



ACN 092 471 513

7 September 2017

ASX Release

EMPIRE ENTERS INTO FUNDING AND SERVICES AGREEMENTS AT PENNY'S FIND WA

Gold miner, Empire Resources Ltd ('Empire', ASX code: ERL, the "Company") wishes to advise that Penny's Find Joint Venture partners, Empire and Brimstone Resources Limited, have signed agreements with Blue Cap Mining Pty Ltd ('Blue Cap') for the provision of funding and mining services at Penny's Find gold.

Funding Agreement

Under the terms of the funding agreement, originally announced 21 March 2017, Blue Cap will fund mining and related costs at the Penny's Find project to a maximum of A\$7.5 million until the mining operations are cash flow positive. At the end of August 2017 the Company has been invoiced \$4,508,629 under this facility. Costs of the funding, dependent on the amount of draw down, is pro rata up to a maximum of A\$2.3 million payable from free cash flow.

Mining Services Agreement

Under the Mining Services Agreement Blue Cap undertakes open pit mining and associated drill and blast services for the excavation of the Penny's Find open pit. Under the agreement, ore and waste will be mined and access for a possible future underground operation established. At the end of August 2017, Blue Cap had progressed the open pit to 27.5m deep with approximately 23,000 tonnes of ore at an average grade of 2.58g/t Au being mined and stockpiled either hauled to Burbanks or Lakewood mill or ready for haulage one of these toll treatment plants. In addition, Blue Cap has moved in excess of 1,088,000million bank cubic metres (bcm) of waste as part of the open pit mining operation.

Short Term Loan Agreements

Empire has entered into two loan agreements to fund partly further drilling to prove up the underground potential of Penny's Find, as announced 6 September 2017. In addition, the funding will be utilised to pay essential costs (mainly fuel, salaries and support services) at the mine due the delay in receiving income from gold sales.

Empire has entered into a Loan Agreement with Stocksonline Pty Ltd ('Stocksonline') where the latter lends \$250,000 as loan funds for a period of up to 4 months. Stocksonline may accept repayment in cash or convert to Empire shares at a \$0.021 per Empire share provided Empire has sufficient placement capacity under ASX Listing Rule 7.1 or 7.1(A). Interest equivalent to 12% per annum for the term of the loan is payable on maturity. An additional 5% Management Fee of the total loan amount is also payable.

Empire has also entered into an unsecured loan agreement with an Empire director for \$185,000 to be repaid on or before 14 February 2018. An interest rate equivalent to the Australian Government Bond 2 Year Yield as quoted on <http://www.bloomberg.com/markets/rates-bonds/government-bonds/australia/> for the term of the loan, will be calculated at each month end and is payable on maturity.

DAVID SARGEANT
MANAGING DIRECTOR
September 2017

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