



EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
ABN 32 092 471 513

Annual Report
for the year ended 30 June 2008



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1. CORPORATE DIRECTORY

DIRECTORS

Adrian Griffin BSc.(Hons) – Chairman
David Sargeant BSc. – Managing Director
Adrian Jessup BSc.(Hons) – Executive Director

MANAGEMENT

David Ross
BSc.(Hons) MSc. – Exploration Manager

COMPANY SECRETARY

Simon Storm
BCom. BCompt.(Hons) CA FCIS

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770 Canning Highway
Applecross 6153
Western Australia

AUDITOR

RSM Bird Cameron Partners
8 St George's Terrace
Perth 6000
Western Australia

STOCK EXCHANGE LISTING

The Company is listed on the
Australian Securities Exchange Limited:
Home Exchange, Perth.
ASX code: Shares – ERL
Options – ERLO



2. HIGHLIGHTS OF 2007-2008

> Discoveries & resources added during the first full year on the ASX

> 52,000-ounce gold resource confirmed at Penny's Find (WA)

> Positive scoping development study completed at Penny's Find

> High grade Cu-Au discovery at 100%-owned Yuinmery (WA)

> Major potential to expand zones of mineralisation at Yuinmery by further drilling

> Apex Minerals secured as shareholder and potential partner for treatment of Yuinmery copper-gold mineralisation

> Adequate funding for Empire through 2009 via Apex Minerals placement

> 80% earning interest in under-explored Larkin's Find (WA) nickel project which contains a JORC Resource of 5.2 million tonnes averaging 0.8% nickel and 0.08% cobalt

> Numerous strong uranium anomalies identified at Yarlalweelor (WA)

3. CHAIRMAN'S REPORT TO SHAREHOLDERS

Dear Shareholders

It is my pleasure to present to you this annual report, which outlines Empire's first full year of operation since listing on the ASX on 1 February 2007. During the reporting period, the Company enjoyed great exploration success, commencing with an upgrade of resources at Penny's Find (WA) to 314,000 tonnes at a grade of 5.18 g/t for an estimated 52,000 ounces of contained gold. This result, achieved only six months after drilling began, was the result of two drilling campaigns, each followed by a resource evaluation.

Drilling commenced at Yuinmery (WA) in October 2007. The first results were released in November, with the gold and copper tenors indicating Empire had made a significant discovery. Further drilling verified the geological occurrence as being a volcanogenic massive sulphide deposit associated with felsic magmatism. Copper values as high as 5.53% and gold values up to 12.85 g/t were realised, and structural assessment confirmed the target horizon was synclinal in form, suggesting that most mineralisation will be contained within the Company's ground.

The success of Empire's evaluation programs at Yuinmery did not go unnoticed within the industry. Indeed, published results attracted a strong partner, Apex Minerals NL, which owns the nearby Youanmi gold mine - the processing plant at this mine includes a flotation circuit which could be amenable for the production of concentrates from Yuinmery. Apex and Empire have entered into an agreement to set the commercial terms for jointly developing the project. In addition, Apex took a significant placement only days after the end of the 2008 financial year, and now holds approximately 6.95% of Empire.

Not all of our endeavours in the past year were successful, however, and the high risk associated with exploration was reflected in the Company's Torrens Project (SA). There, a single diamond drillhole penetrated 770 metres without intersecting the source of a circular gravity anomaly interpreted as a potential IOCG occurrence. Cognisant of the high risks associated with examination of deep geophysical targets, we have as a consequence left five similar anomalies untested.

Even with a first full year of mainly positive exploration results, the market capitalisation of Empire has declined, along with that of many other junior exploration companies. Despite this, the board takes comfort in the fact that we have managed to convert exploration dollars into discoveries and resources. Also, the funds raised through the Apex placement, and the Company's mineral endowment, place us in a positive position for 2009 and beyond.

The Company will continue to develop its exploration portfolio, but will retain enough flexibility to capitalise on other opportunities as they arise. We value the support of each and every one of our shareholders, and encourage your continued support of Empire Resources.



Adrian Griffin
Chairman

4. REVIEW OF OPERATIONS

CORPORATE OBJECTIVES

The Company's long-term objective is to become a successful mining house through participation in the discovery and development of one or more world-class mineral deposits.

Empire's short-term objective is to enhance value and obtain a cash flow from the Company's existing tenements in Australia, which have potential for gold, copper, uranium, nickel and platinum group metal ('PGM') deposits. This value may be realised by delineating reserves and commencing mining operations, entering into significant farm-out or royalty arrangements, and/or taking advantage of new opportunities to provide an early cash flow.

REVIEW OF EXPLORATION

In the 17 months since the Company listed on the ASX, it has maintained a high level of exploration work, completing 10 separate drilling programmes at Penny's Find, Yuinmery, Torrens and Troy Creek. In addition, geophysical surveys – comprising magnetics, electromagnetics ('EM'), gravity and radiometrics – have been completed at Empire's Yuinmery, Torrens, Yarlalweelor and Troy Creek projects, to help accurately define drill targets.

As a result of this work, Empire has not only defined a 52,000-ounce gold resource at Penny's Find but also discovered significant copper-gold mineralisation at its Yuinmery project.



Empire's projects in Western and South Australia.



PENNY'S FIND: gold
100% interest

Empire's Penny's Find project, which is situated in the Eastern Goldfields region of Western Australia, lies 50 kilometres northeast of Kalgoorlie and 30 kilometres from the Kanowna Belle Gold Mine. Within mining lease M27/156, gold mineralisation is associated with quartz veining developed at or near a sheared contact between basalts and sediments.

At Penny's Find, the Company previously outlined a gold resource of 314,000 tonnes @ 5.18 g/t Au down to a vertical depth of 150 metres below surface. The mineral resource estimate is summarised in the following table.

PENNY'S FIND MINERAL RESOURCE

Category	Tonnes	Grade* (g/t Au)	Ounces
Measured	79,000	4.40	11,120
Indicated	132,000	3.98	16,880
Inferred	103,000	7.33	24,313
TOTAL	314,000	5.18	52,313

* Grades are based on a minimum cut-off of 0.5 g/t Au and high assays cut to 25 g/t Au

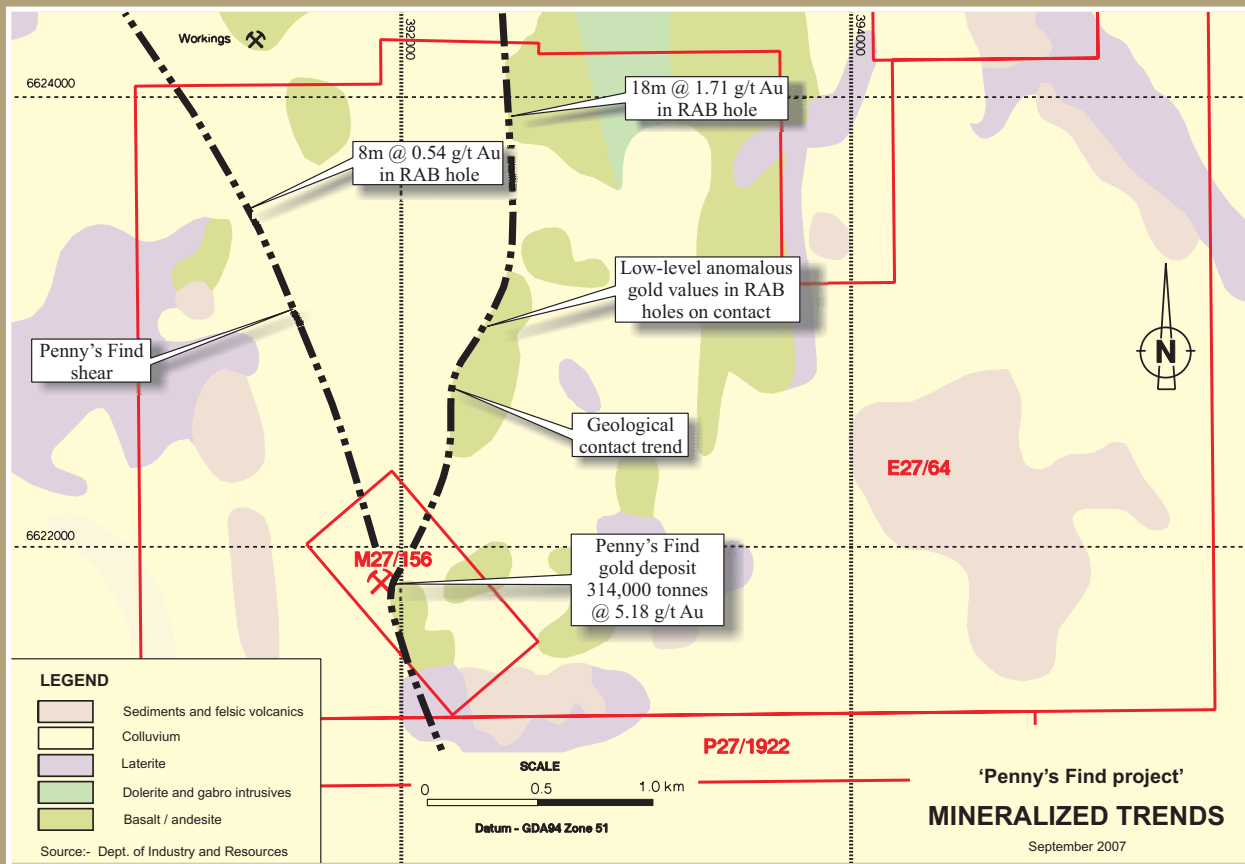
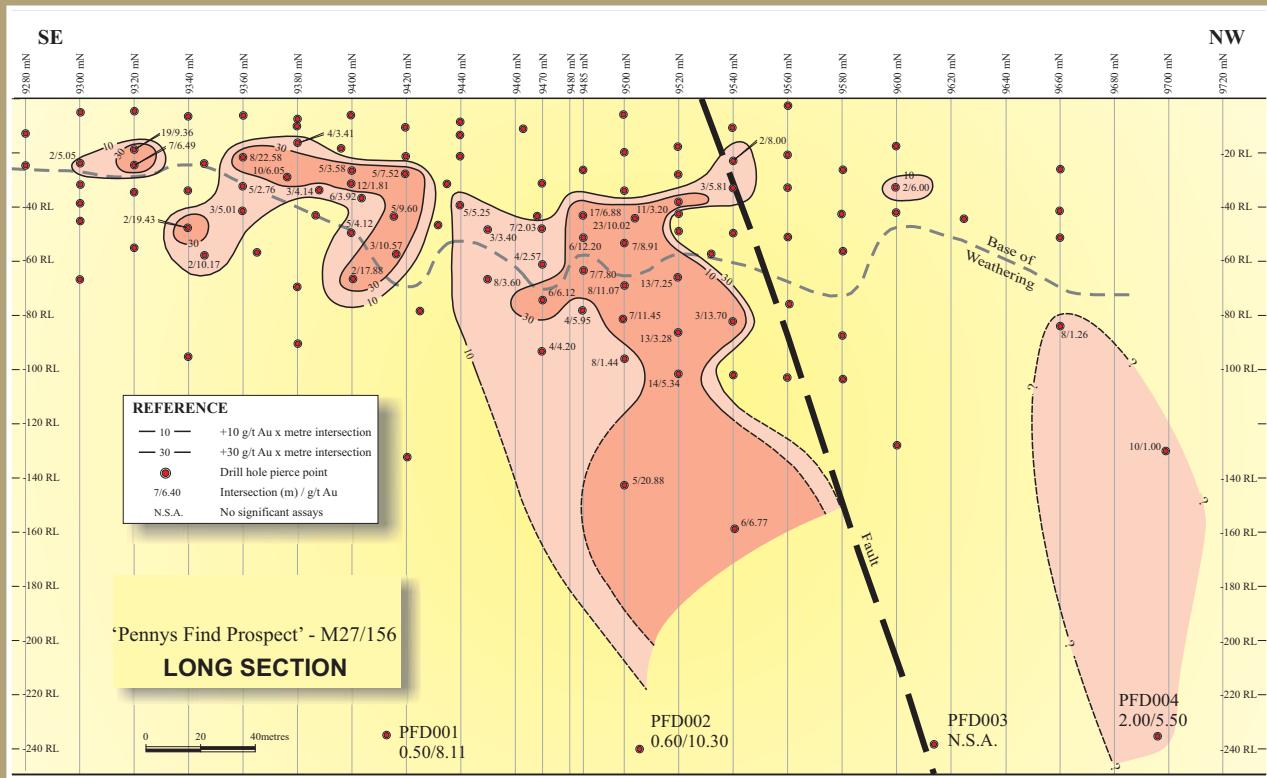
In the year ending June 2008, Empire completed a diamond drilling programme consisting of four holes totalling 1,259 metres and a rotary air blast ("RAB") drilling programme of 118 holes for 5,867 metres.

The diamond drilling programme was designed to test the depth extensions to high-grade gold mineralisation previously outlined by reverse circulation ("RC") drilling; for example, 5 m @ 20.88 g/t Au at a depth of 140 metres from surface. Three of the four diamond drill holes returned high-grade gold values in narrow quartz veins within the target zone, while one missed the target due to a fault offsetting the lode structure. Gold was visible in quartz veins from two of the holes. Of the intersections recorded, the better ones were as follows.

Hole PFD001	0.50 m @ 8.11 g/t Au from 271.75 m
Hole PFD002	0.60 m @ 10.30 g/t Au from 272.50 m
Hole PFD004	2.00 m @ 5.50 g/t Au from 221.90 m

Also completed during the year was a pre-feasibility study which examined various mining and treatment options in relation to open-pit mining of the Penny's Find resource. The study concluded that additional open-pittable resources should be added to the inventory before further studies were undertaken, as this would markedly improve the estimated return for the project. In addition, Empire is actively investigating other options for the resource, in order to maximise the return to shareholders.

Elsewhere within the Penny's Find project area, potential exists for additional gold resources. One area with exploration potential is the extension of the Penny's Find contact zone. Lying on the contact between basalts and sediments, it can be traced for several kilometres along strike in a northerly direction (the trends are based on drilling information and aeromagnetic data). RAB drilling located 18 m @ 1.71 g/t Au from 44 metres in a hole 2 kilometres north of Penny's Find, close to the contact described above. This RAB programme also located a potentially new area of gold mineralisation 2 kilometres north-west of Penny's Find, where a drill hole returned 4 m @ 0.82 g/t Au from 44 metres' depth. An RC drilling programme will test these RAB intersections in the coming year.



**YUINMERY: copper-gold
100% interest**

The Yuinmery copper-gold project is 475 kilometres northeast of Perth, WA and 80 kilometres southwest of the town of Sandstone. Lying within the Archaean Youanmi Greenstone Belt, it covers a synclinal sequence of chloritised felsic tuffaceous rocks with interbedded sulphide-bearing chert horizons.

Copper-gold mineralisation, previously identified from a number of prospects at Yuinmery, is VMS in style and similar in nature to orebodies currently being mined at Golden Grove and Jaguar in WA. It occurs as massive sulphides associated with chert exhalite horizons and as matrix sulphides in lapilli tuff, and is associated with mafic and ultramafic intrusions. Empire holds 100% of the Yuinmery project, which comprises 60 square kilometres of tenements.

During the past year, the Company has completed three programmes of RC drilling, totalling 46 holes, for 7,470 metres. Three downhole EM surveys were undertaken to help identify further drill targets. Most of the work was undertaken at the Just Desserts prospect, where drilling outlined two zones of copper-gold sulphide mineralisation dipping about 60 degrees to the northeast and plunging 45 degrees to the southeast. Both have a strike length of 150 metres and a down plunge extent of at least 250 metres. In addition, both remain open down plunge to the southeast and appear to be merging at depth to form one horizon of about 12 metres true width. Previous diamond drilling by Western Mining Corporation at Just Desserts in the mid 1970s intersected both zones at depth, with hole MYMD18 intersecting 18.2 m @ 0.93% Cu, 0.52 g/t Au and hole MYMD20 intersecting 7.7 m @ 1.47% Cu, 0.36 g/t Au and 8.5 m @ 1.03% Cu, 0.26 g/t Au.

No drilling below a vertical depth of 250 metres has yet been undertaken at Just Desserts or elsewhere on the Yuinmery project, which highlights the potential for a major discovery within the tenement area.

At Just Desserts, diamond drilling is planned in order to test the down plunge extensions to both sulphide zones, as is an initial resource calculation on both the oxide and fresh mineralisation. Listed below are some of the better intersections from the drilling at Just Desserts.

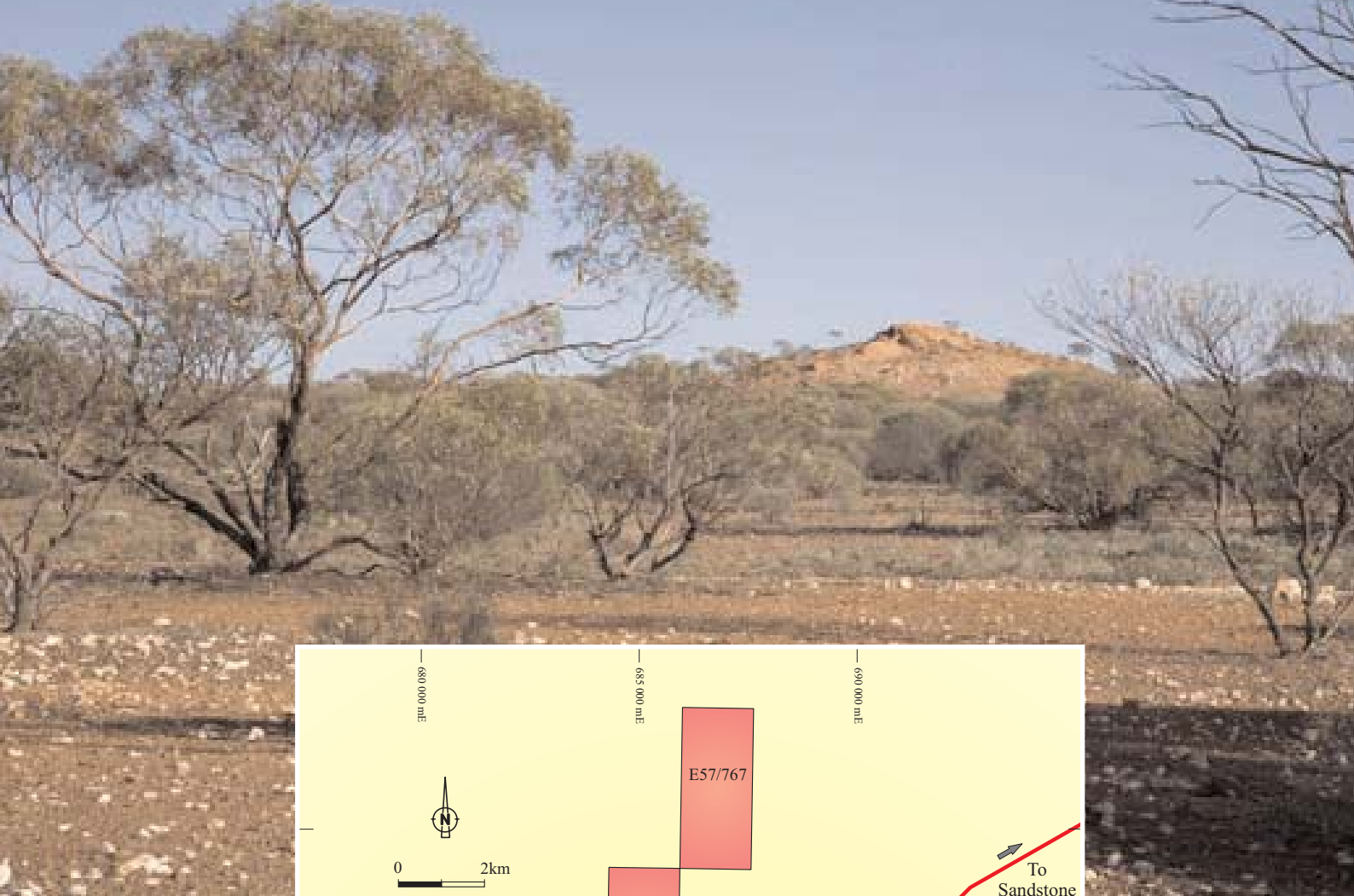
Hole no.	Intersection
YRC08-01	23 m @ 2.68% Cu, 1.28 g/t Au from 80 m includes 6 m @ 7.42% Cu, 3.01 g/t Au from 85 m
YRC08-02	13 m @ 2.58% Cu, 0.39 g/t Au from 63 m 7 m @ 4.23% Cu, 1.65 g/t Au from 106 m
YRC08-03	13 m @ 2.55% Cu, 1.67 g/t Au from 106 m 7 m @ 1.92% Cu, 0.36 g/t Au from 149 m
YRC08-06	14 m @ 2.08% Cu, 0.17 g/t Au from 74 m
YRC07-14	6 m @ 4.46% Cu, 0.30 g/t Au from 68 m
YRC08-21	8 m @ 2.95% Cu, 3.20 g/t Au from 119 m includes 4 m @ 4.79% Cu, 3.12 g/t Au from 120 m
YRC08-31	10 m @ 4.23% Cu, 6.01 g/t Au from 123 m includes 4 m @ 8.62% Cu, 14.08 g/t Au from 124 m

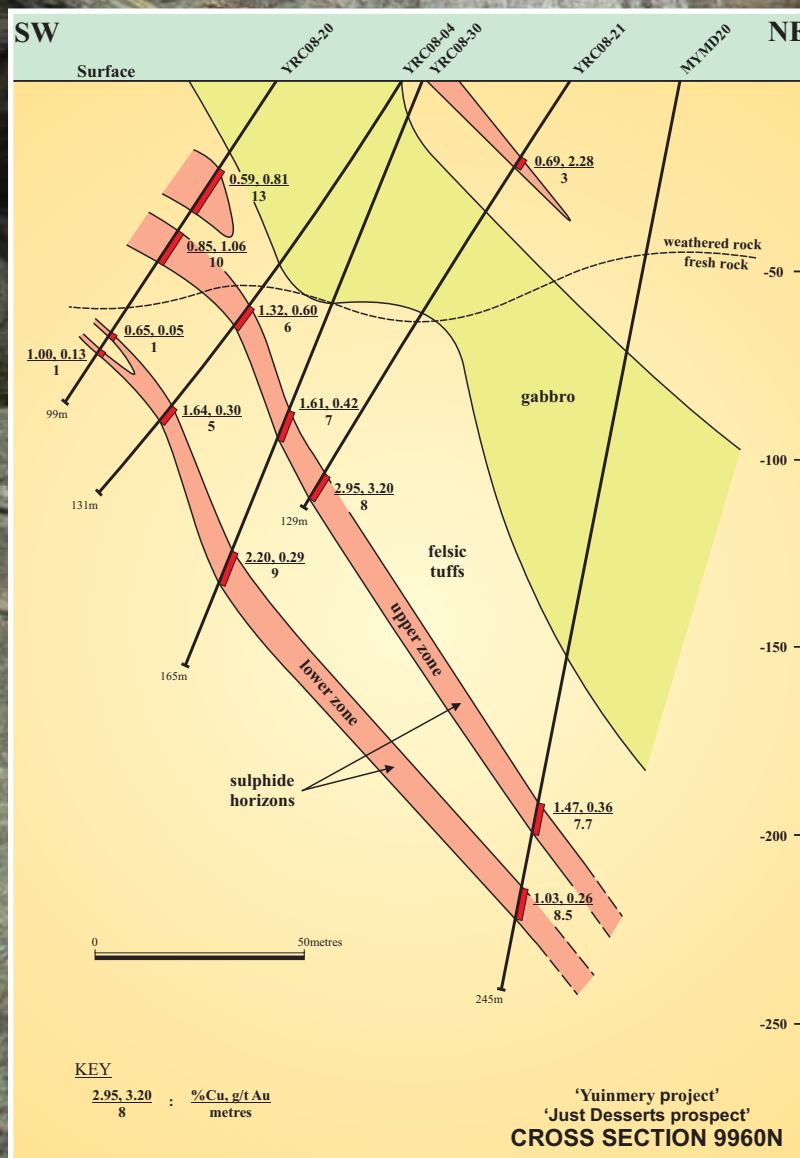
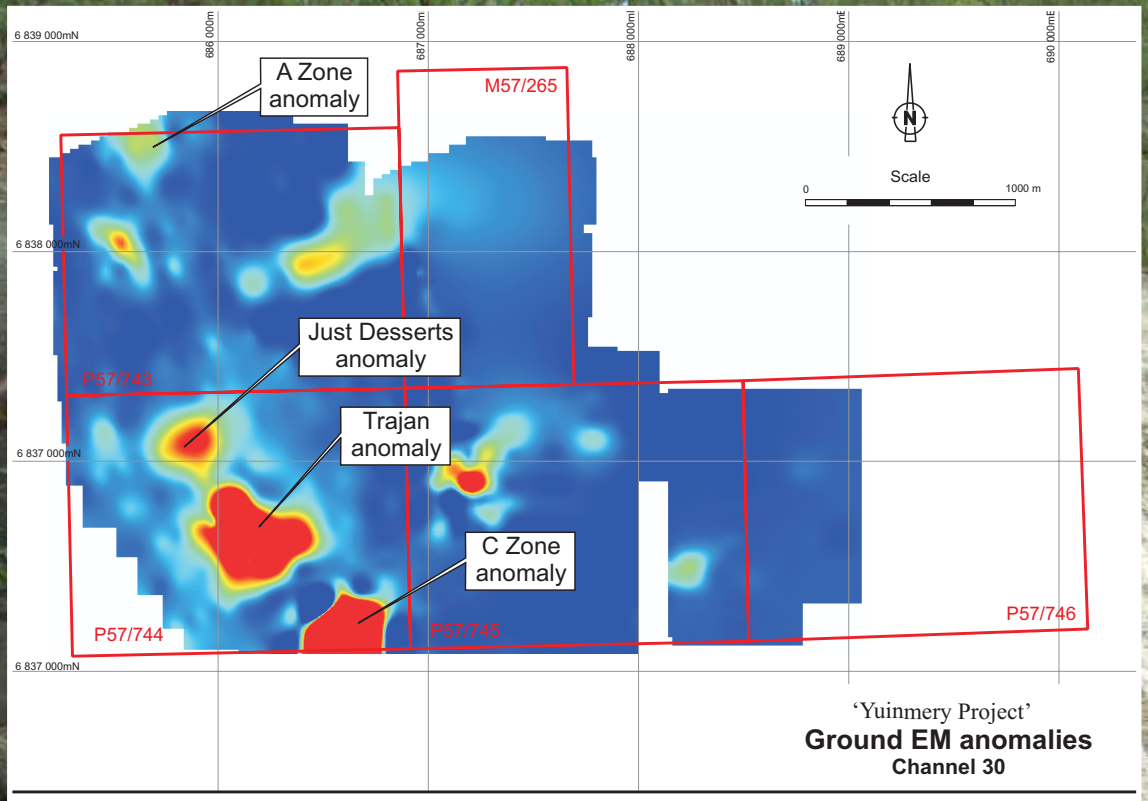
There are a number of other copper-gold prospects within the Company's tenements, and initial drilling has returned encouraging sulphide intersections from the following.

A Zone:	7 m @ 1.81% Cu, 0.48 g/t Au from 218 m
Trajan:	3 m @ 0.86% Cu, 0.45 g/t Au from 169 m
B Zone:	10 m @ 0.41% Cu, 0.10 g/t Au from 76 m
C Zone:	4 m @ 0.44% Cu, 0.19 g/t Au from 169 m

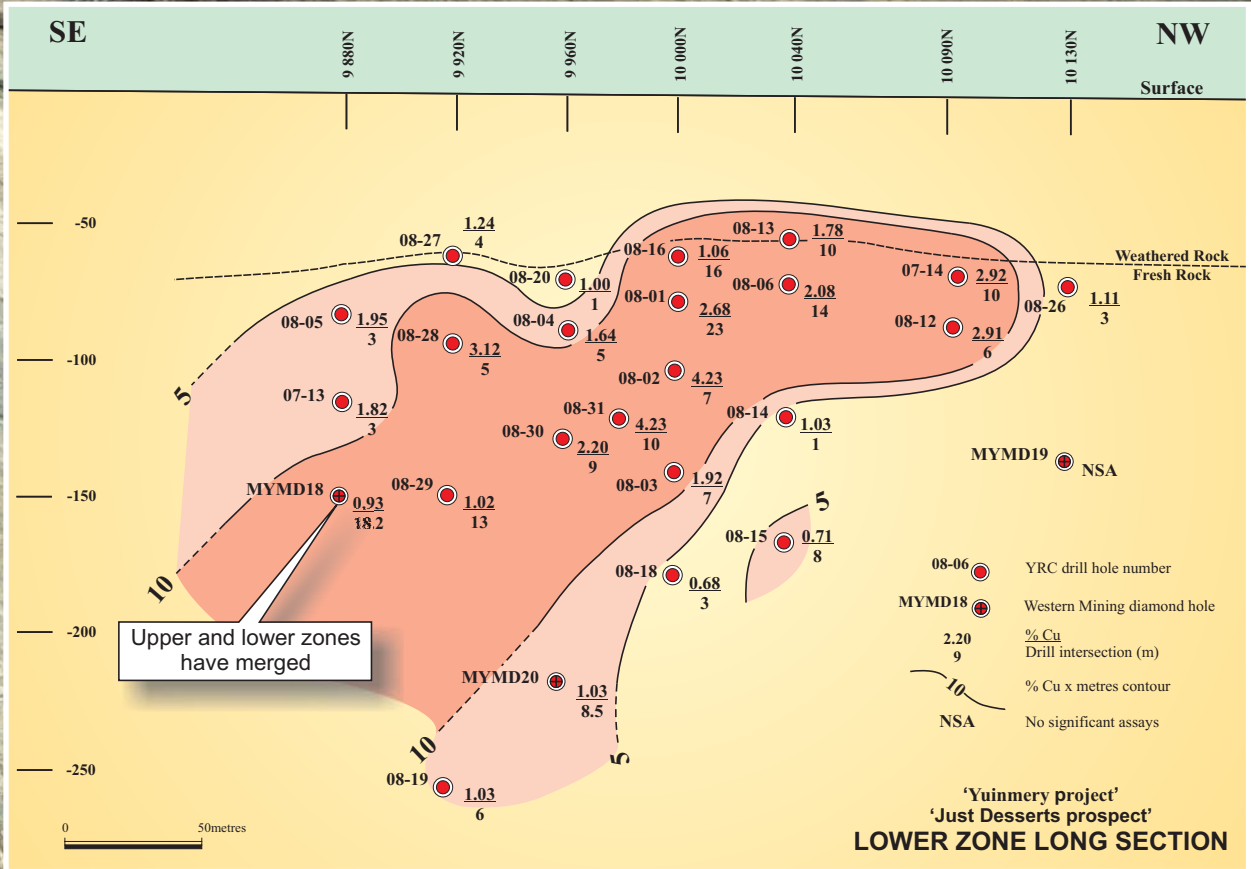
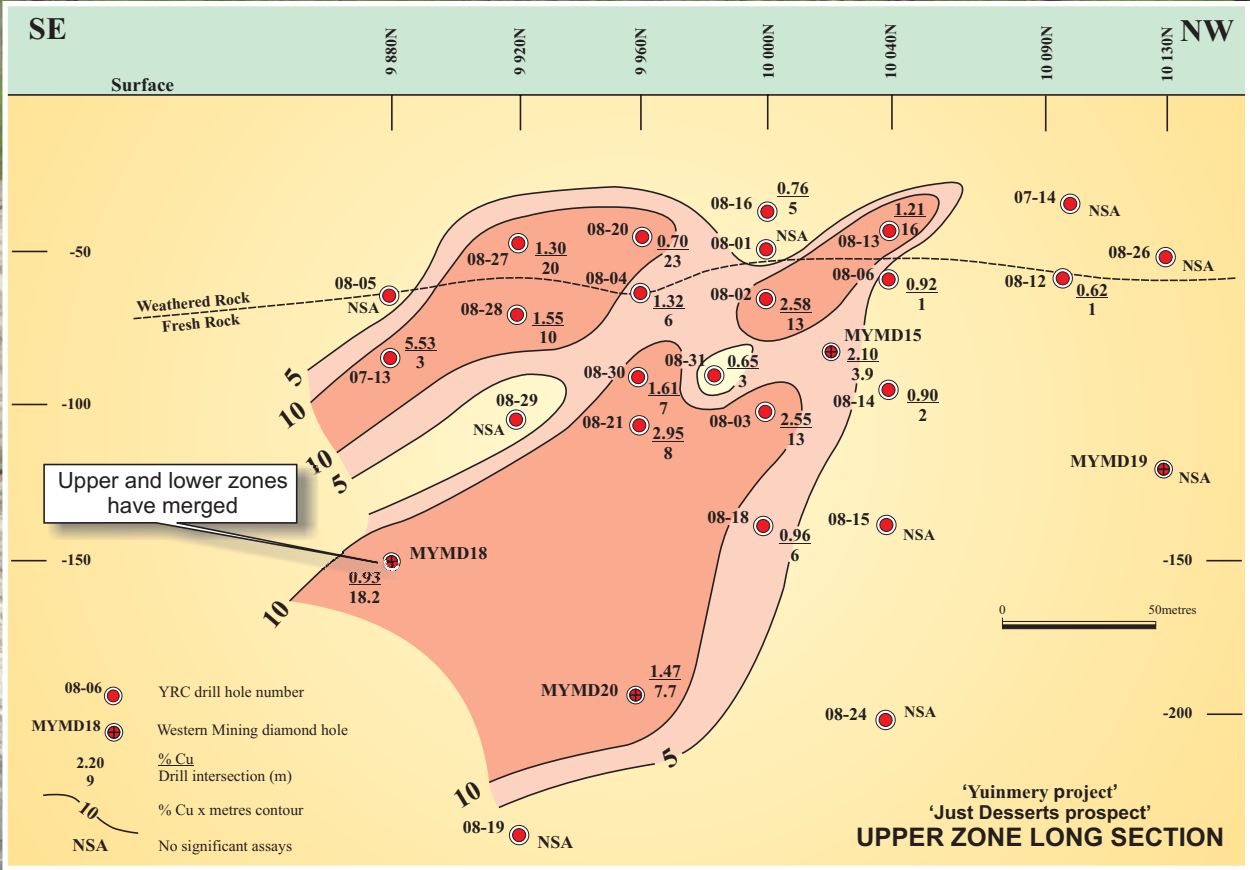
With a view to future development options, Empire and Apex have signed a Memorandum of Understanding ('MoU') to enter into commercial negotiations relating to the Yuinmery project. Apex owns a processing plant – complete with flotation circuit – at Youanmi, just 6.5 kilometres southwest of the Just Desserts prospect. Under the MoU, Empire and Apex will investigate the possibility of future development and production at Yuinmery.







KEY
 $\frac{2.95, 3.20}{8}$: %Cu, g/t Au
 metres



TORRENS: copper-gold-uranium
100% interest

Empire's Torrens project lies on the eastern margin of the Gawler Craton in South Australia, approximately 100 kilometres northeast of Port Augusta. The Gawler Craton, a recognised world-class IOCG province, includes the Olympic Dam, Prominent Hill and Carrapateena deposits.

During October 2007, the Company tested one of the prominent circular gravity anomalies present within the project tenements by completing one diamond hole to a vertical depth of 770 metres. That hole – which passed through 208 metres of Tertiary cover rocks, then into a flat-lying sequence of Cambrian limestones, dolomites and siltstones – had to be abandoned while still in Cambrian rocks, due to bad ground conditions. No mineralisation of significance was logged in the hole.

A number of other prominent circular gravity and magnetic anomalies remain to be tested on the project tenements, and Empire is actively seeking a joint-venture partner with which to undertake further drilling.



Location of Torrens Project.

TROY CREEK: copper-gold-platinum
100% interest

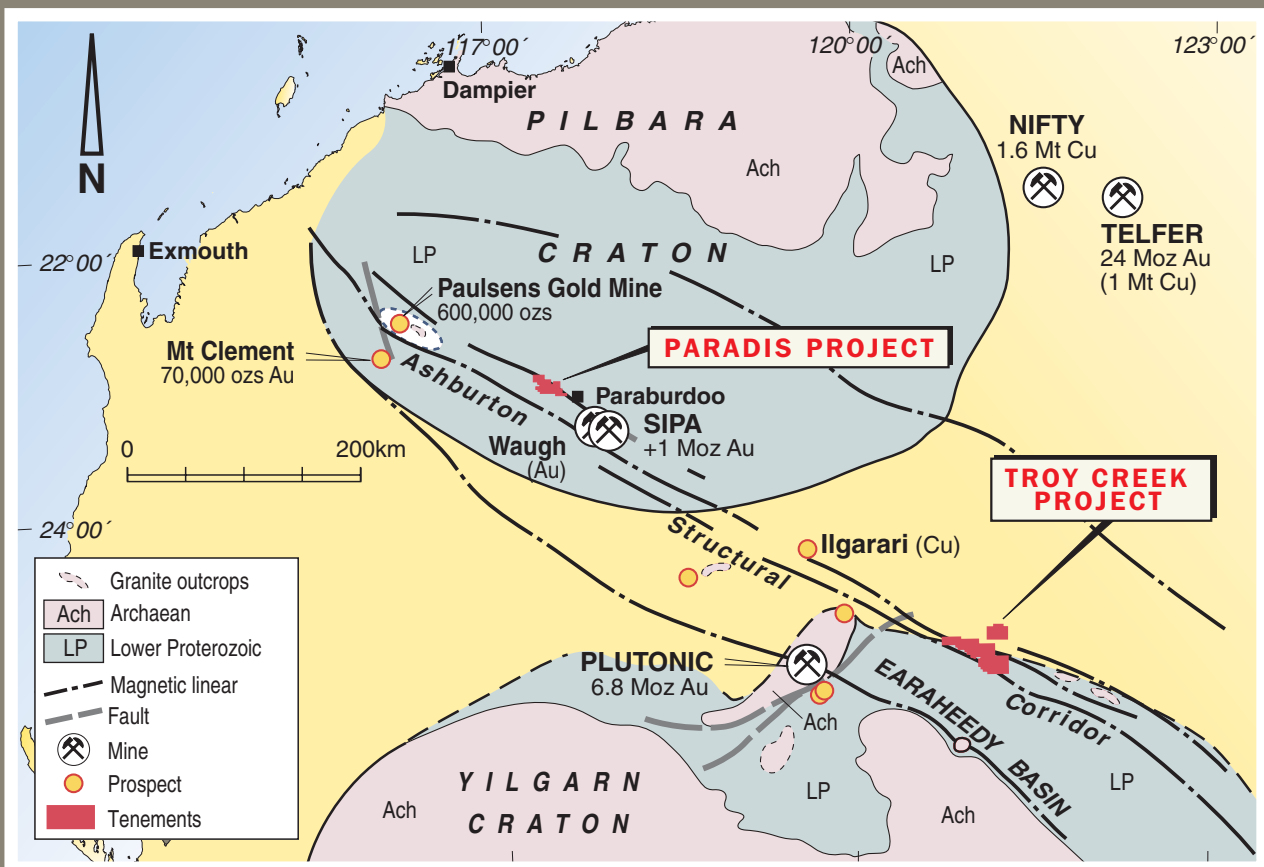
Empire's Troy Creek copper-gold-PGM project is situated 900 kilometres northeast of Perth and 260 kilometres northeast of Wiluna. The project tenements cover an area of 522 square kilometres on the northern margin of the Palaeoproterozoic Earahedy Basin. Previous exploration within the tenements identified multi-element anomalous geochemistry in sedimentary rocks over a wide-spread area extending for a strike length of more than 20 kilometres. Within this area, separate drill intersections of 1.5 m @ 2.98% Cu, 9.6 m @ 0.34% Cu, and 8 m @ 0.79 g/t PGM and Au have been obtained.

During November 2007, a total of eight vertical RC holes, for a total of 1,063 metres, were drilled to test seven discrete magnetic and gravity anomalies outlined during the previous year.

The final metre of a hole drilled to test a magnetic anomaly numbered TC37 ended in dolomitic graphitic shale and chert containing 30% pyrite and pyrrhotite at a depth of 171metres, the limit of the drill rig's capability. This final metre assayed only weakly anomalous gold (69 parts per billion ('ppb')) and palladium (30 ppb); however, the presence of magnetic pyrrhotite is considered significant, since it may indicate the presence of a large sulphide body as the cause of the TC37 magnetic anomaly.

Of the other anomalies, two were shown to be unmineralised magnetic dolerite and gabbro, while drilling of the remaining four failed to reach target depth.

In the coming year, Empire plans to deepen the hole at anomaly TC37, and also to redrill the other anomalies.



Location of Troy Creek and Paradis Project.

LARKIN'S FIND: nickel-gold
Earning an 80% interest

Empire has entered into a farm-in and joint venture of the Larkin's Find nickel and gold project whereby it may earn an 80% interest in a lateritic nickel resource with additional untested gold potential. The Larkin's Find nickel and gold project – covering an area of approximately 33 square kilometres – is situated approximately 85 kilometres southeast of the Murrin Murrin Nickel Mine and 155 kilometres north-northeast of Kalgoorlie in WA.

Previous exploration in the Larkin's Find area located widespread lateritic nickel-cobalt mineralisation. That work outlined an inferred resource of 5.2 million tonnes assaying 0.8% nickel and 0.08% cobalt using a 0.6% nickel cut-off grade. Additional untested areas with further exploration potential were identified.

In July 2008, a small aircore ('AC') drilling programme undertaken to verify the previous nickel exploration confirmed the earlier work, with intersections such as 12 m @ 0.71% Ni, 0.18% Co; 11 m @ 1.04% Ni, 0.10% Co, and 11 m @ 1.13% Ni, 0.12% Co.

The Company believes that the Larkin's Find project area is under-explored for nickel and has seen only minimal previous exploration for gold. Programmes to test both the gold and nickel potential of the project are planned for the coming year. Exploration for gold will target northeast trending splay structures that strike from a regionally extensive northwest trending structure known as the Claypan Fault. This fault and structural zone hosts gold mineralisation approximately 3 kilometres north of the tenement boundary at Gardner's Find.

Future nickel exploration will be directed towards drilling untested targets to increase the size of the resource.



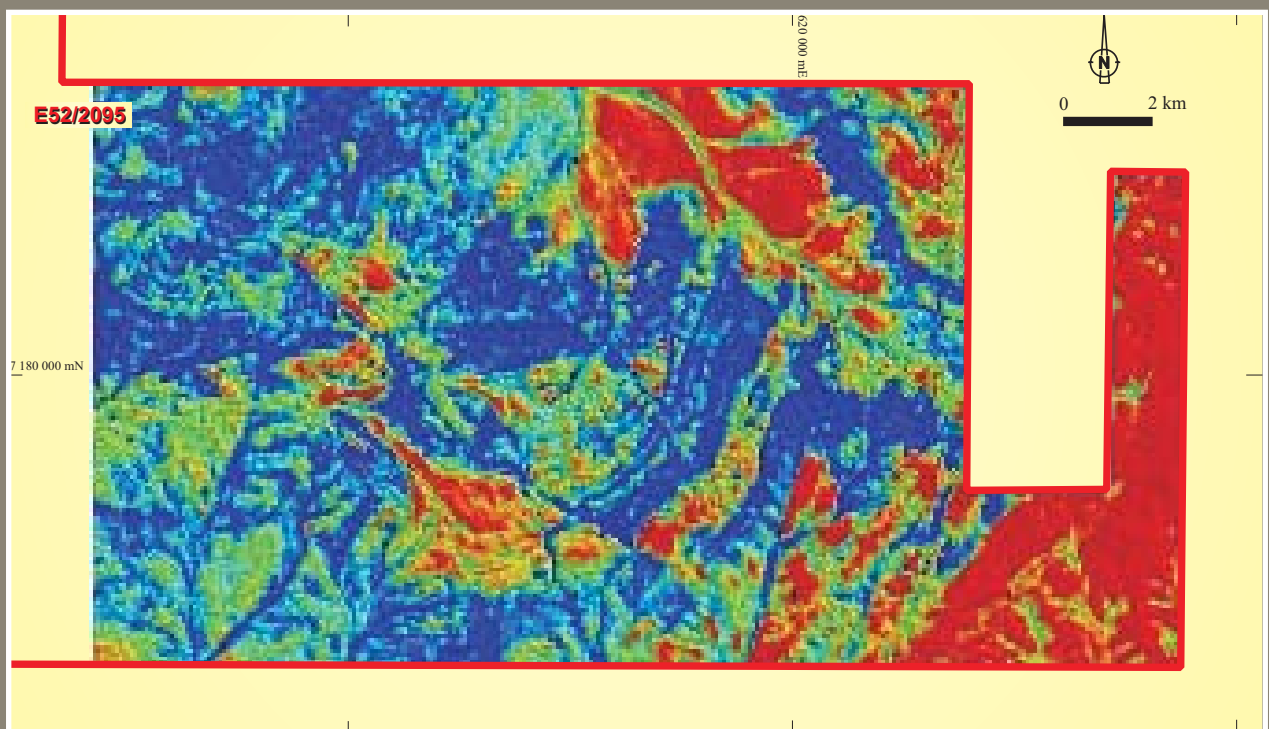
YARLARWEELOR: uranium
100% interest

The Yarlarweelor uranium project, which is located 125 kilometres north of Meekatharra in WA, covers an area of 492 square kilometres.

In February 2008, the Company agreed to sell the Yarlarweelor project to Perth-based Radon Resources ('Radon'), the sale being conditional upon Radon being admitted to the official list of the ASX within the 6-month option period. Subsequent to the end of the reporting year, Radon notified Empire that it would not be proceeding with the purchase, due to unfavourable market conditions.

During April 2008, a detailed airborne radiometric and magnetic survey completed over the eastern half of the project area outlined numerous strong uranium anomalies overlying Proterozoic schists and Archaean granites and gneisses. In the 1980s, a number of these anomalies were drilled by previous explorers, with intersections up to 24 m @ 310 parts per million ('ppm') uranium and 2 m @ 630 ppm uranium.

Empire proposes to drill-test the strongest uranium anomalies during the coming year.



Yarlarweelor airborne radiometric and magnetic survey.

NOONDIE: uranium
100% interest

The Noondie project comprises two exploration licences prospective for palaeochannel calcrete type uranium deposits. The licences are located on the margin of Lake Noondie, between 30 and 65 kilometres southeast and east of the Company's Yuinmery project and approximately 100 kilometres south of the town of Sandstone. Lake Noondie is a large Tertiary-Recent drainage system extending almost 100 kilometres in length and up to 25 kilometres in width.

The exploration licences cover isolated airborne radiometric anomalies first identified in 1968. One covers the confluence of two palaeochannel drainage systems and represents a favourable location for the deposition and accumulation of uranium minerals. Field inspection confirmed that the aerial anomalies are sourced from the drainage system and not the basement granite rocks that were the original source of uranium minerals. No previously recorded ground exploration has been undertaken within the licence areas, despite the fact that potentially economic uranium mineralisation has been drilled elsewhere within Lake Noondie.

The Company plans to carry out ground-based radiometric surveys to pinpoint drilling targets.



PARADIS: gold-platinum
100% interest

Empire's Paradis project, located 25 kilometres west of Paraburdoo in WA, contains late Archaean rocks on the southern margin of the Pilbara Craton. The project area, comprising two exploration licences, covers an area of 230 square kilometres. The Paradis Project is situated within the major west-northwest/east-southeast structural corridor (also known as the Ashburton Structural Corridor) that hosts the Mount Olympus, Waugh and Paulsens deposits; these contain a combined total in excess of 1 million ounces of gold.

While there has been no recorded drilling within the project area, rock-chip samples taken by previous explorers assayed up to 0.31 g/t PGM and gold, as well as widespread anomalous gold and platinum values in stream sediments.

Empire intends to carry out surface- and stream-sediment geochemical sampling, which will be followed by drill-testing of any targets identified.



5. CORPORATE GOVERNANCE PRINCIPLES

To the extent that they are applicable, and given its circumstances, the Company adopts the Eight Essential Corporate Governance Principles and Best Practice Recommendations ('Recommendations') published by the Corporate Governance Council of the ASX.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be afforded further consideration.

The Board sets out below its 'If not, why not?' report in relation to matters of corporate governance in which the Company's practices depart from the Recommendations.

(a) Principle 1 Recommendation 1.1

Notification of Departure

Empire has not formally disclosed the functions reserved to the Board and those delegated to management. The appointment of non-executive directors to the Board is not formalised in writing by way of a letter or other agreement.

Explanation for Departure

The Board recognises the importance of distinguishing between the respective roles and responsibilities of the Board and management. The Board has established an informal framework for the management of the Company and the roles and responsibilities of its Board and management. Due to the small size of the Board and of the Company, the Board does not consider it necessary to formally document the roles of Board and management, as it believes these roles are being carried out in practice and are clearly understood by all members of the Board and management. The Board is responsible for the strategic direction of the Company, establishing goals for management and monitoring the achievement of these goals, monitoring the overall corporate governance of the Company and ensuring that shareholder value is increased. The Company has two executives, being the managing director and an executive director. The managing director is responsible for ensuring that the Company achieves the goals established by the Board.

The appointments of non-executive directors are formalised in accordance with the regulatory requirements and the Company's constitution.

(b) Principle 2 Recommendations 2.1

Notification of departure

The Company does not have a majority of independent directors, with only one of the three Board members being independent.

Explanation for departure

The Board considers that the current composition of the Board is adequate for the Company's size and operations at present, and includes an appropriate mix of skills and expertise relevant to the Company's business. The current Board structure presently consists of the non-executive chairman, the managing director and one executive director, only one of whom is independent. The Company considers that each of the directors possesses skills and experience suitable for building the Company. The Board takes the responsibilities of best practice in corporate governance seriously. It is the Board's intention to appoint another independent director as and when the size and complexity of the Company's operations changes and a suitable candidate is identified.

(c) Principle 2 Recommendation 2.4 and Principle 4 Recommendations 4.1

Notification of Departure

Separate audit and nomination committees have not been formed.

Explanation for Departure

The Board considers that the Company is not currently of a size, or its affairs of such complexity, that the formation of separate or special committees is justified at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and ensure that it adheres to appropriate ethical standards.

In particular, the Board as a whole considers those matters that would usually be the responsibility of an audit committee and a nomination committee. The Board considers that, at this stage, no efficiencies or other benefits would be gained by establishing a separate audit committee or a separate nomination committee.

(d) Principle 2 Recommendation 2.5

Notification of Departure

The Company does not have in place a formal process for evaluation of the Board, its committees, individual directors and key executives.

Explanation for Departure

Evaluation of the Board is carried out on a continuing and informal basis. The Company will put a formal process in place as and when the level of operations of the Company justifies this.

(e) **Principle 3 Recommendation 3.1**

Notification of Departure

The Company has not established a formal code of conduct.

Explanation for Departure

The Board considers that its business practices, as determined by the Board and key executives, are the equivalent of a code of conduct.

(f) **Principle 5 Recommendation 5.1**

Notification of Departure

The Company has not established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability for compliance.

Explanation for Departure

The directors have a long history of involvement with public listed companies and are familiar with the disclosure requirements of the ASX Listing Rules.

The Company has in place informal procedures that it believes are sufficient for ensuring compliance with ASX Listing Rule disclosure requirements and accountability for compliance. The Board has nominated the managing director and the company secretary as being responsible for all matters relating to disclosure.

(g) **Principle 6 Recommendation 6.1**

Notification of Departure

The Company has not established a formal shareholder communication strategy.

Explanation for Departure

While the Company has not established a formal shareholder communication strategy, it actively communicates with its shareholders in order to identify their expectations, and actively promotes shareholder involvement in the Company. It achieves this by posting on its website copies of all information lodged with the ASX. Shareholders with internet access are encouraged to provide their email addresses in order to receive electronic copies of information distributed by the Company. Alternatively, hard copies of information distributed by the Company are available on request.

(h) **Principle 7 Recommendation 7.1**

Notification of Departure

The Company has an informal risk oversight and management policy and an internal compliance and control system.

Explanation for Departure

The Board does not currently have formal procedures in place but is aware of the various risks that affect the Company and its particular business. Section 8 of the prospectus dated 7 November 2006 provides a summary of the relevant risk factors that may affect the Company. As the Company develops, the Board will develop appropriate procedures to deal with risk oversight and management and internal compliance, taking into account the size of the Company and the stage of development of its projects.

(i) **Principle 8 Recommendations 8.1**

Notification of departure

The Company does not have a formal remuneration policy and has not established a separate remuneration committee. Non-executive directors may receive options or shares.

Explanation for Departure

The current remuneration of the directors is disclosed in the Directors' Report. Non-executive directors receive a fixed fee for their services and may also receive options or shares. The issue of options or shares to non-executive directors may be an appropriate method of providing sufficient incentive and reward while maintaining cash reserves.

Due to the Company's early stage of development and its small size, it does not consider that a separate remuneration committee would add any efficiency to the process of determining the levels of remuneration for the directors and key executives. The Board believes it is more appropriate to set aside time at specified Board meetings each year to specifically address matters that would ordinarily fall to a remuneration committee. In addition, all matters of remuneration will continue to be in accordance with regulatory requirements, especially in respect of related party transactions; that is, none of the directors will participate in any deliberations regarding their own remuneration or related issues.

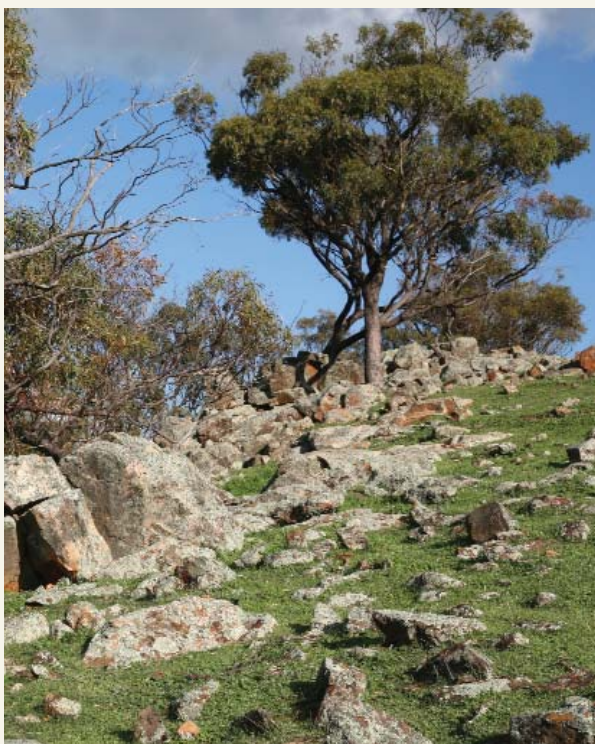


6. DIRECTORS' REPORT

Your directors submit their report on Empire Resources Limited and its controlled entities for the financial year ended 30 June 2008.

DIRECTORS

The Company's directors in office during the financial period and until the date of this report are as follows (directors were in office for the entire period unless otherwise stated).



Adrian Griffin
Chairman (Non-Executive)
BSc., MAusIMM

Mr Griffin graduated from the University of Melbourne in 1975 and is a member of the Australasian Institute of Mining and Metallurgy ('AusIMM') and the Geological Society of Australia. He began his professional career with exploration for base metals in Tasmania, and went on to develop mine planning, grade control and exploration methods in iron ore with BHP.

In the 1980s, Mr Griffin was operations manager for a number of public companies involved in the mining and production of gold and base metals throughout Australia and southeast Asia. In 1988, he managed the commissioning of underground production at the Bellevue gold mine in Western Australia.

Mr Griffin began consulting to the mining industry in 1990 and has held board positions with a number of public companies since then. His management experience is broad, encompassing as it does exploration, financing, development, commissioning and the production of a wide range of mineral commodities.

Mr Griffin has been a director of the following listed companies during the past 3 years.

Company	Position	Appointed
Dwyka Resources Ltd	Non-executive director	1/12/2005
Northern Uranium Ltd	Non-executive director	12/06/2006
Empire Resources Ltd	Chairman	3/02/2004
Hodges Resources Ltd	Managing director	17/08/2005
Reedy Lagoon Corporation Ltd	Non-executive director	9/05/2007
Washington Resources Ltd	Managing director	7/09/2004



David Sargeant
Managing director
BSc. MAusIMM

Mr Sargeant – who holds a Bachelor of Science degree in economic geology from the University of Sydney – has more than 35 years’ experience as a geologist, consultant and company director. As such, he has been involved in numerous mineral exploration, ore deposit evaluation and mining development projects and is a member of AusIMM and the Geological Society of Australia.

During his career, Mr Sargeant has held a range of senior positions, including that of senior geologist with Newmont Pty Ltd and senior supervisory geologist with Esso Australia Ltd at the time of the Harbour Lights Gold Mine discovery and development. Further, Mr Sargeant was the first chief geologist at the Telfer gold mine during exploration, development and production at that project. In addition, he was exploration manager for the Adelaide Petroleum NL group of companies, manager of resources development for Sabminco NL and a technical director of Western Reefs Ltd during the period in which that company became a successful producer at the Dalgarranga Gold Project.

Adrian Jessup
Executive director
BSc. MAusIMM

Mr Jessup also holds a Bachelor of Science degree (with honours) in economic geology from the University of Sydney and has more than 35 years’ continuous experience as a geologist, company director and consultant involved in mineral exploration, ore deposit evaluation and mining. He is a member of AusIMM, the Geological Society of Australia and the Australian Institute of Geoscientists.

For the last 12 years, Mr Jessup has operated a geological consulting company. During that time, he was a founding director of Sylvania Resources Ltd and remained on the board for 2 years. Prior to that, Mr Jessup was managing director of Giralia Resources NL for 8 years, from the company’s inception in 1987. Previously, he had worked for AMAX Exploration Inc., as a senior geologist and as regional manager in charge of that company’s mineral exploration in WA.

MANAGEMENT

Simon Storm

Company secretary

BCom. BCompt(Hons) CA FCIS

Mr Storm is a Chartered Accountant with more than 20 years of Australian and international experience in the accounting profession and commerce. He commenced his career with Deloitte Haskins & Sells in Africa, then London, before joining Price Waterhouse in Perth.

Mr Storm has held various senior finance and/or company secretarial roles with both listed and unlisted entities in the banking, resources, construction, telecommunications and property development industries. In the last 5 years, he has provided consulting services covering accounting, financial and company secretarial matters to various companies in these sectors.

David Ross

Exploration Manager

BSc.(Hons) MSc. MAusIMM

Mr Ross holds a Bachelor of Science degree (with honours) in geology from Aberdeen University, Scotland and a Master of Science degree in economic geology from McMaster University in Canada. He is a member of AusIMM, the Geological Society of Australia and the Australian Institute of Geoscientists.

With more than 20 years' experience as an exploration geologist in Western Australia, Mr Ross' career has seen him involved with numerous mineral exploration, ore deposit evaluation and mine development projects for both gold and base metals. He has held senior geologist positions with Brunswick NL and Giralia Resources and was geological superintendent for Australian Resources at the Gidgee gold mine. Most recently, Mr Ross held the position of chief geologist with De Grey Mining Ltd, where he was instrumental in the discovery of the Orchard Well VMS deposits.

Principal Activities

During the period, the principal activities of the Company consisted of mineral exploration and evaluation of properties in Australia. There has been no significant change in these activities during the financial period.

Dividends

No dividends have been paid during the period and no dividends have been recommended by the directors.

Result for the Financial Period

Loss from ordinary activities after income tax expense was \$3,713,015 (2007: \$3,580,357).

Review of Operations

In the 17 months since listing on the Australian Securities Exchange, Empire Resources has maintained a high level of exploration work completing ten separate drilling programmes at Penny's Find, Yuinmery, Torrens and Troy Creek. During the 12 months ended 30 June 2008 the company spent \$2,575,000 (2007: \$778,000) on exploration and evaluation.

In addition, geophysical surveys comprising magnetics, electromagnetics, gravity and radiometrics have been completed at the Yuinmery, Torrens, Yarlalweelor and Troy Creek projects to help accurately define drill targets.

As a result of this work the Company has been successful in defining a 52,000 ounce gold resource at Penny's Find and discovering significant copper – gold mineralization at the Yuinmery project.

Significant changes in the state of affairs of the Company during the financial year were as follows.

- Exercised an option to acquire the Penny's Find gold project near Kalgoorlie, a high-grade gold project with an existing resource, with the issue of 1,000,000 ordinary shares to Rubystar Nominees Pty Ltd
 - Agreement to sell the Yarlalweelor uranium project in WA for \$1.75 million, comprising \$1.0 million in cash and \$750,000 worth of fully paid ordinary shares in Radon Resources Limited. At 30 June 2008, certain conditions precedent to the finalisation of this agreement had not occurred, and on 25 August 2008 the arrangement was terminated. Therefore, the transaction is not reflected in these accounts.
 - Consideration of \$150,000 to private investor, Meekal Pty Ltd, to purchase the remaining 10% that it did not own of the Yuinmery copper-gold project.
 - Change in accounting policy to write off exploration, evaluation and acquisition costs in the year they are incurred. This resulted in a write-off of \$4,403,560 against opening retained earnings and \$3,324,163 was expensed in the current year.
-

In the opinion of the directors, there were no other significant changes in the state of affairs of the Company.

Remuneration Report (Audited)

This report details the amount and nature of remuneration of each director of the Company and the executives receiving the highest remuneration.

Remuneration Policy

The principles used to determine the nature and amount of remuneration are applied through a remuneration policy which ensures that the remuneration package properly reflects the person's duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The remuneration policy, setting the terms and conditions for the executive directors, has been developed by the Board after seeking professional advice and taking into account market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

The remuneration policy is to provide a fixed remuneration component. The Board believes that this remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes, and is also appropriate in aligning the directors' objectives with shareholder and businesses objectives.

The remuneration framework has regard to shareholders' interests in the following ways.

- It focuses on sustained growth, as well as focusing the directors on key non-financial drivers of value.
- It attracts and retains directors of a high calibre.

The remuneration framework has regard to directors' interests in the following ways.

- It rewards capability and experience.
- It reflects competitive reward for contributions to shareholder growth.
- It provides a clear structure for earning rewards.
- It provides recognition for contribution.

Non-executive directors

The Board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to directors is subject to approval by shareholders at a general meeting. Fees for non-executive directors are not linked to the performance of the economic entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and may receive options.

The directors have resolved that non-executive directors' fees will be \$30,000 per annum for the chairman, inclusive of statutory superannuation contributions. Shareholders have approved aggregate remuneration for all non-executive directors at an amount of \$100,000 per annum. Where applicable, superannuation contributions of 9% are paid on these fees, as required by law.

Share-based Compensation (Audited)

To ensure that the Company has appropriate mechanisms to continue to attract and retain the services of directors and employees of a high calibre, the Company has established the Empire Resources Limited Share Plan ('SP').

The directors consider that the SP is an appropriate method to:

- a) reward directors and employees for their past performance;
- b) provide long-term incentives to participate in the Company's future growth;
- c) motivate directors and employees and generate employee loyalty, and
- d) assist in retaining the services of valuable employees.

In all, 2,450,000 shares were issued to directors and employees under the SP during the year at an issue price of \$0.188. Interest-free loans were provided for the amount payable in respect of the shares, with the amount repayable being the lesser of the issue price and the last sale price of shares on the repayment date. The shares issued under the SP may not be transferred or otherwise dealt with, and will not be quoted on ASX, until any loan in respect of the shares has been repaid and a period of 36 months after the date of issue has elapsed. The fair value of the shares, using a Black and Scholes pricing model, is recognised as an expense over the period from date of issue to vesting date. The amount recognised as part of employee expenses during the half-year was \$18,954.

The terms and conditions of each share affecting reported remuneration in the previous, this or future reporting periods are as follows.

Issue date	Expiry date	Exercise price	Value per option at grant date	Date exercisable
12 May 2008	12 May 2011	\$0.188	\$0.139	12 May 2008

Fair values at issue date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the loan, the share price at issue date and the expected price volatility of the underlying share, and the risk-free rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2008 included the following.

- (a) Loans to acquire shares are granted for no consideration and vest between issue date and 36 months.
- (b) An expected price volatility of 114%.
- (c) A risk-free interest rate of 7%.

	Shares issued for the year ended 30-Jun-08	Shares issued for the year ended 30-Jun-07	Shares vested during the year ended 30-Jun-08	Shares vested during the year ended 30-Jun-07
Specified directors				
Non-executive				
Mr A Griffin	500,000	–	500,000	–
Executive				
Mr D Sargeant	750,000	–	750,000	–
Mr A Jessup	500,000	–	500,000	–
Specified executives				
Mr S Storm	350,000	–	350,000	–

	Year granted	Vested %	Forfeited %	Financial years in which shares may vest	Minimum total value of grant yet to vest \$	Maximum total value of grant yet to vest \$
Directors						
Mr A Griffin	2007	6%	–	2008-11	3,868	65,759
Mr D Sargeant	2007	6%	–	2008-11	5,802	98,639
Mr A Jessup	2007	6%	–	2008-11	3,868	65,759
Specified executives						
Mr S Storm	2007	6%	–	2008-11	2,708	46,031

	Shares				
	A Remuneration consisting of shares	B Value at issue date \$	C Value at exercise date \$	D Value at lapse date \$	E Total of columns B-D \$
Directors					
Mr A Griffin	11%	69,627	–	–	69,627
Mr D Sargeant	4%	104,441	–	–	104,441
Mr A Jessup	3%	69,627	–	–	69,627
Specified executives					
Mr S Storm	6%	48,739	–	–	48,739

A = the percentage of the value of remuneration consisting of shares, based on the value of options expensed during the current year

B = the value at issue date calculated in accordance with AASB 2 Share-based Payment of shares issued during the year as part of remuneration.

C = the value at exercise date of shares that were issued as part of remuneration and were exercised during the year, being the intrinsic value of the options at that date

D = the value at lapse date of shares that were issued as part of remuneration and that lapsed during the year. Lapsed shares refers to shares that vested but expired due to the term of the loan expiring.



Executives

Executive directors receive either a salary plus superannuation guarantee contributions as required by law, currently set at 9%, or provide their services via a consultancy arrangement. Directors do not receive any retirement benefits. Individuals may, however, choose to sacrifice part of their salary to increase payments towards superannuation. Options are not issued as part of remuneration for long-term incentives.

All remuneration paid to directors and executives is valued at cost to the Company and expensed.

Compensation of Key Management Personnel for the Year Ended 30 June 2008.

The following table discloses the remuneration of the key management personnel (directors and executive officers) of the Company. The information in this table is audited.

Directors		Directors' fees	Consulting fees	Short-term benefits	Post-employment benefits	Share-based payments Value of options	Total
Specified directors							
Non-executive							
Mr A Griffin	2008	30,000	–	30,000	–	3,868	33,868
	2007	12,500	–	12,500	–	–	12,500
Executive							
Mr D Sargeant	2008	–	125,000	125,000	–	5,802	130,802
	2007	–	50,000	50,000	–	–	50,000
Mr A Jessup	2008	–	125,000	125,000	–	3,868	128,868
	2007	–	50,000	50,000	–	–	50,000
Total specified	2008	30,000	250,000	280,000	–	13,539	293,539
	2007	12,500	100,000	112,500	–	–	112,500
Specified executives							
Mr S Shah – company secretary to 30 April 07	2008	–	–	–	–	–	–
	2007	–	30,960	30,960	–	–	30,960
Mr S Storm – company secretary from 30 April 07	2008	–	45,600	45,600	–	2,708	48,308
	2007	–	8,100	8,100	–	–	8,100
Total specified	2008	–	45,600	45,600	–	2,708	48,308
	2007	–	39,060	39,060	–	–	39,060

Employment Contracts

Mr D Sargeant

By agreement dated 24 October 2006, the Company and Kirkdale Holdings Pty Ltd (ACN 009 096 388) ('Kirkdale') agreed the terms and conditions under which Kirkdale would provide the services of Mr Sargeant as managing director of the Company.

The agreement:

- (a) has a term of 3 years;
- (b) requires the payment to Kirkdale of a fee of \$10,000 per month (increasing by 10% each year) and reimbursement of expenses;
- (c) contains provisions requiring the payment of a termination benefit of 50% of the amount due on termination of the agreement.

Mr A Jessup

By agreement dated 24 October 2006, the Company and Murilla Exploration Pty Ltd (ACN 068 277 190) ('Murilla') agreed the terms and conditions under which Murilla would provide the services of Mr Jessup as an executive officer of the Company.

The agreement:

- (a) has a term of 3 years;
- (b) requires the payment to Murilla of a fee of \$10,000 per month (increasing by 10% each year) and reimbursement of expenses;
- (c) contains provisions requiring the payment of a termination benefit of 50% of the amount due on termination of the agreement.

Directors may be paid additional fees for special duties or services outside the scope of the ordinary duties of a director. Directors will also be reimbursed for all reasonable expenses incurred in the course of their duties.

Share Options

At the date of this report, unissued ordinary shares of the Company under option are as follows.

Grant date	Date of expiry	Exercise price (\$)	Number under option
19 Jun 07	30 Jun 09	0.25	27,709,075
1 Feb 07	31 Dec 10	0.25	3,000,000
			30,709,075

Directors' Interest

The relevant interest of each director in the shares and options over shares issued by the Company at the date of this report is as follows.

Director	Number of Ordinary shares		Number of Options	
	Direct	Indirect	Direct	Indirect
Mr A Griffin	500,000	-	300,000	-
Mr D Sargeant	-	5,850,000	-	2,849,999
Mr A Jessup	722,222	1,245,333	361,111	822,666

Company Performance

Comments on performance are set out in the review of operations.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Company, other than those noted in the review of operations.

Likely Developments and Expected Results

Disclosure of likely developments in the operations of the Company and the expected results of those operations in future financial years, and any further information, has not been included in this report because, in the reasonable opinion of the directors, to do so would be likely to prejudice the business activities of the Company.

Environmental Regulation

The Company's operations were subject to environmental regulations under both Commonwealth and State legislation in relation to its exploration activities.

The directors are not aware of any breaches during the period covered by this report.

Meetings of Directors

The following table sets out the number of meetings of the Company's directors held during the period ended 30 June 2008 and the number of meetings attended by each director.

Director	Directors' meetings	
	A	B
Mr A Griffin	5	5
Mr D Sargeant	5	5
Mr A Jessup	5	5

A = meetings attended

B = meetings held whilst a director

As at the date of this report the Company has not formed any committees, as the directors consider that at present the size of the Company does not warrant such. Audit, corporate governance, director nomination and remuneration matters are all handled by the full Board.

Proceedings on Behalf of the Company

No person has applied to the Court under Section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of the proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under Section 237 of the *Corporations Act 2001*.

Indemnification and Insurance of Directors and Officers

Indemnification

The Company has agreed to indemnify current directors and officers and past directors and officers against all liabilities to another person (other than the Company or a related body corporate), including legal expenses that may arise from their position as directors and officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance

The directors have not included details of the amount of the premium paid in respect of the directors' and officers' liability insurance contracts, as such disclosure is prohibited under the terms of the contract.

Events subsequent to reporting date

On 3 July 2008, the Company placed 5 million shares at 17 cents per share with Apex Resources Ltd to raise AU\$850,000. The funds raised will be used to progress exploration of VMS style copper-gold occurrences within Empire's Yuinmery tenements, including diamond drilling to test down plunge extensions of mineralised zones identified at Just Desserts, and an initial resource calculation.

The agreement to sell the Yarlwarweelor uranium project in WA for \$1.75 million was terminated on 25 August 2008.

Other than that no matter or circumstance has arisen, since the end of the financial year, which significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

Non-audit Services

The Company may decide to employ the auditor on assignments additional to its statutory audit duties where the auditor's expertise and experience with the Company and/or the consolidated entity are important.

Details of the amounts paid or payable to the auditor (RSM Bird Cameron) for audit and non-audit services provided during the year are set out below.

The Board has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons.

- All non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in Professional Statement FI, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

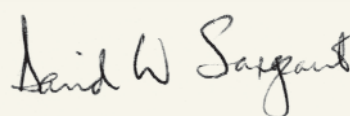
During the period, the following fees were paid or payable for services provided by the auditor of the parent entity RSM Bird Cameron, its related practices and non-related audit firms.

	Consolidated	
	Year ended 30 June 2008	Year ended 30 June 2007
	\$	\$
Assurance Services		
1. Audit services		
Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	20,350	6,050
Total remuneration for audit services	20,350	6,050
2. Other assurance services		
Tax-related	6,710	3,300
Prospectus-related	–	8,250
Total remuneration for other assurance services	6,710	11,550
Total remuneration for assurance services	27,060	17,600

Auditor's Independence Declaration

Section 307C of the *Corporations Act 2001* requires the Company's auditor, RSM Bird Cameron, to provide the directors with a written Independence Declaration in relation to its audit of the financial report for the year ended 30 June 2008. This written Auditor's Independence Declaration is attached to the Auditor's Independent Audit Report to the members and forms part of this Director's Report.

Signed in accordance with a resolution of directors.



D Sargeant
Managing Director

Perth, Western Australia
19 September 2008

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES

7. INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated group		Parent entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Revenue	2	177,529	130,155	177,529	130,155
Other income	2	111,237	–	111,237	–
Depreciation expense	3	(23,919)	(5,422)	(23,919)	(5,422)
Exploration expense	3	(3,324,163)	(3,346,450)	(2,638,454)	(2,171,728)
Impairment of non-currents assets	3	–	–	(1,860,431)	–
Impairment of receivable	7	(80,000)	–	(80,000)	–
Employee benefits expense		(14,606)	(52,742)	(14,606)	(52,742)
Management fee expense		(228,693)	(100,000)	(228,693)	(100,000)
Accounting expense		(45,600)	(38,281)	(45,600)	(38,281)
Consultancy expense		(14,110)	(30,640)	(14,110)	(30,640)
Share-based payment		(18,954)	–	(18,954)	–
ASX expense		(47,251)	(13,825)	(47,251)	(13,825)
Corporate relations expense		(25,345)	(29,804)	(25,345)	(29,804)
Insurance expense		(28,252)	(2,097)	(28,252)	(2,097)
Other expenses		(150,888)	(91,251)	(150,888)	(91,251)
Loss before income tax		(3,713,015)	(3,580,357)	(4,887,737)	(2,405,635)
Income tax expense	4	–	–	–	–
Loss attributable to members of the parent entity		(3,713,015)	(3,580,357)	(4,887,737)	(2,405,635)
Basic and diluted loss per share (cents per share)	5	(6.00)	(10.21)		

The above Income Statement should be read in conjunction with the accompanying notes.

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES

8. BALANCE SHEET AS AT 30 JUNE 2008

	Note	Consolidated group		Parent entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	6	1,361,273	4,327,553	1,361,213	4,327,493
Trade and other receivables	7	67,899	134,903	67,899	134,903
Total Current Assets		1,429,172	4,462,456	1,429,112	4,462,396
NON-CURRENT ASSETS					
Trade and other receivables	7	–	–	–	74,722
Financial assets	8	–	–	–	1,100,000
Plant and equipment	9	82,605	64,293	82,605	64,293
Total Non-current Assets		82,605	64,293	82,605	1,239,015
TOTAL ASSETS		1,511,777	4,526,749	1,511,717	5,701,411
CURRENT LIABILITIES					
Trade and other payables	10	525,604	521,265	524,754	520,415
Total Current Liabilities		525,604	521,265	524,754	520,415
TOTAL LIABILITIES		525,604	521,265	524,754	520,415
NET ASSETS		986,173	4,005,484	986,963	5,180,996
EQUITY					
Issued capital	11	9,420,471	8,745,721	9,420,471	8,745,721
Reserves	12	511,541	492,587	511,541	492,587
Accumulated losses		(8,945,839)	(5,232,824)	(8,945,049)	(4,057,312)
TOTAL EQUITY		986,173	4,005,484	986,963	5,180,996

The above Balance Sheet should be read in conjunction with the accompanying notes.

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES

9. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2008

Consolidated group				
	Share capital ordinary	Accumulated Losses	Option Reserve	Total
Note	\$	\$	\$	\$
Balance at 1 July 2006	1,518,700	(594,527)	–	924,173
Retrospective adjustment upon change in accounting policy for exploration expenditure	–	(1,057,940)	–	(1,057,940)
Shares issued during the year	7,925,483	–	–	7,925,483
Options issued during the year	–	–	509,591	509,591
Equity issue expenses	(698,462)	–	(17,004)	(715,466)
Loss attributable to members of the parent entity	–	(3,580,357)	–	(3,580,357)
Balance at 30 June 2007	8,745,721	(5,232,824)	492,587	4,005,484
Balance at 1 July 2007	8,745,721	(5,232,824)	492,587	4,005,484
Shares issued during the year	674,750	–	–	674,750
Options issued during the year	–	–	18,954	18,954
Loss attributable to members of the parent entity	–	(3,713,015)	–	(3,713,015)
Balance at 30 June 2008	9,420,471	(8,945,839)	511,541	986,173

Parent entity				
	Share capital ordinary	Accumulated Losses	Option Reserve	Total
Note	\$	\$	\$	\$
Balance at 1 July 2006	1,518,700	(593,737)	–	924,963
Retrospective adjustment upon change in accounting policy for exploration expenditure	–	(1,057,940)	–	(1,057,940)
Shares issued during the year	7,925,483	–	–	7,925,483
Options issued during the year	–	–	509,591	509,591
Equity issue expenses	(698,462)	–	(17,004)	(715,466)
Loss attributable to members of the parent entity	–	(2,405,635)	–	(2,405,635)
Balance at 30 June 2007	8,745,721	(4,057,312)	492,587	5,180,996
Balance at 1 July 2007	8,745,721	(4,057,312)	492,587	5,180,996
Shares issued during the year	674,750	–	–	674,750
Options issued during the year	–	–	18,954	18,954
Loss attributable to members of the parent entity	–	(4,887,737)	–	(4,887,737)
Balance at 30 June 2008	9,420,471	(8,945,049)	511,541	986,963

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES

10. CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated group		Parent entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Activities					
Receipts from customers		31,237	–	31,237	–
Payments to suppliers and employees		(558,050)	(308,686)	(558,050)	(308,686)
Interest received		177,476	130,155	177,476	130,155
Net cash used in operating activities	19 (i)	(349,337)	(178,531)	(349,337)	(178,531)
Cash Flows from Investing Activities					
Purchase of property, plant and equipment		(42,231)	(68,690)	(42,231)	(68,690)
Payment for renewal or purchase of prospects		–	(208,358)	–	(208,358)
Loans – payments made		–	(10,000)	–	(10,000)
Exploration and evaluation expenditure		(2,574,712)	(779,765)	(2,574,712)	(779,765)
Net cash used in investing activities		(2,616,943)	(1,066,813)	(2,616,943)	(1,066,813)
Cash Flows from Financing Activities					
Proceeds from issue of equity securities		–	6,047,574	–	6,047,574
Equity securities issue costs		–	(482,966)	–	(482,966)
Net cash provided by financing activities		–	5,564,608	–	5,564,608
Net increase in cash held		(2,966,280)	4,319,264	(2,966,280)	4,319,264
Cash at the beginning of the financial year		4,327,553	8,289	4,327,493	8,229
Cash at the end of the financial year	6	1,361,273	4,327,553	1,361,213	4,327,493

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
11. NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2008

1. Statement of Significant Accounting Policies

The financial report covers the consolidated entity of Empire Resources Limited ('Empire') and its controlled entities and Empire as an individual parent entity. Empire is a listed public company limited by shares, incorporated and domiciled in Australia.

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. It is prepared on the basis of historical costs, except for the revaluation of selected non-current assets that have been measured at fair value. The financial report is presented in Australian dollars.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial report, comprising the financial statements and notes thereto, complies with the International Financial Reporting Standards (IFRS).

The financial report was authorised for issue by the Board on 19th September 2008.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied by the entities in the consolidated entity unless otherwise stated. The accounting policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Principles of Consolidation

A controlled entity is any entity that Empire has the power to control the financial and operating policies of, so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 8 to the financial statements. All controlled entities have a June financial year end.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities enter or leave the consolidated group during the year, their operating results are included/excluded from the date control was obtained or until the date control ceased.

Business Combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method. The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control, together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

(b) Plant and Equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. Recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation is calculated on the straight line basis and is brought to account over the estimated useful lives of all plant and equipment from the time the asset is held ready for use. The depreciation rates used are as follows.

Office furniture	15-33%
Office computer equipment	33%
Motor vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to the assets are then transferred to accumulated losses.

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2008

(c) Income Tax

The Company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement, except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which the benefits of deferred tax assets can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Empire and its wholly-owned Australian subsidiary have formed an income tax consolidated group under the tax consolidation legislation. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax assets and liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group will notify the Tax Office its intention to form an income tax consolidated group to apply retrospectively from 31 January 2007. The tax consolidated group will enter into a tax-sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to profit before tax of the tax consolidated group.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(e) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets, regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up at the date of the acquisition plus costs incidental to the acquisition.

Transaction costs arising on the issue of equity instruments are recognised directly in equity.

(f) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2008

(g)	<p>Financial Instruments</p> <p><i>Recognition</i> Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition, these instruments are measured as set out below.</p> <p><i>Loans and Receivables</i> Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.</p> <p><i>Available-for-sale Financial Assets</i> Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.</p> <p><i>Financial Liabilities</i> Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.</p> <p><i>Fair Value</i> Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's-length transactions, reference to similar instruments and option pricing models.</p> <p><i>Impairment</i> At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.</p>	(j)	<p>Trade Receivables</p> <p>All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.</p> <p>Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised where some doubt as to collection exists.</p>
		(k)	<p>Trade Creditors</p> <p>These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.</p>
		(l)	<p>Recoverable Amount of Non-current Assets</p> <p>The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.</p> <p>Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. The decrement in the carrying amount is recognised as an expense in net profit or loss in the reporting period in which the recoverable amount write-down occurs.</p> <p>The expected net cash flows used in determining recoverable amount are not discounted to their present value.</p>
		(m)	<p>Leased Non-current Assets</p> <p>A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits</p> <p>Operating lease payments are charged to the Profit and Loss in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.</p>
(h)	<p>Exploration and Development Expenditure</p> <p>Exploration, evaluation and acquisition costs are written off in the year they are incurred. Development costs are capitalised. Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production.</p>		
(i)	<p>Employee Entitlements</p> <p><i>Salaries, Wages and Annual Leave</i> Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date, are recognised in other creditors in respect to employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.</p>	(n)	<p>Revenue Recognition</p> <p>Amounts disclosed as revenue are net of duties and taxes paid. Revenue is recognised as follows.</p> <p><i>(i) Interest</i> Interest earned is recognised as and when it is receivable, including interest which is accrued and is readily convertible to cash within 2 working days. Accrued interest is recorded as part of other debtors.</p>

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2008

(ii) Sundry Income

Sundry income is recognised as and when it is receivable. Income receivable, but not received at balance date, is recorded as part of other debtors.

(o) Goods and Services Tax ('GST')

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

(p) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Estimates — Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(q) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The consolidated entity's assessment of the impact of these new standards and interpretations is set out below.

- (i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8. AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision-makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group has not yet decided when to adopt AASB 8. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this stage it is not expected to affect any of the amounts recognised in the financial statements.

- (ii) Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Account Standards arising from AASB 123 (AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and interpretations 1 & 12). The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and – when adopted – will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the group, as the group already capitalises borrowing costs relating to qualifying assets.

- (iii) Revised AASB 101 Presentation of Financial Statements and AASB 2007 – 8 Amendments to Australian Accounting Standards arising from AASB 101. A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of recognised income and expense, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period.

(r) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2008

2. Revenue

	Consolidated group		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Revenue				
Interest received	177,529	130,155	177,529	130,155
Other income	111,237	–	111,237	–
	288,766	130,155	288,766	130,155

3. Loss from Ordinary Activities

	Consolidated group		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Loss before income tax				
The loss from ordinary activities before income tax has been determined after:				
(a) Expenses				
Depreciation	23,919	5,422	23,919	5,422
Exploration costs written off	3,324,163	830	2,638,454	830
Impairment of non-current assets:				
Impairment writedown for investment in controlled entity	–	–	1,100,000	–
Impairment writedown for loan to controlled entity	–	–	760,431	–

4. Income Tax

(a) Income tax recognised in profit

No income tax is payable by the parent or consolidated entities as they both recorded losses for income tax purposes for the year, as a tax consolidated group.

(b) Numerical reconciliation between income tax expense and the loss before income tax.

	Consolidated group		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Loss before tax	(3,713,015)	(3,580,357)	(4,887,737)	(2,405,635)
Income tax benefit at 30% (2007:30%)	(1,113,905)	(1,074,107)	(1,466,321)	(721,691)
Tax effect of:				
– deductible capital-raising expenditure	(34,188)	(34,187)	(34,188)	(34,187)
– non-deductible expenditure	1,359	–	1,359	–
– deductible temporary differences	–	(320,571)	–	(320,571)
– deductible exploration	–	(330,000)	–	–
– share-based payment	5,686	–	5,686	–
Deferred tax asset not recognised	1,141,048	1,758,865	1,493,464	1,076,449
Income tax benefit attributable to loss from ordinary activities before tax	–	–	–	–

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2008

4. Income Tax (continued)

	Consolidated group		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
(c) Unrecognised deferred tax balances				
Tax losses attributable to members of the tax consolidated group – revenue	8,078,445	3,824,970	5,543,716	2,480,672
Potential tax benefit at 30%	2,423,534	1,147,491	1,663,115	744,202
<i>Deferred tax liability not booked</i>				
– other	–	(330,000)	–	–
<i>Deferred tax asset asset not booked</i>				
Amounts recognised in Profit and Loss				
– impairment of non-current assets	–	–	558,129	–
– employee provisions	3,715	–	3,715	–
– other	22,339	–	22,339	–
Amounts recognised in equity				
– share issue costs	(9,633)	–	(9,633)	–
Net unrecognised deferred tax asset at 30%	2,439,955	817,491	2,237,665	744,202

A deferred tax asset attributable to income tax losses has not been recognised at balance date as the probability criteria disclosed in Note 1(c) are not satisfied and such benefit will only be available if the conditions of deductibility also disclosed in Note 1(c) are satisfied.

For the purposes of taxation, Empire and its 100% owned Australian subsidiary are a tax consolidated group. The head entity of the tax consolidated group is Empire. The group intends to enter into a tax-sharing agreement and an election for the purposes of tax consolidation will be made.

5. Loss Per Share

	Consolidated group	
	2008	2007
	Cents	Cents
Basic and diluted loss per share (cents per share)	(6.00)	(10.21)
Loss used in the calculation of basic EPS	(3,713,015)	(3,580,357)
Weighted average number of shares outstanding during the year used in calculations of basic loss per share	61,919,425	35,053,193

Diluted loss per share has not been disclosed as it is not materially different from basic loss per share

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
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6. Cash and Cash Equivalents

	Consolidated group		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Cash at bank and in hand	1,361,273	4,327,553	1,361,213	4,327,493
	1,361,273	4,327,553	1,361,213	4,327,493

7. Receivables

	Consolidated group		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Current				
Trade receivables	80,000	–	80,000	–
Other receivables	67,899	134,903	67,899	134,903
Provision for impairment of receivables	(80,000)	–	(80,000)	–
	67,899	134,903	67,899	134,903
Non-Current				
Amount receivable from controlled entity	–	–	853,261	167,552
Provision for impairment of loans to controlled entities	–	–	(853,261)	(92,830)
	–	–	–	74,722

Provision For Impairment of Receivables

Current trade receivables are non-interest bearing and generally on 30 day terms. A provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired.

	Opening Balance 1.7.07 \$	Charge for the Year \$	Amounts Written Off \$	Closing Balance 30.6.08 \$
Consolidated Group and Parent Entity				
Current trade receivables	–	80,000	–	80,000
	–	80,000	–	80,000

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
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8. Financial Assets

	Consolidated group		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Unlisted investments, at-cost				
Shares in controlled entities	–	–	1,148,200	1,148,200
Provision for impairment	–	–	(1,148,200)	(48,200)
	–	–	–	1,100,000

Controlled Entities	Country of incorporation	Percentage Owned	
		2008	2007
		%	%
Parent entity:			
Empire Resources Limited	Australia	–	–
Subsidiaries of Empire Resources Limited:			
PGM Technologies Oceania Pty Ltd	Australia	100	100
Torrens Resources Pty Ltd	Australia	100	100

9. Plant and Equipment

	Consolidated group		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Plant and Equipment				
Cost	27,198	21,323	27,198	21,323
Accumulated depreciation	(13,176)	(7,351)	(13,176)	(7,351)
	14,022	13,972	14,022	13,972
Motor Vehicles				
Cost	90,217	53,863	90,217	53,863
Accumulated depreciation	(21,634)	(3,542)	(21,634)	(3,542)
	68,583	50,321	68,583	50,321
Total Plant and Equipment	82,605	64,293	82,605	64,293

Movements in the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial period is as set out below.

	Consolidated group		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Plant and Equipment				
Balance at the beginning of year	13,972	1,025	13,972	1,025
Additions	5,876	14,827	5,876	14,827
Depreciation expense	(5,826)	(1,880)	(5,826)	(1,880)
Carrying amount at the end of the year	14,022	13,972	14,022	13,972
Motor Vehicles				
Balance at the beginning of year	50,321	–	50,321	–
Additions	36,355	53,863	36,355	53,863
Depreciation expense	(18,093)	(3,542)	(18,093)	(3,542)
Carrying amount at the end of the year	68,583	50,321	68,583	50,321

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2008

10. Trade and Other Payables

	Consolidated group		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Trade payables and accruals	415,849	424,838	414,999	423,988
Employee benefits	19,755	6,427	19,755	6,427
Non-interest-bearing loans	90,000	90,000	90,000	90,000
	525,604	521,265	524,754	520,415

11. Issued Capital

(a) **Ordinary Shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Company in proportion to the number of and amounts paid on the shares.

On a show of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

	Consolidated group		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
66,918,192 (2007: 60,418,192) fully paid ordinary shares	9,420,471	8,745,721	9,420,471	8,745,721

	Consolidated group		Parent entity	
	2008	2007	2008	2007
	No.	No.	No.	No.
(i) Ordinary shares – number				
At 1 July 2007	60,418,192	18,663,309	60,418,192	18,663,309
Shares issued – 229,883 on 15 August 2006 at \$0.10 Challenge Drilling	–	229,883	–	229,883
Shares issued – 250,000 on 27 October 2006 at \$0.10 Yuinmery	–	250,000	–	250,000
Shares issued – 500,000 on 3 November 2006 at \$0.10	–	500,000	–	500,000
Shares issued – 2,275,000 on 13 November 2006 at \$0.10	–	2,275,000	–	2,275,000
Shares issued – 27,500,000 on 29 January 2007 at \$0.20 IPO	–	27,500,000	–	27,500,000
Shares issued – 5,000,000 on 29 January 2007 at \$0.20 Torrens	–	5,000,000	–	5,000,000
Shares issued – 1,000,000 on 29 January 2007 at \$0.20 Penny's Find	–	1,000,000	–	1,000,000
Shares issued – 5,000,000 on 7 June 2007 at \$0.18 Yarlaweelor	–	5,000,000	–	5,000,000
Shares issued – 100,000 on 26 July 2007 at \$0.30 RM Capital Pty Ltd	100,000	–	100,000	–
Shares issued – 500,000 on 31 December 2007 at \$0.22 Meekal Pty Ltd	500,000	–	500,000	–
Shares issued – 100,000 on 31 December 2007 at \$0.18 Simmonds	100,000	–	100,000	–
Shares issued – 100,000 on 31 December 2007 at \$0.18 Muskett	100,000	–	100,000	–
Shares issued – 1,250,000 on 5 February 2008 at \$0.135 Meekal Pty Ltd	1,250,000	–	1,250,000	–
Shares issued – 1,000,000 on 12 May 2008 at \$0.18 Rubystar Nominees Pty Ltd – Penny's Find	1,000,000	–	1,000,000	–
Shares issued – 2,450,000 on 12 May 2008 at \$0.188 ERL Share Plan	2,450,000	–	2,450,000	–
Shares issued – 1,000,000 on 26 May 2008 at \$0.15 Meekal Pty Ltd – Yuinmery	1,000,000	–	1,000,000	–
Balance at 30 June 2008	66,918,192	60,418,192	66,918,192	60,418,192

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NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2008

11. Issued capital (continued)

	Consolidated group		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
(ii) Ordinary shares – value				
At 1 July 2007	8,745,721	1,518,700	8,745,721	1,518,700
Shares issued – 229,883 on 15 August 2006 at \$0.10 Challenge Drilling	–	22,983	–	22,983
Shares issued – 250,000 on 27 October 2007 at \$0.10 Yuinmery	–	25,000	–	25,000
Shares issued – 500,000 on 3 November 2006 at \$0.10	–	50,000	–	50,000
Shares issued – 2,275,000 on 13 November 2006 at \$0.10	–	227,500	–	227,500
Shares issued – 27,500,000 on 29 January 2007 at \$0.20 IPO	–	5,500,000	–	5,500,000
Shares issued – 5,000,000 on 29 January 2007 at \$0.20 Torrens	–	1,000,000	–	1,000,000
Shares issued – 1,000,000 on 29 January 2007 at \$0.20 Penny's Find	–	200,000	–	200,000
Shares issued – 5,000,000 on 7 June 2007 at \$0.18 Yarlswell	–	900,000	–	900,000
Shares issued – 100,000 on 26 July 2007 at \$0.30 RM Capital	30,000	–	30,000	–
Shares issued – 500,000 on 31 December 2007 at \$0.22 Meekal	110,000	–	110,000	–
Shares issued – 100,000 on 31 December 2007 at \$0.18 Simmonds	18,000	–	18,000	–
Shares issued – 100,000 on 31 December 2007 at \$0.18 Muskett	18,000	–	18,000	–
Shares issued – 1,250,000 on 5 February 2008 at \$0.135 Meekal	168,750	–	168,750	–
Shares issued – 1,000,000 on 12 May 2008 at \$0.18 Rubystar Nominees Pty Ltd – Penny's Find	180,000	–	180,000	–
Shares issued – 2,450,000 on 12 May 2008 under ERL Share Plan	–	–	–	–
Shares issued – 1,000,000 on 26 May 2008 at \$0.15 Meekal Pty Ltd – Yuinmery	150,000	–	150,000	–
Less share issue costs	–	(698,462)	–	(698,462)
Balance at 30 June 2008	9,420,471	8,745,721	9,420,471	8,745,721

(b) Options

As at 30 June 2008 (30 June 2007: 30,709,075), the Company had the following options on issue over ordinary shares.

Grant date	Date of expiry	Exercise price (\$)	Number under option
19-Jun-07	30-Jun-09	0.25	27,709,075
01-Feb-07	31-Dec-10	0.25	3,000,000
			30,709,075

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2008

12. Reserves

	Consolidated group		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Reserves	511,541	492,587	511,541	492,587
Reserves comprise the following.				
Options reserve				
Balance as at start of financial year	492,587	–	492,587	–
Options issued – 3,000,000 on 1 February 2007 at a deemed price of 7.5 cents – expiry 31 December 2010	–	232,500	–	232,500
Options issued – 27,709,075 on 15 June 2007 at \$0.01 – expiry 30 June 2009	–	277,091	–	277,091
Share-based payment	18,954	–	18,954	–
Less share issue costs	–	(17,004)	–	(17,004)
Balance as at end of the financial year	511,541	492,587	511,541	492,587

Details of certain components of the option reserve arising as a consequence of equity based payments are included in Note 19.

13. Financial Risk Management

The consolidated entity's financial situation is not complex. Its activities may expose it to a variety of financial risks in the future: market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. At that stage, the consolidated entity's overall risk management program will focus on the unpredictability of the financial markets and seek to minimise potential adverse effects on the financial performance of the consolidated entity.

Risk management is carried out under an approved framework covering a risk management policy and internal compliance and control by management. The Board identifies, evaluates and approves measures to address financial risks.

The consolidated and the parent entity hold the following financial instruments.

	Consolidated group		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	1,361,273	4,327,553	1,361,213	4,327,493
Trade and other receivables	67,899	134,903	67,899	134,903
	1,429,172	4,462,456	1,429,112	4,462,396
Financial liabilities				
Trade and other payables	525,604	521,265	524,754	520,415

(a) **Market Risk**

Cash flow and fair value interest rate risk

The consolidated entity's main interest rate risk arises from cash deposits to be applied to exploration and development of areas of interest. Deposits at variable rates expose the consolidated entity to cash flow interest rate risk. Deposits at fixed rates expose the consolidated entity to fair value interest rate risk. During 2008 and 2007, the consolidated entity's deposits at variable rates were denominated in Australian dollars.

As at the reporting date, the consolidated entity had the following variable rate deposits and there were no interest rate swap contracts outstanding.

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2008

13. Financial Risk Management (continued)

	2008 Weighted average interest rate %	Balance \$	2007 Weighted average interest rate %	Balance \$
Deposit		887,561		4,323,086
Other cash available		473,712		4,407
Net exposure to cash flow interest rate risk	6.2%	1,361,273	6.0%	4,327,493

The consolidated entity analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into account the renewal of existing positions.

Sensitivity – consolidated and parent entity

During 2008, if interest rates had been 10% higher or lower than the prevailing rates realised, with all other variables held constant, there would be an immaterial change in post-tax profit for the year. Equity would not have been impacted.

(b) Credit Risk

The consolidated entity has no significant concentrations of credit risk. Cash transactions are limited to high credit quality financial institutions. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures on outstanding receivables and committed transactions. In relation to other credit risk areas, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised at the beginning of this note.

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions. The consolidated entity manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The consolidated entity will aim at maintaining flexibility in funding by accessing appropriate committed credit lines available from different counterparties where appropriate and possible. Surplus funds, when available, are generally only invested in high-credit, quality financial institutions in highly liquid markets.

Financing arrangements

The consolidated and parent entity have no borrowing facilities.

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2008

13. Financial Risk Management (continued)

30 June 2008	Fixed interest rate maturing						Total
	Weighted average effective	Floating interest rate				Non-interest-bearing	
			Within year	1 to 5 years	Over 5 years		
	\$	\$	\$	\$	\$	\$	
Financial Assets:							
Cash and cash equivalents	6.2%	1,361,273	-	-	-	-	1,361,273
Trade and other receivables		-	-	-	-	67,899	67,899
Total Financial Assets		1,361,273	-	-	-	67,899	1,429,172
Financial Liabilities:							
Trade and other payables		-	-	-	-	525,604	525,604
Short-term borrowings		-	-	-	-	-	-
Total financial liabilities		-	-	-	-	525,604	525,604

30 June 2007	Fixed interest rate maturing						Total
	Weighted average effective	Floating interest rate				Non-interest-bearing	
			Within year	1 to 5 years	Over 5 years		
	\$	\$	\$	\$	\$	\$	
Financial Assets:							
Cash and cash equivalents	6.0%	4,327,553	-	-	-	-	4,327,553
Trade and other receivables		-	-	-	-	134,903	134,903
Total Financial Assets		4,327,553	-	-	-	134,903	4,462,456
Financial Liabilities:							
Trade and other payables		-	-	-	-	521,265	521,265
Short-term borrowings		-	-	-	-	-	-
Total financial liabilities		-	-	-	-	521,265	521,265

Maturities of financial assets and liabilities

The note above analyses the consolidated and parent entity's financial liabilities. These liabilities comprise trade and other payables, are non-interest-bearing and will mature within 12 months. The amounts disclosed are the contractual undiscounted cash flows. There are no derivatives.

Maturity analysis of financial assets and liability based on management's expectation

Year ended 30 June 2008	<6 months	6-12 months	1-5 years	>5 years	Total
Consolidated					
Financial assets					
Cash and cash equivalents	1,361,273	-	-	-	1,361,273
Trade and other receivables	67,899	-	-	-	67,899
	1,429,172	-	-	-	1,429,172
Financial liabilities					
Trade and other payables	435,604	90,000	-	-	525,604
Net maturity	993,568	(90,000)	-	-	903,568

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2008

13. Financial Risk Management (continued)

(d) *Fair Value Estimation*

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments that are not traded in an active market (for example, investments in unlisted subsidiaries) is determined using valuation techniques or cost (impaired if appropriate). The consolidated entity uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

14. Capital and Leasing Commitments

	Consolidated group		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
(i) Operating Lease Commitments				
Non-cancellable operating leases contracted for but not capitalised in the financial Payable – minimum lease payments				
– not later than 12 months	32,649	28,617	32,649	28,617
– between 12 months and 5 years	34,418	68,289	34,418	68,289
– greater than 5 years.	–	–	–	–
	67,067	96,906	67,067	96,906

The Company entered into an operating lease on 1 August 2007 for office space it occupies in Victoria Park. The term of the lease is 3 years and expires on 1 August 2010.

	Consolidated group		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
(ii) Expenditure Commitments Contracted For				
Exploration tenements				
In order to maintain current rights of tenure to exploration tenements, the Company is required to outlay rentals and to meet the minimum expenditure requirements. These obligations are not provided for in the financial statements and are payable:				
– not later than 12 months	970,004	531,646	919,155	480,797
– between 12 months and 5 years	3,880,016	2,126,584	3,676,620	1,923,188
– greater than 5 years.	–	–	–	–
	4,850,020	2,658,230	4,595,775	2,403,985

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2008

15. Directors and Other Key Management Personnel

(i) *Details of Key Management Personnel*

Chairman – non-executive

Mr A Griffin (from 3 February 2004)

Managing Director

Mr D Sargeant (from 13 April 2000)

Executive Director

Mr A Jessup (from 15 August 2003)

(ii) *Compensation of Key Management Personnel*

	Consolidated group		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Short-term employee benefits	318,100	151,560	325,600	151,560
Post-employment benefits	–	–	–	–
Share-based payments	16,246	–	16,246	–
	334,346	151,560	341,846	151,560

The Company has taken advantage of the relief provided by AASB 2008-4 Amendments to Australian Accounting Standard – Key Management Personnel Disclosures by Disclosing Entities, and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found in the Remuneration Report on pages 20 to 24.

(iii) *Equity Instrument Disclosures Relating to Directors and Other Key Management Personnel*

Shareholdings

The number of ordinary shares in the Company held during the year by each director and other key management personnel, including their personally related entities or associates, are set out below.

	Balance at the start of the period	Issued under share plan	On exercise of options	Net change other	Balance at the end of the period
Directors					
Directors					
Mr Adrian Griffin	–	500,000	–	–	500,000
Mr David Sargeant	5,100,000	750,000	–	–	5,850,000
Mr Adrian Jessup	1,367,555	500,000	–	100,000	1,967,555
	6,467,555	1,750,000	–	100,000	8,317,555
Specified Executives					
Mr Simon Storm	–	350,000	–	–	350,000
	–	350,000	–	–	350,000

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2008

15. Directors and Other Key Management Personnel (continued)

All equity transactions with key management personnel, which relate to the Company's listed ordinary shares, have been entered into on an arm's-length basis.

Option holdings

Details of shares issued as remuneration can be found in the remuneration report.

The number of options over ordinary shares in the Company held during the reporting period by each director and key management personnel, including their personally related entities, are set out below.

	Balance at the start of the period	Acquired	Expired	Balance at the end of the period	Vested and exercisable at 30 June 2008
Directors					
Mr Adrian Griffin	300,000	–	–	300,000	300,000
Mr David Sargeant	2,849,999	–	–	2,849,999	2,849,999
Mr Adrian Jessup	983,777	200,000	–	1,183,777	1,183,777
	4,133,776	200,000	–	4,333,776	4,333,776
Specified Executives					
Mr Simon Storm	200,000	–	–	200,000	200,000
	200,000	–	–	200,000	200,000

16. Related Parties

Directors and specified executives

Disclosures relating to the remuneration and shareholdings of directors and specified executives are set out in the Directors' Report and Note 15 respectively.

Other transactions with directors, their associates and director related entities are as follows.

	Consolidated group		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Amounts paid to companies associated with certain Directors for management services				
Kirkdale Holdings Pty Ltd – Mr D Sargeant	125,000	50,000	125,000	50,000
Murilla Exploration Pty Ltd – Mr A Jessup	125,000	50,000	125,000	50,000
Total	250,000	100,000	250,000	100,000
Amounts payable to directors for directors' fees				
Mr Adrian Griffin	30,000	12,500	30,000	12,500

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2008

17. Remuneration of Auditors

	Consolidated group		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Amounts received or due and receivable by the auditors for:				
Audit or review of the financial reports of the Company	20,350	6,050	20,350	6,050
Other services	6,710	11,550	2,420	11,550
	27,060	17,600	22,770	17,600

18. Cash Flow Information

(i) *Reconciliation of cash flow from operations with loss after income tax*

	Consolidated group		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Loss after income tax	(3,713,015)	(3,580,357)	(4,887,737)	(2,405,635)
Depreciation	23,919	5,422	23,919	5,422
Share based payments expense	18,954	–	18,954	–
Impairment on non-current assets	–	–	1,860,431	–
Impairment of receivable	80,000	–	80,000	–
Exploration expenditure written off	3,324,163	3,346,450	2,638,454	2,171,728
	(265,979)	(228,485)	(265,979)	(228,485)
Changes in assets and liabilities, net of the effects of purchase of subsidiaries:				
(Increase)/decrease in trade and other receivables	(80,000)	–	(80,000)	–
(Decrease)/Increase in trade and other payables	(16,686)	43,527	(16,686)	43,527
(Decrease)/Increase in employee benefits	13,328	6,427	13,328	6,427
Net cash outflow from operating activities	(349,337)	(178,531)	(349,337)	(178,531)

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2008

19. Share-based Payments

(a) Employee Share Plan

The Company has established an employee share plan, which is also available to directors, known as the 2008 Empire Resources Limited Employee Share Plan ('the Plan') and was approved by shareholders on 28 November 2007.

The issue price for shares offered under the Plan is at the discretion of the Board, provided that the issue price is not less than 1% below the weighted average sale price of shares sold through ASX during the 1-week period up to and including the offer date.

A director or employee who is invited to subscribe for shares under the Plan may also be invited to apply for a loan up to the amount payable in respect of the shares accepted, on the following terms.

- a) Loans must be made solely to the participant or their nominee and in the name of either the participant or their nominee as the case may be.
- b) The principal amount outstanding under a loan will be interest-free.
- c) Any loan made available to a participant shall be applied by the Company directly toward payment of the issue price of the shares to be acquired under the Plan.
- d) The term of the loan shall be 3 years from the date of issue of the shares.
- e) The Company retains a lien over each share acquired pursuant to the loan until such time as the loan is repaid.

Set out below is a summary of shares issued to directors and employees under the Plan.

Consolidated and parent entity – 30 June 2008		Balance at start of period	Issued during year	Loan repaid during year	Expired during year	Balance at end of year	Exercisable at end of year
Issue date	Expiry date	\$A	Number	Number	Number	Number	Number
12 May 2008	21 May 2013	–	2,450,000	–	–	2,450,000	–
Weighted average exercise price			0.188			0.188	

Fair value of director and employee shares issued

The fair value at issue date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the loan, the impact of dilution, the share price at issue date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the loan.

The model inputs for shares granted during the year ended 30 June 2008 included:

- (a) shares are granted for no consideration, have a 3-year life and vest from issue date to 36 months after date of issue.
- (b) exercise price – \$0.188.
- (c) issue date – 12 May 2008.
- (d) expiry date – 12 May 2011.
- (e) expected price volatility of the Company's shares: 114%.
- (f) risk-free interest rate – 7.0%.
- (g) the share price at issue date – \$0.195.

(b) Expenses Arising From Share-based Payment Transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows.

	Consolidated group		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Shares issued under employee share plan	18,954	–	18,954	–

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2008

20. Change in Accounting Policy

The consolidated group changed its accounting policy for the financial year ending 30 June 2008 relating to the accounting for exploration and development expenditure. Exploration and development costs were previously carried forward to the extent that they were expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. The group has now elected to write off exploration, evaluation and acquisition costs in the year they are incurred. This change has been implemented as the directors are of the opinion that the write-off of exploration, evaluation and acquisition costs will provide more relevant information as it results in a more accurate reflection of the net assets of an exploration company.

The aggregate effect of the change in accounting policy on the annual financial statements for the year ended 30 June 2008 is as follows (no taxation effect results from these changes).

	Previously (\$)	2008 Adjustment (\$)	Restated (\$)
Consolidated Group			
Income Statement			
Exploration expense	–	(3,324,163)	(3,324,163)
Loss before income tax	(308,852)	(3,324,163)	(3,633,015)
Basic and diluted loss per share	(0.50)	(5.37)	(5.87)
Balance Sheet			
Exploration and evaluation expenditure	3,324,163	(3,324,163)	–
Opening accumulated losses	(5,232,824)	–	(5,232,824)
	Previously (\$)	2008 Adjustment (\$)	Restated (\$)
Parent Entity			
Income Statement			
Exploration expense	–	(2,638,454)	(2,638,454)
Loss before income tax	(2,169,283)	(2,638,454)	(4,807,737)
Basic and diluted loss per share	(0.50)	(5.37)	(5.87)
Balance Sheet			
Exploration and evaluation expenditure	2,638,454	(2,638,454)	–
Opening accumulated losses	(4,057,312)	–	(4,057,312)

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2008

20. Change in Accounting Policy (continued)

	Previously (\$)	2007 Adjustment (\$)	Restated (\$)
Consolidated Group			
Income Statement			
Exploration expense	(830)	(3,345,620)	(3,346,450)
Loss before income tax	(234,737)	(3,345,620)	(3,580,357)
Basic and diluted loss per share	(0.67)	(9.54)	(10.21)
Balance Sheet			
Exploration and evaluation expenditure	1,057,940	(1,057,940)	–
Opening accumulated losses	(594,527)	(1,057,940)	(1,652,467)
Parent Entity			
Income Statement			
Exploration expense	(830)	(2,170,898)	(2,171,728)
Loss before income tax	(234,737)	(2,170,898)	(2,405,635)
Basic and diluted loss per share	(0.67)	(9.54)	(10.21)
Balance Sheet			
Exploration and evaluation expenditure	1,057,940	(1,057,940)	–
Opening accumulated losses	(593,737)	(1,057,940)	(1,651,677)

21. Segment Information

For the year ended 30 June 2008, the consolidated and parent entity operated predominantly in WA in the minerals, development and exploration operating segment.

22. Events After the Balance Sheet Date

In 3 July 2008, the Company placed 5 million shares at 17 cents per share with Apex Resources Ltd to raise A\$850,000. The funds raised will be used to progress exploration of VMS style copper-gold occurrences within Empire's Yuinmery tenements, including diamond drilling to test down plunge extensions of mineralised zones identified at Just Desserts, and an initial resource calculation.

The agreement to sell the Yarlalweelor uranium project in Western Australia for \$1.75 million was terminated on 25 August 2008.

Other than this, since 30 June 2008 there has not been any matter or circumstance not otherwise dealt with in the financial report that has significantly affected or may significantly affect the Company.


12. DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 26 to 49 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and
- (c) the audited remuneration disclosures set out on pages 20 to 24 of the Directors' Report comply with Accounting Standard AASB 124 Related Party Disclosures and the Corporations Regulations 2001.

The directors have been given the declarations by the chief executive officer and the chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



David Sargeant
Managing Director

Perth, Western Australia
19 September 2008

13. INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMPIRE RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Empire Resources Limited ("the company"), which comprises the balance sheet as at 30 June 2008 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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RSM Bird Cameron Partners is an
independent member firm of RSM
International, an affiliation of
independent accounting and
consulting firms.



INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
EMPIRE RESOURCES LIMITED

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

- (a) the financial report of Empire Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 24 of the directors' report for the financial year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Empire Resources Limited for the financial year ended 30 June 2008 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

Scubitt

S C CUBITT
Partner

Perth, WA
Dated: 19 September 2008

AUDITOR INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Empire Resources Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

Scubitt

Perth, WA
Dated: 19 September 2008

S C CUBITT
Partner

14. ADDITIONAL INFORMATION

Additional information required by the ASX and not shown elsewhere in this report is as follows. The information is current as at 16 September 2008.

(a) Distribution of Shares

The numbers of shareholders, by size of holding are as follows.

Category (size of holding)	Number of holders
1-1,000	7
1,001-5,000	93
5,001-10,000	146
10,001-100,000	406
100,001 and over	115
	767

The number of shareholdings held in less than marketable parcels is 120.

(b) 20 Largest Shareholders

The names of the 20 largest holders of quoted shares are as follows.

	SHAREHOLDERS	Number of shares held	Holding (%)
1	APEX MINERALS NL	5,000,000	6.95%
2	KIRKDALE HOLDINGS PTY LTD	3,300,000	4.59%
3	MEEKAL PTY LTD	3,098,333	4.31%
4	DW SARGEANT PTY LTD	2,550,000	3.55%
5	ZETEK RESOURCES PTY LTD	2,472,000	3.44%
6	MRS SUKHON SUHARITDUMRONG	2,268,500	3.15%
7	RUBYSTAR NOMINEES PTY LTD	2,000,000	2.78%
8	ANZ NOMINEES LIMITED	1,553,791	2.16%
9	COLTRANGE PTY LTD	1,376,677	1.91%
10	RBJ NOMINEES PTY LTD	1,300,000	1.81%
11	MR ARTUR BIRKNER	1,182,500	1.64%
12	AGENS PTY LTD	900,000	1.25%
13	MR ADRIAN JESSUP	722,222	1.00%
14	KIM & JENNIFER ROBINSON	699,500	0.97%
15	ELY PLACE NOMINEES LTD	666,666	0.93%
16	MR JIM JEFFREYS	644,949	0.90%
17	MURILLA EXPL PL	633,333	0.88%
18	CITIVIEW PTY LTD	600,000	0.83%
19	MR BRETT WADE TOLHURST	550,000	0.76%
20	MR RICHARD J & S HARRIS	549,000	0.76%
		32,067,471	44.57%

Stock exchange listing – listing has been granted for all the ordinary shares of the company on all member exchanges of the ASX, except for the following, which are not quoted by virtue of restriction agreements.

Quoted shares on ASX	63,976,998
Unquoted – escrowed until:	
Shares issued under Empire Share Plan	2,450,000
1-Feb-09	5,491,194
Total issued share capital	71,918,192

(c) **20 Largest Option Holders**

The names of the 20 largest holders of quoted options are as follows.

	OPTION HOLDERS	Number of options held	Holding (%)
1	D W SARGEANT PTY LTD	2,849,999	10.29%
2	MRS SUKHON SUHARITDUMRONG	1,134,250	4.09%
3	ALCARDO INVESTMENTS LIMITED	744,500	2.69%
4	MURILLA EXPLORATION PTY LTD	616,666	2.23%
5	MR ARTUR BIRKNER	591,250	2.13%
6	RUBYSTAR NOMINEES PTY LTD	500,000	1.80%
7	AGENS PTY LTD	450,000	1.62%
8	COLTRANGE PTY LTD	402,500	1.45%
9	CAMIRA HOLDINGS PTY LTD	375,000	1.35%
10	MR ADRIAN MARTIN LAMBERT JESSUP	361,111	1.30%
11	ELY PLACE NOMINEES LTD	333,333	1.20%
12	MR JIM JEFFREYS	322,474	1.16%
13	CITIVIEW PTY LTD	300,000	1.08%
14	MR ADRIAN CHRISTOPHER GRIFFIN	300,000	1.08%
15	WHI SECURITIES PTY LTD	287,500	1.04%
16	MR RICHARD JAMES & MRS SUSAN ELIZABETH HARRIS	274,500	0.99%
17	CLODENE PTY LTD	252,251	0.91%
18	BLAMNCO TRADING PTY LTD	250,000	0.90%
19	NATIONAL NOMINEES LTD	250,000	0.90%
20	AYMVESS PTY LIMITED	250,000	0.90%
		10,845,334	39.11%

Stock Exchange Listing – listing has been granted for 27,709,075 options over ordinary shares of the company on all member exchanges of the ASX.

(d) **Substantial Shareholders**

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are as follows.

Shareholder	Number of shares
Apex Minerals NL	5,000,000
David Sargeant	5,850,000

(e) **Voting Rights**

All shares carry one vote per unit without restriction.

(f) **Listing Rule 4.10.19**

The Company outlined in the prospectus dated 7 November 2006 that it intended to spend funds raised under that prospectus on exploration and resource evaluation of its projects, in order to advance its exploration prospects to a stage at which further evaluation and mining development could be financed by joint-venture funding, debt or additional equity funds.

The Company can confirm that from admission on 31 January 2007 to 30 June 2008 it used the cash that it had at the time of admission in a way consistent with its business objectives.

INTERESTS IN MINING AND EXPLORATION TENEMENTS as at 8 September 2008

PROJECT	TENEMENT	INTEREST	REMARKS	
TROY CREEK	E69/1486	100%		
	E69/1728	100%		
	E69/1729	100%		
	E69/1826	100%		
	E69/2357	100%		
	E69/2358	100%		
	E69/2485	100%	Application not yet granted	
	P69/40	100%		
	P69/41	100%		
	P69/42	100%		
	P69/43	100%		
	P69/44	100%		
	P69/45	100%		
PENNY'S FIND	E27/221	100%		
	E27/255	100%		
	M27/156	100%		
	M27/241	100%	Application not yet granted	
	M27/269	100%	Application not yet granted	
	P27/1455	100%		
	P27/1713	100%		
	P27/1714	100%		
	P27/1715	100%		
	P27/1716	100%		
	P27/1717	100%		
	P27/1718	100%		
	P27/1719	100%		
	P27/1720	100%		
	P27/1721	100%		
	P27/1722	100%		
	P27/1723	100%		
	P27/1724	100%		
	P27/1725	100%		
	P27/1726	100%		
	P27/1727	100%		
	P27/1728	100%		
	P27/1729	100%		
P27/1730	100%			
P27/1731			Application not yet granted	
P27/1814	100%			
P27/1922	100%			
P27/1993	100%			
	P27/1962		Application not yet granted	
LARKIN'S FIND	E39/1248	Earning up to 80%		
YUINMERY	M57/265	100%		
	P57/1214	100%		
	P57/1215	100%		
	P57/1216	100%		
	P57/1217	100%		
	E57/735			Application not yet granted
	E57/766			Application not yet granted
	E57/767		Application not yet granted	
PARADIS	E47/1200		Application not yet granted	
	E47/1203	100%		
NOONDIE	E57/643	100%		
	E57/648	100%		
YARLARWEELOR	E52/2095	100%		
TORRENS	EL3530	100%		
	EL4152	100%		



