



ACN 092 471 513

**QUARTERLY REPORT FOR THE PERIOD ENDING
30 SEPTEMBER 2017**

HIGHLIGHTS

**PENNY'S FIND GOLD MINE
KALGOORLIE - BOULDER (WA)**

- **29,275 tonnes of ore mined from the open pit**
- **Ore processing commenced at the Lakewood Mill**
- **Second round of grade control confirms higher grade gold ore at depth**

POST QUARTER

- **First gold poured**
- **In excess of 1,500 ounces of gold recovered in the first treatment campaign**
- **Over \$2 million worth of gold produced**

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REVIEW OF OPERATIONS

Penny's Find (WA): New gold mine (60% interest)

Empire Resources Ltd ('Empire', 'Company', ASX code: ERL) holds a 60% interest in and acts as Manager for the new Penny's Find gold mine, located 50km northeast of Kalgoorlie-Boulder in Western Australia. The remaining 40% interest is held by unlisted Brimstone Resources Ltd.

Open pit mining commenced at Penny's Find in the June quarter 2017.

Open Pit Mining

During the September quarter, 29,275 tonnes of ore and 758,570 bcm of waste were mined from the Penny's Find open pit which has reached an average depth of 32m. No major problems have been encountered in the mining operation.

A photograph of the open pit operation taken on the 3rd October is shown below in Figure 1.



Figure 1

Penny's Find Open Pit looking north - floor of pit ranges from 30 to 35m deep. Free dig deeply weathered footwall sediments are to the left, fresh competent hanging wall basalts requiring drill and blast are to the right.

One lost time injury occurred during the quarter with a mining contractor employee being put on light duties for one shift.

Initial funding for the Penny's Find open pit mining operation has been provided by the mining contractor, Blue Cap Mining, as per ASX announcement 21 March 2017.

At the end of the September quarter, the amount of draw-down on the Blue Cap funding facility stood at approximately \$7.38 million. Post the end of the quarter, repayment of this debt commenced.

Haulage and Treatment

During the quarter, Kalgoorlie-based Hampton Transport Services commenced ore haulage to both the Lakewood Mill situated on the southern outskirts of Kalgoorlie-Boulder and the Burbanks Mill near the town of Coolgardie.

Processing of Penny's Find ore began at the Lakewood Mill on the 23 September 2017. As of 30th September, a total of 10,047 tonnes had been processed.

Post End of Quarter

The first gold poured from the processing of Penny's Find ore took place at Golden Mile Milling's Lakewood Mill, as per the ASX announcement dated 4th October 2017. The initial 200 ounce doré bar was poured solely from gravity recovered gold (Figure 2).

As announced to the ASX on the 12 October 2017, in excess of 1,500 ounces of gold has been recovered at the Lakewood Mill on completion of the first treatment campaign of 21,710 tonnes of ore. Estimated head grade and gold recovery were 2.38g/t Au and 94% respectively with 44% of the gold recovered in the gravity circuit.

Final treatment numbers and costs are pending completion of the mill clean up and gold refining at the Perth Mint.

The ore for this first treatment campaign was sourced from the upper levels of the orebody which hosts lower grades in line with the geological model. Grades are expected to increase with depth.



Figure 2 : First gold doré bar - Penny's Find gravity gold

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Processing of approximately 16,000 tonnes of Penny's Find ore through the Burbanks Mill at Coolgardie is progressing but has been slower than anticipated due to problems in fully recommissioning the mill after being on care and maintenance for three years. All delays are expected to be resolved shortly with the mill achieving its full treatment capacity of 500 tonnes per day.

Grade Control Drilling

As announced to the ASX on the 11 September 2017, the second round of RC grade control drilling at Penny's Find confirmed high grade gold values in the deeper part of the orebody within the open pit.

The drill programme was designed to provide grade control information from 30m to 60m depth in the planned 80m deep open pit. A total of 63 holes for 2,443 metres were completed on a 10m X 10m pattern at -60 degrees along the length of the gold ore zone.

As anticipated, the grade control drilling returned numerous high grade gold intersections, confirming the original geological interpretation of the orebody. Better results* included:

- **5m @ 14.31g/t Au from 28m depth in hole PGC098**
- **4m @ 54.62g/t Au from 37m depth in hole PGC099**
- **6m @ 15.92g/t Au from 17m depth in hole PGC102**
- **4m @ 12.49g/t Au from 30m depth in hole PGC117**
- **6m @ 5.13g/t Au from 39m depth in hole PGC118**
- **5m @ 12.28g/t Au from 29m depth in hole PGC119**
- **5m @ 14.39g/t Au from 34m depth in hole PGC122**
- **4m @ 37.36g/t Au from 22m depth in hole PGC124**
- **3m @ 7.35g/t Au from 29m depth in hole PGC129**
- **2m @ 19.51g/t Au from 38m depth in hole PGC130**

*True widths are 85% of reported downhole intersections. No high cut applied.

Potential Future Underground Operations

During the September 2017 quarter, the Company completed a six hole diamond drilling program targeting mineralisation beneath the planned open pit. The aim of this drilling was to increase confidence in this mineralisation, convert some Inferred resources to Indicated and to yield important additional geotechnical data for underground mining studies.

Completion of this drilling is a precursor to the commencement of a final underground feasibility study.

Core from the six holes is currently being both geologically and geotechnically logged to establish an optimum mine design for future underground operations. On completion of this work, the mineralisation visually identified in each of these holes will be assayed.

Poseidon Nickel Limited - MOU

As announced to the ASX on the 7th September 2017, the Company has entered into a memorandum of understanding (MOU) with Poseidon Nickel Limited to evaluate the option of processing Penny's Find gold ore through the Black Swan Operations' gold processing facility located only 48km by road from Penny's Find.

The opportunity to access a third toll treatment facility considerably closer than the ones currently being utilised would result in a considerable saving on haulage costs to the Penny's Find operation.

Yuinmery (WA): Copper - Gold Project (100% interest and earning 91% interest in adjoining tenements)

The Yuinmery project is a volcanogenic massive sulphide (VMS) copper - gold project located 80km southwest of Sandstone, WA. The Company has already outlined a copper-gold deposit at the **Just Desserts** prospect as reported in previous quarterly reports.

Previous exploration has also intersected significant copper-gold mineralisation at the A Zone prospect situated just 1.3km along strike from the Just Desserts deposit.

During the quarter, a 270m deep downhole electromagnetic (DHTEM) survey was undertaken in a drill hole located two kilometres north of the A Zone prospect. No significant conductors were detected by this survey.

CORPORATE

FYI Resources Limited (Empire 13.54% interest)

ASX-listed FYI Resources Ltd (ASX Code "FYI") is focused on potash exploration in South East Asia where potential exists for the discovery of first tier potash deposits.

FYI Resources is currently in joint venture negotiations with a Chinese group regarding resource development and potential production in Laos. It also has applications pending for potash tenements covering two separate project areas in Thailand.

Whilst the potash strategy is continuing, FYI has pursued a high purity alumina (HPA) development opportunity in Western Australia through the purchase of 100% of the shares of Kokardine Kaolin Pty Ltd, as announced to the ASX on the 8 May 2017.

Kokardine has been evaluating a vertically integrated HPA production strategy through the mining of kaolin from its wholly owned kaolin resource at Cadoux, 180 kilometres northeast of Perth in WA's Wheatbelt region. High purity alumina is used in many high tech markets such as batteries, sapphire glass for mobile phone and television screens, and LED lights.

DAVID SARGEANT
MANAGING DIRECTOR
October 2017

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Tenement Holdings at 30 September 2017				
PROJECT	TENEMENT NUMBER	PERCENTAGE INTEREST HELD	PERCENTAGE INTEREST HELD	COMMENTS/ CHANGES SINCE LAST QUARTER
		30 June 2017	30 September 2017	
PENNY'S	E27/410	60	60	
FIND	E27/420	60	60	
	E27/553	60	60	
	E27/591	60	60	GRANTED
	E27/592	60	60	GRANTED
	E27/593	60	60	APPLICATION
	G27/1	60	60	
	L27/90	60	60	
	L27/91	60	60	
	L27/92	60	60	
	L27/93	60	60	
	M27/156	60	60	
	P27/2007	60	60	
	P27/2008	60	60	
	P27/2245	60	60	
	P27/2262	60	60	
YUINMERY	M57/265	100	100	
	M57/636	100	100	APPLICATION covers P57/1214 - 1217
	P57/1214	100	100	
	P57/1215	100	100	
	P57/1216	100	100	
	P57/1217	100	100	
	E57/1037	100	100	
EVOLUTION	E57/681	0	0	OPTION TO ACQUIRE 91% INTEREST
OPTION	E57/1027	0	0	