

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Empire Resources Limited

ABN

32 092 471 513

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,882	3,882
1.2 Payments for		
(a) exploration & evaluation	(97)	(111)
(b) development	(3)	(9)
(c) production	(976)	(1,281)
(d) staff costs	(9)	(9)
(e) administration and corporate costs	(145)	(207)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other - Funds reimbursed from JV Partner	-	-
1.9 Net cash from / (used in) operating activities	2,652	2,265
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(1)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets – Mine Properties	(1,964)	(2,074)

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	12
	(b) tenements (see item 10)	-	
	(c) investments	-	
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other - Funds advanced to Joint Venture	(4)	(282)
2.6	Net cash from / (used in) investing activities	(1,968)	(2,345)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(18)	(18)
3.5	Proceeds from borrowings	10	445
3.6	Repayment of borrowings	(10)	(10)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(18)	417

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	56	385
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,652	2,265
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,968)	(2,345)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(18)	417
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	722	722

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5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	722	56
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	722	56

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	-
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

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7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3*	4
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

* Funds advanced to PFJV to finance its operations.

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities ¹	7,500	7,665
8.2 Credit standby arrangements	-	-
8.3 Other – Unsecured Loans ²	335	335
Other – Secured Loans ³	250	250
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

1) The JV has an agreement with Blue Capital Services Pty Ltd to fund mining costs up to a maximum of A\$7.5 million plus a facility fee for the cost of finance of up to \$2.3 million (for 100% of the JV - ERL owns 60%) until the mining operations are cash flow positive. Subsequent to quarter end amendments were made to the financing arrangements in relation to the Penny's Find Mine and were set out in an ASX announcement dated 29 January 2018.

2) Unsecured loan includes an advance from a Director (\$335k - coupon interest rate equivalent to the Australian Government Bond 2 year yield). There are no fixed terms for repayment.

3) Unsecured loan includes an advance from a third party (\$250k - coupon interest rate 12% per annum). The loan will be repaid from the proceeds of receipts for gold production or future placement of shares. The loan is secured by ERL shares at equal dollar value.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	170
9.2 Development	85
9.3 Production	2,100
9.4 Staff costs	300
9.5 Administration and corporate costs	220
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	2,875

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	PENNY'S FIND JOINT VENTURE Exploration Licence 27/593	Tenement granted	Nil	60%

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Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:.....

Date: 31 January 2018

Company SecretaryPrint name: **Simon Storm****Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.