

ACN 092 471 513

28 November 2016

ASX Release

PENNY'S FIND GOLD MINE UPGRADED POTENTIAL FOR MINE LIFE EXTENSION

Empire Resources Limited ('Empire', ASX code: ERL) is pleased to give an update on the progress of underground mining studies currently being undertaken on the Penny's Find gold deposit located 50km northeast of Kalgoorlie, Western Australia.

In parallel with its maiden mine start, Empire has also initiated independent assessment of the deposit's ability to extend the project's mine life through a new underground mining operation on completion of the open-pit operation. This is based on a JORC compliant Indicated and Inferred gold resource of **170,000t @ 5.40g/t Au** beneath the scheduled pit floor (Refer ASX announcement, 2 September 2015 and summarised in Table 1 below).

This assessment, initially consisting of a recently completed geotechnical pre-feasibility study undertaken by MineGeoTech Pty Ltd, has shown underground mining to be geotechnically viable based on the mine design shown in Figure 1.

The executive summary from the MineGeotech report is attached below with the complete report available on the Empire Resources website: www.resourcesempire.com.au

Having completed the geotechnical assessment, a pre-feasibility study is now being undertaken to assess the economic viability of mining the underground resource.

David Sargeant, Empire's Managing Director, said "The results of the geotechnical study are very encouraging and indicate the real possibility of extending the mine life to at least three years. Any further exploration success could see an even longer mine life."

Despite the road diversion taking longer than initially anticipated it is expected to be finalised with all necessary approvals within days, allowing mining of the open pit to proceed.

Table 1 : Penny's Find Resources - September 2015

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

A preliminary underground mine design had already been initiated to ensure it is able to mesh smoothly with the open pit mining operation. Figures 1 and 2 are long sections under the proposed open pit showing the preliminary underground mine design based on the resource block model in Figure 3.

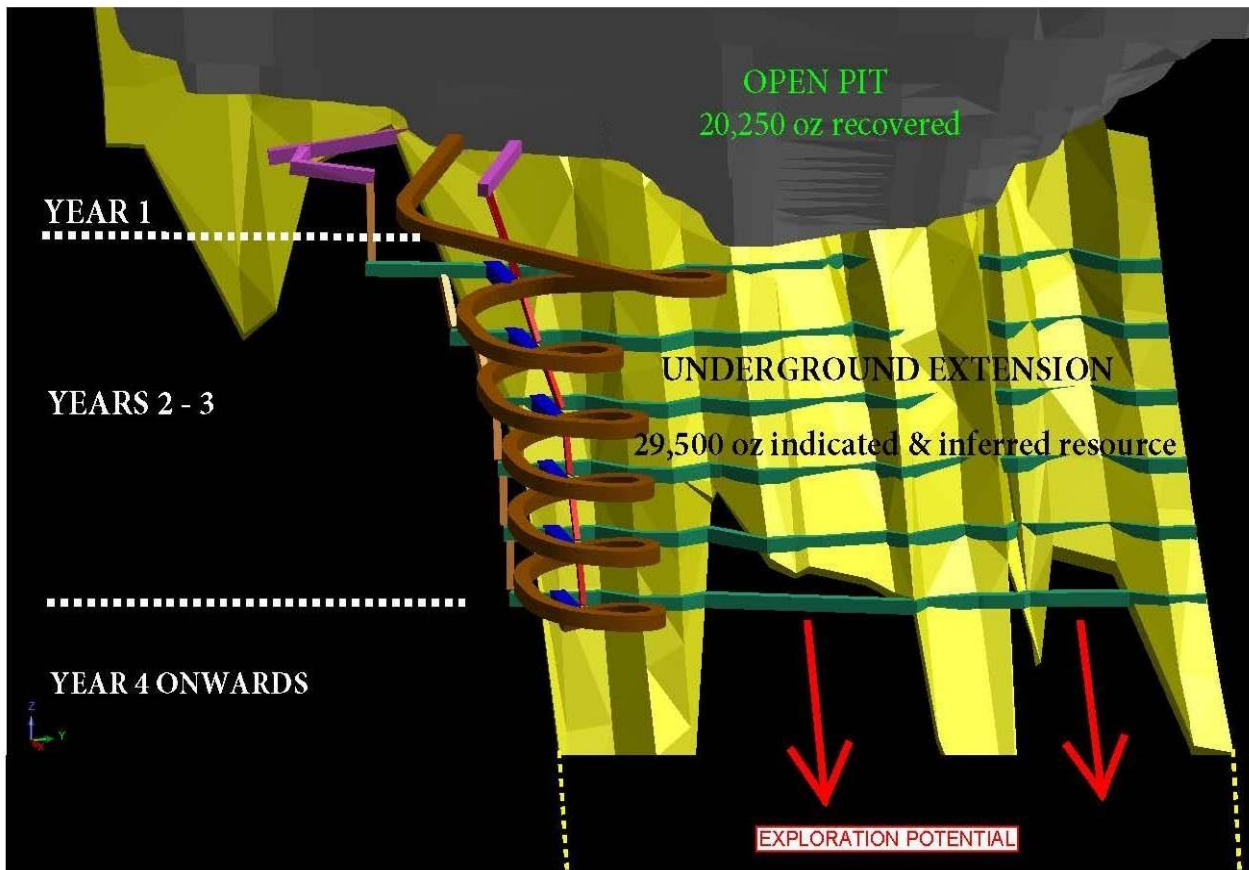
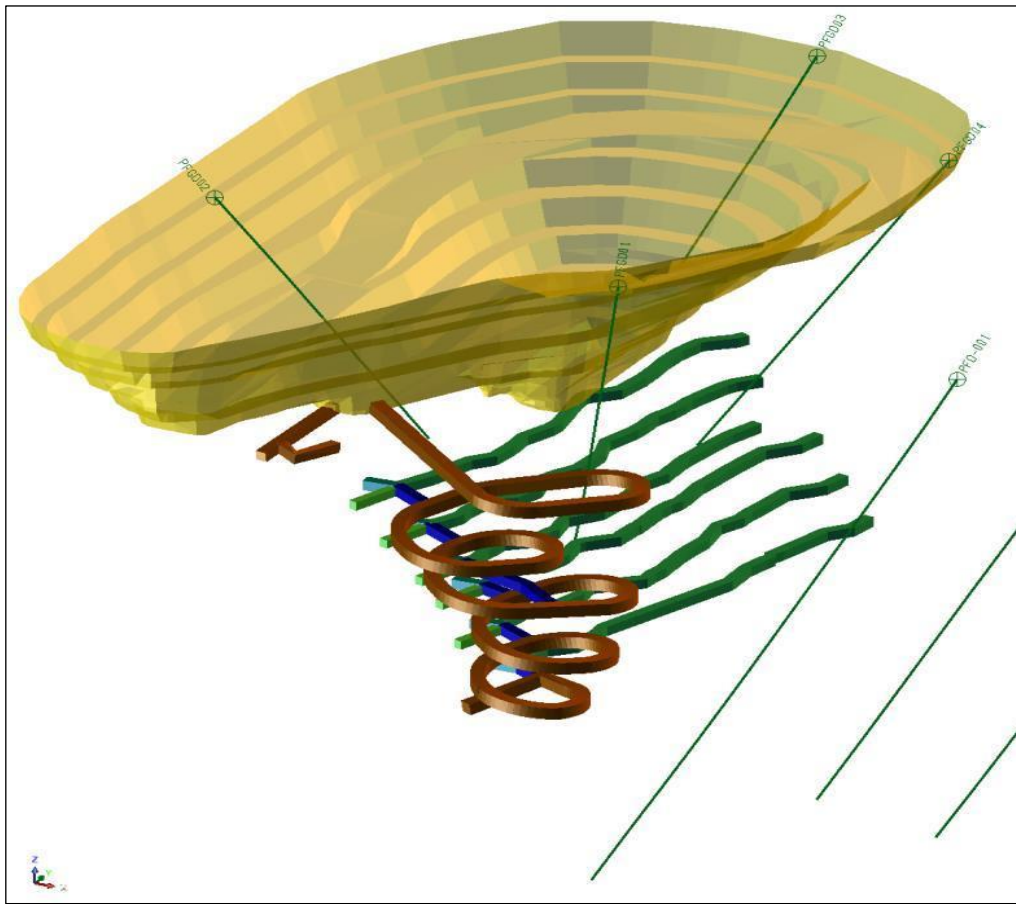
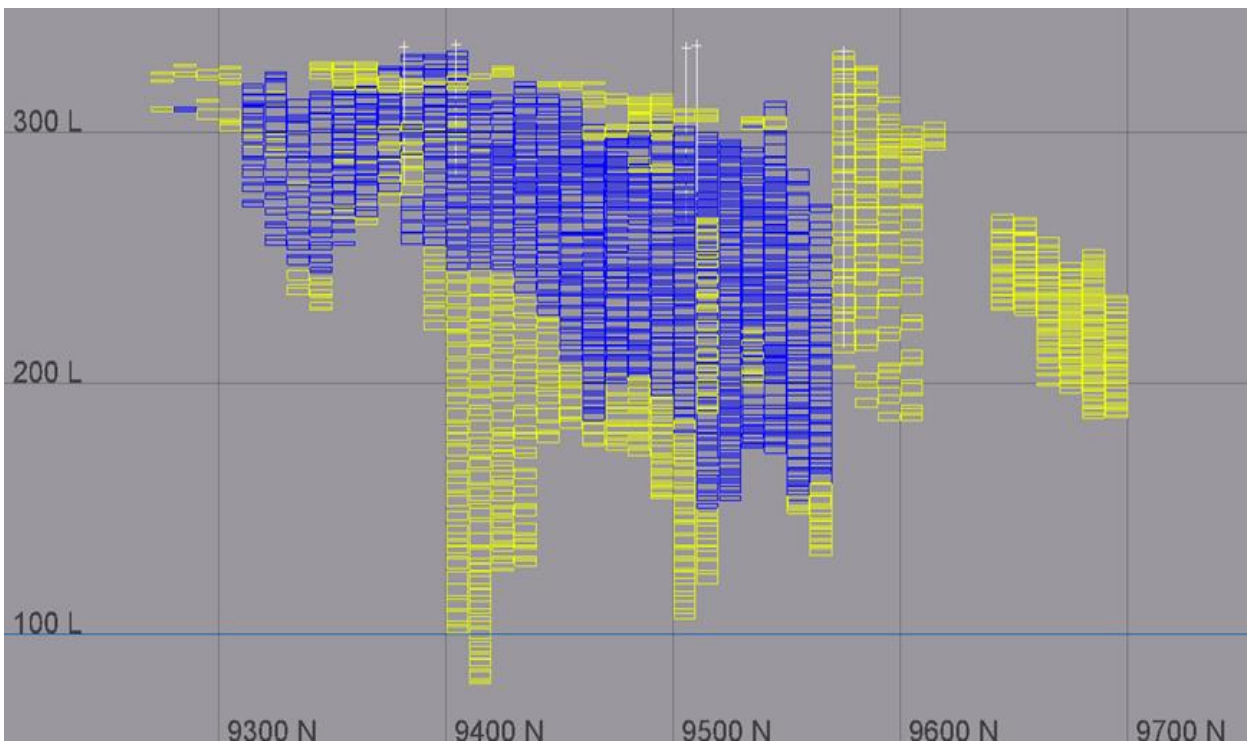


Figure 1 : Penny's Find Preliminary Underground Mine Design



**Figure 2 : Penny's Find Open Pit and Underground Design
(Looking northwest)**



**Figure 3 : Long Section (looking west) showing all blocks by classification.
Blue – Indicated, Yellow – Inferred**

MineGeoTech Pty Ltd recommends that readers of the Executive Summary below read the complete Geotechnical Pre-Feasibility Study Report to understand the limitations and recommendations made with regards to the geotechnical study for the Penny's Find Underground Project. MineGeoTech Pty Ltd accepts no liability or responsibility for decisions made by readers that have not read the complete report.

Empire has posted the complete MineGeoTech Pre-Feasibility Report on its website which may be reached at the following web address: www.resourceempire.com.au

DAVID SARGEANT
MANAGING DIRECTOR
November 2016

For further information on the Company,
Tel: +61 8 9361 3100 www.resourceempire.com.au

Competent Persons Statements

The information in this release concerning the Mineral Resources for the Penny's Find deposit has 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.

The scientific and technical information in this report that relates to the Geotechnical Prefeasibility Study for the Penny's Find Deposit is based on information compiled by Dr John Player, Principal of MineGeoTech Pty Ltd. Dr Player is a Member of the Australasian Institute of Mining and Metallurgy. Dr Player 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'. Dr Player consents to the inclusion in the report of the matters related to the geotechnical assessment of the Penny's Find Deposit in the form and context in which it appears.



EXECUTIVE SUMMARY PENNYS FIND UNDERGROUND PROJECT GEOTECHNICAL PREFEASIBILITY STUDY

A Geotechnical Pre-Feasibility level study of the Penny's Find Underground Project approximately 50km north east of Kalgoorlie, has been completed by MineGeoTech Pty Ltd (MGT) for Empire Resources Ltd. It is considered that the study conducted meets the requirements for the 2012 JORC requirements for this level of classification.

It has been proposed and investigated that the Penny's Find Underground uses a modified avoca retreat to a single access for each level, with cemented rock fill. The method will have three levels per panel, with the lower two levels on a 15m floor to floor spacing and a shorter level spacing forming an intermediate crown between each panel. Stopping will be with upholes and down holes from the middle level, loading from the bottom level and filling from the top level of each panel. The underground stopping would be from ~90m below surface to ~240m below surface.

Geotechnical domains have been allocated based on the open pit geotechnical drilling and geological model of the mine setting. Rock mass classification likely ranges have been determined for the domains, principally based on the degree of fracturing and nature of the fractures. Water and stress are not expected to be determining factors based on the hydrological setting and proposed depth of workings.

Ground support schemes have been designed for a range of drive sizes and rock mass conditions expected in the capital development and ore drives. Additional reinforcement recommendations, are made for the hangingwall of the stopes (dependent on lithology) and the intermediate crowns.

Recovery, stope stability, and dilution estimates scenarios have been made for the modified avoca method based on the geology of the footwall and hangingwall. Recovery and dilution ranges are given for the intermediate crowns to assess project sensitivity to these inputs.

The proposed crown pillar between the pit and underground is stable, and will able to be extracted at life of mine.

Significant additional information will be obtained from the mining of the open pit which will answer most of the uncertainties. Any additional diamond drilling that is undertaken should be done with geotechnical consultation to maximise the value for the expense to further contribute to understanding the uncertainties.

MineGeoTech Pty Ltd recommends that readers of this Executive Summary read the complete Geotechnical Pre-Feasibility Study Report to understand the limitations and recommendations made with regards to the geotechnical study for the Pennys Find Underground Project. MineGeoTech accepts no liability or responsibility for decisions made by readers that have not read the complete report.

A handwritten signature in black ink, appearing to read 'John Player'.

John Player
BEng (Mining) MEngSc (Geomechanics) PhD
MAusIMM (CP) RPEQ