EMPIRE RESOURCES LIMITED

ACN 092 471 513

QUARTERLY REPORT FOR THE PERIOD ENDING 31 DECEMBER 2010

HIGHLIGHTS

PRELIMINARY ADVICE: The Company is currently assaying for uranium, rare earths, phosphate, niobium and other elements, from a rare rock succession encountered during drilling on Yuinmery's Constantine prospect.

YUINMERY: Advanced Copper–Gold project WA (100% interest)

- **Drilling at the Just Desserts prospect intersects mineralization down plunge from existing resource**
- **Initial metallurgical testwork of Just Desserts mineralization confirms positive expectations for favourable recoveries**

YUINMERY: Option for +75% interest on adjoining tenements

- **80 metre width of low grade platinum group metal and nickel mineralization encountered in drilling at the Constantine prospect**
- **Drilling south of Just Desserts prospect locates a new zone of VMS mineralization**

PENNY'S FIND: Gold project WA (60% interest)

- **Initial payments received for the sale of Penny's Find project**

TROY CREEK: Copper-Gold-PGM project WA (100% interest)

- **Farmout offer for Troy Creek project accepted subject to legal documentation**

CORPORATE

- **Raised capital of $2.78 million, before costs**

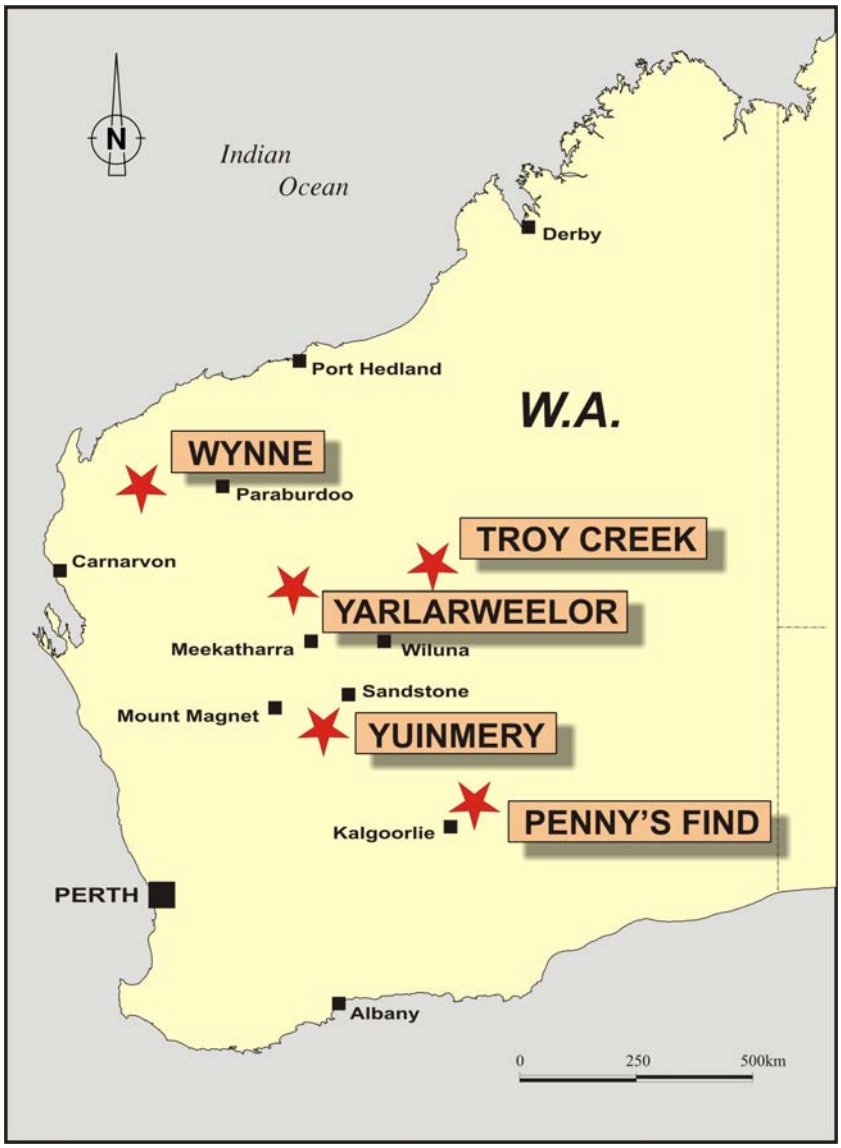

Figure 1 : Project location map

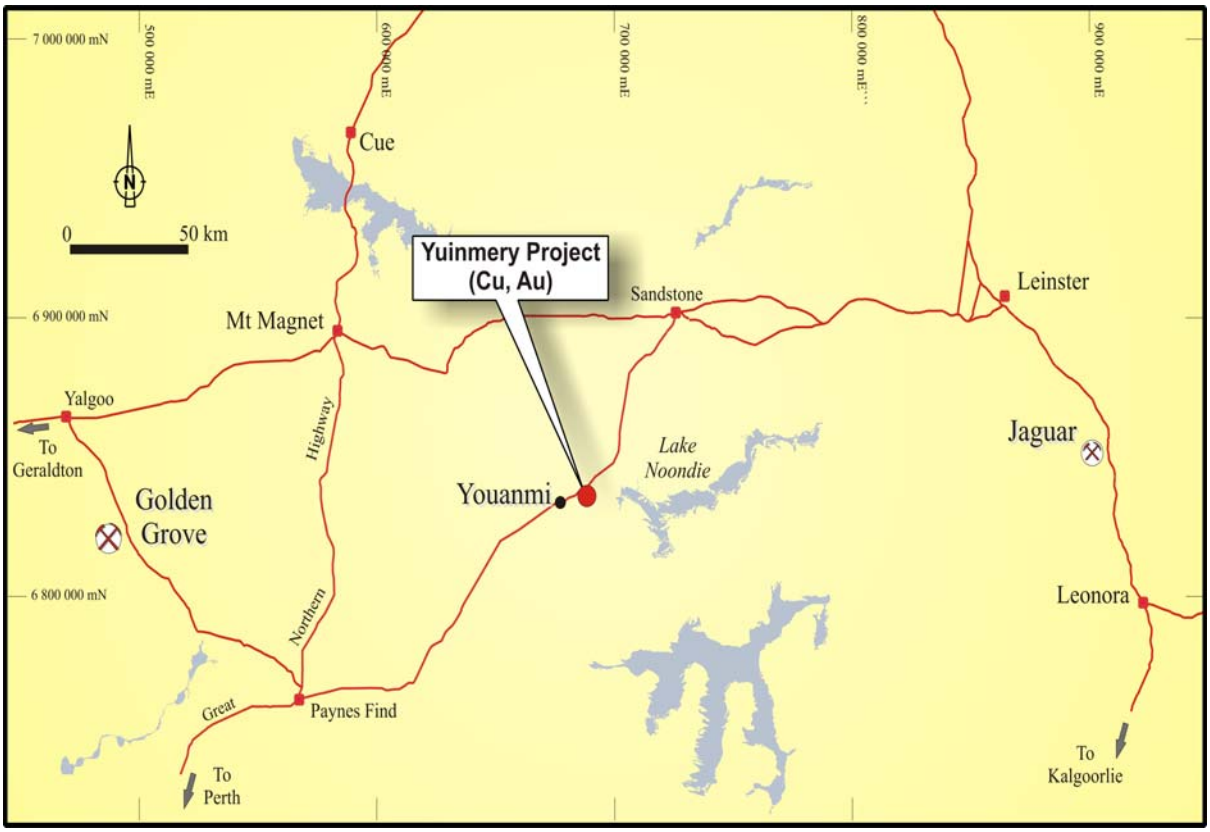

Figure 2 : Yuinmery Project location map

REVIEW OF OPERATIONS

DECEMBER QUARTER 2010

Yuinmery (WA): Copper - gold project (100% interest and option for +75% interest in adjoining acreage)

Preliminary Advice

Drilling by Empire Resources at Yuinmery's Constantine prospect has revealed a rare rock succession containing up to 15% apatite, a phosphate mineral, and equally abundant magnetite (iron oxide). Pentlandite (nickel sulphide), chalcopyrite (copper sulphide) and minor iron sulphide minerals are present. PGMs and nickel are strongly anomalous (80m averaging 0.49 g/t PGM and 0.22% nickel).

The magnetic expression of this unit has been identified over an approximate 13 kilometre strike length.

A petrological interpretation of this very unusual rock suite bearing these quantities of apatite and magnetite indicates that it may be derived from Fe-P rich cumulates from an altered metamorphosed layered intrusion or from a rock with carbonatite affinities. Analytical assaying for minerals to assess the composition and importance of this rock suite is progressing urgently.

The elements being analysed for include uranium, rare earth minerals, phosphate, niobium and other elements that may typically be contained in such rocks.

Summary

Empire Resources holds a 100% interest in a group of tenements which comprise the **Yuinmery** copper – gold project in Western Australia (Figure 2). This project contains several occurrences of volcanogenic massive sulphide (VMS) mineralization including the Just Desserts prospect where the Company has defined an Inferred and Indicated resource of **1,070,000 tonnes at 1.82% copper and 0.78g/t gold**.

In September 2010, the Company entered into an option agreement to purchase an interest held by La Mancha Resources Australia in tenements adjoining the Yuinmery project (Figure3). These tenements are the subject of a joint venture between La Mancha Resources Australia and Giralia Resources Limited in which La Mancha currently holds an interest of approximately 75.82%. This agreement trebles the area of Empire's Yuinmery holdings to 227sq km and positions it as a dominant landholder in the base metal rich but under-explored Youanmi Greenstone Belt located 185km east of the Golden Grove mine.

During the December quarter, Empire Resources undertook exploration within both the wholly owned Yuinmery project area and the adjoining optioned tenements.

Within the wholly owned Yuinmery project area, the Company drilled three diamond holes and two Reverse Circulation holes as well as undertaking metallurgical testwork.

The diamond holes tested down plunge extensions of mineralization at the Trajan, Augustus and Just Desserts prospects. Only minor sulphide mineralization was intersected at Trajan and Augustus. Although the hole at Just Desserts deviated from its planned target, it intersected **3m @ 1.46% Cu, 0.23g/t Au.** This mineralization was intersected approximately 250 m down plunge from the existing resource. The two Reverse Circulation holes that were drilled failed to locate the source of geophysical anomalies.

Diamond Core Assays

HOLE ID	NORTH	EAST	DEPTH (m)	AZ	DIP	FROM (m)	LENGTH (m)	Cu GRADE % Cu	Au GRADE g/t Au
YRC10-10D	6837240	687835	452	215	-65			Assays	Pending
YRC10-11D	6836715	686265	266	225	-60				
YRC10-13D	6836965	686285	488	225	-60	373.35	0.2	5.18	15.10
						402.75	3.00	1.46	0.23

Intersections are an arithmetic average calculated using a 0.5%Cu lower cut-off. No high cut has been applied.
Maximum width of any internal dilution within an intersection is 3m @ <0.1%Cu.
Assays were done on half core using a 40gm Fire Assay for gold and mixed acid digest/ICP-OES for copper.
Coordinates GDA94 zone 50

Initial metallurgical testwork on the Just Deserts copper-gold sulphide resource has been successfully completed with positive results achieved.

Testwork was performed on a composite sample of 18m of half core drill samples, taken from the Just Desserts resource; assaying 2.0%Cu, 8.6%S and 0.4pppm Au. The ½ core was crushed to -3.35mm, with the completed testwork program consisting of head assay analysis, specific gravity measurements, roughing flotation testwork and cleaning flotation testwork.

The results from the program demonstrated the potential to achieve over 95% copper recovery through rougher flotation at concentrate grades of 8-10% Cu. Gold recovery in the rougher flotation was very good and typically achieved greater than 85% recovery.

In addition to the rougher tests, preliminary cleaning tests showed the potential for the copper assay achieve saleable copper concentrate values of ~15% Cu, with only minor impact on overall copper recovery.

These strong testwork results are supportive of progressing with further metallurgical development work for the project.

Within the optioned tenements, Empire drilled nine Reverse Circulation holes which tested seven separate geophysical targets. At the **Constantine** prospect three holes intersected large widths of low grade platinum and palladium mineralization with **36m @ 0.61g/t Pt+Pd** in hole YRC10-15 which included **8m @ 1.09g/t Pt+Pd.** Using a lower cutoff grade of 0.2g/t Pt + Pd, the intersection of mineralization in this hole amounted to **80m @ 0.49g/t Pt + Pd, 0.22% Ni.**

This mineralization has a Pd:Pt ratio of 4:1 and also contains minor amounts of copper and nickel. It is associated with magnetite and apatite in sheared mafic rocks. The mineralized zone can be identified from aeromagnetic data and appears to extend under cover for approximately 13 kilometres within the optioned tenements and the Company's wholly owned tenements. There has been no previous exploration over this distance and the magnetic anomaly has a high priority for further work in the coming quarter.

A new zone of VMS mineralization was encountered in hole YRC10-18 testing a geophysical anomaly previously designated as YC4 (Figure 4). The hole intersected **5m @ 1.03g/t Au** which included **2m @ 0.94%Cu**. The mineralization remains open at depth and along strike

Constantine RC Assays

HOLE ID	NORTH	EAST	DEPTH (m)	AZ	DIP	FROM (m)	LENGTH (m)	Pt+Pd GRADE g/tPt+Pd
YRC10-15	6841796	689538	160	90	-50	28	36	0.61
						28	Incl. 8	1.09
						80	28	0.47
YRC10-16	6841802	689683	160	270	-55	4	24	0.4
						48	4	0.34
						60	20	0.30
						112	8	0.42
						128	8	0.34
						148	8	0.58
YRC10-17	6841963	689515	160	90	-55	64	36	0.41
						120	8	0.34
						140	4	0.33

Intersections are an arithmetic average calculated using a 0.3g/t Pt+Pd lower cut-off. No high cut has been applied.
Maximum width of any internal dilution within an intersection is 4m @ <0.3g/t Pt+Pd.
Assays were done on 4 metre composite samples using a 40gm Fire Assay /ICP-OES for Pt and Pd
Coordinates GDA94 zone 50

La Mancha Option RC Assays

HOLE ID	NORTH	EAST	DEPTH (m)	AZ	DIP	FROM (m)	LENGTH (m)	Cu GRADE % Cu	Au GRADE g/t Au	Zn GRADE % Zn
YRC10-14	6840235	686215	180	270	-60	130	5			1.19
						144	1	0.65	0.37	0.15
YRC10-18	6835885	687395	120	270	-65	88	5	0.52	1.03	
YRC10-21	6839020	686200	230	270	-60					
YRC10-22	6839820	686200	220	270	-65					
YRC10-23	6840600	686360	210	270	-65					
YRC10-24	6839820	685850	180	270	-65					

Intersections are an arithmetic average calculated using a 0.5%Cu lower cut-off. No high cut has been applied.
Maximum width of any internal dilution within an intersection is 1m @ <0.5%Cu.
Assays were done on 1 metre split samples using a 40gm Fire Assay for gold and mixed acid digest/ICP-OES for copper and zinc.
Coordinates GDA94 zone 50

Future Plans

Following interpretation of down hole geophysics and evaluation of surface electromagnetic (EM) results, a program of RC drilling is planned to test various VMS occurrences. In particular, the new occurrence of gold-copper mineralization intersected in YRC10-18 will be tested along strike and down dip.

The 13 km strike extent of the Constantine PGM bearing magnetite – apatite mineralization indicated from aeromagnetic data is largely soil covered. This represents an exciting exploration target that will be tested by RAB drilling in the March 2011 quarter.

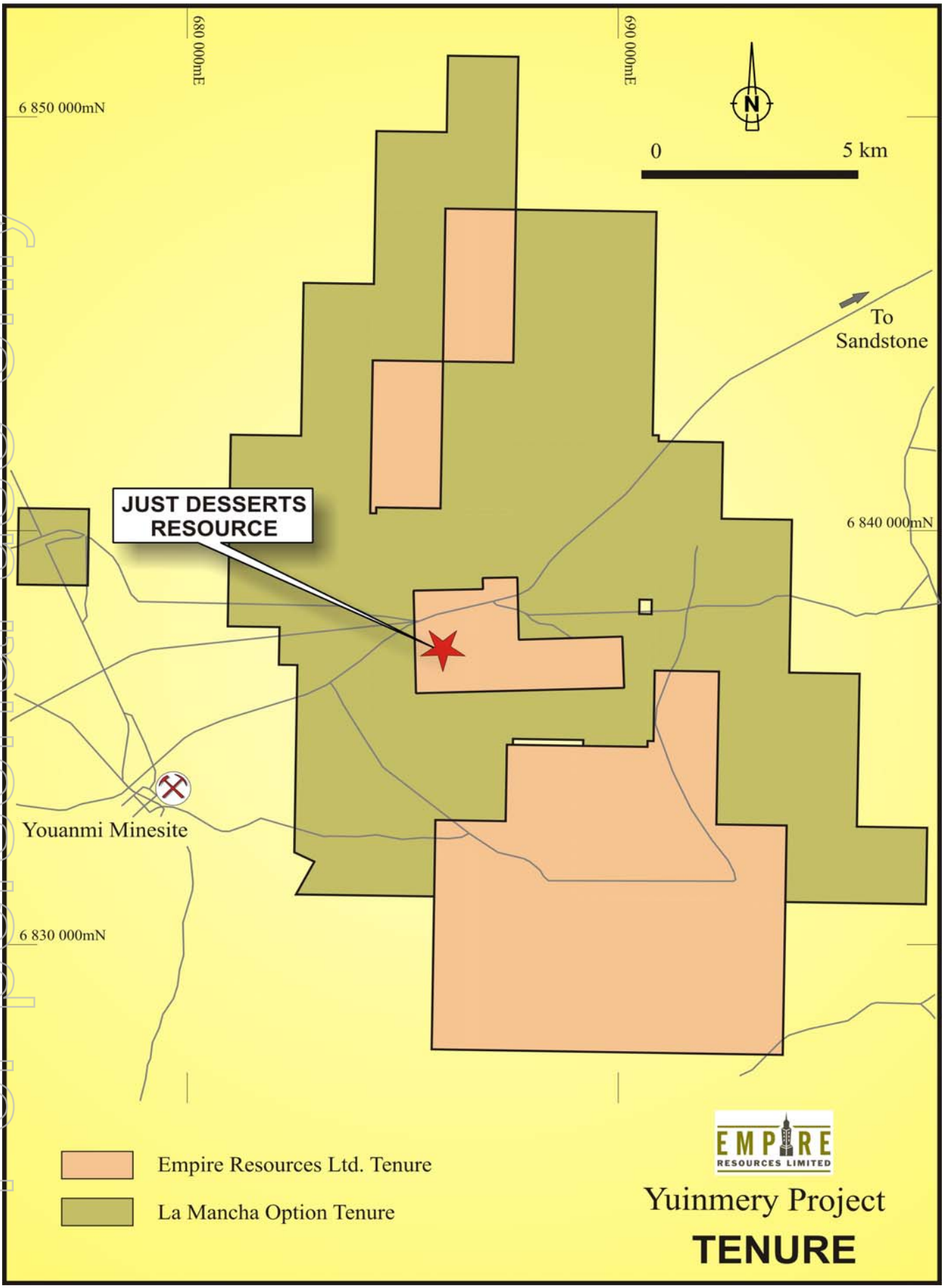

Figure 3

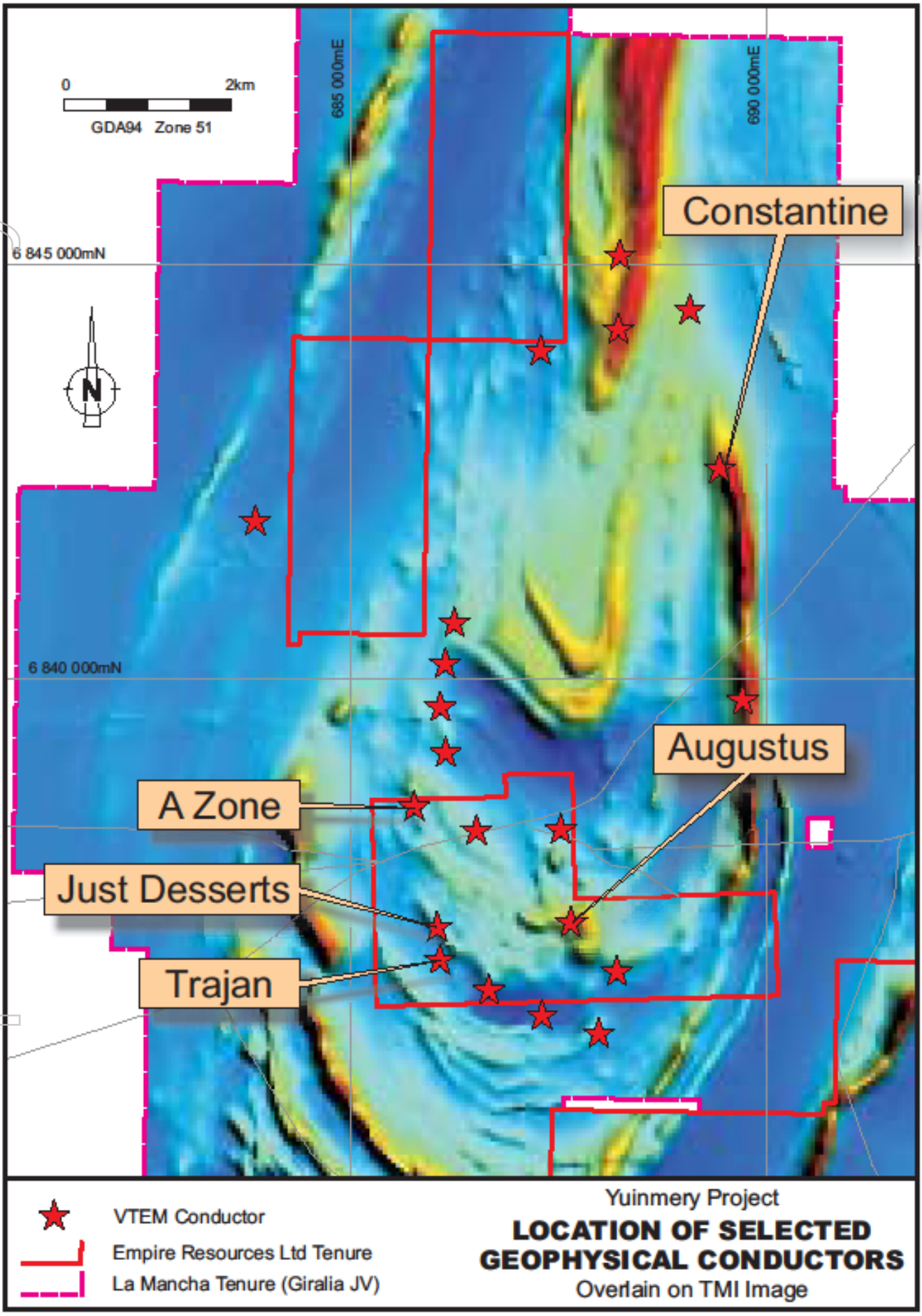

Figure 4

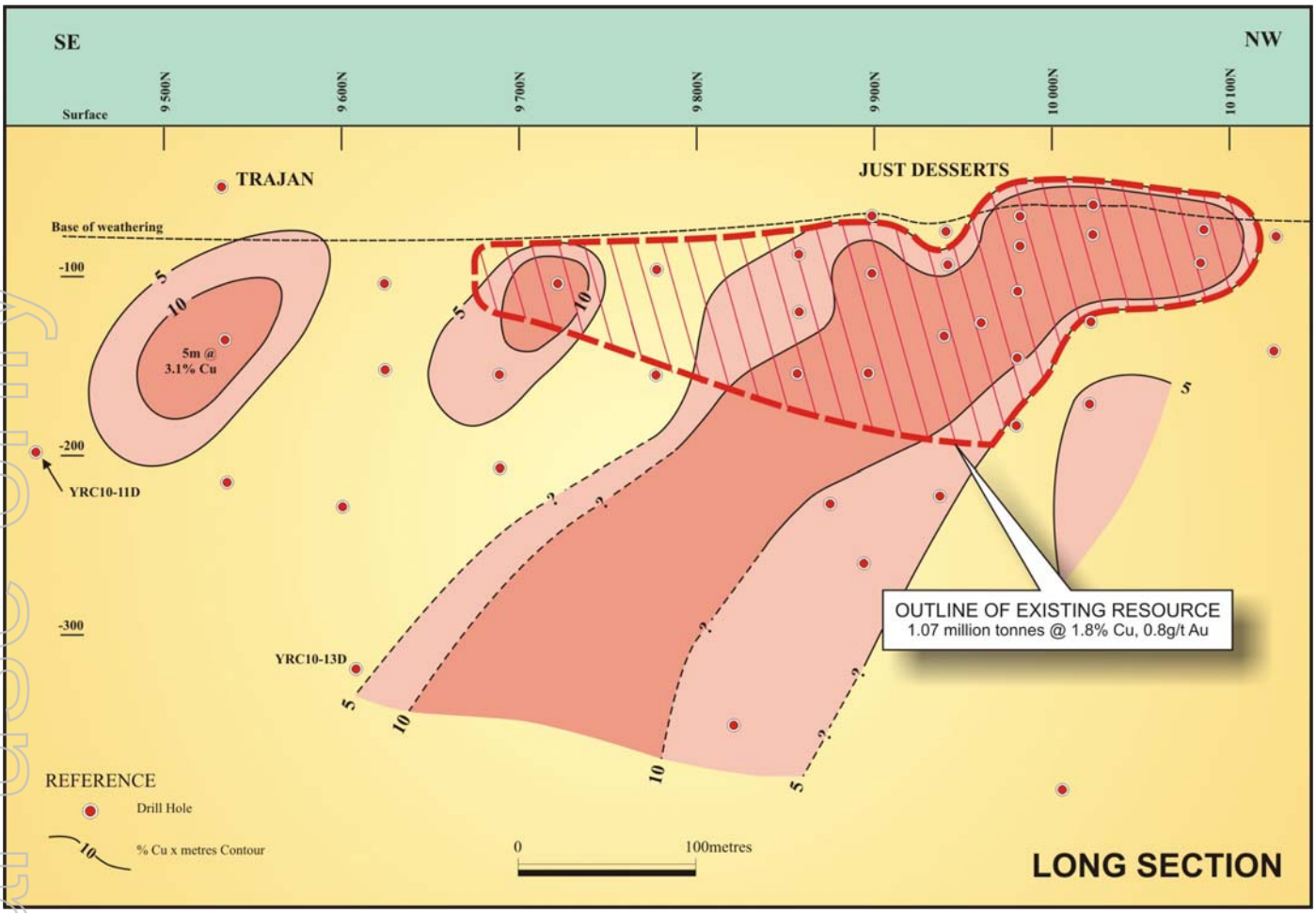

Figure 5

Penny's Find (WA): Gold Project (60% interest)

At the Penny's Find project, the Company has previously identified a near surface resource of **314,000 tonnes @ 5.2g/t Au**. The proximity of the deposit to Kalgoorlie (50km), the current record levels gold price in Australian dollar terms and the possibility of mining a substantial portion of the deposit by open pit methods, enhances the value of this resource.

In September 2010, the Company announced to the ASX it had entered into a staged sale agreement for the Penny's Find gold project with unlisted company Brimstone Resources Limited (Brimstone). At the election of Brimstone, the sale consideration comprises either:

- Staged cash payments totalling $2.0 million for a 100% interest of the Penny's Find project. A royalty will also be payable on gold produced in excess of the current Measured, Indicated and Inferred resource of 52,500 ozs gold.

- Staged cash payments totalling $0.5 million together with exploration and development expenditure of up to $3 million for an 80% interest in the Penny's Find project. Any additional development costs associated with ERL's residual 20% interest will carried by Brimstone and repayable from the proceeds of future gold production.

Following the receipt of an initial $15,000 payment in September, further payments have been made by Brimstone during the December quarter totalling $485,000. With these payments, Brimstone has earned a 40% interest in the project. Brimstone must now continue funding exploration and development work by expending up to $3 million by 31st December 2013 to earn

an 80% interest in the project. After expending $1.5 million by December 2012, Brimstone can elect to purchase 100% of the project for $1.5 million plus a 2% gross royalty on gold produced in excess of the current JORC resource of 52,500 ozs gold. The royalty would only apply when the gold price is above A$700/oz and would not exceed A$50 per ounce of gold recovered.

During the December quarter, Brimstone undertook a limited MMI soil geochemical survey in an area approximately 6 kilometres northwest of the Penny's Find deposit. Sample results from this survey are pending.

Yarlarweelor (WA): Uranium project (32% indirect interest)

The Yarlarweelor uranium project is located 125 km north of Meekatharra in Western Australia. Empire Resources Ltd holds an indirect 32% interest in the project through its shareholding in FYI Resources Ltd.

Towards the end of the September quarter, FYI Resources completed a detailed airborne radiometric and magnetic survey over the entire area of E52/2478. This survey identified a conspicuous bulls-eye thorium anomaly in the south western portion of the licence and highlighted a large thorium drainage anomaly emanating from E52/2095. A ground inspection of these thorium anomalies and other separate magnetic anomalies was undertaken but failed to determine their source. These anomalies remain high priority drill targets.

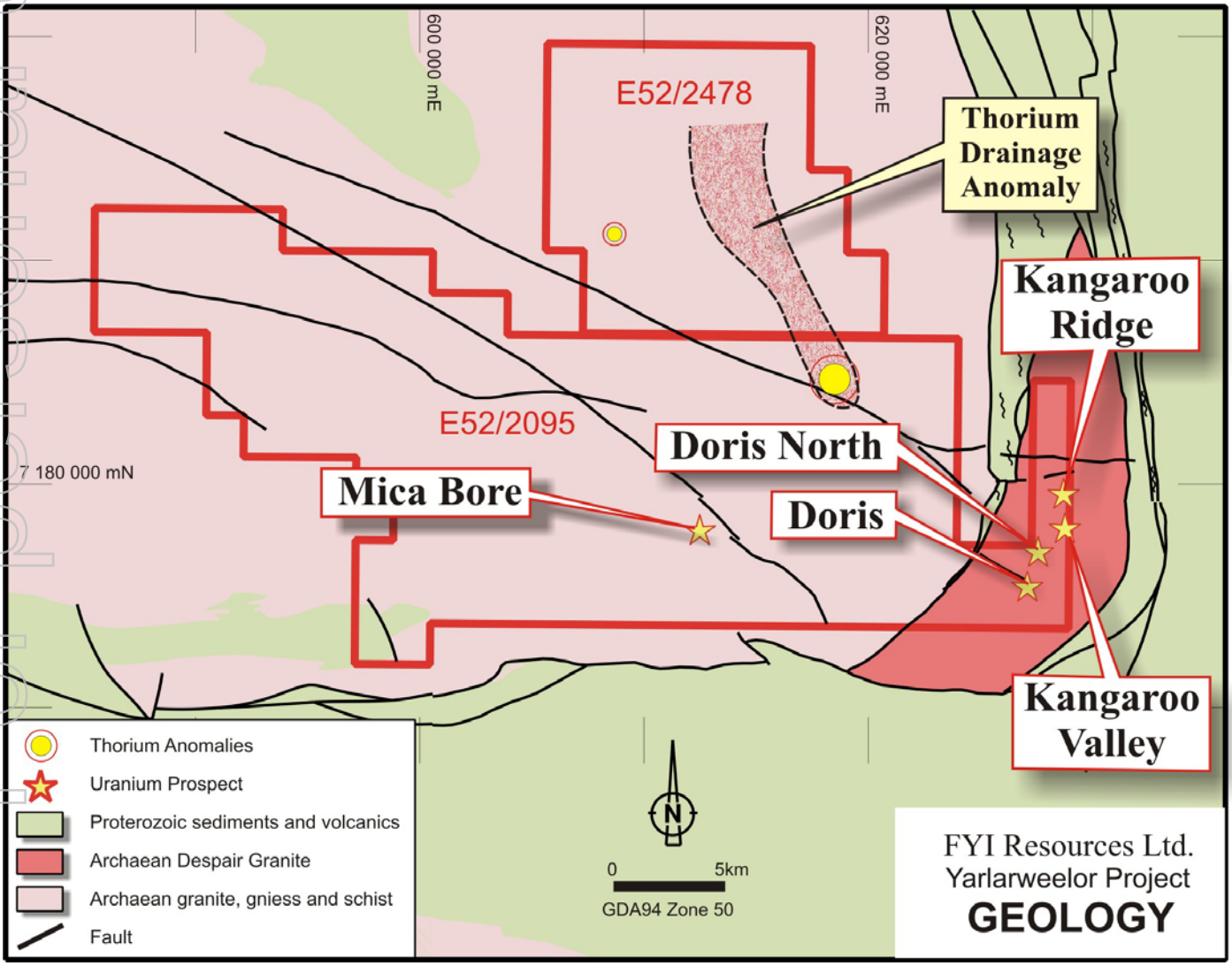

Figure 6

Wynne (WA): Copper – Lead Project (100% interest)

The Wynne prospect consists of a granted exploration licence covering an area of 90 square kilometres in the northern Gascoyne region of Western Australia.

Previous exploration in the area identified extensive gossanous ironstones containing highly geochemically anomalous copper and lead values. These ironstones are associated with meta-sedimentary rocks of the Proterozoic Morrissey Metamorphic Suite.

At least three anomalous ironstone horizons are present, each up to 2-3m thick with at least one extending for a distance of over 4.5 kilometres. No previous drilling has been undertaken in the prospect area.

During the quarter, a program of rock sampling was undertaken This resulted in the location over 500 metres of additional gossanous ironstones that are geochemically anomalous in copper.

In December, a MLTEM survey covering the known ironstones was completed. The results of this survey are being processed prior to selecting drill targets

Troy Creek (WA): Copper - Gold - PGM Project (100% interest)

The Troy Creek copper-gold-platinum group metal (PGM) project is situated 900 km northeast of Perth on the northern margin of the Palaeoproterozoic Earaheedy Basin and where the Company holds tenements covering an area of 273 sq km.

High grade copper sulphide drill intersections have previously been announced for the Main Gossan prospect in the December 2008 and December 2009 quarterly reports. These intersections included 2 metres @ 4.65% Cu from 91 metres; and 8 metres @ 1.47% Cu from 76 metres and 4 metres @ 3.04% Cu from 104 metres, in two holes 50m apart along strike. The copper mineralisation consists of fine grained stratiform copper and iron sulphides in graphitic and calcareous shales.

During the December quarter, the Company agreed to farm-out terms with the unlisted Sydney-based company, Zodiac Resources Pty. Ltd. Under the terms of this agreement, which is subject to documentation, Zodiac may earn a 55% interest by spending $3 million on exploration within three years and a 75% interest by spending an additional $4 million on exploration and development within five years.

Zodiac will have the option to acquire a 100% interest in the Troy Creek Project within five years of commencement of the joint venture at the agreed purchase price of $5 million – a figure separate to the joint venture exploration commitments.

No fieldwork was undertaken during the quarter.

Corporate

The company raised $2.78 million in capital, before costs, through a series of placements during the quarter, with 9.4 million shares and 5 million shares being issued in October and November 2010 respectively, at 6.4 cents. A further placement was completed in December 2010 of 15.7 million shares at 12 cents. These placements were made to sophisticated investors.

DAVID SARGEANT
MANAGING DIRECTOR

28 January 2011

For further information on the Company, visit www.resourcesempire.com.au

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The information in this report that relates to Exploration Results has been compiled by Mr. Adrian Jessup B.Sc(Hons), who is a director of the Company. He is a member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Adrian Jessup consents to the inclusion in the public release of the matters based on his information in the form and context in which it appears.

The information is this report concerning the Mineral Resources for the Penny's Find Deposit and the Just Desserts Deposit at Yuinmery 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 styles of mineralisation and types of deposit under consideration and qualifies as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Ball consents to the inclusion in the public release of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Metallurgical Results has been compiled by Mr D. Evans who is an employee of Independent Metallurgical Operations Limited. He is a member of the Australasian Institute of Mining and Metallurgy. He has sufficient experience which is relevant to the style of mineralisation and type of metallurgical processing under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Evans consents to the inclusion in the public release of the matters based on his information in the form and context in which it appears.

Notes on the Penny's Find Resource

An updated resource estimate for the Penny's Find gold mineralisation was completed and announced to the market on 8 August 2007 and 12 October 2007. There has been no change to the resource since that time.

The mineral resource by category is 314,000 tonnes averaging 5.2 g/t gold down to a vertical depth of 150m below surface. The mineral resource above 0.5 g/t gold is summarised in the following table.

Penny's Find - Classified mineral resources – August 2007

Category	Tonnes	Grade*	Ounces
Measured	79,000	4.40	11,177
Indicated	132,000	3.98	16,893
Inferred	103,000	7.33	24,276
TOTAL	**314,000**	**5.18**	**52,316**

**grades are based on a minimum cut-off of 0.5g/tAu and high assays cut to 25g/tAu*

Resource modelling consultants Datageo calculated a JORC compliant in situ resource estimate, utilising all drill hole information available on mining lease M27/156 up to the end of June 2007.

The resource grade was estimated using ordinary kriging based on the drill hole data composited downhole to 1m intervals within constraining shapes representing the mineralisation. Assumed specific gravity values used were:- oxide 2.0t/m^3; transitional 2.2t/m^3; fresh 2.5t/m m^3.

Notes on the Yuinmery Resource

A resource estimate for the Just Desserts prospect at Yuinmery was completed and announced to the market on 9 April 2009. There has been no change in the resource since that time.

The mineral resource by category to a depth of 250m below surface is reported below. The resource comprises no oxide mineralisation, only transitional and fresh.

Just Desserts Classified Mineral Resources – March 2009

	Category	Tonnes	Grade* Cu%	Grade* Au g/t	Grade* Ag g/t
1%Cu cutoff	Indicated	104,000	1.65	0.86	1.32
	Inferred	966,000	1.84	0.77	2.12
	TOTAL	**1,070,000**	**1.82**	**0.78**	**2.06**
1.5%Cu cutoff	Indicated	46,000	2.11	1.14	1.58
	Inferred	536,000	2.34	0.92	2.68
	TOTAL	**582,000**	**2.33**	**0.93**	**2.61**

**High assays have been cut to 9%Cu, 20g/tAu and 10g/tAg.*

Resource modelling consultants Datageo calculated a JORC compliant in situ resource estimate, utilising all drill hole information available on Prospecting Licence P57/1215 up to the end of June 2008.

The resource grade was estimated using ordinary kriging based on the drill hole data composited down hole to 1m intervals within constraining shapes representing the mineralisation. Assumed specific gravity values used were:- transitional 2.7t/m^3; fresh 3.2t/m^3.