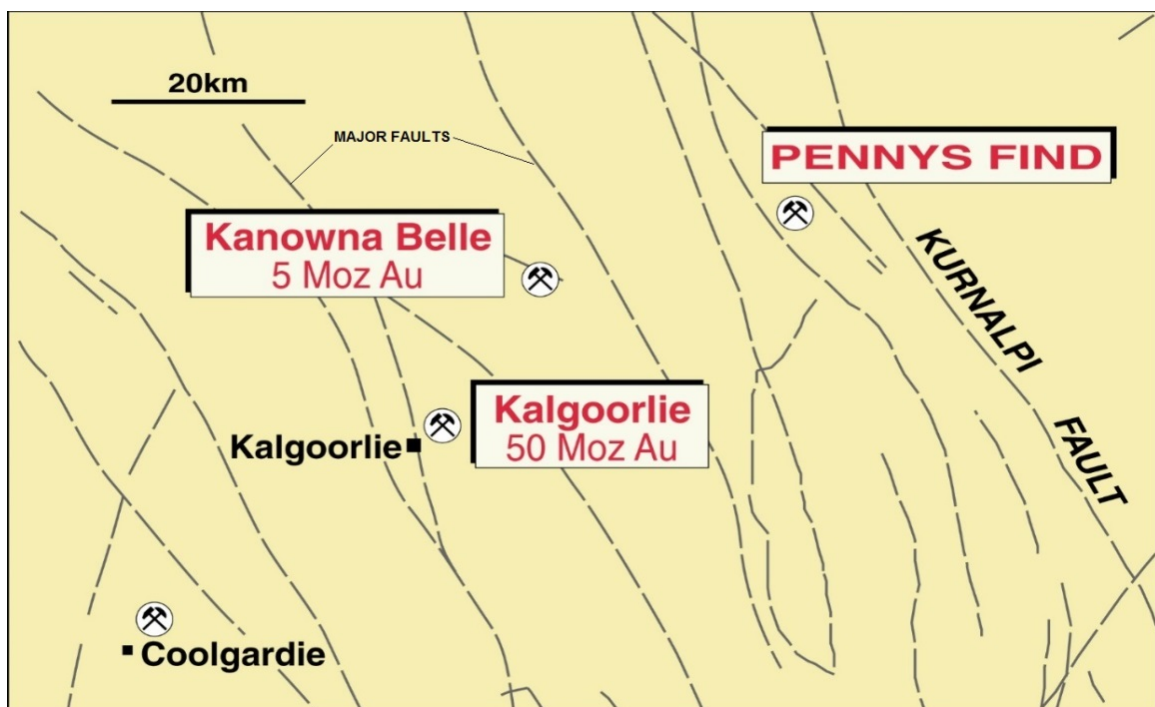


**QUARTERLY REPORT FOR THE PERIOD ENDING
30 JUNE 2017**

HIGHLIGHTS

PENNY'S FIND GOLD MINE - KALGOORLIE (WA)

- Full scale open pit mining commenced on 5 May
- 4,493 tonnes of ore mined and stockpiled on the ROM pad
- More than 0.5 million bcm of waste moved



Location of Penny's Find Project

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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 in Western Australia. The remaining 40% interest is held by unlisted Brimstone Resources Ltd.

Open Pit Mining

On the 5th May, full scale open pit mining operations commenced at the Penny's Find gold mine following completion of pre-mining site works.

By end of quarter, the open pit had progressed to 10m deep with 4,493 tonnes of ore at an average grade of 2.22g/t Au being mined and stockpiled ready for haulage to the toll treatment plant. The gold grade reflects the leached, lower grade top of the orebody near surface.

Mining contractor, Blue Cap, has moved in excess of half a million bank cubic metres (bcm) of waste from the pit with very little drill and blast being required to date. This, along with the use of short haul temporary pit ramps, has had a positive impact on costs that were forecast in the Bankable Feasibility Study.

At the end of the quarter more than 16% extra load and haul of waste was achieved than was previously budgeted for. The shorter haul meant less fuel consumption per bcm moved, while drill and blast costs were also down 17% compared to budget.

At the end of quarter, the amount of draw-down on the Blue Cap funding facility stood at approximately \$2.56 million (refer ASX announcement 21 March 2017).

Table 1 : Mining Physicals

Mine Production	Units	June 2017 Qtr
Waste mined	bcm	545,233
Ore mined	tonnes	4,493
Grade	g/t Au	2.22

On the 28 June 2017, Empire announced the appointment of Mr George Hewitt as Mine Manager to oversee the transition from development to full production. Mr Hewitt has extensive experience in open pit operations throughout Western Australia.

No lost time injuries occurred during the quarter.

Recent photos of the open pit operation are shown below.

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Penny's Find Open Pit - looking south



Penny's Find Open Pit and Waste Dumps - looking north

Haulage and Treatment

Kalgoorlie-based Hampton Transport Services is scheduled to begin haulage of ore to the Burbanks Mill near the town of Coolgardie in late July. Each haulage and treatment campaign is scheduled to process between 15,000 and 20,000 tonnes of gold ore.

As announced to the ASX on the 5 July 2017, the Company signed a second agreement for the toll treatment of ore from Penny's Find. This second agreement is with Maximus Resources Pty Ltd, which operates the Burbanks Mill, nine kilometres south of Coolgardie.

Empire had previously signed an agreement with Golden Mile Milling to toll treat Penny's Find ore through the Lakewood Mill situated on the southern outskirts of Kalgoorlie-Boulder. However, due to scheduling problems at the Lakewood Mill and Empire's desire to obtain immediate gold production, ore is initially being directed to the Burbanks Mill.

Processing of Penny's Find ore at Burbanks will commence in August.

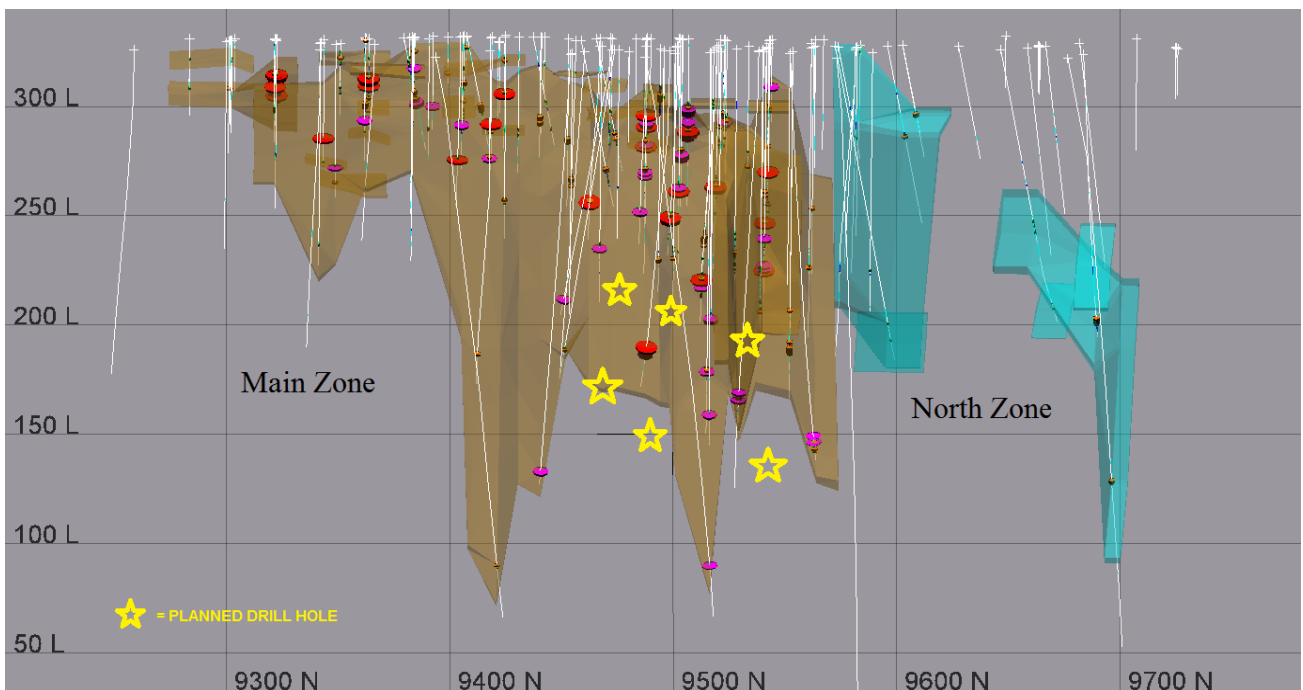
Underground Potential

During the September 2017 quarter, the Company expects to commence a six hole diamond drilling program targeting underground mineralisation. The aim is to increase confidence in the underground mineralisation and to convert some Inferred resources to Indicated. Additional resources may result from the deeper drill holes.

This drilling will also yield important additional geotechnical data for underground mining studies.

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

The planned intercept points are shown with yellow stars on the long section below



Penny's Find long section showing drill hole pierce points

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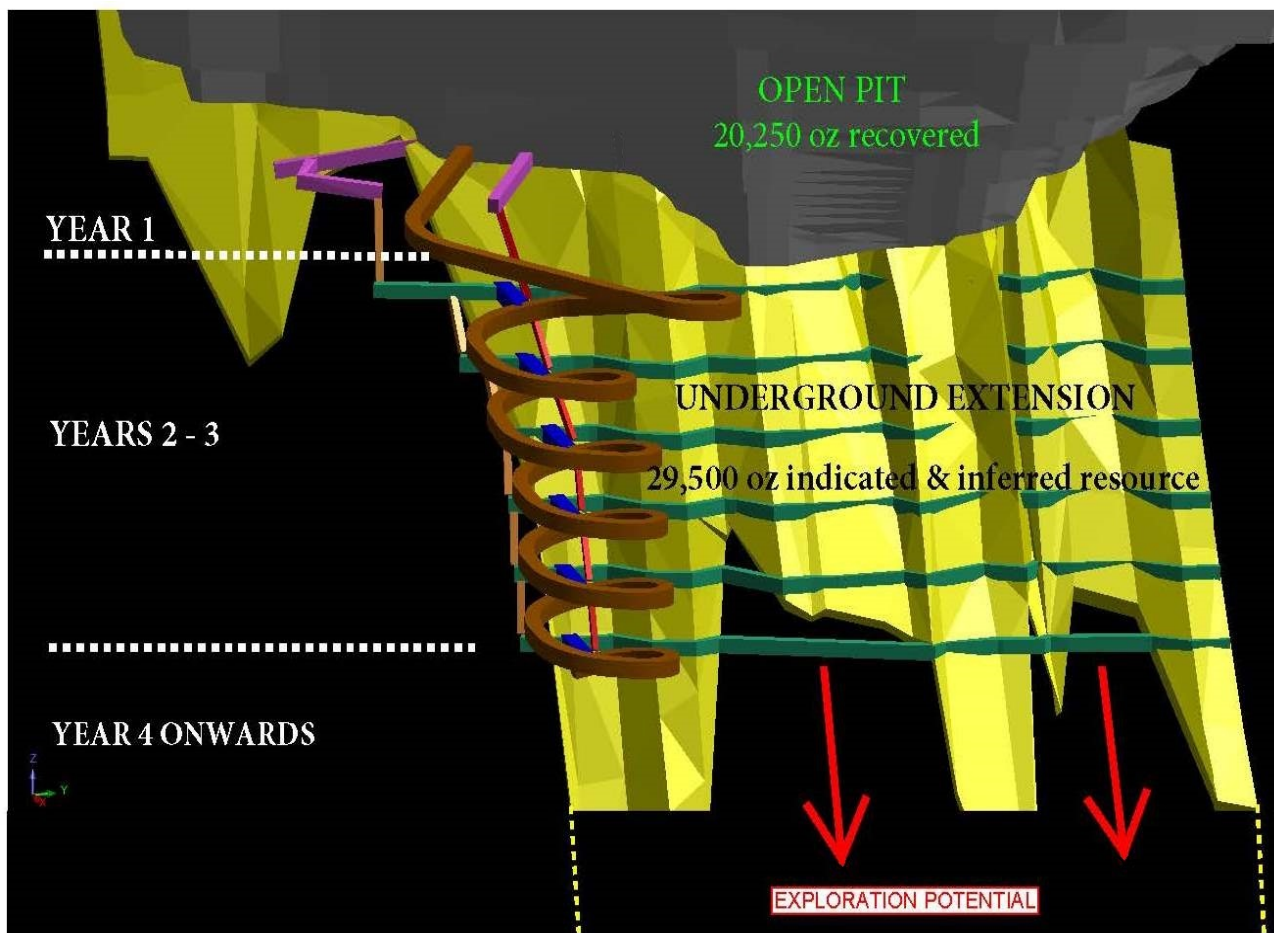
Empire is working to eventually take the mine underground as Penny's Find's gold mineralisation extends to at least 250m depth where it remains open with a current known deeper Inferred and Indicated resource inventory of **170,000 tonnes @ 5.40g/t Au** beneath the open pit (Table 2).

Table 2 : 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

*Announced to the ASX on 2 September 2015

A preliminary underground mine design has been completed to ensure it is able to mesh smoothly with the completion of the open pit mining operation.



Penny's Find Preliminary Underground Mine Design - Long Section

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About Penny's find

The high grade gold mineralization at Penny's Find is hosted by quartz veins at the contact between sediments and basalt.

Both oxide and fresh mineralization are free milling with 98% and 99% recoveries achieved in testwork respectively. There is also a high gravity recoverable gold component, 53% for oxide and 85% for fresh.

The Penny's Find Bankable Feasibility Study, announced to the ASX on the 21 June 2016, found that based on a gold price of A\$1,500/oz and a probable ore reserve of **146,000 tonnes @ 4.62g/t Au** (Table 3), just the open pit operation alone would generate in the order of \$7.6 million in free cash flow in less than a year. For every \$100 increase in the price of gold above A\$1,500, the open pit would generate an additional \$2 million free cash flow.

The Penny's Find ore reserve is contained within a single open pit being mined to a depth of 80m with ore trucked off site for conventional gravity recovery and CIL circuit processing.

All the material assumptions underpinning the Bankable Feasibility Study continue to apply and have not materially changed.

Table 3- Ore Reserve Summary - based on A\$1,500/oz

PENNY'S FIND OPEN PIT ORE RESERVE - FEBRUARY 2016			
DESCRIPTION	TONNES	GRADE	GOLD TO
		g/t Au	MILL (ozs)
PROVED	-	-	-
PROBABLE	146,000	4.62	21,700
TOTAL	146,000	4.62	21,700

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

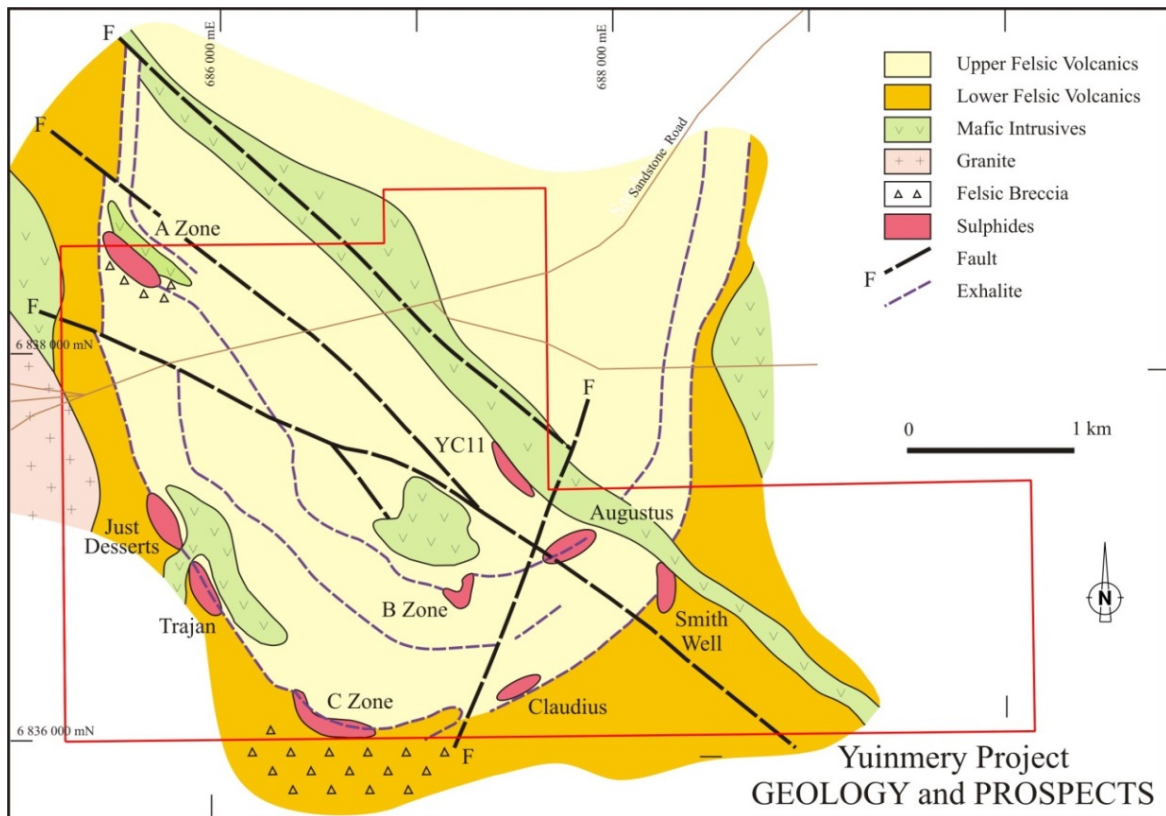
The Yuimery project is a volcanogenic massive sulphide (VMS) copper - gold project located 80km southwest of Sandstone, WA. The Company has already outlined a copper-gold deposit at the **Just Desserts** prospect as reported in previous quarterly reports.

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 97 metre diamond core tail was completed testing the depth extension to A Zone. The hole intersected sulphide mineralisation but visual inspection indicates only very minor copper sulphides are present in the core, most being iron sulphides. Assays are pending.

Also during the quarter, three RC drill holes were completed, targeting a shear zone and two electromagnetic (EM) geophysical anomalies lying between Just Desserts and A Zone.

None of the holes returned any significant precious or base metal values. The two holes targeting geophysical anomalies were cased for future downhole EM surveys.



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.

FYI Resources 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.

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Legal Proceedings

As referred to in previous quarterly reports and the 31 December 2016 half year accounts, Empire Resources Ltd has been named as a defendant in a writ issued in the District Court of Western Australia by Johannes Stig Norregaard. The matter has now been moved to the Supreme Court of Western Australia.

**DAVID SARGEANT
MANAGING DIRECTOR**

July 2017

For further information on the Company,
David Sargeant – Managing Director Phone: +61 8 9361 3100
Visit: www.resourceempire.com.au

Competent Persons Statements

The scientific and technical information in this report that relates to Ore Reserve estimates for the Penny's Find Deposit is based on information compiled by Mr Roselt Croeser, an independent consultant to Empire Resources Limited. Mr Croeser is a Member of the Australasian Institute of Mining and Metallurgy. Mr Croeser 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'. Mr Croeser consents to the inclusion in the report of the matters related to the Ore Reserve estimate in the form and context in which it appears.

The information in this release concerning the Mineral Resources for the Penny's Find and Just Desserts deposits 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 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 information in this report that relates to Exploration Results has been compiled by Mr David Ross B.Sc(Hons), M.Sc, who is an employee 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 mineralization 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". David Ross consents to the inclusion in the public release of the matters based on his information in the form and context in which it appears.

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Tenement Holdings at 30 June 2017				
PROJECT	TENEMENT NUMBER	PERCENTAGE INTEREST HELD	PERCENTAGE INTEREST HELD	COMMENTS/ CHANGES SINCE LAST QUARTER
		31 March 2017	30 June 2017	
PENNY'S	E27/410	60	60	
FIND	E27/420	60	60	
	E27/553	60	60	
	E27/591	60	60	APPLICATION
	E27/592	60	60	APPLICATION
	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	