



EMPIRE

RESOURCES LIMITED

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES ABN 32 092 471 513

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009

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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

REGISTERED and PRINCIPAL OFFICE

53 Canning Highway
 Victoria Park 6100
 Western Australia
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 ABN 32 092 471 513

SHARE REGISTRY

Security Transfer Registrars Pty Ltd
 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 Stock Exchange Limited.
 Home Exchange Perth
 ASX Code: Shares – ERL



2. HIGHLIGHTS OF 2008-2009

- > **Initial resource announced for Yuinmery copper-gold project: 1.07 Mt @ 1.82% copper and 0.78 g/t gold**
- > **Major potential as Yuinmery not tested >250 m depth – deep diamond drilling planned**
- > **High-grade copper discovery at 100%-owned Troy Creek project (WA)**
- > **Exploration tenement interest at Troy Creek more than doubled to 1,230 km²**
- > **New high priority drill targets identified at Troy Creek over a 20-km strike length**
- > **Drilling of Troy Creek targets planned for the September '09 quarter**
- > **Uranium mineralisation confirmed over large areas at Yarlaweelor project (WA)**
- > **Base-metal mineralisation identified over a 4-km strike length at the new Wynne project (WA)**

3. CORPORATE OBJECTIVES

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

The 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 PGM deposits. This value may be realised by delineating reserves and commencing mining operations, entering into significant farm-out or royalty arrangements or acquiring new opportunities to provide an early cash flow.



4. CHAIRMAN'S REPORT

Dear Shareholders

It is my pleasure to present to you this annual report, which outlines Empire Resource's second full year of operation since listing on the ASX.

The reporting period saw markets change from buoyant to bearish as the full grip of the global financial crisis was realised. The Empire board was quick to react, cutting exploration activities to the minimum level required to preserve our assets. Outgoings were minimised as we awaited an improved market to resume prior levels of activity. Markets did indeed improve, allowing capital to be raised shortly after the end of the financial year. We have resumed our field activities and look forward to a successful 2009-2010.

Despite the recent financial gloom, we continued to advance the Company's projects, announcing a maiden copper-gold resource at Yuinmery and achieving high-grade copper intersections at Troy Creek. The Yuinmery resource, which remains open along strike and down dip, will be the subject of deeper drilling in the future.

Exploration success at Yuinmery and Troy Creek has come at a very modest cost and, longer term, these projects have the potential to add significant upside to the Company's resource base. Rising gold prices during the period significantly changed the economics of small gold deposits and the Company continues to assess its options to realise value from the Penny's Find resource (314,000 t at a grade of 5.18 g/t for an estimated 52,000 oz of contained gold). The ability to return real value at lower gold prices proved to be limited; however, with gold around US\$1000/ounce we now view Penny's Find in a much more positive light.

Uranium mineralisation was confirmed over a large area of the Yarloweelor project (WA). Uranium prices have firmed as markets emerge from the global financial crisis and forecasts for uranium consumption as a source of clean energy are strong. The Company has been assessing means by which it can convert the potential into value for shareholders and, subsequent to the end of the period, entered into an option agreement to dispose of the project. I believe the terms upon which this disposal is likely to be effected will be very favourable to Empire shareholders.

The Company will continue to develop its focus on copper and gold while adding value for shareholders by appropriately dealing with any other commodity opportunities. The board values your support and strongly encourages you to continue to be part the Company.

A handwritten signature in black ink, appearing to read "Adrian Griffin", is written over a light grey background.

Adrian Griffin
Chairman

REGISTERED and PRINCIPAL OFFICE
53 Canning Highway, Victoria Park WA 6100 (cnr Taylor Street)
Phone +618 9361 3100 Fax +618 9361 3184

5. REVIEW OF OPERATIONS

Empire Resources Limited is a gold- and copper-focused exploration company.

Since listing in February 2007, the Company has made three significant copper and/or gold discoveries in WA and announced JORC-compliant resources for two of these discoveries.

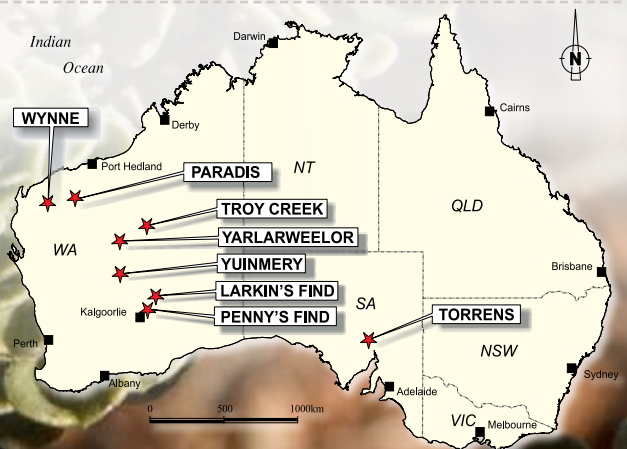
At the Penny's Find project near Kalgoorlie, the Company located a near-surface high-grade gold deposit, which has a JORC-compliant resource estimated at 314,000 t @ 5.2 g/t Au. It is likely that further drilling will upgrade this resource.

Following exploration success during 2007 and 2008, the Company announced a copper-gold resource for the Just Desserts prospect at the Yuinmery project, 80 km southwest of Sandstone, WA. This initial resource has been estimated at 1,070,000 t @ 1.82% Cu and 0.78g/t Au at a 1 % Cu cut-off. It is likely that further drilling will upgrade this resource.

In the latter part of 2008, a discovery of high-grade copper sulphide mineralisation was made at the Troy Creek project, 180 km northeast of Wiluna in WA. The drill intersections consisted of 2 m @ 4.65% Cu and 3 m @ 1.97% Cu – forming part of a 36 m intersection grading 0.76% Cu.

The large Yarlarweelor uranium project, 125 km north of Meekatharra, WA has shown the potential to host large tonnages of primary uranium mineralisation at the Kangaroo Ridge, Kangaroo Valley and Doris prospects. These prospects all occur within a 5 km long zone of anomalous uranium radioactivity, which has returned up to 8 m @ 708 ppm U_3O_8 in previous limited drilling.

A new base-metal project was recently acquired at Wynne, 260 km northeast of Carnarvon in WA. Surface sampling has identified base-metal gossans outcropping over at least a 4 km strike length; these represent immediate drill targets on granting of the tenement.



Empire's projects in Western and South Australia.

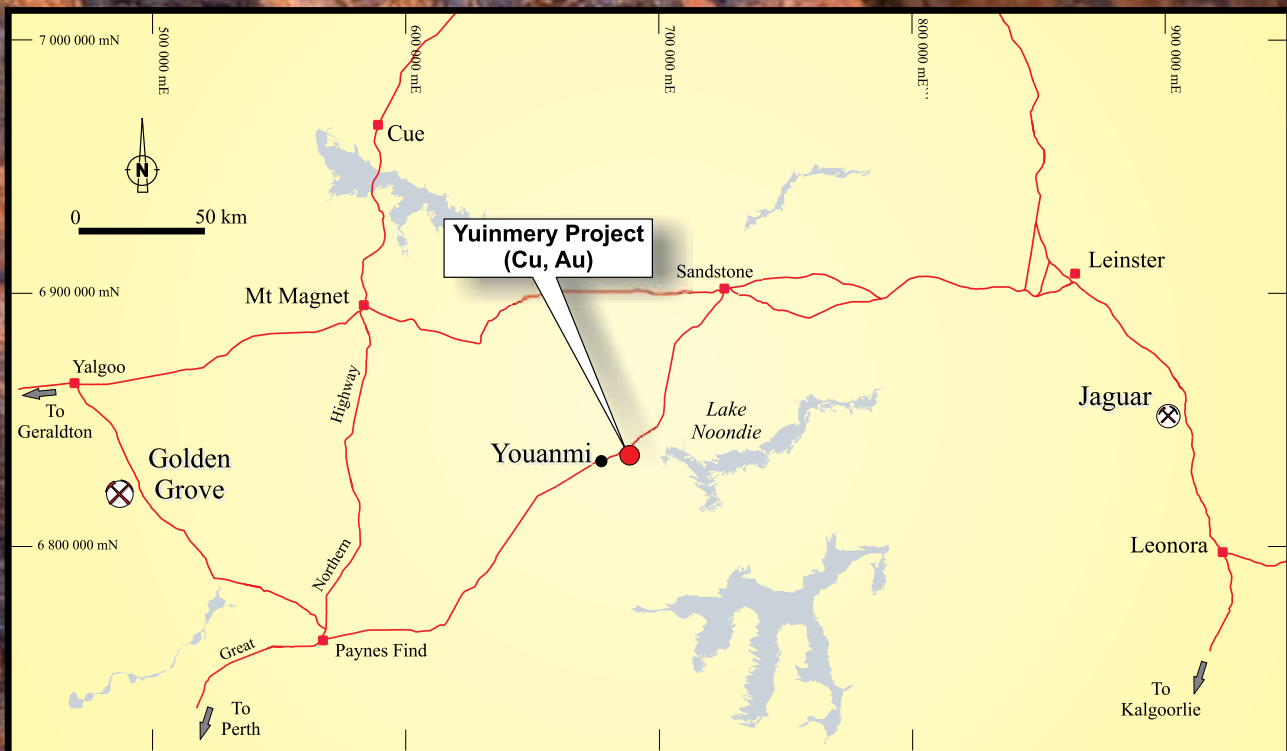
YUINMERY (WA): copper-gold project
100% interest

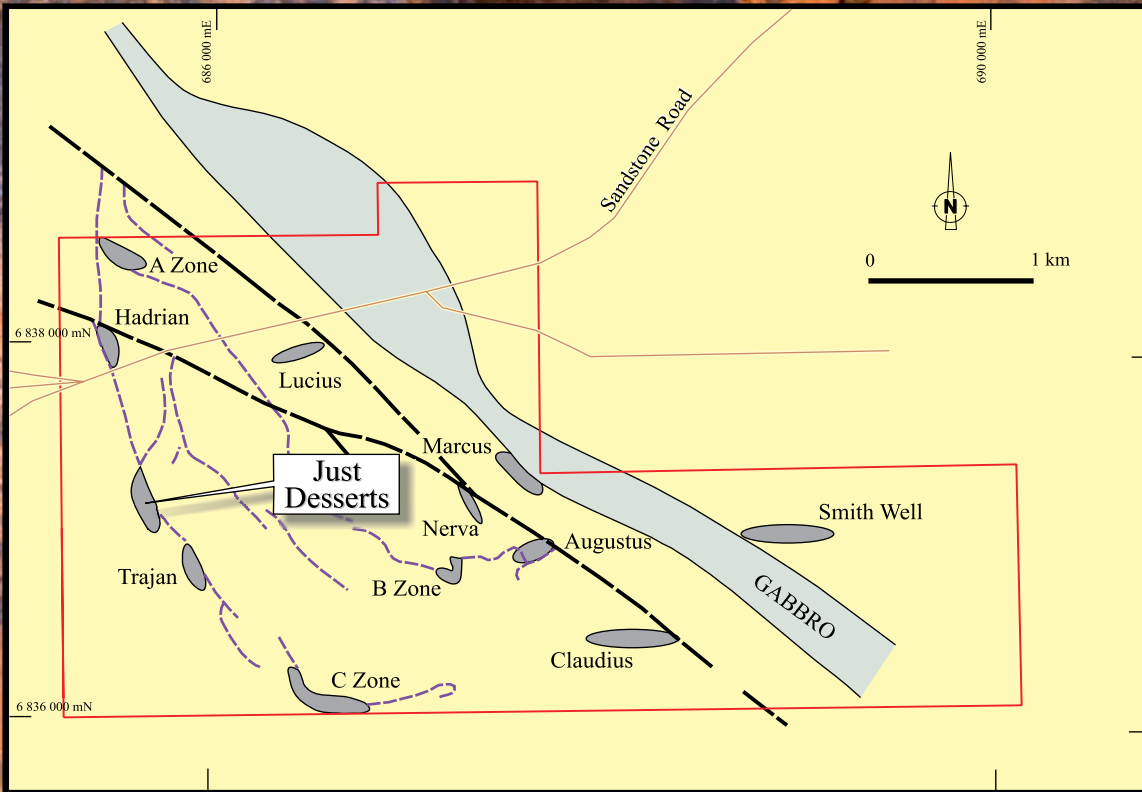
The Yuinmery copper-gold project is situated 475 km northeast of Perth, WA. It lies within the Archaean Youanmi Greenstone Belt and covers a synclinal sequence of chloritised felsic tuffaceous rocks with interbedded sulphide bearing chert horizons. Copper-gold mineralisation, previously identified from a number of prospects at Yuinmery, is of volcanogenic massive sulphide (VMS) style 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, as matrix sulphides in lapilli tuff, and associated with mafic and ultramafic intrusions.

At one of the Yuinmery prospects, Just Desserts, drilling during 2007-2008 intersected high-grade copper-gold zones, with assays such as **23 m @ 2.68% Cu, 1.28 g/t Au; 14 m @ 2.63% Cu, 1.91 g/t Au; 13 m @ 2.55% Cu, 1.67 g/t Au; 6 m @ 3.79% Cu, 12.85 g/t Au and 10m @ 4.23% Cu, and 6.01 g/t Au.**

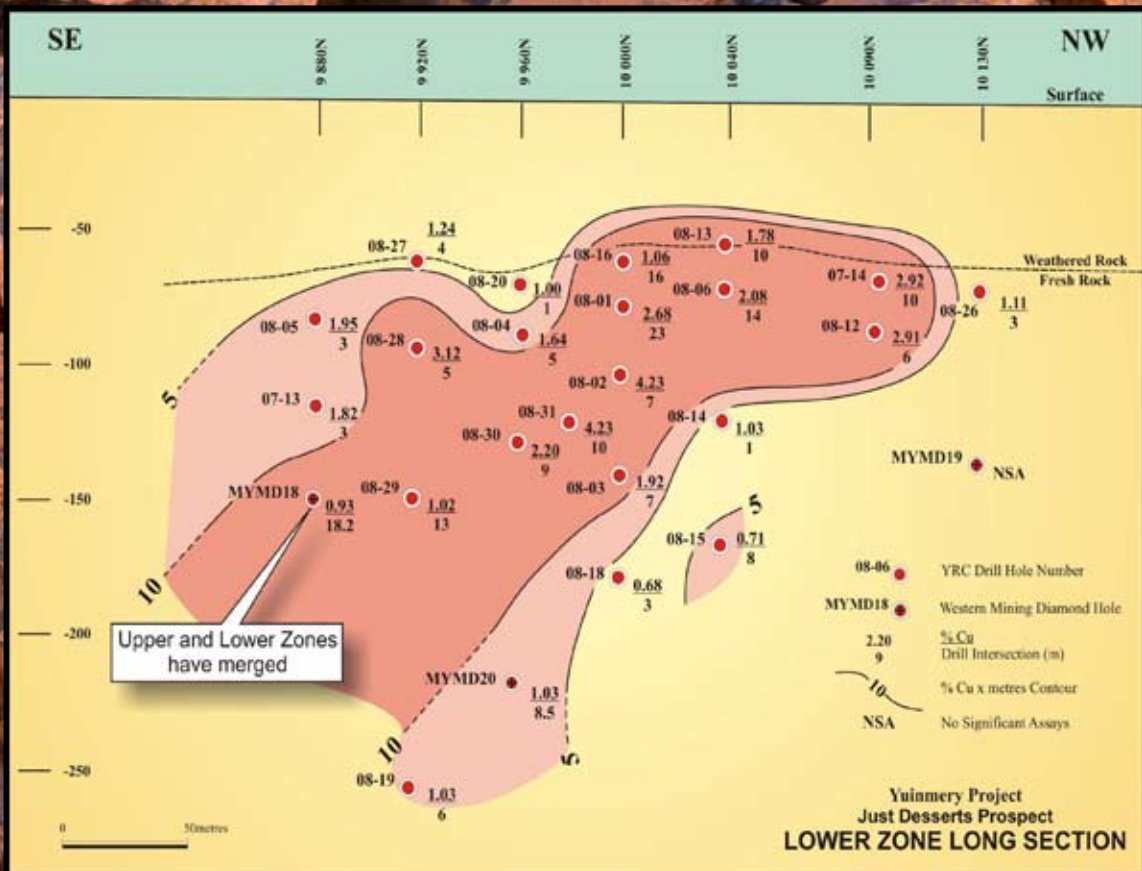
Based on the above drilling an indicated + inferred JORC resource of **1,070,000 t @ 1.82% Cu, 0.78 g/t Au** was estimated for the Just Desserts prospect and reported on in the March 2009 Quarterly. This resource lies between 50 and 250 m below surface, and is open at depth and along strike to the southeast. Elsewhere in the world, deposits of this style of mineralisation commonly occur in clusters and have been mined to great depths, as shown by the comparison with Bousquet La Ronde Penna, a series of gold-base metal VMS deposits, currently the largest producing gold camp in Canada. No drilling below a vertical depth of 250 m has yet been undertaken at Just Desserts or anywhere else on the Yuinmery project, which highlights the potential for a major discovery within the tenement area.

The Company is currently planning a diamond drilling programme to expand the size of the Just Desserts resource at depth and an RC programme to locate similar deposits at the B Zone, C Zone, Trajan and Augustus prospects.

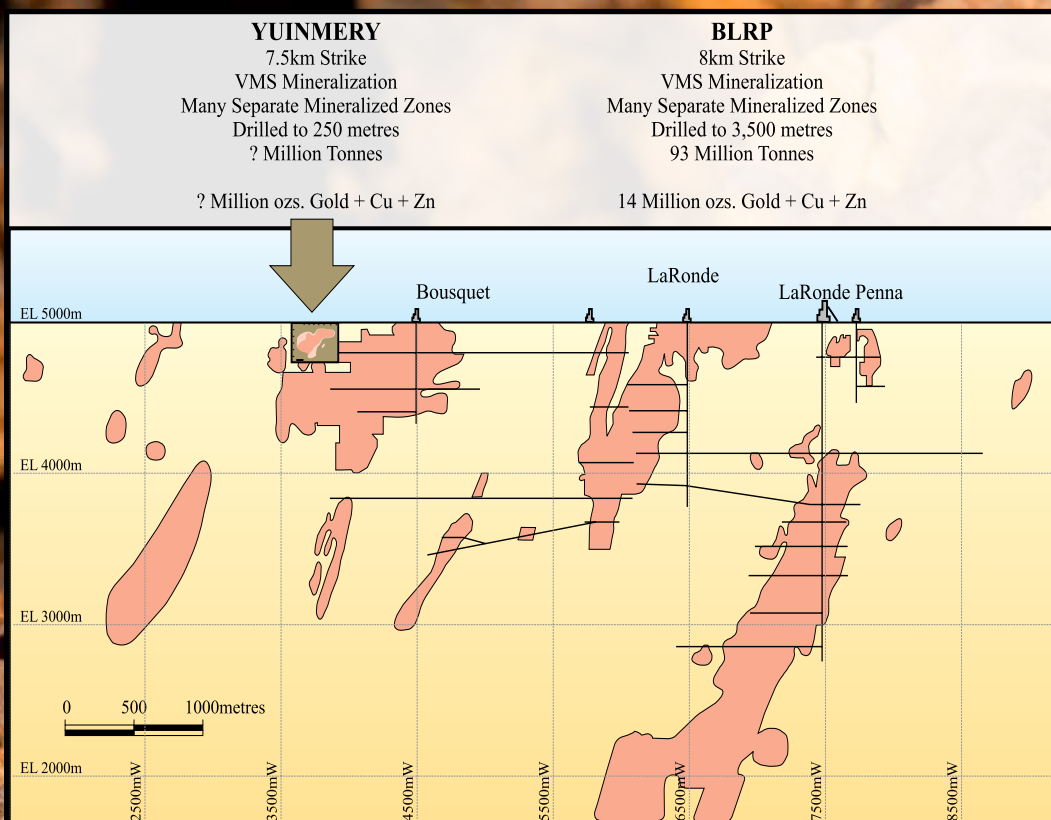




Yuinmery project prospects.



Yuinmery project. Just Desserts prospect. Lower zone long section.



Longitudinal section of a Canadian VMS camp showing comparable area currently tested at Yuinmery. Just Desserts classified mineral resources – March 2009.

The mineral resource by category to a depth of 250 m below surface is reported below. The resource comprises no oxide mineralisation, only transitional and fresh.

Just Desserts Classified Mineral Resources – March 2009

Grade* g/t	Grade* Ag g/t	Category	Tonnes	Grade* Cu%	Au g/t
1% Cu cut-off	1.32	Indicated	104,000	1.65	0.86
	2.12	Inferred	966,000	1.84	0.77
	2.06	TOTAL	1,070,000	1.82	0.78
1.5 % Cu cut-off	1.58	Indicated	46,000	2.11	1.14
	2.68	Inferred	536,000	2.34	0.92
	2.61	TOTAL	582,000	2.33	0.93

*High assays have been cut to 9% Cu, 20g/t Au and 10g/t Ag.

Resource modelling consultants Datageo calculated a JORC-compliant *in situ* resource estimate, utilising all drill-hole information available on Prospecting Licence P57/1215 up to the end of June 2008.

The resource grade was estimated using ordinary kriging based on the drill-hole data composited downhole to 1 m intervals within constraining shapes representing the mineralisation. Assumed specific gravity values used were: transitional 2.7 t/m³; fresh 3.2 t/m³.

**TROY CREEK (WA): copper-gold-PGM project
100% interest**

(earning selected 70% interest in adjoining blocks)

The Troy Creek copper-gold-PGM project is situated 900 km northeast of Perth on the northern margin of the Palaeoproterozoic Earahedy Basin, where the Company holds tenements covering an area of 585 km². Under the terms of a joint venture deal with United Orogen Ltd, the Company can earn up to a 70% interest in base- and precious-metal deposits in an additional 645 km² of tenement applications.

Several prominent geochemical and magnetic targets have been identified in sedimentary rocks within the Company's tenements. These include a large zone of multi-element anomalous geochemistry in sedimentary rocks that extend along strike for a distance of more than 20 km. This zone, defined by rock-chip sampling, soil geochemistry and limited drilling, is anomalous in copper, gold, PGM, arsenic, silver and antimony.

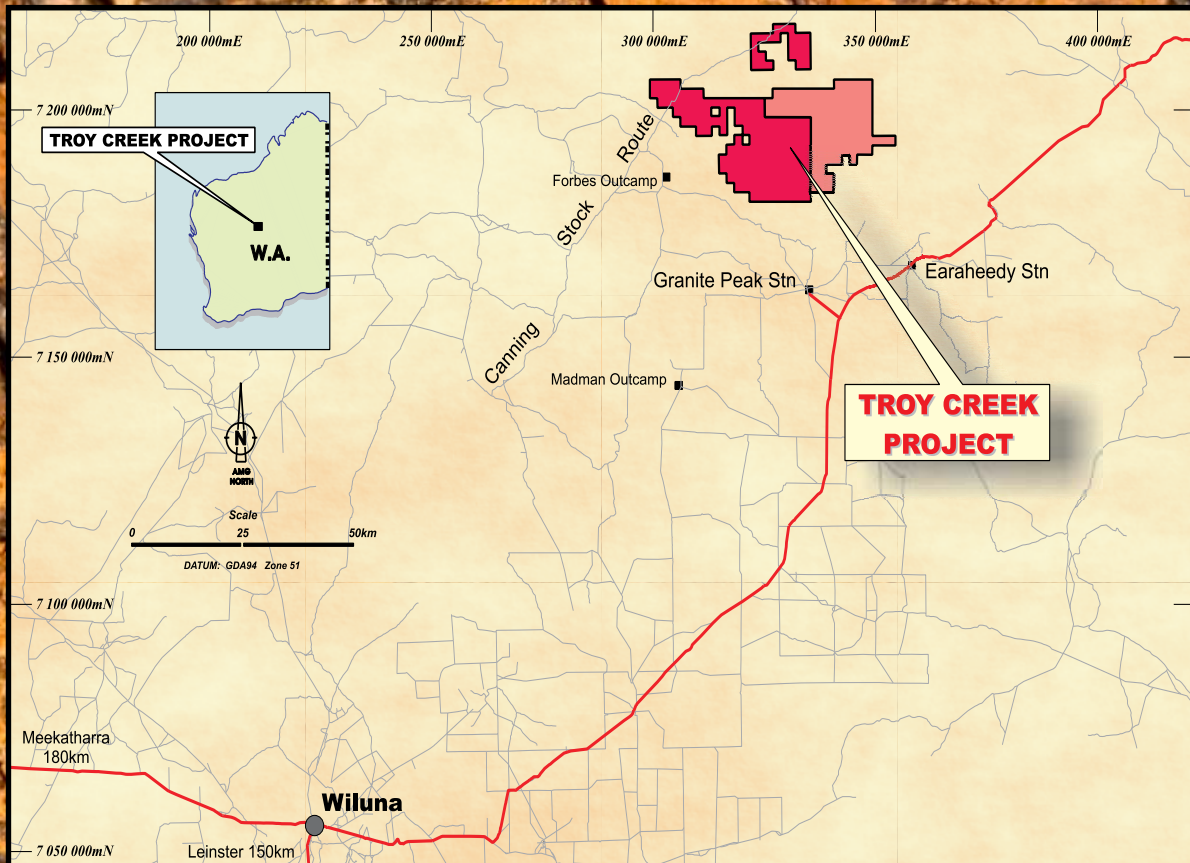
The Main Gossan prospect, which lies within this zone, was tested with one reverse circulation drill hole in November 2008. That hole intersected high-grade copper sulphide mineralisation, which included **2 m @ 4.65% Cu from 91 m, and 3 m @ 1.97% Cu from 117 metres**. These high-grade intersections form part

of a **36 m** sulphide mineralised zone assaying **0.76% Cu** and extending from 91 m to the end of hole. The true width of mineralisation is estimated to be 60% of the intersected width and is open in both directions along strike and at depth.

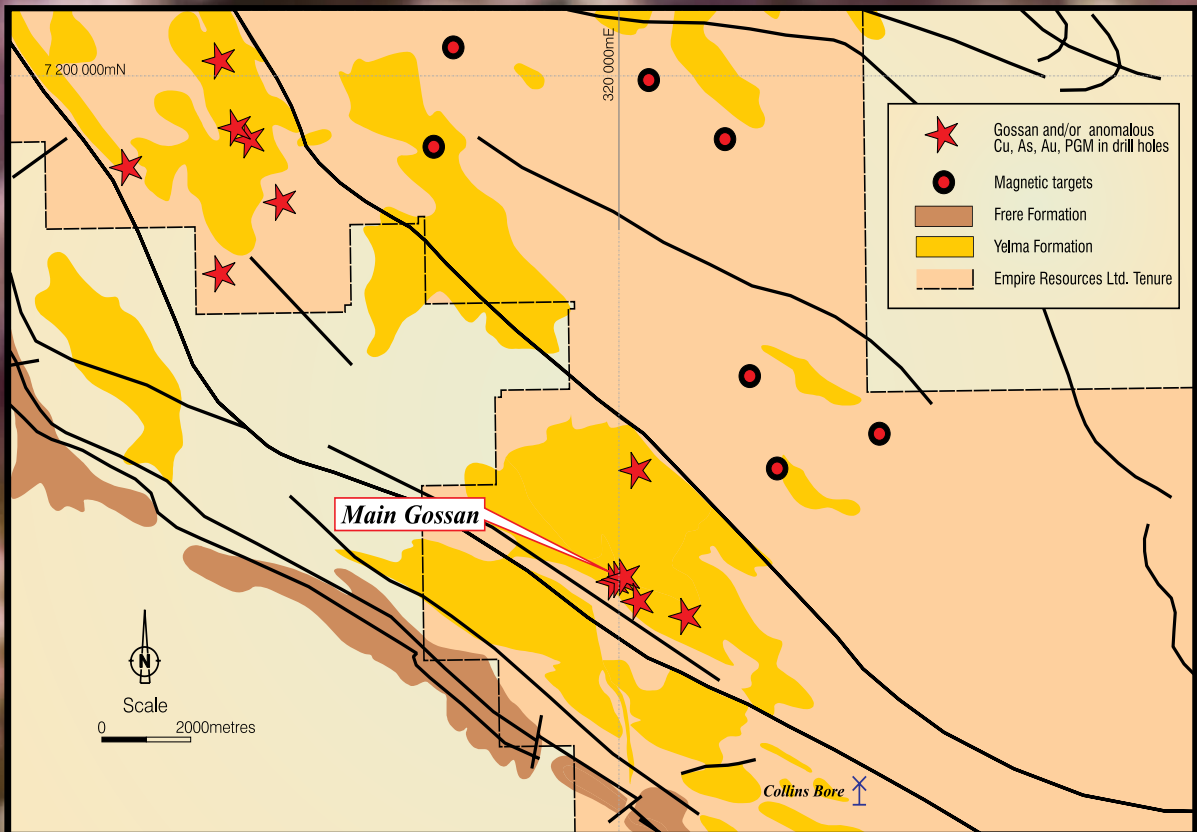
The copper mineralisation, which consists of fine-grained stratiform copper and iron sulphides in graphitic shales, shows some similarities to 'Kupferscheifer Style' mineralisation, which forms world-class copper deposits in Germany and southwest Poland. These similarities include stratiform mineralisation over large areas, the presence of adjacent haematitic oxidised rocks and comparable geochemistry; that is, anomalous copper, silver, arsenic, and zinc, with adjacent but discrete PGM mineralisation; for example, 7 m @ 0.59 g/t Pt + Pd.

A review by the Company of all exploration completed in the Troy Creek area within the past 20 years was undertaken following the significant intersection obtained from the Main Gossan prospect. This review identified a further 10 Cu-Au-Pt anomalous gossan occurrences over a distance of 20 km along strike from the Main Gossan prospect.

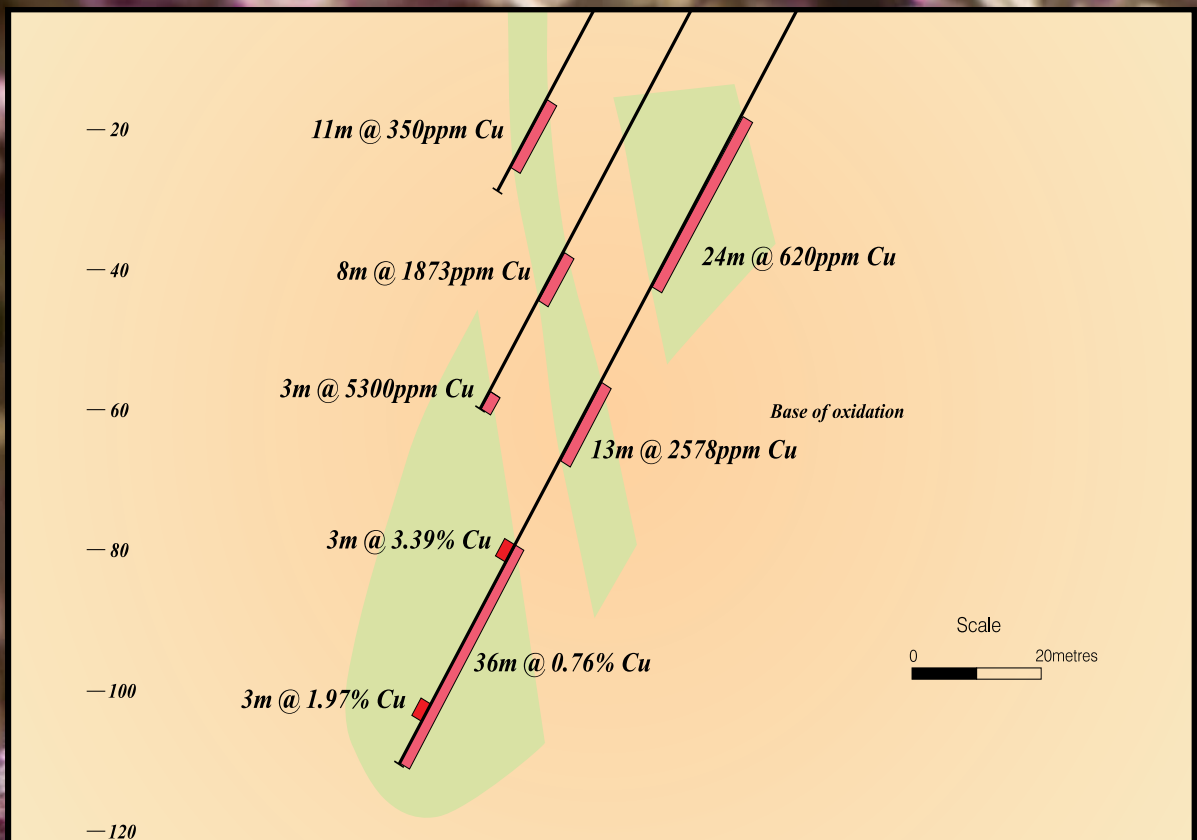
The Company plans to undertake RC and diamond drilling to test these targets, in addition to drilling the Main Gossan at depth and along strike.



Troy Creek, project location.



Troy Creek project, exploration targets.



Troy Creek project, Main Gossan prospect, section 9150E.



**YARLARWHEELOR (WA):
uranium project – 100% interest**

The Yarlarweelor uranium project (E52/2095) is located 125 km north of Meekatharra in WA.

Previous exploration during the early 1980s discovered primary uranium mineralisation in the form of uraninite at five locations within the licence area. Four of these occurrences are from within the Archaean Despair Granite, where limited drilling showed the uraninite mineralisation to be hosted in multiple parallel shear zones and the surrounding granites.

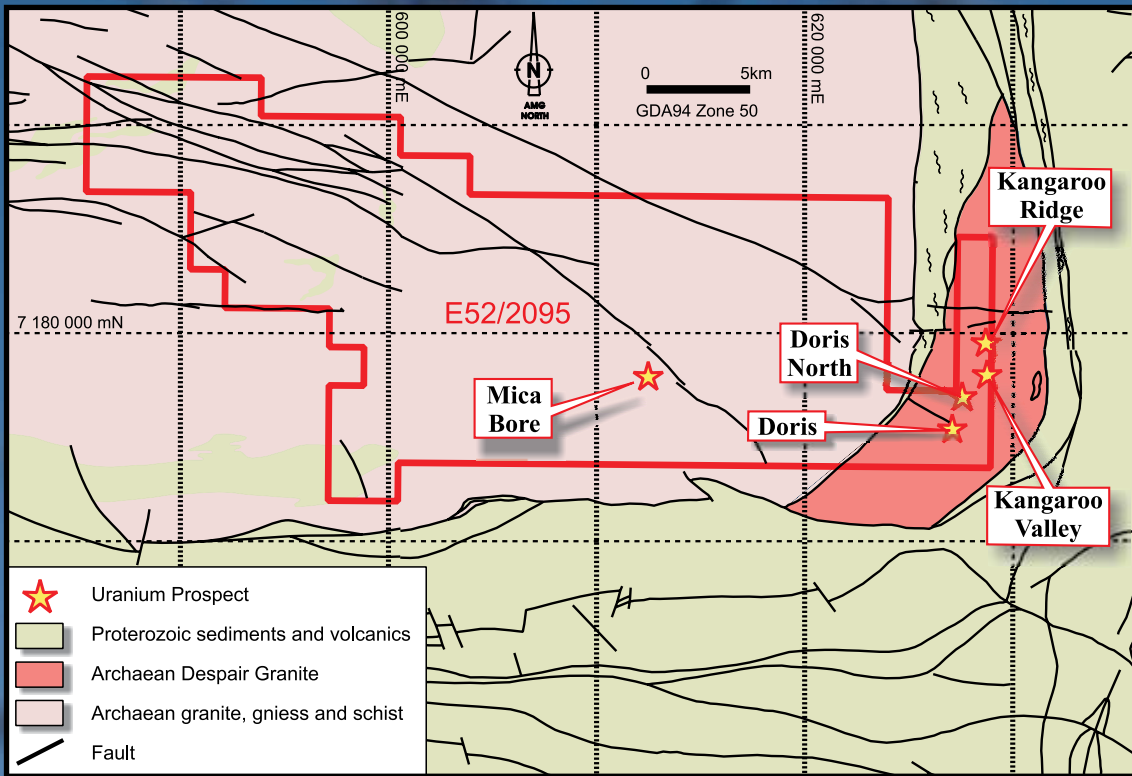
Site visits and a data review during the past year identified three locations within the Despair Granite that have the potential to host substantial tonnages of primary uranium mineralisation – the Kangaroo Ridge, Kangaroo Valley and Doris prospects. These prospects all occur within a 5 km long zone of anomalous uranium radioactivity in the Despair Granite, which has been subjected to only limited drilling in the past.

Shown below are sections from these three prospects which were drilled in the early 1980s. Currently at each prospect, the mineralisation remains open in both directions along strike and at depth, with the grades comparable to or better than large-tonnage mines elsewhere in the world; for example, Namibia.

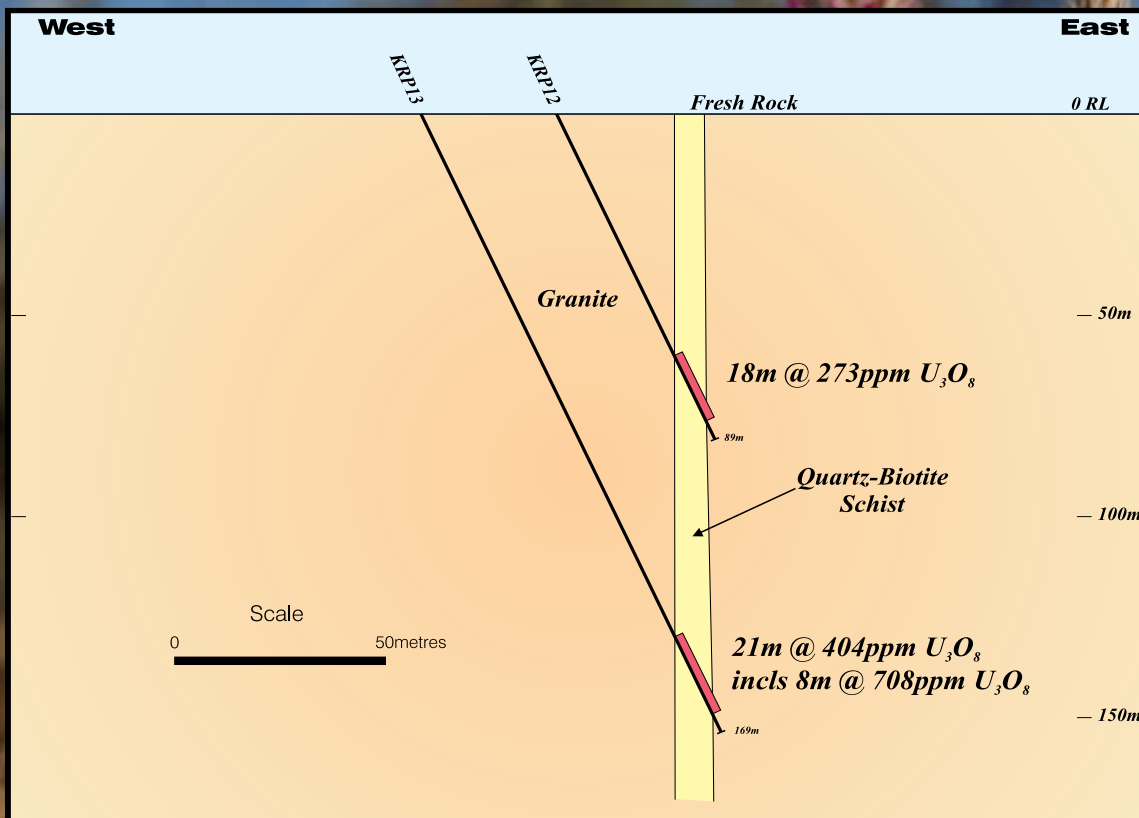
The Kangaroo Ridge and Kangaroo Valley prospects are 1.3 km apart and appear to lie on the same zone of uranium mineralisation, which contains values in excess of **700 ppm U₃O₈** and is increasing in width and grade with depth.

The Doris prospect contains multiple zones of uranium mineralisation, with additional parallel zones still untested.

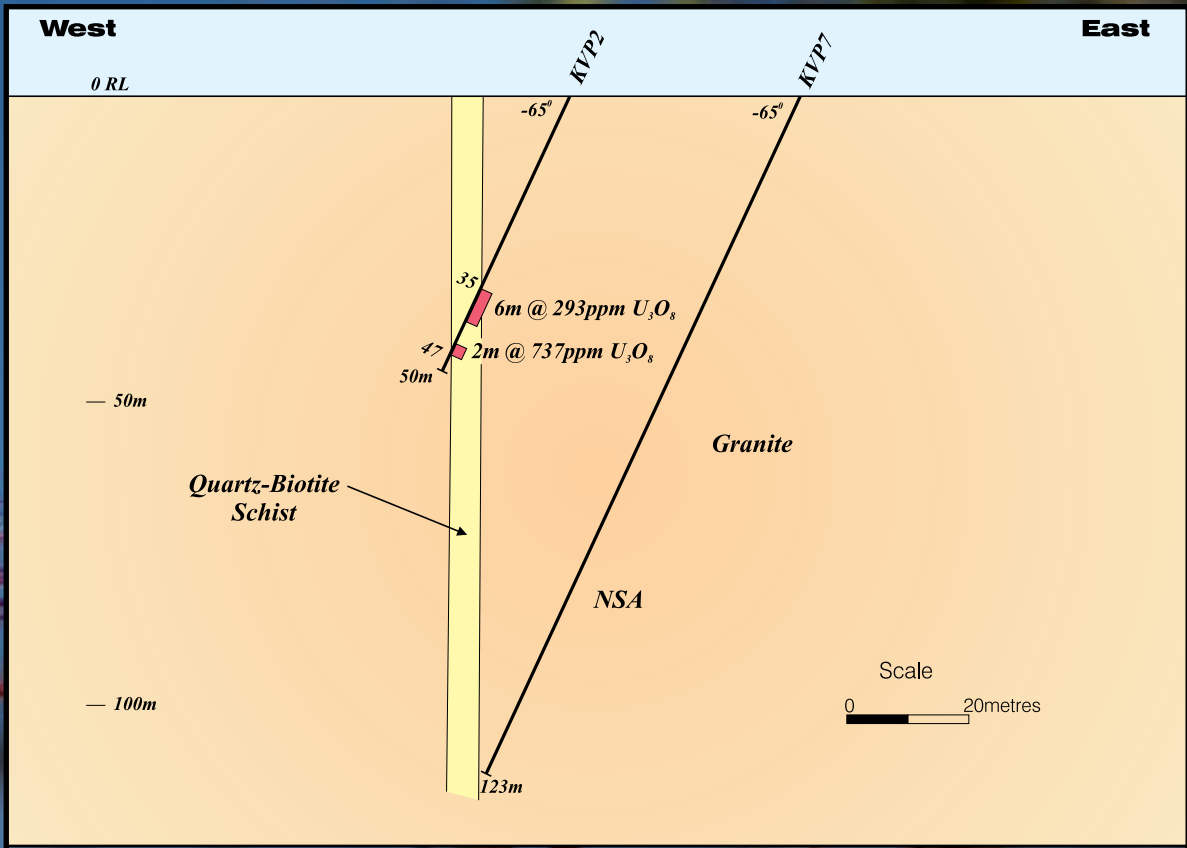
The Company will re-establish access to these prospects in the coming year and undertake drilling to enable calculation of initial uranium resources.



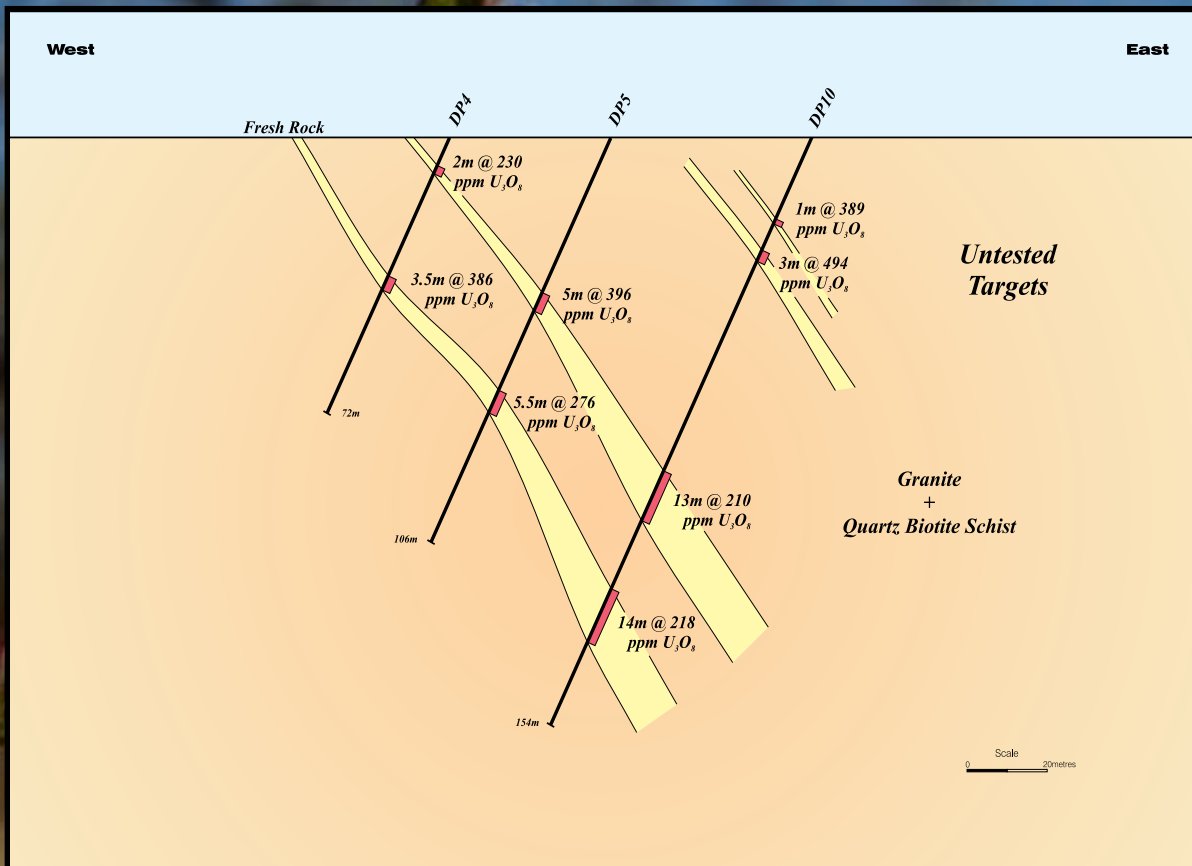
Yarlarweelor project, geology.



Yarlarweelor uranium project, Kangaroo Ridge prospect, section 13380N.



Yarlarweelor uranium project, Kangaroo Valley prospect, section 12490N.



Yarlarweelor uranium project, Doris prospect, section 9440N.



**PENNY'S FIND (WA): gold project
100% interest**

The Penny's Find project, situated in the eastern goldfields of WA, lies 50 km northeast of Kalgoorlie and 30 km 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 basalt and sediment.

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

PENNY'S FIND MINERAL RESOURCE

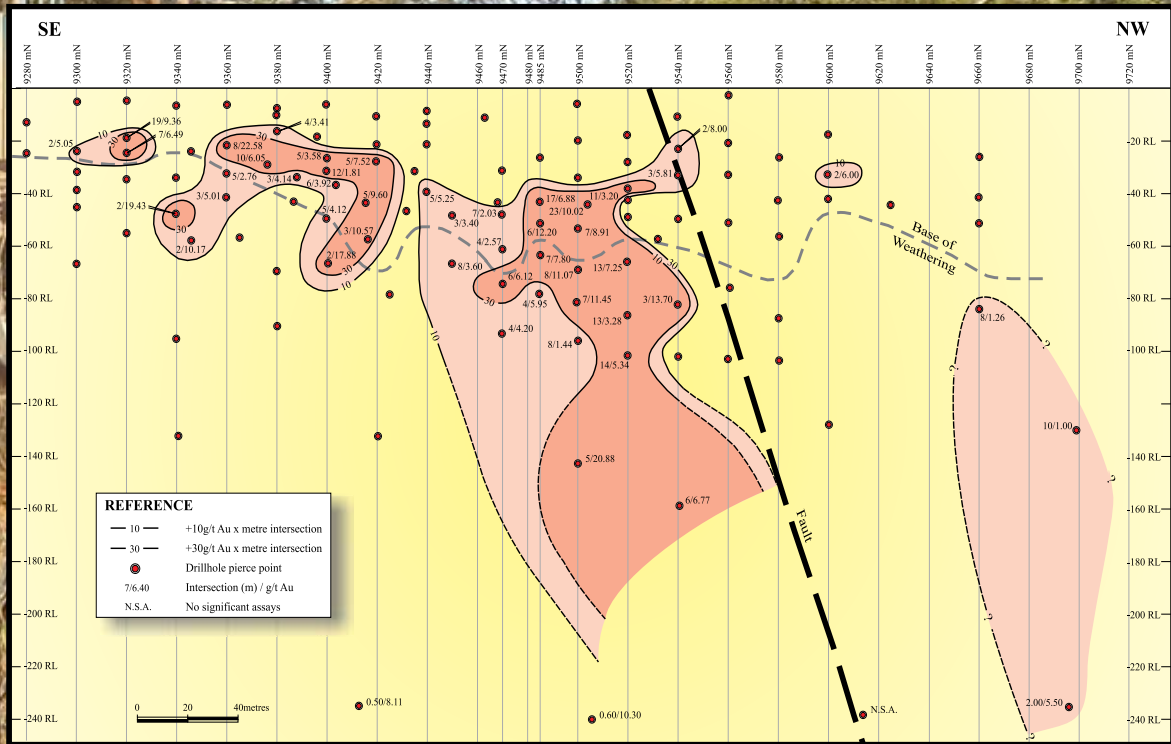
Category	Tonnes	Grade* (g/t Au)	Ounces
Measured	79,000	4.40	11,120
Indicated	132,000	3.98	16,880
Inferred	103,000	7.33	24,313
TOTAL	314,000	5.18	52,313

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

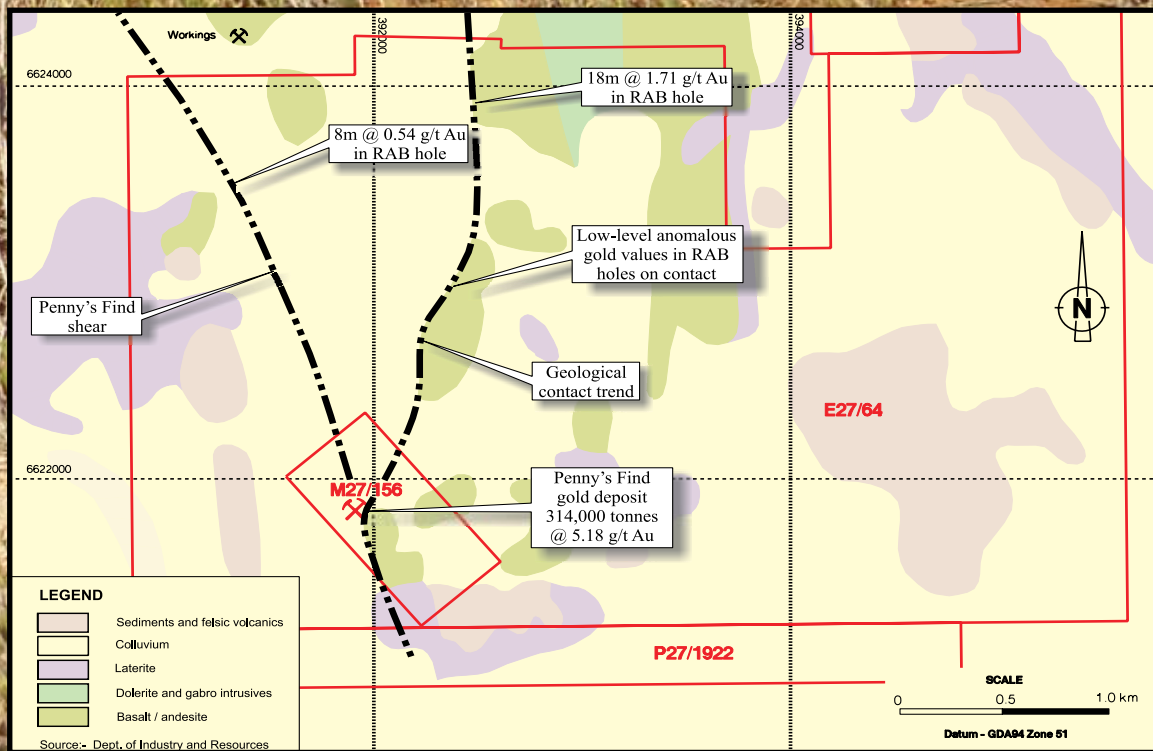
Resource modelling consultants Datageo calculated a JORC-compliant *in situ* resource estimate, utilising all drill-hole information available on mining lease M27/156 up to the end of June 2007.

The resource grade was estimated using ordinary kriging based on the drill-hole data composited downhole to 1 m intervals within constraining shapes representing the mineralisation. Assumed specific gravity values used were: oxide 2.0 t/m³; transitional 2.2 t/m³; fresh 2.5 t/m³.

During the past year the Company continued discussions with various parties for the sale or joint development of the resource.



Penny's Find prospect, M27/156 long section.



Penny's Find project, mineralised trends.



WYNNE (WA): copper-lead-zinc project
100% interest

An application for an exploration licence has been lodged covering an area of 90 km² in the northern Gascoyne region of WA, 260 km northeast of Carnarvon. Previous exploration in the area identified extensive gossans containing geochemically anomalous copper, lead and zinc values, but no drilling was ever undertaken. These gossans are associated with meta-sedimentary rocks of the Proterozoic Morrissey Metamorphic Suite.

Surface rock-chip sampling by the Company has confirmed the anomalous base-metal signature of the Wynne gossans, which occur in three horizons outcropping over at least a 4 km strike length. Assays were highly anomalous, with values up to **0.25% Cu, 0.39% Pb, 0.14% Zn, 124 ppm Bi, 114 ppm Mo and 128 ppm W**. These gossans represent immediate drill targets upon grant of the exploration licence.

TORRENS (SA): copper-gold-uranium project
100% interest

The Torrens project lies on the eastern margin of the Gawler Craton in South Australia. The Gawler Craton is a recognised world-class iron oxide-copper-gold (IOCG) province that includes the Olympic Dam, Prominent Hill and Carrapateena deposits.

The Company is actively seeking a joint venture partner to drill a number of prominent circular magnetic anomalies that remain to be tested on the project tenements.



LARKIN'S FIND (WA): nickel-gold project
Earning 80% interest

The Larkin's Find nickel and gold project is situated approximately 85 km southeast of the Murrin Murrin nickel mine and 155 km north-northeast of Kalgoorlie in WA. It consists of one exploration licence, which covers an area of approximately 33 km².

Previous exploration in the Larkin's Find area located widespread lateritic nickel-cobalt mineralisation and outlined an Inferred Resource of 5.2 Mt assaying 0.8% nickel and 0.08% cobalt using a 0.6% nickel cut-off grade.

No field work was undertaken on the tenement during the past year and the Company's interest in the project is being reviewed.

PARADIS (WA): gold-platinum project
100% interest

The Paradis gold and PGM project, located 25 km west of Paraburdoo in Western Australia, contains late Archaean rocks on the southern margin of the Pilbara Craton. Previous exploration by other companies detected anomalous gold, platinum and nickel values in stream sediments and some rock samples were taken from the project area.

Stream sediment sampling undertaken by the Company failed to confirm the aforementioned anomalous values and the project has been relinquished.

Competent Person's Statement

The information in this Annual Report that relates to Exploration Results and Resources have been compiled by Mr David Ross BSc MSc, who is an employee of the Company. He is a member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. He has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". David Ross consents to the inclusion in this Annual Report of the matters based on his information in the form and context in which it appears.



An aerial photograph of a city, likely Sydney, Australia, featuring a large river, a stadium, and various urban buildings. The word "EMPIRE" is overlaid in large, white, semi-transparent letters, with a stylized skyscraper icon replacing the letter 'P'.

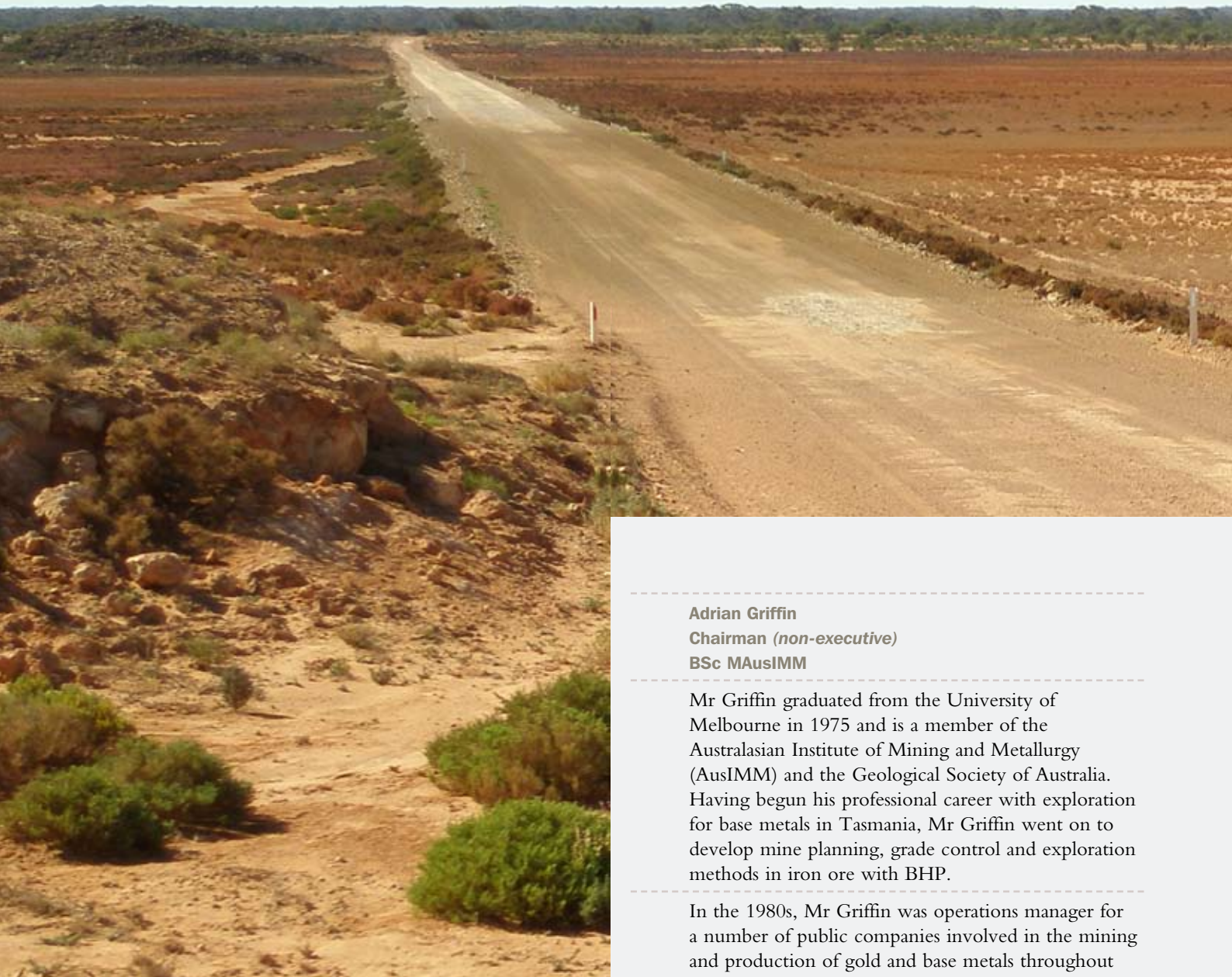
EMPIRE

RESOURCES LIMITED

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES ABN 32 092 471 513

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009



6. DIRECTORS' REPORT

Your directors submit their report on Empire Resources Limited and its controlled entities for the financial year ended 30 June 2009.

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. Having begun his professional career with exploration for base metals in Tasmania, Mr Griffin 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 three years.

Company	Position	Appointed	Ceased
Dwyka Resources Limited	Non-executive director	1/12/2005	30/10/2007
Northern Uranium Limited	Non-executive director	2/06/2006	–
Empire Resources Limited	Chairman	3/02/2004	–
Hodges Resources Limited	Managing director	17/08/2005	1/12/2008
Reedy Lagoon Corporation Limited	Non-executive director	9/05/2007	–
Washington Resources Limited	Managing director	7/09/2004	1/12/2008



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 Limited 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 Limited and remained on the board for two years. Prior to that, Mr Jessup was managing director of Giralia Resources NL for eight 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 25 years' 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.

During his career, Mr Storm has held various senior finance and/or company secretarial roles with listed and unlisted entities in the banking, resources, construction, telecommunications and property development industries. In the last five 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 the AusIMM, the Geological Society of Australia and the Australian Institute of Geoscientists.

With over 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, he 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 \$1,167,359 (2008: \$3,713,015)

Review of Operations

A review of the operations during the financial year is set out on pages 3 to 15.

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

- Placement of five million shares at 17 cents per share with Apex Minerals NL to raise A\$850,000 in July 2008.

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 appropriate in aligning directors' objectives with shareholder and businesses objectives.

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

- Focuses on sustained growth as well as focusing the directors on key non-financial drivers of value.
- Attracts and retains high-calibre directors.

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

- Rewards capability and experience.
- Reflects competitive reward for contributions to shareholder growth.
- Provides a clear structure for earning rewards.
- Provides recognition for contribution.

Non-executive directors

The board policy is to remunerate non-executive directors for time, commitment and responsibilities at the market rates for comparable companies. 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 of:

- a) rewarding directors and employees for their past performance;
- b) providing long-term incentives to participate in the Company's future growth;
- c) motivating directors and employees and generating loyalty in employees, and
- d) helping retain the services of valuable employees.



	Shares issued for the year ended 30-Jun-09	Shares issued for the year ended 30-Jun-08	Shares vested during the year ended 30-Jun-09	Shares vested during the year ended 30-Jun-08
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	Total value of grant vested \$	Minimum total value of grant yet to vest \$	Maximum total value of grant yet to vest \$
Directors							
Mr A Griffin	2007	39%	–	2008-11	27,077	42,550	42,550
Mr D Sargeant	2007	39%	–	2008-11	40,616	63,825	63,825
Mr A Jessup	2007	39%	–	2008-11	27,077	42,550	42,550
Specified executives							
Mr S Storm	2007	39%	–	2008-11	18,954	29,785	29,785

	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 shares 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 shares 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 refer 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 2009.

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 Shares	Total
Specified directors							
Non-executive							
Mr A Griffin	2009	30,000	–	30,000	–	23,209	53,209
	2008	30,000	–	30,000	–	3,868	33,868
Executive							
Mr D Sargeant	2009	–	132,000	132,000	–	34,814	166,814
	2008	–	125,000	125,000	–	5,802	130,802
Mr A Jessup	2009	–	132,000	132,000	–	23,209	155,209
	2008	–	125,000	125,000	–	3,868	128,868
Total specified directors	2009	30,000	264,000	294,000	–	81,232	375,232
	2008	30,000	250,000	280,000	–	13,539	293,539
Specified executives							
Mr S Storm	2009	–	31,200	31,200	–	16,246	47,446
	2008	–	30,750	30,750	–	2,708	33,458
Total specified executives	2009	–	31,200	31,200	–	16,246	47,446
	2008	–	30,750	30,750	–	2,708	33,458

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 has:

- a term of three years;
- requires the payment to Kirkdale of a fee of \$10,000 per month (increasing by 10% each year) and reimbursement of expenses;
- provisions requiring the payment of a termination benefit of 50% of the amount due on termination of the agreement. This provision will require ratification by shareholders in order to be effective.

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 has:

- a term of three years;
- requires the payment to Murilla of a fee of \$10,000 per month (increasing by 10% each year) and reimbursement of expenses;
- provisions requiring the payment of a termination benefit of 50% of the amount due on termination of the agreement. This provision will require ratification by shareholders for it to be effective.

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:

Grant date	Date of expiry	Exercise price (\$)	Number under option
1 Feb 07	31 Dec 10	0.25	3,000,000
			3,000,000

27,709,075 listed options expired on 30 June 2009.

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	-	-	-
Mr D Sargeant	-	6,100,000	-	-
Mr A Jessup	722,222	1,345,333	-	-

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 2009 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 14 August 2009 the Company announced that sophisticated investors had injected \$630,000 into the Company to assist in funding the aggressive drilling schedules over the next few months on its key WA projects. The proceeds were raised via a placement to the investors of 12,600,000 fully paid ordinary shares at \$0.05 per share.

On 28 August 2009, the Company announced it had entered into a six-month exclusive option agreement on payment of \$10,000, to sell its 100% owned Yarlarweelor uranium project in WA.

Other than this, 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 of directors 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.

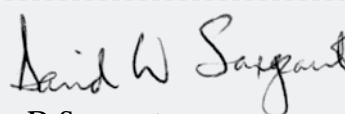
During the period, the following fees were paid or payable for services provided by the auditor of the parent entity RSM Bird Cameron, its related practices and non-related audit firms.

	Consolidated	
	Year ended 30 June 2009	Year ended 30 June 2008
	\$	\$
Assurance Services		
1. Audit services		
Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	25,200	20,350
Total remuneration for audit services	25,200	20,350
2. Other assurance services		
Tax-related	5,700	6,710
Total remuneration for other assurance services	5,700	6,710
Total remuneration for assurance services	30,900	27,060

Auditors Independence Declaration

Section 307C of the *Corporations Act 2001* requires the Company's auditors, RSM Bird Cameron, to provide the directors with a written Independence Declaration in relation to their 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 Directors' Report.

Signed in accordance with a resolution of directors.



D Sargeant
Managing Director

Perth, Western Australia
21 September 2009

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES

7. INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated group		Parent entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
Revenue	2	65,206	177,529	65,206	177,529
Other income	2	74,526	111,237	74,526	111,237
Depreciation expense	3	(24,601)	(23,919)	(24,601)	(23,919)
Exploration expense	3	(647,618)	(3,324,163)	(647,618)	(2,638,454)
Impairment of non-current assets	3	–	–	–	(1,860,431)
Impairment of receivable	7	–	(80,000)	–	(80,000)
Employee benefits expense		(20,149)	(14,606)	(20,149)	(14,606)
Management fee expense		(260,103)	(228,693)	(260,103)	(228,693)
Accounting expense		(42,855)	(45,600)	(42,855)	(45,600)
Consultancy expense		(200)	(14,110)	(200)	(14,110)
Share-based payment		(113,724)	(18,954)	(113,724)	(18,954)
ASX expense		(24,938)	(47,251)	(24,938)	(47,251)
Corporate Relations expense		(23,315)	(25,345)	(23,315)	(25,345)
Insurance expense		(16,107)	(28,252)	(16,107)	(28,252)
Other expenses		(133,481)	(150,888)	(134,271)	(150,888)
Loss before income tax		(1,167,359)	(3,713,015)	(1,168,149)	(4,887,737)
Income tax expense	4	–	–	–	–
Loss attributable to members of the parent entity		(1,167,359)	(3,713,015)	(1,168,149)	(4,887,737)
Basic and diluted loss per share (cents per share)	5	(1.62)	(6.00)		

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 2009

	Note	Consolidated group		Parent entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	6	809,433	1,361,273	809,433	1,361,213
Trade and other receivables	7	15,648	67,899	15,648	67,899
Total Current Assets		825,081	1,429,172	825,081	1,429,112
NON-CURRENT ASSETS					
Plant & equipment	9	58,004	82,605	58,004	82,605
Total Non-Current Assets		58,004	82,605	58,004	82,605
TOTAL ASSETS		883,085	1,511,777	883,085	1,511,717
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	10	101,287	525,604	101,287	524,754
Total Current Liabilities		101,287	525,604	101,287	524,754
TOTAL LIABILITIES		101,287	525,604	101,287	524,754
NET ASSETS		781,798	986,173	781,798	986,963
EQUITY					
Issued capital	11	10,269,731	9,420,471	10,269,731	9,420,471
Reserves	12	625,265	511,541	625,265	511,541
Accumulated losses		(10,113,198)	(8,945,839)	(10,113,198)	(8,945,049)
TOTAL EQUITY		781,798	986,173	781,798	986,963

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 2009

Consolidated group				
Note	Share capital ordinary \$	Accumulated Losses \$	Option Reserve \$	Total \$
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
Balance at 1 July 2008	9,420,471	(8,945,839)	511,541	986,173
Shares issued during the year	850,000	–	–	850,000
Options issued during the year	–	–	113,724	113,724
Equity issue expenses	(740)	–	–	(740)
Loss attributable to members of the parent entity	–	(1,167,359)	–	(1,167,359)
Balance at 30 June 2009	10,269,731	(10,113,198)	625,265	781,798

Parent entity				
Note	Share capital ordinary \$	Accumulated Losses \$	Option Reserve \$	Total \$
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 2009	9,420,471	(8,945,049)	511,541	986,963
Balance at 1 July 2008	9,420,471	(8,945,049)	511,541	986,963
Shares issued during the year	850,000	–	–	850,000
Options issued during the year	–	–	113,724	113,724
Equity issue expenses	(740)	–	–	(740)
Loss attributable to members of the parent entity	–	(1,168,149)	–	(1,168,149)
Balance at 30 June 2009	10,269,731	(10,113,198)	625,265	781,798

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 2009

	Note	Consolidated group		Parent entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
Activities					
Receipts from customers		74,526	31,237	74,526	31,237
Payments to suppliers and employees		(491,295)	(558,050)	(491,235)	(558,050)
Interest received		65,206	177,476	65,206	177,476
Net cash used in operating activities	18(i)	(351,563)	(349,337)	(351,503)	(349,337)
Cash Flows from Investing Activities					
Purchase of property, plant and equipment		–	(42,231)	–	(42,231)
Payment for renewal or purchase of prospects		(90,000)	–	(90,000)	–
Loans – payments made		–	–	–	–
Exploration and evaluation expenditure		(959,537)	(2,574,712)	(959,537)	(2,574,712)
Net cash used in investing activities		(1,049,537)	(2,616,943)	(1,049,537)	(2,616,943)
Cash Flows from Financing Activities					
Proceeds from issue of equity securities		850,000	–	850,000	–
Equity securities issue costs		(740)	–	(740)	–
Net cash provided by financing activities		849,260	–	849,260	–
Net increase in cash held		(551,840)	(2,966,280)	(551,780)	(2,966,280)
Cash at the beginning of the financial year		1,361,273	4,327,553	1,361,213	4,327,493
Cash at the end of the financial year	6	809,433	1,361,273	809,433	1,361,213

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 2009

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 21 September 2009.

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) Going Concern

As disclosed in the Income Statement, the company and consolidated entity recorded operating losses of \$1,168,149 (2008:\$4,887,737) and \$1,167,359 (2008:\$3,713,015) respectively and as disclosed in the Cash Flow Statement, the consolidated entity recorded cash outflows from operating activities of \$351,563 (2008: \$349,337) and investing activities of \$1,049,537 (2008:\$2,616,943) and a cash inflow from financing activities of \$849,260 (2008:\$Nil). Cash flows from financing activities arose from capital raisings that are disclosed in Note 11(a). After consideration of these financial conditions, the Directors have assessed the following matters in relation to the adoption of the going concern basis of accounting by the company and consolidated entity:

- The company and consolidated entity have successfully completed a capital raising during the year as disclosed in Note 11(a) and have the ability to continue doing so on a timely basis, pursuant to the Corporations Act 2001, as is budgeted to occur in the twelve month period from the date of this financial report;
- Subsequent to year end and disclosed in Note 21, \$630,000 of capital was raised by share placement;
- The company and consolidated entity have net current assets of \$723,794 (2008: \$904,358) and \$723,794 (2008: \$903,568) respectively at balance date and expenditure commitments for the next 12 months of \$585,458 (2008:\$919,155) and \$685,458 (2008:\$970,004) respectively, as disclosed in Note 14, and retain the ability to scale down their operations to conserve cash, in the event that the capital raisings are delayed or partial; and
- The company and consolidated entity have the ability, if required, to undertake mergers, acquisitions or restructuring activity or to wholly or in part, dispose of interests in mineral exploration and development assets.

Due to the above matters, the Directors believe that it is reasonably foreseeable that the company and consolidated entity will continue as going concerns and that it is appropriate that this basis of accounting be adopted in the preparation of the financial statements.

(b) Principles of Consolidation

A controlled entity is any entity that Empire Resources Limited has the power to control the financial and operating policies of the entity 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.

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
11. NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

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.

(c) Plant & Equipment

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

The carrying amount of plant & 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 which 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:

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.

(d) 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.

(e) Cash & 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 three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(f) 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.

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
11. NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

(g) 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.

(h) Financial Instruments

Recognition

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.

Loans and receivables

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.

Available-for-sale financial assets

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.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

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.

Impairment

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.

(i) Exploration and Development Expenditure

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.

(j) Employee Entitlements

Salaries, wages and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within twelve months of the reporting date are recognised in other creditors in respect of 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.

Equity settled compensation

The Company operates an equity-settled share-based payment employee share scheme. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(k) Trade Receivables

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.

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.

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
11. NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

(l) Trade creditors

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.

(m) Recoverable Amount of Non-current Assets

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.

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.

The expected net cash flows used in determining recoverable amount are not discounted to their present value.

(n) Leased Non-current Assets

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

Operating lease payments are charged as expenses in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

(o) Revenue Recognition

Amounts disclosed as revenue are net of duties and taxes paid. Revenue is recognised as follows:

(i) Interest

Interest earned is recognised as and when it is receivable, including interest which is accrued and is readily convertible to cash within two working days. Accrued interest is recorded as part of other debtors.

(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.

(p) 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.

(q) Critical accounting estimates and judgements

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and 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.

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
11. NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

(r) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 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 Accounting 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.

- (iv) AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations (effective from 1 January 2009)

AASB 2008-1 clarifies that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The consolidated entity will apply the revised standard from 1 July 2009, but it is not expected to affect the accounting for the consolidated entity's share based payments.

- (v) Revised AASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (effective 1 July 2009)

The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs must be expensed. The revised AASB 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The consolidated entity will apply the revised standards prospectively to all business combinations and transactions with non-controlling interests from 1 July 2009.

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
11. NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

- (vi) AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective 1 July 2009)

The amendments to AASB 5 Discontinued Operations and AASB 1 First-Time Adoption of Australian-Equivalents to International Financial Reporting Standards are part of the IASB's annual improvements project published in May 2008. They clarify that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosures should be made for this subsidiary if the definition of a discontinued operation is met. The consolidated entity will apply the amendments prospectively to all partial disposals of subsidiaries from 1 July 2009.

- (vii) AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 July 2009)

In July 2008, the AASB approved amendments to AASB 1 First-time Adoption of International Financial Reporting Standards and AASB 127 Consolidated and Separate Financial Statements. The consolidated entity will apply the revised rules prospectively from 1 July 2009. After that date, all dividends received from investments in subsidiaries, jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment. Under the entity's current policy, these dividends are deducted from the cost of the investment. Furthermore, when a new intermediate parent entity is created in internal reorganisations it will measure its investment in subsidiaries at the carrying amounts of the net assets of the subsidiary rather than the subsidiary's fair value.

- (viii) AASB Interpretation 15 Agreements for the Construction of Real Estate (effective 1 January 2009)

AASB-I 15 clarifies whether AASB 118 Revenue or AASB 111 Construction Contracts should be applied to particular transactions. The consolidated entity intends to apply the interpretation from 1 July 2009. It has no current agreements for the sale of real estate and, consequently, it does not expect to make any adjustment on the initial application of AASB-I 15.

- (ix) AASB Interpretation 16 Hedges of a Net Investment in a Foreign Operation (effective 1 October 2008)

AASB-I 16 clarifies which foreign currency risks qualify as hedged risk in the hedge of a net investment in a foreign operation and that hedging instruments may be held by any entity or entities within the consolidated entity. It also provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item. The consolidated entity will apply the interpretation prospectively from 1 July 2009. It is not expected to have an impact on the consolidated entity's financial statements.

- (x) AASB 2008-8 Amendment to IAS 39 Financial Instruments: Recognition and Measurement (effective 1 July 2009)

AASB 2008-8 amends AASB 139 Financial Instruments: Recognition and Measurement and must be applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. The consolidated entity will apply the amended standard from 1 July 2009. It is not expected to have an impact on the consolidated entity's financial statements.

- (xi) AASB Interpretation 17 Distribution of Non-cash Assets to Owners and AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17

AASB-I 17 applies to situations where an entity pays dividends by distributing non-cash assets to its shareholders. These distributions will need to be measured at fair value and the entity will need to recognise the difference between the fair value and the carrying amount of the distributed assets in the income statement on distribution. The interpretation further clarifies when a liability for the dividend must be recognised and that it is also measured at fair value. The consolidated entity will apply the interpretation prospectively from 1 July 2009. It is not expected to have an impact on the consolidated entity's financial statements.

(s) 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
11. NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

2. Revenue

	Consolidated group		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Revenue				
Interest received	65,206	177,529	65,206	177,529
Other income	74,526	111,237	74,526	111,237
	139,732	288,766	139,732	288,766

3. Loss from ordinary activities

	Consolidated group		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Loss before income tax				
The loss from ordinary activities before income tax has been determined after:				
(a) Expenses				
Depreciation	24,601	23,919	24,601	23,919
Exploration costs written off	647,618	3,324,163	647,618	2,638,454
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	
	2009	2008	2009	2008
	\$	\$	\$	\$
Loss before tax	(1,167,359)	(3,713,015)	(1,168,149)	(4,887,737)
Income tax benefit at 30% (2007:30%)	(350,208)	(1,113,905)	(350,445)	(1,466,321)
Tax effect of:				
- deductible capital raising expenditure	(29,451)	(34,188)	(29,451)	(34,188)
- non deductible expenditure	-	1,359	-	1,359
- deductible temporary differences	-	-	-	-
- deductible exploration	-	-	-	-
- share based payment	34,117	5,686	34,117	5,686
Deferred tax asset not recognised	345,542	1,141,048	345,779	1,493,464
Income tax benefit attributable to loss from ordinary activities before tax	-	-	-	-

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
11. NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

4. Income Tax (continued)

	Consolidated group		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
(c) Unrecognised deferred tax balances				
Tax losses attributable to members of the tax consolidated group – revenue	8,126,678	8,078,445	6,731,583	5,543,716
Potential tax benefit at 30%	2,438,003	2,423,534	2,019,475	1,663,115
Deferred tax asset asset not booked				
Amounts recognised in profit & loss				
– impairment of non-current assets	–	–	–	558,129
– employee provisions	346	3,715	346	3,715
– other	(1,425)	22,339	(1,425)	22,339
Amounts recognised in equity				
– share issue costs	(9,503)	(9,633)	(9,503)	(9,633)
Net unrecognised deferred tax asset at 30%	2,427,421	2,439,955	2,008,893	2,237,665

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) is 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 Resources Limited and its 100% owned Australian subsidiary are a tax consolidated group. The head entity of the tax consolidated group is Empire Resources Limited. 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	
	2009	2008
	Cents	Cents
Basic and diluted loss per share (cents per share)	(1.62)	(6.00)
Loss used in the calculation of basic EPS	(1,167,359)	(3,713,015)
Weighted average number of shares outstanding during the year used in calculations of basic loss per share	71,877,096	61,919,425

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
11. NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

6. Cash and cash equivalents

	Consolidated group		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Cash at bank and in hand	809,433	1,361,273	809,433	1,361,213
	809,433	1,361,273	809,433	1,361,213

7. Receivables

	Consolidated group		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Current				
Trade receivables	-	80,000	-	80,000
Other receivables	15,648	67,899	15,648	67,899
Provision for impairment of receivables	-	(80,000)	-	(80,000)
	15,648	67,899	15,648	67,899
Non-Current				
Amount receivable from controlled entity	-	-	760,431	853,261
Provision for impairment of loans to controlled entities	-	-	(760,431)	(853,261)
	-	-	-	-

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.

8. Financial Assets

	Consolidated group		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Unlisted investments, at-cost				
Shares in controlled entities	-	-	1,100,000	1,148,200
Provision for impairment	-	-	(1,100,000)	(1,148,200)
	-	-	-	-

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
11. NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

8. Financial Assets (continued)

	Country of incorporation	Percentage Owned	
		2009 %	2008 %
Controlled Entities			
Parent Entity:			
Empire Resources Limited	Australia	-	-
Subsidiaries of Empire Resources Limited:			
PGM Technologies Oceania Pty Ltd	Australia	-	100
Torrens Resources Pty Ltd	Australia	100	100

PGM Technologies Oceania Pty Ltd was deregistered during the year.

9. Plant & equipment

	Consolidated group		Parent entity	
	2009 \$	2008 \$	2009 \$	2008 \$
Plant and Equipment				
Cost	27,198	27,198	27,198	27,198
Accumulated depreciation	(19,635)	(13,176)	(19,635)	(13,176)
	7,563	14,022	7,563	14,022
Motor Vehicles				
Cost	90,217	90,217	90,217	90,217
Accumulated depreciation	(39,776)	(21,634)	(39,776)	(21,634)
	50,441	68,583	50,441	68,583
Total Plant and Equipment	58,004	82,605	58,004	82,605

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

	Consolidated group		Parent entity	
	2009 \$	2008 \$	2009 \$	2008 \$
Plant and Equipment				
Balance at the beginning of year	14,022	13,972	14,022	13,972
Additions	-	5,876	-	5,876
Depreciation expense	(6,459)	(5,826)	(6,459)	(5,826)
Carrying amount at the end of the year	7,563	14,022	7,563	14,022
Motor Vehicles				
Balance at the beginning of year	68,583	50,321	68,583	50,321
Additions	-	36,355	-	36,355
Depreciation expense	(18,142)	(18,093)	(18,142)	(18,093)
Carrying amount at the end of the year	50,441	68,583	50,441	68,583

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
11. NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

10. Trade and other payables

	Consolidated group		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Trade payables and accruals	79,091	415,849	79,091	414,999
Employee benefits	22,196	19,755	22,196	19,755
Non-interest bearing loans	-	90,000	-	90,000
	101,287	525,604	101,287	524,754

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	
	2009	2008	2009	2008
	\$	\$	\$	\$
71,918,192 (2008: 66,918,192) fully paid ordinary shares	10,269,731	9,420,471	10,269,731	9,420,471

(i) **Ordinary shares – number**

	Consolidated group		Parent entity	
	2009	2008	2009	2008
	No.	No.	No.	No.
At 1 July 2008	66,918,192	60,418,192	66,918,192	60,418,192
Shares issued – 5,000,000 on 3 July 2008 at \$0.17 Apex Minerals NL	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 2009	71,918,192	66,918,192	71,918,192	66,918,192

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
11. NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

11. Issued capital (continued)

	Consolidated group		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
(ii) Ordinary shares – value				
At 1 July 2008	9,420,471	8,745,721	9,420,471	8,745,721
Shares issued – 5,000,000 on 3 July 2008 at \$0.17 Apex Minerals NL	850,000	–	850,000	–
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	(740)	–	(740)	–
Balance at 30 June 2009	10,269,731	9,420,471	10,269,731	9,420,471

(b) Options

As at 30 June 2009 (30 June 2008: 30,709,075) the Company had the following options on issue over ordinary shares:

Grant date	Date of expiry	Exercise price (\$)	Number under option
01-Feb-07	31-Dec-10	0.25	3,000,000
			3,000,000

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
11. NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

12. Reserves

	Consolidated group		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Reserves	625,265	511,541	625,265	511,541
Reserves comprise the following:				
Options reserve				
Balance as at start of financial year	511,541	492,587	511,541	492,587
Share-based payment	113,724	18,954	113,724	18,954
Balance as at end of the financial year	625,265	511,541	625,265	511,541

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. It's 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	
	2009	2008	2009	2008
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	809,433	1,361,273	809,433	1,361,213
Trade and other receivables	15,648	67,899	15,648	67,899
	825,081	1,429,172	825,081	1,429,112
Financial liabilities				
Trade and other payables	101,287	525,604	101,287	524,754

(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 2009 and 2008, 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
11. NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

13. Financial risk management (continued)

	2009	Balance	2008	Balance
	Weighted average interest rate %		Weighted average interest rate %	
Deposit		763,168		887,561
Other cash available		46,265		473,712
Net exposure to cash flow interest rate risk	4.9%	809,433	6.2%	1,361,273

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

Sensitivity – Consolidated and Parent entity

During 2009, if interest rates had been 1% 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 has no borrowing facilities.

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
11. NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

13. Financial risk management (continued)

30 June 2009	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	4.9%	809,433	-	-	-	-	808,433
Trade and other receivables		-	-	-	-	15,648	15,648
Total Financial Assets		809,433	-	-	-	15,648	825,081
Financial Liabilities:							
Trade and other payables		-	-	-	-	101,287	101,287
Short-term borrowings		-	-	-	-	-	-
Total financial liabilities		-	-	-	-	101,287	101,287

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

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 2009	<6 months	6-12 months	1-5 years	>5 years	Total
Consolidated					
Financial assets					
Cash & cash equivalents	809,433	-	-	-	809,433
Trade & other receivables	15,648	-	-	-	15,648
	825,081	-	-	-	825,081
Year ended 30 June 2009					
Consolidated					
Financial liabilities					
Trade & other payables	101,287	-	-	-	101,287
Net maturity	723,794	-	-	-	723,794

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
11. NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

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

(i) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable – minimum lease payments

– not later than 12 months

– between 12 months and 5 years

– greater than 5 years

	Consolidated group		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
	34,272	32,649	34,272	32,649
	36,137	34,418	36,137	34,418
	–	–	–	–
	70,409	67,067	70,409	67,067

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.

(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

- between 12 months and 5 years

- greater than 5 years

	Consolidated group		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
	685,458	970,004	585,458	919,155
	2,741,832	3,880,016	2,341,832	3,676,620
	–	–	–	–
	3,427,290	4,850,020	2,927,290	4,595,775

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
11. NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

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	
	2009	2008	2009	2008
	\$	\$	\$	\$
Short-term employee benefits	325,200	310,750	325,200	310,750
Post-employment benefits	-	-	-	-
Share-based payments	97,478	16,246	97,478	16,246
	422,678	326,996	422,678	326,996

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 21 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. There were no shares granted during the reporting period as compensation:

2009

Shareholdings

	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					
Mr Adrian Griffin	500,000	-	-	-	500,000
Mr David Sargeant	5,850,000	-	-	250,000	6,100,000
Mr Adrian Jessup	1,967,555	-	-	100,000	2,067,555
	8,317,555	-	-	350,000	8,667,555
Specified Executives					
Mr Simon Storm	350,000	-	-	-	350,000
	350,000	-	-	-	350,000

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
11. NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

15. Directors and other key management personnel (continued)

2008

Shareholdings

	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					
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

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

2009

	Balance at the start of the period	Acquired	Expired	Balance at the end of the period	Vested and exercisable at 30 June 2009
Directors					
Mr Adrian Griffin	300,000	–	(300,000)	–	–
Mr David Sargeant	2,849,999	–	(2,849,999)	–	–
Mr Adrian Jessup	1,183,777	–	(1,183,777)	–	–
	4,333,776	–	(4,333,776)	–	–
Specified Executives					
Mr Simon Storm	200,000	–	(200,000)	–	–
	200,000	–	(200,000)	–	–

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
11. NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

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	
	2009	2008	2009	2008
	\$	\$	\$	\$
Amounts paid to companies associated with certain directors for management services				
Kirkdale Holdings Pty Ltd – Mr D Sargeant	132,000	125,000	132,000	125,000
Murilla Exploration Pty Ltd – Mr A Jessup	132,000	125,000	132,000	125,000
Total	264,000	250,000	264,000	250,000
Amounts payable to Directors for Directors Fees				
Mr A Griffin	30,000	30,000	30,000	30,000

17. Remuneration of auditors

	Consolidated group		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Amounts received or due and receivable by the auditors for:				
Audit or review of the financial reports of the Company	25,200	20,350	25,200	20,350
Other services	5,700	6,710	4,500	2,420
Total	30,900	27,060	29,700	22,770

18. Cash Flow Information

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

	Consolidated group		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Loss after income tax	(1,167,359)	(3,713,015)	(1,168,149)	(4,887,737)
Depreciation	24,601	23,919	24,601	23,919
Share based payments expense	113,724	18,954	113,724	18,954
Impairment on non-current assets	-	-	-	1,860,431
Impairment of receivable	-	80,000	-	80,000
Exploration expenditure written off	959,537	3,324,163	959,537	2,638,454
	(69,497)	(265,979)	(70,287)	(265,979)
Changes in assets and liabilities, net of the effects of purchase of subsidiaries:				
(Increase)/decrease in trade and other receivables	52,251	(80,000)	52,251	(80,000)
(Decrease)/Increase in trade and other payables	(336,758)	(16,686)	(335,908)	(16,686)
(Decrease)/Increase in employee benefits	2,441	13,328	2,441	13,328
Net cash outflow from operating activities	(351,563)	(349,337)	(351,503)	(349,337)

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
11. NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

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 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 one 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 three (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 Empire Resources Employee Share Plan:

Consolidated and parent entity – 30 June 2009		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	

(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	
	2009	2008	2009	2008
	\$	\$	\$	\$
Shares issued under employee share plan	113,724	18,954	113,724	18,954

20. Segment Information

For the year ended 30 June 2009 the Consolidated and Parent entity operated predominantly in Western Australia in the minerals, development and exploration operating segment.

21. Events after the Balance Sheet Date

On 14 August 2009 the Company announced sophisticated investors had injected \$630,000 into the company to assist fund the aggressive drilling schedules over the next few months on its key Western Australian projects. The proceeds were raised via a placement to the investors of 12,600,000 fully paid ordinary shares at \$0.05 per share.

On 28 August 2009, the Company announced it had entered into a six month exclusive option agreement on payment of \$10,000, to sell its 100% owned Yarlarweelor uranium project in Western Australia.

Other than this, since 30 June 2009 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.

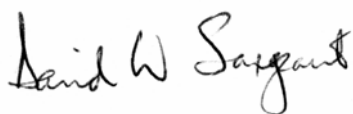
12. DIRECTORS' DECLARATION

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 2009 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 21 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
21 September 2009

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 2009, 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 to the Financial Statements, 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.

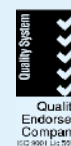
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. 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.

Liability limited by a
scheme approved under
Professional Standards
Legislation

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

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



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 2009 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 to the financial statements.

Report on the Remuneration Report

We have audited the Remuneration Report which is included in the directors' report for the financial year ended 30 June 2009. 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 2009 complies with section 300A of the *Corporations Act 2001*.



RSM BIRD CAMERON PARTNERS
Chartered Accountants



S C CUBITT
Partner

Perth, WA
Dated: 21 September 2009

RSM Bird Cameron Partners

Chartered Accountants

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www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Empire Resources Limited for the year ended 30 June 2009, 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

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S C CUBITT
Partner

Perth, WA
Dated: 21 September 2009

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14. CORPORATE GOVERNANCE PRINCIPLES

Introduction

Empire Resources Limited has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. 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.

Where the Company's corporate governance practices follow a recommendation, the board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

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 for consideration.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

Summary Statement

Recommendation	ASX Principles and Recommendations	If not, why not	Recommendation	ASX Principles and Recommendations	If not, why not
1.1	X	Refer (a) below	4.3	n/a	n/a
1.2	X	Refer (a) below	4.4 ³	n/a	n/a
1.3	X	Refer (a) below	5.1	X	Refer (h) below
2.1	X	Refer (b) below	5.2	n/a	n/a
2.2	√	Refer (b) below	6.1	X	Refer (i) below
2.3	√	Refer (b) below	6.2	n/a	n/a
2.4	X	Refer (c) below	7.1	X	Refer (j) below
2.5	X	Refer (d) below	7.2	n/a	n/a
2.6	√	Refer (e) below	7.3	√	Refer (k) below
3.1	X	Refer (f) below	7.4	n/a	n/a
3.2	√	Refer (g) below	8.1	X	Refer (l) below
3.3	X	Refer (f) below	8.2	n/a	n/a
4.1	X	Refer (c) below	8.3	n/a	n/a
4.2	n/a	n/a			

(a) Principle 1 Recommendation 1.1, 1.2 and 1.3

Notification of Departure

Empire has not formally disclosed the functions reserved to the board and those delegated to senior executives. 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 the board and management. Due to the small size of the board and of the Company, the board do not think that it is necessary to formally document the roles of board and management as it believes that 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, 2.2, 2.3

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 current size and operations and includes an appropriate mix of skills and expertise relevant to the Company's business. The current board structure presently consists of the independent non-executive chairman, Mr Adrian Griffin, the managing director (Mr David Sargeant) and one executive director (Mr Adrian Jessup), both of whom are not independent. The Company considers that each of the directors possess skills and experience suitable for building the Company. It is the board's intention to appoint another independent director as and when the size and complexity of its operations changes and a suitable candidate is identified.

(c) Principle 2 Recommendation 2.4 and Principle 4 Recommendations 4.1, 4.2, 4.3, 4.4

Notification of Departure

Separate nomination and audit 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

Empire 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 justify this.

(e) Principle 2 Recommendation 2.6

Companies should provide the information indicated in the Guide to Reporting on Principle 2.

Disclosure:

Skills, Experience, Expertise and term of office of each Director

A profile of each director containing their skills, experience, expertise and term of office is set out in the Directors' Report.

Identification of Independent Directors

The independent director of the Company during the Reporting Period is disclosed in (b) above.

Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations.

Statement concerning availability of Independent Professional Advice

To assist directors with independent judgement, it is the board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the chair, the Company will pay the reasonable expenses associated with obtaining such advice.

Nomination Matters

The full board sits in its capacity as a nomination committee.

Performance Evaluation

During the reporting period the performance evaluations for the board and individual directors did occur in accordance with the disclosed process in Recommendation 2.5.

Selection and Reappointment of Directors

The board considers the balance of independent directors on the board as well as the skills and qualifications of potential candidates that will best enhance the board's effectiveness.

Each director other than the managing director must retire from office no later than the longer of the third annual general meeting of the company or three years following that director's last election or appointment. At each annual general meeting a minimum of one director or a third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Reappointment of directors is not automatic.

(f) Principle 3 Recommendation 3.1, 3.3

Notification of Departure

Empire 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.

(g) Principle 3 Recommendation 3.2

Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

Disclosure:

The board has adopted a policy that prohibits dealing in the Company's securities by directors, officers and employees when those persons possess inside information. The policy prohibits short-term or speculative trading of the Company's securities. The policy provides that permission be obtained from the chairman prior to trading.

(h) Principle 5 Recommendation 5.1, 5.2

Notification of Departure

Empire 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.

(i) Principle 6 Recommendation 6.1, 6.2

Notification of Departure

Empire 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.

(j) Principle 7 Recommendation 7.1, 7.2

Notification of Departure

Empire has an informal risk oversight and management policy and 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.

(k) Principle 7 Recommendation 7.3

The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the *Corporations Act* is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure:

The chief executive officer (or equivalent) and the chief financial officer (or equivalent) have provided a declaration to the board in accordance with section 295A of the *Corporations Act* and have assured the board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

(l) Principle 8 Recommendations 8.1

Notification of departure

Empire does not have a formal remuneration policy and has not established a separate remuneration committee. Directors and management 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 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.

15. ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 21 September 2009.

(a) Distribution of shares

The numbers of shareholders, by size of holding are:

Category (size of holding)	Number of holders
1 – 1,000	9
1,001 – 5,000	82
5,001 – 10,000	144
10,001 – 100,000	397
100,001 and over	130
	762

The number of shareholdings, held in less than marketable parcels is 96.

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

SHAREHOLDERS	Number of shares held	Holding (%)
1 LIM JONATHAN	5,630,000	6.81%
2 APEX MINERALS NL	5,000,000	6.05%
3 KIRKDALE HLDGS PL	3,175,000	3.84%
4 MEEKAL PL	3,098,333	3.75%
5 SUHARITDUMRONG SUKHON	2,268,500	2.74%
6 DW SARGEANT PL	2,000,000	2.42%
7 RUBYSTAR NOM PL	2,000,000	2.42%
8 ZETEK RES PL	1,878,444	2.27%
9 ANZ NOM LTD	1,553,791	1.88%
10 COLTRANGE PL	1,497,677	1.81%
11 RBJ NOM PL	1,300,000	1.57%
12 BIRKNER ARTUR	1,182,500	1.43%
13 ARMCO BARRIERS PL	1,100,000	1.33%
14 AGENS PL	900,000	1.09%
15 TRISTESSE PL	875,000	1.06%
16 DW SARGEANT PL	800,000	0.97%
17 JESSUP ADRIAN MARTIN L	722,222	0.87%
18 SUPER 1136 PL	700,000	0.85%
19 ROBINSON KIM + JENNIFER	699,500	0.85%
20 ELY PLACE NOM LTD	666,666	0.81%
	37,047,633	44.82%

Stock Exchange Listing – Listing has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited except for the following which are not quoted by virtue of restriction agreements.

Quoted shares on ASX	80,218,192
Unquoted	
Shares issued under ERL Share Plan	2,450,000
Total issued share capital	82,668,192

(c) Substantial shareholders

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

Shareholder	Number of shares
Apex Minerals NL	5,000,000
David Sargeant	6,100,000

(d) Voting rights

All shares carry one vote per share without restriction.

(e) 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 2009 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 21 September 2009

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	
LARKINS 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%		



