

# ESPERANCE MINERALS LIMITED (ASX: ESM) - ASX RELEASE



## RAISES \$570,000 VIA AN ISSUE OF CONVERTIBLE NOTES

30 September 2013

**Esperance Minerals Limited (ASX: ESM or the Company)** is pleased to announce that it has raised \$570,000 via an issue of Convertible Notes (**Note**) to various shareholders, including a company that is associated with the Chairman, Mr Kris Knauer.

The key terms of the Notes are as follows:

- each Note has an upfront payment of \$90,000, which has been received by the Company, with an additional \$100,000 at call component. The \$100,000 can be drawn down at the Company's election at any time from 30 days from the date of the Note;
- conversion price of the lesser of 5 cents per ordinary share, or the 5 day volume weighted average price of the Company's ordinary shares on the ASX immediately prior to the issue of a conversion notice by the Noteholder to the Company;
- the Notes cannot be converted until after 31 August 2014 and then at any time up to the Maturity Date of 31 August 2015;
- for each share issued on conversion, the Noteholder will be issued with 1 free option to subscribe for an additional ordinary share in the Company exercisable on or before 31 August 2018 at an exercise price of 10 cents per Company share (**Options**);
- the Notes will accrue interest at a rate of 8% per annum; and
- the Notes are unsecured.

The capital raised under the Convertible Notes Issue will be used to fund, current working capital requirements of the Company, exploration at the Company's Kununurra Project, and the evaluation of potential new projects for the company.

In addition to the above, the Company has also reached agreement with the same group of shareholder to restructure its prior costs associated with the Brazilian Project for the sum of approximately \$345,000. As announced by the Company on the 11 March 2013, the Company and the group of shareholders (referred to in the 11 March 2013 as "**AAR**") agreed to reimburse those shareholders for costs incurred at the value of one Company share at 6 cents per share, plus 1 free attaching option at 10 cents with an expiry date of 1 June 2017 for every one dollar of expenditure. However, the terms of that agreement has been superseded by reducing the amount owing from approximately \$345,000 to \$330,000 and such debt is converted into a Note on the same terms as the Notes which raise money for the Company.

The Board sees the above as an attractive option to access sufficient capital particularly in these difficult times for junior mining companies to meet the ongoing programs of the Company in a way that limits the dilution to existing shareholders at this time.

The Convertible Notes were issued to sophisticated and institutional investors under sections 708(8), 708(10) and 708(11) of the Corporations Act 2001 (Cth) (the Act), without disclosure to investors under Part 6D.2 of the Act. The Notes will be subject to shareholder and all relevant regulatory approvals and until all approvals are obtained the funds advanced under the Note Issue will remain as an unsecured loan. As noted above, Mr Kris Knauer a Director of the Company will participate in one third of the issue subject to again shareholder approval. Full details of the Notes will be in a Notice of Meeting at which the Company will seek shareholder approval to approve the conversion of the Notes and/or the exercise of the Options.

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