



ACN 092 471 513

NOTICE OF GENERAL MEETING

The attached "Explanatory Memorandum" should be read in conjunction with this Notice of Meeting.

NOTICE IS HEREBY GIVEN that a General Meeting of shareholders of Empire Resources Limited ACN 092 471 513 ("**the Company**") will be held at the Metro Hotel, 61 Canning Highway, South Perth, Western Australia on **25th June 2010 at 10 am**, to conduct the following business:

BUSINESS OF THE MEETING

ORDINARY BUSINESS – RESOLUTIONS

RESOLUTION 1 – ELECTION OF MR THOMAS REVY AS A DIRECTOR

To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

"Thomas Revy, who, having been appointed by the Board since the 2009 Annual General Meeting, retires and, being eligible, offers himself for election as a director of the Company."

RESOLUTION 2 – RATIFICATION OF PREVIOUS SHARE ISSUE

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That for the purpose of ASX Listing Rule 7.4 and for all other purposes, shareholders of the Company approve and ratify the prior issue of 8,227,729 fully paid ordinary shares at 7 cents per share on 12 May 2010 to sophisticated and professional investors, to fund ongoing drilling and working capital requirements of the Company."

Voting Exclusion

The Company will disregard any votes cast on this resolution by or on behalf of a person who participated in the placement or any of their respective associates. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 3 – ISSUE OF OPTIONS

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 7.1 of the Listing Rules of ASX and for all other purposes, the Company be authorised to allot and issue 8,227,729 options to sophisticated and professional investors on the terms conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion

The Company will disregard any votes cast on this resolution by or on behalf of a person who will participate in the issue or any of their respective associates and a person who might obtain a benefit except for a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 4 - GRANT OF OPTIONS TO A DIRECTOR, MR DAVID SARGEANT

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That for the purposes of section 195 and Chapter 2E of the Corporations Act and for Listing Rule 10.14 and for all other purposes, the Company approves and authorises the grant to Mr David Sargeant (or his nominee) a total of 500,000 Options on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion

The Company will disregard any votes cast on this resolution by or on behalf of a director of the entity (except one who is ineligible to participate in any employee incentive scheme in relation to the entity). However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 5 – GRANT OF OPTIONS TO A DIRECTOR, MR ADRIAN JESSUP

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That for the purposes of section 195 and Chapter 2E of the Corporations Act and for Listing Rule 10.14 and for all other purposes, the Company approves and authorises the grant to Mr Adrian Jessup (or his nominee) a total of 500,000 Options on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion

The Company will disregard any votes cast on this resolution by or on behalf of a director of the entity (except one who is ineligible to participate in any employee incentive scheme in relation to the entity). However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 6 – GRANT OF OPTIONS TO A DIRECTOR, MR THOMAS REVY

To consider and, if thought fit, to pass the following as an ordinary resolution:

“That for the purposes of section 195 and Chapter 2E of the Corporations Act and for Listing Rule 10.14 and for all other purposes, the Company approves and authorises the grant to Mr Thomas Revy (or his nominee) a total of 500,000 Options on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

Voting Exclusion

The Company will disregard any votes cast on this resolution by or on behalf of a director of the entity (except one who is ineligible to participate in any employee incentive scheme in relation to the entity). However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

All Shareholders are invited to attend. An Explanatory Memorandum to Shareholders follows this notice.

By Order of the Board



Simon Storm
Company Secretary

19 May 2010

PROXIES

1. A Proxy Form is enclosed with this Notice.
2. A member may appoint not more than 2 proxies. A proxy need not be a member.
3. Where a member appoints 2 proxies and does not specify the proportion or number of the member's votes each proxy may exercise half of the member's rights.
4. An instrument appointing a proxy or a power of attorney may not be treated as valid unless:
 - (a) in the case of a proxy, the Proxy Form, and, if it is executed by an attorney, the relevant power of attorney or a certified copy of it; and
 - (b) in the case of an attorney, the power of attorney or a certified copy of it, to the satisfaction of the Directors is or are deposited at the Company's registered office at 53 Canning Highway, Victoria Park, Western Australia or on fax number (08) 9361-3184 by no later than 48 hours before the time fixed for holding the meeting.
5. An instrument appointing a proxy must be in writing under the hand of the appointor or of the appointor's attorney duly authorised in writing or, if the appointor is a body corporate, either under its common seal if it has a common seal, or under the hand of an officer or duly authorised attorney or duly authorised representative.
6. In accordance with regulation 7.11.37 of the Corporations Regulations 2001, the Company has determined that all securities of the Company registered as at 48 hours before the time appointed for the meeting will be taken for purposes of the meeting, to be held by the persons who are registered holders thereof at 10.00 a.m. WST on 23rd June 2010. Accordingly, transactions registered after this time will be disregarded in determining entitlements to attend and vote at the meeting.

OTHER

Words, which are defined in the Explanatory Memorandum, have the same meaning when used in this Notice of Meeting unless the context requires otherwise. For assistance in considering the Notice of Meeting and the Explanatory Memorandum, the following words are defined here:

“*ASX*” means Australian Securities Exchange Limited (ACN 008 624 691).

“*Board*” means the board of directors of the Company.

“*Committee*” means the Board’s Remuneration Committee or such other committee as is established by the Board to administer the Plan.

“*Company*” means Empire Resources Limited ACN 092 471 513.

“*Corporations Act*” means the Corporations Act 2001 (Cth).

“*Director*” means a director of the Company.

“*Dollar*” or “*\$*” means Australian Dollars.

“*Empire Option Plan Terms*” means the terms and conditions of the Empire Resources Option Plan as approved by Shareholders on 19 November 2009.

“*Employee*” includes an officer, employee or contractor of, or consultant to, the Company.

“*Explanatory Memorandum*” means the explanatory memorandum set out and attached to this Notice of Meeting.

“*Listing Rules*” means the listing rules of ASX.

“*Notice of Meeting*” or “*Notice*” means this notice of general meeting.

“*Plan*”, depending upon the context, means the Empire Resources Option Plan.

“*Plan Option*” means an Option granted under the Option Plan.

“*Plan Security*” means a Plan Option.

“*Proxy Form*” means the proxy form accompanying this Notice of Meeting.

“*Recipient Officers*” means Mr David Sargeant, Mr Adrian Jessup and Mr Thomas Revy.

“*Resolution*” means a resolution set out in this Notice of Meeting.

“*Security*” means a Share or an Option.

“*Shareholder*” means a holder of Shares.

“*Shares*” means fully paid ordinary shares in the capital of the Company.

“*WST*” means Western Standard Time.

**EMPIRE RESOURCES LIMITED
EXPLANATORY MEMORANDUM**

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the General Meeting of Shareholders to be held on **25th June 2010** (“**the Meeting**”).

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting.

BUSINESS OF THE MEETING

ORDINARY BUSINESS – RESOLUTIONS

RESOLUTION 1 – ELECTION OF MR THOMAS REVY AS A DIRECTOR

Clause 3.3 of the Constitution allows the Directors to appoint at any time a person to be a Director as an addition to the existing Directors.

Any Director so appointed holds office only until the next following Annual General Meeting and is then eligible for re-election.

Mr Thomas Revy was appointed as a Director on 8 January 2010, being the period since the 2009 Annual General Meeting.

Mr Revy is an experienced mining and business development manager. His experience includes an eight year term with the international engineering and project delivery group, GRD Minproc Limited, with particular global responsibility for the group’s core technical and development activities for mineral resources projects. As a member of the GRD Minproc board, Mr Revy held the position of Director Development prior to his departure as part of the AMEC scheme of arrangement with ASX listed GRD Limited.

Mr Revy is also a former Director Development and Director of Technical Development and Solutions, for GRD Minproc.

He has worked on corporate and business development solutions for mining and exploration projects across Australia, Papua New Guinea, the United States, Africa, South America and China, is a former investment advisor in Perth with JB Were & Son and is also a Director of the Australian Latin America Business Council.

RESOLUTION 2 – RATIFICATION OF PREVIOUS SHARE ISSUE

On 12 May 2010, the Company issued 8,227,729 fully paid ordinary shares at a price of 7 cents per Share.

Whilst the issue made on 12 May 2010 did not require the prior approval of Shareholders as it was within the Company’s existing 15% placement capacity, the purpose of this resolution is to give approval to the allotment of these Shares in accordance with the requirements of Listing Rule 7.4 to provide the Company with the flexibility to issue further securities in accordance with the limits under the Listing Rules should the need arise in the future.

The following information is provided to Shareholders in accordance with the requirements of Listing Rule 7.5:

- (a) the number of Shares allotted and issued was 8,227,729;
- (b) the Shares were issued at an issue price of 7 cents per Share;

- (c) the Shares were fully paid ordinary shares in the capital of the Company;
- (d) the allottees of the Shares were Lachlan Resource Investments Limited and other sophisticated and professional investors introduced by New Holland Capital Pty Limited; and
- (e) the funds raised from the issue of the Shares were used to fund ongoing drilling and working capital requirements of the Company.

The approval given under this resolution is not given for any other purpose other than to provide the Company with the flexibility to issue further securities.

RESOLUTION 3 – ISSUE OF OPTIONS
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As part of the share placement the subject of Resolution 2 and as announced on 30 April 2010 the Company agreed to issue 8,227,729 Options to the allottees of those Shares subject to Shareholder approval.

Shareholder approval for the proposed issue is required pursuant to ASX Listing Rule 7.1, a summary of which is set out below.

ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a Company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

Shareholder approval for the proposed issue is required pursuant to ASX Listing Rule 7.1.

The effect of Resolution 3 will be to allow the Directors to issue the Options pursuant to Resolution 3 during the period of 3 months after the General Meeting, without using the Company's 15% annual placement capacity.

ASX Listing Rule 7.3

The following information is provided to Shareholders in accordance with the requirements of Listing Rule 7.3:

- (a) the maximum number of Options to be issued under Resolution 3 is 8,227,729 Options;
- (b) the Options will be issued no later than 3 months after the date of Shareholder approval;
- (c) the Options will be issued for Nil consideration;
- (d) the allottees of the Options are Lachlan Resource Investments Limited and other sophisticated and professional investors introduced by New Holland Capital Pty Limited (none of the allottees are related parties);
- (e) the Options will be allotted on 26 June 2010;
- (f) the Options will have an exercise price of 15 cents and an expiry date 3 years from the date of issue; and
- (g) a summary of the material terms of the Options are as follows:-

- i. Each Option will have an exercise price of \$0.15 (**Exercise Price**).
- ii. Each Option will automatically lapse if not exercised on or before 2 June 2013 (**Expiry Date**).
- iii. Each Option shall entitle the holder to subscribe for and be allotted one ordinary share in the capital of the Company upon exercise of the Option and payment to the Company of the Exercise Price.
- iv. An Option may be exercised by the option holder at any time prior to the Expiry Date by sending a completed and signed notice of exercise, together with the payment of the Exercise Price and the certificate for the Options, to the Company. The Options may be exercised in whole or in part.
- v. A notice of exercise is only effective when the Company has received the full amount of the Exercise Price in cash or cleared funds.
- vi. Subject to any restrictions in the Listing Rules, within 9 Business Days of receipt of a properly executed notice of exercise and the required exercise moneys, the number of ordinary shares specified in the notice will be allotted.
- vii. Ordinary shares allotted pursuant to the exercise of the Options will rank equally with the then issued ordinary shares of the Company.
- viii. The Company undertakes to apply for official quotation by the ASX of all ordinary shares allotted pursuant to the exercise of any Options, within 10 Business Days of the date of allotment of those new ordinary shares, provided that the Company is only required to apply for official quotation by the ASX if lots of 100,000 Options are exercised in aggregate.
- ix. There will be no participating entitlements inherent in the Options to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. Prior to any new pro rata issue of securities to Shareholders, holders of Options will be notified by the Company and will be afforded 7 Business Days before the relevant record date (to determine entitlements to the issue), to exercise the Options.
- x. In the event of any reorganisation (including consolidation, subdivision, reduction, cancellation or return) of the issued capital of the Company before the expiry of any Options, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- xi. If from time to time before the expiry of the Options the Company makes an issue of ordinary shares to shareholders by way of a bonus issue, other than in lieu of a dividend payment, then upon exercise of an Option the option holder will be entitled to have issued to it (in addition to the ordinary shares which it is otherwise entitled to have issued to it upon such exercise) additional ordinary shares in the Company. The number of additional ordinary shares is the number of ordinary shares which would have been issued to the option holder if the Options had been exercised before the record date for the bonus issue.
- xii. The Options do not confer the right to a change in Exercise Price, or a change to the number of underlying securities over which it can be exercised, other than under paragraphs (x) and (xi) above.

RESOLUTION 4, 5 AND 6 - GRANT OF OPTIONS TO DIRECTORS, MESSRS, DAVID SARGEANT, ADRIAN JESSUP AND THOMAS REVY
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1.1 Director Options

Resolutions 4, 5 and 6 deal with the grant of Options to three Directors of the Company under the terms and conditions of the Empire Resources Option Plan (summarised in Annexure A).

The Company proposes to offer to grant Options to three Directors, David Sargeant (or his nominee), Adrian Jessup (or his nominee) and Thomas Revy (or his nominee).

The proposed grant of Options to David Sargeant, Adrian Jessup and Thomas Revy ("Recipient Officers") is intended to:

- (a) provide an appropriate and adequate incentive for them;
- (b) ensure that the Company may retain their services; and
- (c) reinforce their commitment as Directors to the Company.

The Recipient Officers will only benefit from the grant of Options when there is an improvement in the Company's share price since the date on which they are offered the Plan Options.

The number of Options proposed to be granted to the Recipient Officers reflects the level of commitment provided or to be provided by each director to the Company, taking into account the responsibilities of each director and the time commitments required from each director. The number of Options proposed to be granted to the Recipient Officers also reflects the value the Board feels that each director brings to the enhancement of the Company and the level of commitment required by the Company from each director.

As announced to the market on 1 December 2009, the exercise price of the Options offered to the Recipient Officers will be \$0.137, being the price calculated by the VWAP (volume weighted average price when it was resolved to issue options to the Directors) over 30 ASX Business Days before 26 November 2009, plus 50%. In addition, a corporate goal must be met before the options may be exercised: The corporate goal that has been set is the Company's market capitalisation reaching \$10.77 million (which was the market capitalisation of the Company plus 50%) and remaining at that level for 50 ASX Business Days.

It is intended to grant the Options to Recipient Officers within 1 month of the approval of Resolutions 4 to 6.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as options), if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period. Options issued under Resolutions 4 to 6 would at this time fall within one of those exceptions. If approval is given under Listing Rule 10.14, approval is not required under Listing Rule 7.1.

One of the effects of Resolutions 4 to 6 in their current form will be to allow the directors to grant the Options proposed to be granted without using the Company's 15% annual placement capacity.

Pursuant to and in accordance with Listing Rule 10.14, the following information is provided in respect of the Options to which Resolutions 4 to 6 relate:

- (a) the maximum number of Options to be granted is 1,500,000 (500,000 to each of the Recipient Officers);
- (b) the Options will be granted no later than 1 month after the date of the General Meeting;
- (c) the Options will, if not exercised beforehand, expire three years from the date of grant, on 25 June 2013;
- (d) the exercise price for the Options will be \$0.137 (being the price calculated by the VWAP (volume weighted average price when it was resolved to issue options to the Directors) over 30 ASX Business Days before 26 November 2009, plus 50%);
- (e) No Options have been granted under the Plan since its approval on 19 November 2009;
- (f) the grantees will be Messrs Sargeant, Jessup and Revy (or their nominees);
- (g) Shares issued pursuant to the exercise of the Options will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (h) no funds will be raised from the grant of the Options.

1.2 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or

(b) shareholder approval is obtained prior to the giving of the financial benefit.

For the purposes of Chapter 2E, each Recipient Officer is a related party and the grant of Options to Messrs Sargeant, Jessup and Revy constitutes the giving of a financial benefit. Accordingly, Shareholder approval is required.

In accordance with the requirements of Chapter 2E, and in particular, section 219 of the Corporations Act, the following information is provided to Shareholders to allow them to assess the proposed grant of Options to the Recipient Officers:

(a) The related party to whom the proposed resolutions would permit the financial benefit to be given

Each of Messrs Sargeant, Jessup and Revy who are directors of the Company, to whom Resolution 4, Resolution 5 and Resolution 6 would permit the financial benefit to be given.

(b) The nature of the financial benefit

The nature of the financial benefit to be given to the Recipient Officers is the grant to them of the Options. Initially, no funds will be raised by the grant of Options to the Recipient Officers. However, if those Options are exercised, the funds raised thereby will be used for working capital purposes, as the Board thinks fit.

(c) Directors' recommendation and basis of financial benefit

The Board currently consists of Messrs David Sargeant, Adrian Jessup and Thomas Revy.

Mr Sargeant has a material personal interest in the outcome of Resolution 4 as the recipient of the Securities proposed to be granted.

Mr Jessup has a material personal interest in the outcome of Resolution 5 as the recipient of the Securities proposed to be granted.

Mr Revy has a material personal interest in the outcome of Resolution 6 as the recipient of the Securities proposed to be granted.

Mr Sargeant does not wish to make a recommendation to Shareholders about Resolution 4 because he has an interest in the outcome of that Resolution.

Mr Jessup does not wish to make a recommendation to Shareholders about Resolution 5 because he has an interest in the outcome of that Resolution.

Mr Revy does not wish to make a recommendation to Shareholders about Resolution 6 because he has an interest in the outcome of that Resolution.

The primary purpose of the issue to the Recipient Officers is to provide an incentive to the Recipient Officers, respectively. Given this purpose, the Directors do not consider that there is any opportunity cost or benefit foregone to the Company in issuing the Options proposed by Resolutions 4, 5, and 6. The issue of Securities to the Recipient Officers is a more cost effective incentive for the Company as opposed to the payment of additional cash compensation.

(d) Dilution

As at the date of this Notice, the capital structure of the Company is as follows:

Capital	Number
Ordinary Shares	97,195,921
Options	3,000,000

If Shareholders approve all Resolutions contained in this Notice and all Securities are issued as contemplated by Resolutions 3 to 6, the issued capital of the Company would be as follows:

Capital	Number	Issued per Resolution 3	Issued per Resolution 4-6	Total
Ordinary Shares	97,195,921	-	-	97,195,921
Options	3,000,000	8,227,729	1,500,000	12,727,729

If Shareholders approve the issue of 1,500,000 Options to the Recipient Officers and these Options were fully exercised, the effect will be to dilute the shareholding of existing members by approximately 1.5%, based on the existing number of Shares and Options as at the date of this Notice (1.38% based on the number of Shares and Options assuming Resolutions 3 is approved).

(e) Total remuneration package

Details of the Recipient Officers' remuneration for the year ended 30 June 2009 is as follows:

Recipient Officer	Cash, salary and fees	Super-annuation	Total
David Sargeant	132,000	-	132,000
Adrian Jessup	132,000	-	132,000
Thomas Revy ¹	-	-	-

Details of the estimated remuneration payable to the Recipient Officers for the year beginning 1 July 2009 are as follows:

Recipient Officer	Cash, salary and fees	Super-annuation	Total
David Sargeant	164,000	-	164,000
Adrian Jessup	108,000	-	108,000
Thomas Revy ¹	15,000	-	15,000

1 – Appointed 8 January 2010

(f) Existing relevant interest

As at the date of this Notice, Recipient Officers hold the following securities in the Company representing 8.15% of the issued capital of the Company on a fully diluted basis:

Recipient Officer	Number of Shares held directly	Number of Shares held indirectly	Number of Options held directly	Number of Options held indirectly
David Sargeant	-	6,100,000	-	-
Adrian Jessup	722,222	1,345,333	-	-
Thomas Revy	-	-	-	-

If Shareholders approve Resolutions 3 to 6 and all Securities are issued or granted as contemplated by this Notice, the Recipient Officers will hold the following Securities in the Company (representing 8.79% of the issued capital of the Company on a fully diluted basis based on the number of Shares and Options currently on issue):

Recipient Officer	Number of Shares held directly	Number of Shares held indirectly	Number of Options held directly	Number of Options held indirectly
David Sargeant	-	6,100,000	-	500,000
Adrian Jessup	722,222	1,345,333	-	500,000
Thomas Revy	-	-	-	500,000

(g) Trading History

During the last 12 months before the date of lodgment of this Notice with ASIC, the highest trading price of the Shares was 12 cents on 14 September 2009 and the lowest trading price of the Shares was 4.7 cents on 20 May 2009. The market price of the Company's Shares over the 5 days of trading on ASX up to and including 17 May 2010 has been between a minimum of 5.0 cents per Share to a maximum of 7.5 cents per Share. On 18 May 2010, the last trading day before this Notice was lodged with ASIC, the Shares closed at a price of 6.0 cents per Share and the Company had a market capitalisation of \$5.83 million.

(h) Valuation of the Options

A valuation of the Options proposed to be issued to the Recipient Officers has been calculated using the Black Scholes Option Pricing Model and based upon the following assumptions:

- the underlying value of each Share in the Company is based on the closing Share price of 6.0 cents as at 17 May 2010;
- risk free rate or return – 4.90% (based on the 3 year bond indicator rate as at 18 May 2010)
- share price volatility of 105%, determined utilising the weekly closing share prices of the Company for the preceding 6 months;
- Options to be granted pursuant to Resolutions 4 to 6 will not be quoted on ASX and may not be transferred or otherwise dealt with without the approval of the Company
- the exercise price for the Options will be \$0.137 (being the price calculated by the VWAP (volume weighted average price when it was resolved to issue options to the Directors) over 30 ASX Business Days before 26 November 2009, plus 50%)

Options to be issued to the Recipient Officers (Resolution 4 to 6)

The Black Scholes Option Pricing Model attributes a theoretical value to each Option to be issued to the Recipient Officers as follows:-

	Theoretical Value per option (cents)	Discount (%) Note 1	Indicative value per option (cents)	Number of options issued to Allottee	Total value (\$)
David Sargeant	3.0	30%	2.1	500,000	10,500
Adrian Jessup	3.0	30%	2.1	500,000	10,500
Thomas Revy	3.0	30%	2.1	500,000	10,500

Note 1 - The Black Scholes Option Pricing Model assumes that the Options the subject of the valuation can be sold on a secondary market. The terms and conditions of the Plan and these options state that a corporate goal needs to be met (see 1.1 above). Accordingly a discount for lack of marketability is required to determine an indicative fair value of the Options. For the purposes of arriving at an appropriate discount rate, the Company has considered:

- that discounts have traditionally been applied in the range of 10% to 30% to reflect the non-negotiability of unlisted equities; and
- the fact that the Securities will be unlisted.

(i) Other information

Additional information in relation to Resolutions 4 to 6 is set out throughout this Explanatory Memorandum. Shareholders should therefore read the Explanatory Memorandum in its entirety before making a decision on how to vote on Resolutions 4 to 6.

The Company will incur no liabilities or cash costs in respect of the proposed issue of Options to the Recipient Officers other than:

(i) the fees payable to ASX for quotation of Shares, should the Options be exercised. At the rates applying at the date of this Explanatory Memorandum, these fees would be approximately \$1,950. However, these fees will not be payable until after Options have been exercised;

(ii) in relation to the Options, a value equal to the weighted average trading price of shares on ASX in the five days immediately before the date of valuation will be included as wages for the purposes of the Payroll Tax Act 2002 (WA), Pay-roll Tax Assessment Act 2002 (WA) and the Taxation Administration Act 2003(WA). If this value in addition to other wages paid or payable by the Company during a month is in excess of the monthly payroll tax threshold, the Company may be required to register for payroll tax in the relevant jurisdiction. If this value, in addition to other wages that are taxable in the jurisdiction, is in excess of the annual payroll tax threshold, the Company will have a liability in respect of payroll tax in that jurisdiction; and

(iii) The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense through the Company's Statement of Comprehensive Income over the vesting period, with a corresponding increase to an equity account in accordance with AASB2 Share Based Payments.

Neither the Board nor the Company is aware of any other information that would reasonably be required by Shareholders in order to decide whether it is in the best interests of the Company to pass Resolutions 4 to 6, other than as stated in this Explanatory Memorandum.

Summary of the Plan

Set out below is a summary of the Empire Resources Option Plan Terms.

It is at the discretion of the Committee who will be issued invitations to apply for Options under the Option Plan and the number of Options the subject of an invitation. Offers of Options by the Committee are subject to the limits imposed by the Plan. The Committee may not offer or issue Plan Securities where the effect would be that the number of Plan Securities offered or granted, when aggregated with the number of:

- (1) Shares issued on the exercise of options granted within the previous 3 years under any share option scheme;
- (2) Shares remaining issuable in respect of options granted on the same date or within the previous 3 years under any share option scheme; and
- (3) Shares issued on the same date or within the previous 3 years under any share incentive scheme, would exceed 10% of the total number of Shares on issue at the date of the proposed offer, issue or grant.

Pursuant to the Listing Rules, any issue of securities under the Plans to a related party of the Company, including a Director, will require prior shareholder approval.

Officers, employees, contractors and consultants may be offered the opportunity to participate in the Empire Resources Option Plan, each such director, employee and consultant who participates in the Option Plan being an “Option Plan Participant”.

The Committee will from time to time set corporate goals that will apply to all Option Plan Participants. In addition, each Option Plan Participant will have assigned to him or her personal goals. Upon the attainment of corporate or personal goals (in each case the date that is 30 Business Days after the attainment of the relevant goal being the “Qualification Date”), an Option Plan Participant will be offered the opportunity for a specified period after the Qualification Date for the Option Plan Participant or his or her nominee to apply for and be granted free of charge a specified number of Options at a specified exercise price.

The exercise price of Options granted pursuant to the Option Plan is at the discretion of the Committee, provided that the exercise price is not less than the VWAP calculated during the ten Business Day period up to and including the Qualification Date, or, if there were no transactions in Shares during that ten Business Day period, the last price at which an offer was made to purchase Shares on ASX.

The expiry date of Options granted under the Option Plan is at the discretion of the Committee. An Option Plan Participant holding Options granted pursuant to the Option Plan can exercise the Options at any time prior to the expiry date of the Options, subject to the lapse of Options:

- (1) six months after the Retirement or Retrenchment (as those terms are defined under the Option Plan), bankruptcy or insolvency, or the death of the option holder or the person through whom the option holder is entitled to such Options; and
- (2) one month after an Option holder ceases to be a person entitled to hold Options under the Option Plan.

Options granted under the Option Plan are not transferable.

Shares allotted upon the exercise of an Option granted under the Option Plan will be of the same class and will rank equally with the existing issued Shares in the Company.

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

EMPIRE RESOURCES LIMITED

REGISTERED OFFICE:
53 CANNING HIGHWAY
VICTORIA PARK WA 6100

ABN: 32 092 471 513

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535,
APPLECROSS WA 6953 AUSTRALIA
770 Canning Highway,
APPLECROSS WA 6153 AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Code: ERL

Holder Number:

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

☐

OR

The meeting Chairperson
(mark with an "X")

The name of the person you are appointing
(if this person is someone other than the Chairperson of the meeting).

or failing the person named, or if no person is named, the Chairperson of the Meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the General Meeting of the Company to be held at 10.00am WST on Friday 25 June 2010 at the Metro Hotel, 61 Canning Highway, South Perth and at any adjournment of that meeting.

SECTION B: Voting Directions to your Proxy

Please mark "X" in the box to indicate your voting directions to your Proxy.

Resolution

For Against Abstain*

1. ELECTION OF MR THOMAS REVY AS A DIRECTOR

☐

2. RATIFICATION OF PREVIOUS SHARE ISSUE

☐

3. ISSUE OF OPTIONS

☐

4. GRANT OF OPTIONS TO A DIRECTOR, MR DAVID SARGEANT

☐

5. GRANT OF OPTIONS TO A DIRECTOR, MR ADRIAN JESSUP

☐

6. GRANT OF OPTIONS TO A DIRECTOR, MR THOMAS REVY

☐

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

☐

If you wish to appoint the Chairperson as your proxy and you do not wish to direct the Chairperson how to vote, please mark "X" in the box.

By marking this box, you acknowledge that the Chairperson may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him/her other than as a proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution. The Chairperson of the Meeting intends to vote undirected proxies in favour of the resolution.

SECTION C: Please Sign Below

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

1688356243

Reference Number:

1

ERL

1

NAME _____

[illegible]

TELEPHONE NUMBER

[illegible]

1. Name and Address

2. Appointment of a Proxy

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a Shareholder of Empire Resources Limited.

3. Directing your Proxy how to vote

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

4. Appointment of a Second Proxy

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by telephoning the Company's share registry +61 8 9315 2333 or you may photocopy this form.

To appoint a second Proxy you must:

- (a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- (b) Return both forms in the same envelope.

5. Signing Instructions

Individual: where the holding is in one name, the Shareholder must sign.

Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

6. Lodgement of Proxy

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Registrars Pty Ltd no later than 10.00AM WST on Wednesday 23 June 2010, being 48 hours before the time for holding the meeting. Any Proxy form received after that time will not be valid for the scheduled meeting.

Security Transfer Registrars Pty Ltd
PO BOX 535
Applecross, Western Australia 6953

Street Address:
Alexandrea House, Suite 1
770 Canning Highway
Applecross, Western Australia 6153

Telephone +61 8 9315 2333

Facsimile +61 8 9315 2233

Email registrar@securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.