the financial benefit to be given**

Each of Messrs Sargeant, Jessup and Revy who are directors of the Company, to whom Resolution 4, Resolution 5 and Resolution 6 would permit the financial benefit to be given.

### **(b) The nature of the financial benefit**

The nature of the financial benefit to be given to the Recipient Officers is the grant to them of the Options. Initially, no funds will be raised by the grant of Options to the Recipient Officers. However, if those Options are exercised, the funds raised thereby will be used for working capital purposes, as the Board thinks fit.

### **(c) Directors' recommendation and basis of financial benefit**

The Board currently consists of Messrs David Sargeant, Adrian Jessup and Thomas Revy.

Mr Sargeant has a material personal interest in the outcome of Resolution 4 as the recipient of the Securities proposed to be granted.

Mr Jessup has a material personal interest in the outcome of Resolution 5 as the recipient of the Securities proposed to be granted.

Mr Revy has a material personal interest in the outcome of Resolution 6 as the recipient of the Securities proposed to be granted.

Mr Sargeant does not wish to make a recommendation to Shareholders about Resolution 4 because he has an interest in the outcome of that Resolution.

Mr Jessup does not wish to make a recommendation to Shareholders about Resolution 5 because he has an interest in the outcome of that Resolution.

Mr Revy does not wish to make a recommendation to Shareholders about Resolution 6 because he has an interest in the outcome of that Resolution.

The primary purpose of the issue to the Recipient Officers is to provide an incentive to the Recipient Officers, respectively. Given this purpose, the Directors do not consider that there is any opportunity cost or benefit foregone to the Company in issuing the Options proposed by Resolutions 4, 5, and 6. The issue of Securities to the Recipient Officers is a more cost effective incentive for the Company as opposed to the payment of additional cash compensation.

**(d) Dilution**

As at the date of this Notice, the capital structure of the Company is as follows:

Capital	Number
Ordinary Shares	142,295,921
Options	12,427,729

If Shareholders approve all Resolutions contained in this Notice and all Securities are issued as contemplated by Resolutions 4 to 6, the issued capital of the Company would be as follows:

Capital	Number	Issued per Resolution 4-6	Total
Ordinary Shares	142,295,921	-	142,295,921
Options	12,427,729	1,500,000	13,927,729

If Shareholders approve the issue of 1,500,000 Options to the Recipient Officers and these Options were fully exercised, the effect will be to dilute the shareholding of existing members by approximately 0.97%, based on the existing number of Shares and Options as at the date of this Notice.

**(e) Total remuneration package**

Details of the Recipient Officers' remuneration for the year ended 30 June 2011 is as follows:

Recipient Officer	Cash, salary and fees	Super-annuation	Total
David Sargeant	180,000	-	180,000
Adrian Jessup	140,000	-	140,000
Thomas Revy	30,000	-	30,000

Details of the estimated remuneration payable to the Recipient Officers for the year beginning 1 July 2011 are as follows:

Recipient Officer	Cash, salary and fees	Super-annuation	Total
David Sargeant	205,200	-	205,200
Adrian Jessup	205,200	-	205,200
Thomas Revy	30,000	-	30,000

#### (f) Existing relevant interest

As at the date of this Notice, Recipient Officers hold the following securities in the Company representing 6.7% of the issued capital of the Company on a fully diluted basis:

Recipient Officer	Number of Shares held directly	Number of Shares held indirectly	Number of Options held directly	Number of Options held indirectly
David Sargeant	-	6,100,000	-	500,000
Adrian Jessup	722,222	1,345,333	-	500,000
Thomas Revy	-	710,000	500,000	-

If Shareholders approve Resolutions 4 to 6 and all Securities are granted as contemplated by this Notice, the Recipient Officers will hold the following Securities in the Company (representing 7.6% of the issued capital of the Company on a fully diluted basis based on the number of Shares and Options currently on issue):

Recipient Officer	Number of Shares held directly	Number of Shares held indirectly	Number of Options held directly	Number of Options held indirectly
David Sargeant	-	6,100,000	-	1,000,000
Adrian Jessup	722,222	1,345,333	-	1,000,000
Thomas Revy	-	710,000	1,000,000	-

#### (g) Trading History

During the last 12 months before the date of lodgment of this Notice with ASIC, the highest trading price of the Shares was 15.5 cents on 19 November 2010 and the lowest trading price of the Shares was 5 cents on 9 August 2011. The market price of the Company's Shares over the 5 days of trading on ASX up to and including 14 October 2011 has been between a minimum of 7.6 cents per Share to a maximum of 7.8 cents per Share. On 14 October 2011, the last trading day before this Notice was lodged with ASIC, the Shares closed at a price of 7.6cents per Share and the Company had a market capitalisation of \$11.1 million.

#### (h) Valuation of the Options

A valuation of the Options proposed to be issued to the Recipient Officers has been calculated using the Black Scholes Option Pricing Model and based upon the following assumptions:

- the underlying value of each Share in the Company is based on the closing Share price of 7.8 cents as at 4 October 2011;
- risk free rate or return – 6.25% (based on the 3 year bond indicator rate as at 4 October 2011)
- share price volatility of 105%, determined utilising the weekly closing share prices of the Company for the preceding 6 months;
- Options to be granted pursuant to Resolutions 4 to 6 will not be quoted on ASX and may not be transferred or otherwise dealt with without the approval of the Company
- the exercise price of Options being 55% above VWAP over the last five trading days before the grant date, which is to be no later than the date of the meeting. (calculated in this manner at 4 October 2011 for the purposes of this valuation to be 12 cents).

## Options to be issued to the Recipient Officers (Resolution 4 to 6)

The Black Scholes Option Pricing Model attributes a theoretical value to each Option to be issued to the Recipient Officers as follows:-

	Theoretical Value per option (cents)	Discount (%) Note 1	Indicative value per option (cents)	Number of options issued to Allottee	Total value (\$)
David Sargeant	4.7	30%	3.3	500,000	16,500
Adrian Jessup	4.7	30%	3.3	500,000	16,500
Thomas Revy	4.7	30%	3.3	500,000	16,500

**Note 1** - The Black Scholes Option Pricing Model assumes that the Options the subject of the valuation can be sold on a secondary market. The terms and conditions of the Plan and these options state that a corporate goal needs to be met (see 1.1 above). Accordingly a discount for lack of marketability is required to determine an indicative fair value of the Options. For the purposes of arriving at an appropriate discount rate, the Company has considered:

- that discounts have traditionally been applied in the range of 10% to 30% to reflect the non-negotiability of unlisted equities; and
- the fact that the Securities will be unlisted.

### (i) Other information

Additional information in relation to Resolutions 4 to 6 is set out throughout this Explanatory Memorandum. Shareholders should therefore read the Explanatory Memorandum in its entirety before making a decision on how to vote on Resolutions 4 to 6.

The Company will incur no liabilities or cash costs in respect of the proposed issue of Options to the Recipient Officers other than:

(i) the fees payable to ASX for quotation of Shares, should the Options be exercised. At the rates applying at the date of this Explanatory Memorandum, these fees would be approximately \$1,840. However, these fees will not be payable until after Options have been exercised;

(ii) in relation to the Options, a value equal to the weighted average trading price of shares on ASX in the five days immediately before the date of valuation will be included as wages for the purposes of the Payroll Tax Act 2002 (WA), Pay-roll Tax Assessment Act 2002 (WA) and the Taxation Administration Act 2003(WA). If this value in addition to other wages paid or payable by the Company during a month is in excess of the monthly payroll tax threshold, the Company may be required to register for payroll tax in the relevant jurisdiction. If this value, in addition to other wages that are taxable in the jurisdiction, is in excess of the annual payroll tax threshold, the Company will have a liability in respect of payroll tax in that jurisdiction; and

(iii) The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense through the Company's Statement of Comprehensive Income over the vesting period, with a corresponding increase to an equity account in accordance with AASB2 Share Based Payments.

Neither the Board nor the Company is aware of any other information that would reasonably be required by Shareholders in order to decide whether it is in the best interests of the Company to pass Resolutions 4 to 6, other than as stated in this Explanatory Memorandum.

**TERMS AND CONDITIONS OF OPTIONS ISSUED UNDER THE  
EMPIRE RESOURCES OPTION PLAN**

*(governed by the Empire Resources Option Plan Rules as approved by shareholders 19 November 2009)*

- (a) Each Option will have an exercise price determined to be no less than 55% of the VWAP over the last five trading days before the grant date, which is to be no later than the date of the meeting. **(Exercise Price).**
- (b) An option plan participant will be offered the opportunity to apply for and be granted free of charge a specified number of Options at a specified Exercise Price.
- (c) Each Option will automatically lapse if not exercised on or before 3 years from the grant date **(Expiry Date).**
- (d) Each Option shall entitle the holder to subscribe for and be allotted one ordinary share in the capital of the Company upon exercise of the Option and payment to the Company of the Exercise Price.
- (e) An Option may be exercised by the option holder at any time prior to the Expiry Date by sending a completed and signed notice of exercise, together with the payment of the Exercise Price and the certificate for the Options, to the Company. The Options may be exercised in whole or in part.
- (f) A notice of exercise is only effective when the Company has received the full amount of the Exercise Price in cash or cleared funds.
- (g) Subject to any restrictions in the Listing Rules, within 10 Business Days of receipt of a properly executed notice of exercise and the required exercise moneys, the number of ordinary shares specified in the notice will be allotted.
- (h) Ordinary shares allotted pursuant to the exercise of the Options will rank equally with the then issued ordinary shares of the Company.
- (i) The Company undertakes to apply for official quotation by the ASX of all ordinary shares allotted pursuant to the exercise of any Options, within 10 Business Days of the date of allotment of those new ordinary shares, provided that the Company is only required to apply for official quotation by the ASX if lots of 100,000 Options are exercised in aggregate.
- (j) There will be no participating entitlements inherent in the Options to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. Prior to any new pro rata issue of securities to Shareholders, holders of Options will be notified by the Company and will be afforded 7 Business Days before the relevant record date (to determine entitlements to the issue), to exercise the Options.
- (k) In the event of any re-organisation (including consolidation, subdivision, reduction, cancellation or return) of the issued capital of the Company before the expiry of any Options, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to a re-organisation of capital at the time of the re-organisation.
- (l) If from time to time before the expiry of the Options the Company makes an issue of ordinary shares to shareholders by way of a bonus issue, other than in lieu of a dividend payment, then upon exercise of an Option the option holder will be entitled to have issued to it (in addition to the ordinary shares which it is otherwise entitled to have issued to it upon such exercise) additional ordinary shares in the Company. The number of additional ordinary shares is the number of ordinary shares which would have been issued to the option holder if the Options had been exercised before the record date for the bonus issue.
- (m) The Options do not confer the right to a change in Exercise Price, or a change to the number of underlying securities over which it can be exercised, other than under paragraphs (k) and (l) above.
- (n) Subject only to paragraph (o), if at any time during the exercise period a participant ceases to be an Eligible Person, all Options held by that participant will lapse one month after the participant ceases to be an Eligible Person.
- (o) If a participant ceases to be an Eligible Person by reason of any of the following events, the Options held by that participant will lapse at the expiration of 12 months after the relevant event:
- (i) the Retirement or Retrenchment of the Participant, or if the Participant is not an Employee, the Retirement or Retrenchment of the Employee by virtue of whom an Eligible Person holds Options; or
  - (ii) the bankruptcy or commencement of winding up or deregistration procedures in respect of the Participant; or
  - (iii) the death of the Participant, or if the Participant is not an Employee, the death of the Employee by virtue of whom an Eligible Person holds Options.

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

EMPIRE RESOURCES LIMITED

REGISTERED OFFICE:
53 Canning Highway
VICTORIA PARK WA 6100

ACN: 092 471 513

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535,
APPLECROSS WA 6953 AUSTRALIA
770 Canning Highway,
APPLECROSS WA 6153 AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Code: ERL

Holder Number:

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

Input box for Chairperson appointment

OR

Grid for name of person appointed

The meeting Chairperson
(mark with an "X")

The name of the person you are appointing
(if this person is someone other than the Chairperson of the meeting).

or failing the person named, or if no person is named, the Chairperson of the Meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 10.00am on Monday, 28 November 2011 at Metro Hotel, 61 Canning Highway, South Perth WA and at any adjournment of that meeting.

SECTION B: Voting Directions to your Proxy

Please mark "X" in the box to indicate your voting directions to your Proxy.

Resolution

For Against Abstain\*

1. Adoption of Remuneration Report (non-binding resolution)

For, Against, Abstain boxes for resolution 1

2. To re-elect Mr Tom Revy as a Director

For, Against, Abstain boxes for resolution 2

3. Ratification of previous share issue - September 2011

For, Against, Abstain boxes for resolution 3

4. Grant of Options to a Director - Mr David Sargeant

For, Against, Abstain boxes for resolution 4

5. Grant of Options to a Director - Mr Adrian Jessup

For, Against, Abstain boxes for resolution 5

6. Grant of Options to a Director - Mr Tom Revy

For, Against, Abstain boxes for resolution 6

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

\* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If you wish to appoint the Chairperson as your proxy and you do not wish to direct the Chairperson how to vote, please mark "X" in the box.

By marking this box, you acknowledge that the Chairperson may exercise your proxy even if he has an interest in the outcome of resolution 1, 4, 5 and 6 and votes cast by him/her other than as a proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on resolution 1, 4, 5 and 6 and your votes will not be counted in calculating the required majority if a poll is called on resolution 1, 4, 5 and 6. The Chairperson of the Meeting intends to vote undirected proxies in favour of resolution 1, 4, 5 and 6.

SECTION C: Please Sign Below

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Signature box for Individual or Security Holder

Signature box for Security Holder 2

Signature box for Security Holder 3

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

0252520590

Reference Number:

1

ERL

1

