



ACN 092 471 513

28 March 2017

By email only to:

Ben.Secrett@asx.com.au
tradinghaltspert@asx.com.au

ASX Ltd
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

Dear Sir

EMPIRE RESOURCES LIMITED (Company) – ASX AWARE LETTER

We refer to your letter of 23 March 2017 which set out a number of questions in relation to the announcements previously made by the Company.

The announcements in question were as follows:

- (a) 26 July 2016 - "Initial Re-Alignment Announcement";
- (b) 13 October 2016 - "NRW Appointment Announcement";
- (c) 19 October 2016 - "September Quarterly Report";
- (d) 9 March 2017 - "Hampton Announcement"; and
- (e) 21 March 2017 - "Funding Announcement",

and are referred to as such below.

Set out below is the response from the Company to those questions.

Appointment of mining contractor

1. Does the Company consider the information that it had appointed NRW as mining contractor for its Penny's Find gold project, as disclosed in the NRW Appointment Announcement and the September Quarterly Report, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

Yes.

2. Please detail the form of the NRW Agreement which supported the Company's statements in the NRW Appointment Announcement and the

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September Quarterly Report that it had appointed NRW as mining contractor for the Company's Penny's Find gold project. In answering this question, please advise whether any documentation was executed by the parties and, if so, detail the form of that documentation.

The initial agreement with NRW was in the form of a non-binding Term Sheet and subsequently the following draft documents were prepared on the basis of the Term Sheet: a Mining Services Funding Agreement, a General Security Deed, and Mortgage document over the relevant tenements. None of these documents were executed by the parties as the parties could not agree on the commercial terms of the documents. The Company notes that in each of the NRW Appointment Announcement and the September Quarterly report reference was made to the effect that:

- ***the Company had "reached agreement to enter into a mining contract "with NRW (not that it had entered into the agreement as such); and***
- ***the agreement was "subject to final legal documentation".***

3. If the answer to question 1 is "no", please advise the basis for that view.

N/A

4. Does the NRW Agreement remain in effect?

No

If the answer to question 4 is "no", please answer the following questions 5 through 8 inclusive.

5. When did the Company first become aware that the NRW Agreement was no longer in effect and that NRW would no longer be the mining contractor for the Company's Penny's Find gold project? In answering this question, please specify the date and time that the Company first became aware of this information

The first indication the Company became aware that the NRW Agreement maybe in doubt was when NRW made a unilateral announcement on 16 February 2017. This needs to be read in the context of the response to Question 7 below.

The Company has never received any formal or informal advice from NRW that the agreement was no longer in effect.

6. When did the Company first become aware of the disclosure made by NRW in the Results Presentation that NRW was "unable to reach acceptable commercial terms" with the Company regarding the agreement the subject of the NRW Appointment Announcement? In answering this question, please specify the date and time that the Company first became aware of this information.

Approximately 9am on 16 February 2017.

7. On becoming aware of the disclosures made by NRW in the Results Presentation, did the Company make enquiries of NRW as to the status of

the agreement the subject of the NRW Appointment Announcement? If so, please answer the following questions.

No specific enquiry was made to NRW as the Company understood that NRW was still willing to discuss the transaction and had indicated an interest in progressing the discussions. As far as the Company was concerned the parties were still attempting to negotiate the commercial terms of the agreements. The agreements were still in negotiating phase as far as the Company was concerned.

As recently as 7 March 2017 the Company was contacted by NRW who reiterated their interest in working with the Company on the project

The Company has never received any formal or informal advice from NRW that the agreement was no longer in effect.

7.1 When did the Company make the enquiries? In answering this question, please specify the date and time and the form of the enquiries made by the Company.

Not Applicable

7.2 What was the response of the enquiries?

Not Applicable

8. If the Company first became aware that the NRW Agreement was no longer in effect and accordingly NRW would no longer be the mining contractor for the Company's Penny's Find gold project before either of the Hampton Announcement or the Funding Announcement, did the Company make any announcement prior to either of the Hampton Announcement or the Funding Announcement which clearly disclosed this information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the Company was obliged to release the information under listing rules 3.1 and 3.1A and what steps the Company took to ensure that the information was released promptly and without delay.

Not applicable. The Company considered the NRW agreement still under discussion until the Funding Announcement.

Funding

9. Does the Company consider the information that the NRW Agreement ensured the Penny's Find gold project had adequate working capital for initial mining of the open pit, as disclosed in the NRW Appointment Announcement and the September Quarterly Report, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

Yes

10. If the answer to question 9 is "no", please advise the basis for that view.

N/A

If the answer to question 4 is "no", please answer the following questions 11 through 16 inclusive.

11. When did the Company first become aware that the NRW Agreement was no longer in effect and accordingly that the payment arrangements with NRW which ensured the Penny's Find gold project had adequate working capital for initial mining of the open pit were no longer available? In answering this question, please specify the date and time that the Company first became aware of this information.

Please refer to the answer to question 5 above.

12. If the Company first became aware that the NRW Agreement was no longer in effect and accordingly the payment arrangements with NRW which ensured the Penny's Find gold project had adequate working capital for initial mining of the open pit were no longer available before either of the Hampton Announcement or the Funding Announcement, did the Company make any announcement prior to either of the Hampton Announcement or the Funding Announcement which clearly disclosed this information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the Company was obliged to release the information under listing rules 3.1 and 3.1A and what steps the Company took to ensure that the information was released promptly and without delay.

Please refer to the answer to question 8 above.

13. Does the Company consider the information the subject of the Funding Announcement, that the Company had executed a binding term sheet with Blue Capital Services Pty Ltd which "ensures the Penny's Find gold project has adequate working capital for initial mining of the open pit" and that Orionstone "will provide equipment and services for the open pit mining operations at Penny's Find", to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

Yes

14. If the answer to question 13 is "no", please advise the basis for that view.

N/A

15. When did the Company first become aware of the information contained in the Funding Announcement? In answering this question, please specify the date and time that the Company first became aware of this information.

On the finalisation of negotiations with Blue Cap approximately 1 pm on 20 March 2017

16. If the Company first became aware of this information before either of the Hampton Announcement or the Funding Announcement, did the Company make any announcement prior to either of the Hampton Announcement or the Funding Announcement which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when

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you believe the Company was obliged to release the information under listing rules 3.1 and 3.1A and what steps the Company took to ensure that the information was released promptly and without delay.

N/A. Finalisation of negotiations with Blue Cap occurred after the Hampton Announcement. The agreement with Blue Cap is the subject of the Funding Announcement

Compliance with the listing rules

17. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

The Company is in compliance with its disclosure obligations under the ASX Listing Rules and in particular, ASX Listing Rule 3.1.

18. Please confirm that the Company's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Company with delegated authority from the board to respond to ASX on disclosure matters.

The responses to the questions above have been authorised by an officer with delegated authority from the board to respond to ASX on disclosure matters.

If you have any queries in respect to this please contact the writer.

Yours faithfully


David Sargeant
MANAGING DIRECTOR

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23 March 2017

Mr Simon Storm
Company Secretary
Empire Resources Limited
53 Canning Highway
VICTORIA PARK WA 6100

By email

Dear Mr Storm

EMPIRE RESOURCES LIMITED (“COMPANY”) – ASX AWARE LETTER

ASX Limited (“ASX”) refers to the following.

- A. The Company’s announcement entitled “Road Re-Alignment Commences for New Penny’s Find Gold Mine” lodged on the ASX Market Announcements Platform (“Platform”) and released to the market at 6.45am AWST on 26 July 2016 (“Initial Re-Alignment Announcement”), and which includes the following statement.
- The new road is expected to be completed in less than 6 weeks. The realignment was necessary as the old route traversed the footprint of the designed open-pit targeted for first mining later this year. On completion of the road diversion, the Company expects mine development to commence immediately*
- B. The Company’s announcement entitled “Development Boost for New Penny’s Find Gold Mine as Mining Contractor Appointed” lodged on the Platform and released to the market at 8.43am AWST on 13 October 2016 (“NRW Appointment Announcement”) regarding an agreement with NRW Civil and Mining, which is a division of NRW Holdings Limited (together, “NRW”), for NRW to conduct open mining operations at the Company’s Penny’s Find gold project and to enter into payment arrangements to ensure the Penny’s Find gold project has adequate working capital for initial mining of the open pit (“NRW Agreement”). The NRW Appointment Announcement includes the following statements.
- Empire Resources Limited (‘Empire’, ASX code: ERL) is today pleased to announce it has reached agreement to enter into a mining contract and payment arrangements with Perth-based national civil, mining and construction services provider, NRW Civil and Mining (‘NRW’, ASX code: NWH).*
 - NRW will undertake all open pit mining operations at the new Penny’s Find gold mine located 50 kilometres northeast of Kalgoorlie, WA.*
 - Under the terms of the agreement, Empire will now have sufficient funds to conduct mining activities through to the commencement of gold production.*

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- *“With site works already underway and mining commencing next month, gold ore treatment through the contracted third party processor, Lakewood Mill at Kalgoorlie, is anticipated to start in early 2017,” Mr Sargeant said”.*
- *The Empire – NRW agreement covers only the mining operations of the open pit and is subject to final legal documentation.*
- *The 1.8 km re-alignment is due to be completed by the end of October 2016 with mining of the open pit to commence thereafter.*

ASX notes the change in the price of the Company’s securities from an opening price of \$0.035 to a closing price of \$0.039 on 13 October 2016.

C. The Company’s announcement entitled “Historic quarterly period as Empire transitions from gold explorer to gold miner and Australia’s newest gold mine” lodged on the Platform and released to the market at 5.23am AWST on 19 October 2016 (“September Quarterly Report”), and which includes the following statements.

- *NRW Holdings Limited appointed open-pit mining contractor*
- *Subsequent to the end of the quarter, the Company announced to the ASX on the 13 October 2016 that it had reached agreement to enter into a mining contract and payment arrangement with Perth based national civil, mining and construction services provider, NRW Holdings Limited (‘NRW’, ASX code: NWH).*
- *Under the terms of the agreement, Empire will now have sufficient funds to conduct mining activities through to the commencement of gold production.*
- *The Empire – NRW agreement covers only the mining operations of the open pit and is subject to final legal documentation.*

D. The Company’s announcement entitled “Update Mine Development Penny’s Find Gold Mine (WA)” lodged on the Platform and released to the market at 8.49am AWST on 24 October 2016 (“Update Announcement”), and which includes the following statements.

- *Road re-alignment on time and budget*
- *The road re-alignment is on budget and scheduled to be completed by end October 2016.*

E. The Company’s announcement entitled “Penny’s Find Gold Project Road Diversion Completed” lodged on the Platform and released to the market at 8.11am AWST on 23 December 2016 (“Road Completion Announcement”), and which includes the following statements.

- *Empire Resources Ltd (ASX code: ERL) is pleased to announce the completion of a 1.8 km road diversion around its Penny’s Find gold mine, 50 km northeast of Kalgoorlie, Western Australia.*
- *The existing road will be decommissioned allowing full mine development to proceed.*

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F. NRW Holdings Limited's announcement entitled "NRW Holdings 2017 Half Year Results" lodged on the Platform and released to the market at 5.37am AWST on 16 February 2017 ("Results Presentation"), and which includes the following statement on page 11.

- *Penny's Find – unable to reach acceptable commercial terms – equipment to be deployed to new contracts*

G. The Company's announcement entitled "Gold Ore Haulage Contract Awarded to Hampton Transport Services" lodged on the Platform and released to the market at 5.22am AWST on 9 March 2017 ("Hampton Announcement"), and which includes the following statement.

- *Further to an announcement in October 2016, Empire is currently finalising commercial terms and conditions for a mining contract, to enable commencement of full scale mining at Penny's Find shortly.*

ASX notes the change in the price of the Company's securities from a closing price of \$0.021 on 8 March 2017 to a closing price of \$0.023 on 9 March 2017.

H. The Company's announcement entitled "Penny's Find Gold Mine Joint Venture Secures \$7.5 Million Funding for Mining through to Gold Production" lodged on the Platform and released to the market at 5.51am AWST on 21 March 2017 ("Funding Announcement"), and which includes the following statements.

- *Empire Resources Limited ('Empire', ASX code: ERL) is today pleased to announce it has signed a binding Term Sheet with Blue Capital Services Pty Ltd (Blue Cap) to fund mining costs needed to bring the Penny's Find gold mine into full production.*
- *In addition, Orionstone, one of Australia's larger privately owned mining fleet operators and supplier, will provide equipment and services for the open pit mining operations at Penny's Find, located 50 kilometres northeast of Kalgoorlie.*
- *Full scale mining operations will get underway in April.*
- *Empire Managing Director, Mr David Sargeant:*
"The agreement with Blue Cap now ensures the Penny's Find gold project has adequate working capital for initial mining of the open pit.
"All agreements for mining, haulage and treatment of Penny's Find gold ore are now satisfactorily in place, allowing the project to make the immediate transition to mining.
- *The Empire - Blue Cap agreement covers only the mining operations of the open pit and is subject to a formal mining services agreement being signed, and corporate overheads being funded by the Company.*
- *As previously announced on 9 March 2017, Empire was finalising commercial terms and conditions for the mining contract and this binding term sheet with Blue Cap supersedes any previous arrangements.*



ASX notes the change in the price of the Company's securities from a closing price of \$0.022 on 20 March 2017 to an intra-day high price of \$0.027 on 21 March 2017.

Listing Rules and Guidance

I. Listing rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

J. The definition of "aware" in Chapter 19 of the listing rules, which states that:

an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity

and section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* "When does an entity become aware of information".

K. Listing rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.

L. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact



disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.

M. Listing rule 18.7, which states as follows.

An entity must give ASX any information, document or explanation that ASX asks for to enable it to be satisfied that the entity is, and has been, complying with the Listing Rules. The entity must do so within the time specified by ASX. ASX may submit, or require the entity to submit, any information given to ASX to the scrutiny of an expert selected by ASX. The entity must pay for the expert.

ASX Queries

Having regard to the above, and pursuant to listing rule 18.7, ASX requires the Company to respond **separately to each of the following questions** in a format suitable for release to the market.

Appointment of mining contractor

1. Does the Company consider the information that it had appointed NRW as mining contractor for its Penny's Find gold project, as disclosed in the NRW Appointment Announcement and the September Quarterly Report, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. Please detail the form of the NRW Agreement which supported the Company's statements in the NRW Appointment Announcement and the September Quarterly Report that it had appointed NRW as mining contractor for the Company's Penny's Find gold project. In answering this question, please advise whether any documentation was executed by the parties and, if so, detail the form of that documentation.
3. If the answer to question 1 is "no", please advise the basis for that view.
4. Does the NRW Agreement remain in effect?

If the answer to question 4 is "no", please answer the following questions 5 through 8 inclusive.

5. When did the Company first become aware that the NRW Agreement was no longer in effect and that NRW would no longer be the mining contractor for the Company's Penny's Find gold project? In answering this question, please specify the date and time that the Company first became aware of this information.
6. When did the Company first become aware of the disclosures made by NRW in the Results Presentation that NRW was "unable to reach acceptable commercial terms" with the Company regarding the agreement the subject of the NRW Appointment Announcement? In answering this question, please specify the date and time that the Company first became aware of this information.



7. On becoming aware of the disclosures made by NRW in the Results Presentation, did the Company make enquiries of NRW as to the status of the agreement the subject of the NRW Appointment Announcement? If so, please answer the following questions.

7.1. When did the Company make the enquiries? In answering this question, please specify the date and time and the form of the enquiries made by the Company.

7.2. What was the response of the enquiries?

8. If the Company first became aware that the NRW Agreement was no longer in effect and accordingly NRW would no longer be the mining contractor for the Company's Penny's Find gold project before either of the Hampton Announcement or the Funding Announcement, did the Company make any announcement prior to either of the Hampton Announcement or the Funding Announcement which clearly disclosed this information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the Company was obliged to release the information under listing rules 3.1 and 3.1A and what steps the Company took to ensure that the information was released promptly and without delay.

Funding

9. Does the Company consider the information that the NRW Agreement ensured the Penny's Find gold project had adequate working capital for initial mining of the open pit, as disclosed in the NRW Appointment Announcement and the September Quarterly Report, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

10. If the answer to question 9 is "no", please advise the basis for that view.

If the answer to question 4 is "no", please answer the following questions 11 through 16 inclusive.

11. When did the Company first become aware that the NRW Agreement was no longer in effect and accordingly that the payment arrangements with NRW which ensured the Penny's Find gold project had adequate working capital for initial mining of the open pit were no longer available? In answering this question, please specify the date and time that the Company first became aware of this information.

12. If the Company first became aware that the NRW Agreement was no longer in effect and accordingly the payment arrangements with NRW which ensured the Penny's Find gold project had adequate working capital for initial mining of the open pit were no longer available before either of the Hampton Announcement or the Funding Announcement, did the Company make any announcement prior to either of the Hampton Announcement or the Funding Announcement which clearly disclosed this information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the Company was obliged to release the information under listing rules 3.1 and 3.1A and what steps the Company took to ensure that the information was released promptly and without delay.

13. Does the Company consider the information the subject of the Funding Announcement, that the Company had executed a binding term sheet with Blue Capital Services Pty Ltd which "ensures the Penny's Find gold project has adequate working capital for initial mining of the open pit" and that



Orionstone “will provide equipment and services for the open pit mining operations at Penny’s Find”, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

14. If the answer to question 13 is “no”, please advise the basis for that view.
15. When did the Company first become aware of the information contained in the Funding Announcement? In answering this question, please specify the date and time that the Company first became aware of this information.
16. If the Company first became aware of this information before either of the Hampton Announcement or the Funding Announcement, did the Company make any announcement prior to either of the Hampton Announcement or the Funding Announcement which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the Company was obliged to release the information under listing rules 3.1 and 3.1A and what steps the Company took to ensure that the information was released promptly and without delay.

Compliance with the listing rules

17. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.
18. Please confirm that the Company’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Company with delegated authority from the board to respond to ASX on disclosure matters.

When and Where to Send Your Response

This request is made under, and in accordance with, listing rule 18.7. Your response is required as soon as reasonably possible and, in any event, **by not later than 5.00pm AWST on Tuesday, 28 March 2017**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Company’s securities under listing rule 17.3.

ASX reserves the right to release a copy of this letter and your response on the Platform under listing rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the Platform.

Listing Rules 3.1 and 3.1A

You should note that if the information requested by this letter is information required to be given to ASX under listing rule 3.1 and it does not fall within the exceptions mentioned in listing rule 3.1A, the Company’s obligation is to disclose the information “immediately”. This may require the information to be disclosed before the deadline set out above.



In responding to this letter, you should have regard to the Company's obligations under listing rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that the Company's obligation to disclose information under listing rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading Halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Company's securities under listing rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Please contact me immediately if you have any queries about this letter.

Yours sincerely

[sent electronically without signature]

Ben Secrett
Senior Adviser, ASX Listings Compliance