



**Breakaway  
Research**

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### Company Information

ASX Code	ERL
Share Price A\$	0.05
Ord Shares	142.3m
Options	10.9m
Market Cap A\$	7.1m
Cash A\$	1.5m
Total Debt	-

Source: Empire Resources

### Directors

Chairman	Tom Revy
Managing Director	David Sargeant
Executive Director	Adrian Jessup

Source: Empire Resources

### Substantial Share Holders

Westoria Resource Inv	2.6%
RJB Nom PLS/F A/C	2.3%
Kirkdale Holdings	2.3%
Meekal Pty Ltd	2.2%
Ankaa Springs	2.1%

Source: Empire Resources

### Company Details

Address	53 Canning Highway Victoria Park WA 6100
Phone	+618 9361 3100
Web	www.resourceempire.com.au

Source: Empire Resources

### 1 Year Price Chart



Source: Bloomberg

# Empire Resources (ERL)

*Further encouraging drill results likely to extend current resource*

**Recommendation: Speculative BUY**

## Company Update

### Key Points

- **Advanced copper-gold and PGM-nickel exploration projects**
- **Just Desserts resource of 1.07Mt @ 1.82% copper and 0.78g/t gold**
- **Latest results extend the A-zone mineralisation at depth**
- **Resource expansion likely to be announced in coming months**
- **Further drilling planned**
- **Discovery of PGM-nickel mineralisation adds to the exploration appeal**

*Drilling of high priority targets at Yuinmery provide the company with near term potential to significantly add to current resources. Success in delineating further copper-gold resources could dramatically impact the overall economics of the project.*

### Company Update

Empire Resources (ASX: ERL) continues to deliver encouraging results from the flagship Yuinmery Project located ~80km southwest of Sandstone, W.A which includes the Just Desserts and A-zone deposits.

The company has already delineated an Indicated and Inferred resource totalling **1.07Mt @ 1.82% copper and 0.78g/t gold** (with a 1% Cu cut-off) at Just Desserts. VMS deposits tend to occur in clusters and the company has identified a number of other nearby copper-gold targets which have major potential to add to the existing resource.

The 'A Zone' prospect is located 1.3km north of Just Desserts and is shaping up to be a significant asset. Intersections from two RC drill holes recently completed returned encouraging results as follows:

- **10m @ 1.8% Cu and 0.87g/t Au from 222m (hole YRC11-390)  
Including 6m @ 2.6% Cu and 1.05g/t Au**
- **12m @ 1.8% Cu, and 0.46g/t Au from 240m (hole YCR11-40)  
Including 7m @ 2.2% Cu and 0.56g/t Au**

Importantly, the mineralisation at A-zone still remains open at depth. The confirmation that the mineralisation is strengthening at depth, coupled with the known mineralisation at Just Desserts, reinforces the company's belief that the region has the potential to host a significant VMS scale project.

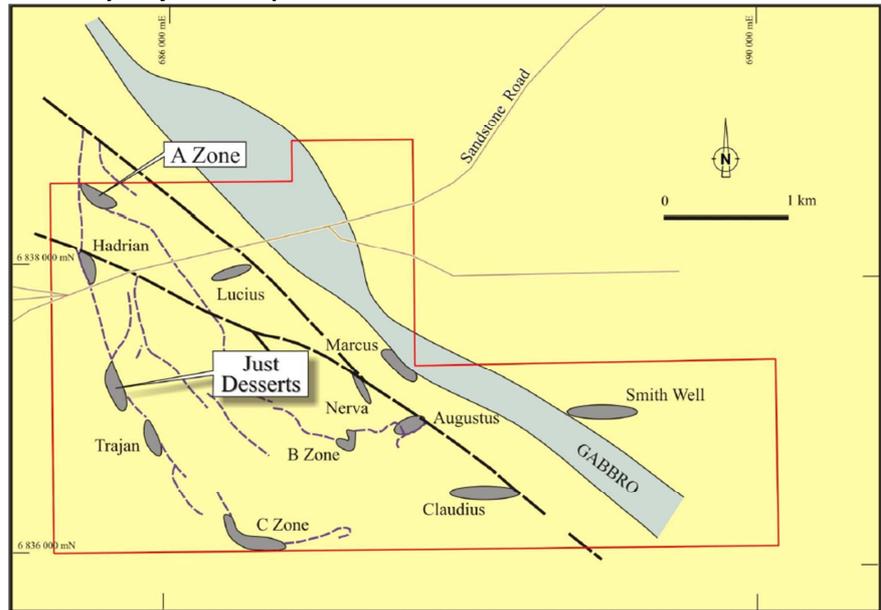
**Breakaway anticipate the release of a maiden JORC resource for the 'A-zone' prospect in the coming months.**



Empire's planned drill campaigns will also target a number of other nearby VMS prospects at the Yuinmery Project.

### Yuinmery Project - Prospects

*A number of quality prospects still to be drilled*

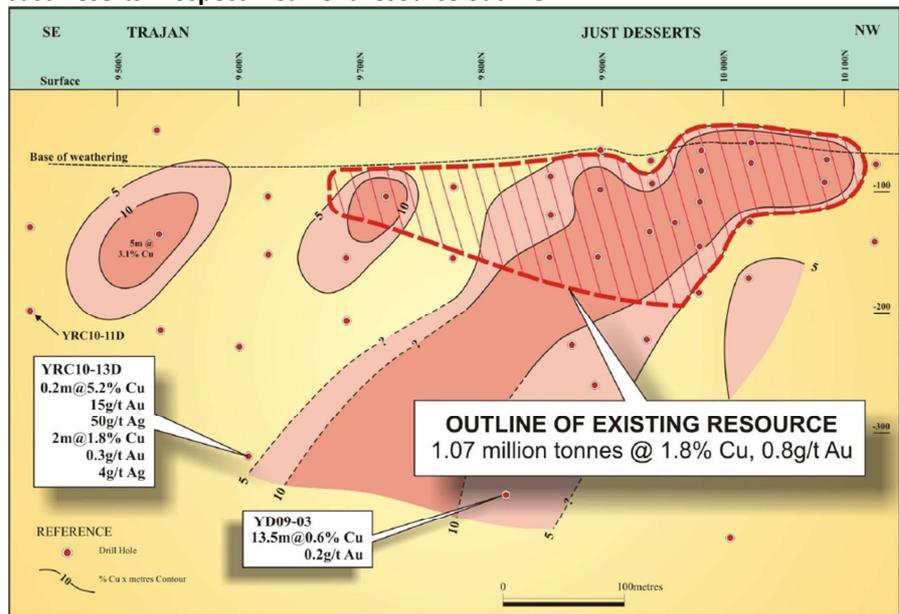


Source: Empire Resources

'Just Desserts' remains the most advanced prospect with an already defined resource of 1.07Mt @ 1.82% copper and 0.78g/t gold. Empire is targeting potential depth and strike extensions to the mineralisation in future drilling programs.

### Just Desserts Prospect – Current resource outline

*Drilling along strike and below existing resource likely extend resource*



Source: Empire Resources

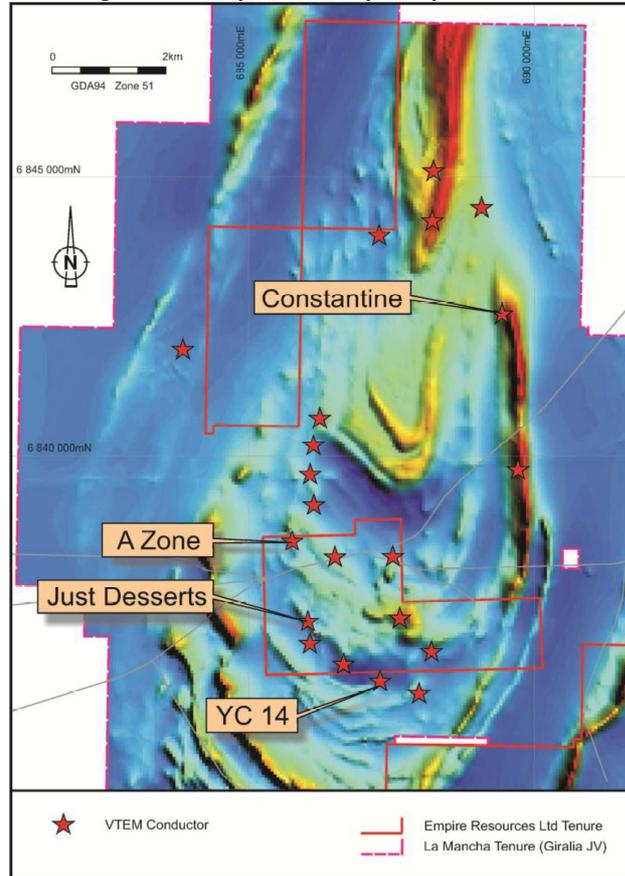
Drill assays from the recent Just Desserts drill campaigns are still pending. However the company has been encouraged by the presence of visual mineralisation.



*Constantine may shape up to be a significant standalone project*

Empire also has an 80% (and appreciating) interest in a nearby prospect called Constantine. Drilling intersected large widths of low grade PGM (Platinum Group Metal) mineralisation including 80m @ 0.49 g/t Pt + Pd and 0.22% Ni. The PGM's at Constantine are associated with disseminated sulphide mineralisation in at least two horizons. Metallurgical test work on drill samples indicates a relatively simple beneficiation process can upgrade the PGM's and as such, Constantine may evolve as a separate major project in its own right.

**Aeromagnetic Survey - Yuinmery Prospect**



Source: Empire Resources

*Drilling set to continue next quarter*

**The exploration potential around the Constantine prospect should not be underestimated.** 3.5km to the south of Constantine, on the same magnetic horizon, the company has identified highly anomalous platinum, palladium, nickel and copper values.

Drilling at Constantine, as well as various Yuinmery prospects, is planned to recommence in early 2012.



### **Analyst Verification**

We, Grant Craighead and Andrew McLeod, as the Research Analysts, hereby certify that the views expressed in this research accurately reflect our personal views about the subject securities or issuers and no part of analyst compensation is directly or indirectly related to the inclusion of specific recommendations or views in this research.

### **Disclosure**

Breakaway Investment Group (AFSL 290093) may receive consultancy fees and commissions on sale and purchase of the shares of Empire Resources and may hold direct and indirect shares in the company. It has also received a commission on the preparation of this research note.

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