



ESPERANCE MINERALS LIMITED (ASX: ESM)

Quarterly Report for January to March 2014

The Directors of Esperance Minerals Limited (ASX: ESM or “Esperance”) is pleased to release the quarterly report and appendix 5B for the period ended 31 March 2014:

KUNUNURRA PROJECT (E80/3367)

The Kununurra Project is located in the Northeast Kimberley in the vicinity of Kununurra Township. The project is prospective for SEDEX and VMS style gold and base metal mineralisation. Esperance is currently finalising its 2014 exploration program which will involve a detailed Mapping and Sampling program along the entire Silver Hills Fault System. The extension of the IP coverage to the north of the anomaly prior and drill testing the entire strike extent to the anomaly. In addition, further stepping-out drilling is planned for Shangri La North (outside the open pit) and at Shangri La South dependent upon results.

CORPORATE

New Project Generation

The Board remains committed to identifying and locating a project or assets that will supplement the existing projects and/or create shareholder value. This process of new project generation is ongoing and further details will be made as and when available.

Funding

At the Extraordinary General Meeting of shareholders held today shareholders approved the issue of Convertible Notes under which the company 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 outlined in an ASX Release dated 30 September 2013. Under the terms of the Notes \$300,000 of the capital raised was only available to be drawn down following shareholder approval being obtained for the Note issue. Esperance will proceed to drawing down on the \$300,000 Note funds as required. At the same meeting, shareholders also approved the issue of \$330,000 of Convertible Notes in reimbursement for costs incurred with respect to the initial Due Diligence costs for the Brazilian project.



Following the draw down of the new \$300,000 in funding the company will have Convertible Notes with a face value of \$900,000 on issue. The conversion price of Notes is 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 are unsecured.

For further information, please contact Robert Lees.



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The information in this Report that relates to the Exploration Results of the Company's Kimberley leases is based on information compiled by Frans Voermans who is a Fellow of the Australian Institute of Mining and Metallurgy and an independent consultant. Frans Voermans' services are provided under contract by Voermans Geological Services Pty Ltd, a company in which Frans Voermans has an interest as a Director. Frans Voermans has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity 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'. Frans Voermans consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.