

**Esperance Minerals Limited
ACN 009 815 605**

**Notice of Extraordinary General Meeting
to be held on 20 July 2016**

**Explanatory Memorandum
for the Notice of Extraordinary General Meeting**

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.
IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE,
PLEASE CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT
OR OTHER PROFESSIONAL ADVISER.**

**NOTICE OF THE EXTRAORDINARY GENERAL MEETING
TO BE HELD AT LEVEL 14, 264-278 GEORGE STREET, SYDNEY
AT 10.30 AM SYDNEY TIME ON WEDNESDAY 20 JULY 2016**

**TO BE VALID, FORMS OF PROXY FOR USE AT THE EXTRAORDINARY GENERAL
MEETING MUST BE COMPLETED AND RETURNED TO THE COMPANY NO LATER THAN
10.30 AM SYDNEY TIME ON SUNDAY, 18 JULY 2016**

Table of contents

Section A	Glossary	1
	1. Definitions	1
	2. Interpretation.....	3
Section B	Notice of Extraordinary General Meeting.....	4
	1. Special business.....	4
	2. Voting exclusion statement.....	5
	3. Determination of membership and voting entitlement	8
	4. Votes of members.....	8
	5. Proxies	8
Section C	Explanatory Memorandum.....	11
	1. Introduction	11
	2. Resolution 1 - Issue of Shares to the Convertible Noteholders	11
	3. Resolution 2 - Issue of Shares to the MIL Convertible Noteholders	13
	4. Resolution 3 - Issue of Shares to the Placement Investors	16
	5. Resolution 4 - Issue of Shares to the Service Providers	19
	6. Resolution 5 - Ratify past issue of Shares	21
	7. Resolution 6 - Issue of Options to the Resolution 5 Allottees.....	24

Section A Glossary

1. Definitions

The following definitions are used in the Notice of Extraordinary General Meeting and the Explanatory Memorandum:

ASIC	means the Australian Securities & Investments Commission.
Associate	has the meaning given to that term in Part 1.2, Division 2 of the Corporations Act.
ASX	means ASX Limited ACN 008 624 691 or the securities exchange market operated by ASX Limited, as the context requires.
ASX Listing Rules	means the official listing rules issued and enforced by the ASX, as amended from time to time.
Board or Board of Directors	means the board of Directors of the Company.
Business Day	means a day which is not a Saturday, Sunday or public holiday in Sydney.
Company or ESM	means Esperance Minerals Limited ACN 009 815 605.
Constitution	means the constitution of the Company, as amended from time to time.
Convertible Note	means an unsecured convertible note issued by the Company to the Convertible Noteholders and Convertible Notes means any two or more of them.
Convertible Noteholder	means a convertible noteholder set out in paragraph 2 of the Explanatory Memorandum and Convertible Noteholders means any two or more of them.
Corporations Act	means <i>Corporations Act 2001</i> (Cth).

Directors	means the directors of the Company.
Explanatory Memorandum	means the explanatory memorandum set out in Section C of this document.
Extraordinary General Meeting	means the general meeting of the Company to be held on 12 July 2016 pursuant to the Notice of Extraordinary General Meeting.
MIL Convertible Note	means an unsecured convertible note issued by the Company to the MIL Convertible Noteholders in accordance with the terms set out in paragraph 3 of the Explanatory Memorandum and MIL Convertible Notes means any two or more of them.
MIL Convertible Noteholder	means a convertible noteholder set out in paragraph 3 of the Explanatory Memorandum and MIL Convertible Noteholders means any two or more of them.
Notice of Extraordinary General Meeting or Notice	means the notice of Extraordinary General Meeting set out in Section B of this document.
Official Quotation and Officially Quoted	means officially quoted on the ASX.
Option	means an option in the issued capital of the Company, which when exercised converts into one Share and Options means any two or more of them.
Placement Investors	means institutional or sophisticated investors, being persons who, because of one or more of sections 708(8), 708(10), 708(11) and 708(12) of the Corporations Act, may subscribe for Shares without receiving a disclosure document issued by the Company in accordance with Part 6D.2 of the Corporations Act, details of which are set out in paragraph 4 of the Explanatory Memorandum.
Resolution	means a resolution passed by the requisite majority of Shareholders of the Company on a show of hands or by the requisite majority of votes given on a poll.

Restricted Securities	means securities of the Company that: <ul style="list-style-type: none"> (a) are subject to escrow restrictions as determined in accordance with Appendix 9B of the ASX Listing Rules; or (b) in the opinion of the ASX, should be treated as restricted securities.
Service Providers	means Jodet Durak and O'Connell Street Holdings Pty Ltd ACN 075 481 355.
Share	means a fully paid ordinary share in the issued capital of the Company and Shares means any two or more of them.
Shareholder	means a holder of a Share.

2. Interpretation

For the purposes of interpreting the Explanatory Memorandum and the Notice of Extraordinary General Meeting:

- (a) the singular includes the plural and vice versa;
- (b) words importing any gender include both genders;
- (c) reference to any statute, ordinance, regulation, rule or other law includes all regulations and other instruments and all consolidations, amendments, re-enactments or replacements for the time being in force;
- (d) all headings, bold typing and italics (if any) have been inserted for convenience of reference only and do not define limit or affect the meaning or interpretation of the Explanatory Memorandum and the Notice of Extraordinary General Meeting;
- (e) reference to persons includes bodies corporate and government authorities and in each and every case, includes a reference to the person's executors, administrators, successors, substitutes (including without limitation persons taking by novation and assignment); and
- (f) reference to **\$, AUD, Australian Dollars** or **dollars** is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia.

Section B Notice of Extraordinary General Meeting

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of the Shareholders of Esperance Minerals Limited ACN 009 815 605 (**ESM** or the **Company**) will be held at Level 14, 264 278 George Street, Sydney on Wednesday, 20 July 2016 at 10:30am am (Sydney time).

Defined terms used in this Notice of Extraordinary General Meeting have the meanings given to them in the Glossary accompanying this Notice of Extraordinary General Meeting.

1. Special business

1.1 Resolution 1: Issue of Shares to the Convertible Noteholders

To consider and, if thought fit, to pass, with or without amendment, the following Resolution:

That, in accordance with ASX Listing Rule 7.1, the Company be permitted and authorised to issue up to 27 million Shares and 27 million free attaching Options to the Convertible Noteholders in consideration for the conversion of Convertible Notes held by them, on the terms more fully described in paragraph 2 of the Explanatory Memorandum (Section C).

1.2 Resolution 2: Issue of Shares to the MIL Convertible Noteholders

To consider and, if thought fit, to pass, with or without amendment, the following Resolution:

That, in accordance with ASX Listing Rule 7.1, the Company be permitted and authorised to issue up to 6,098,617 Shares and 6,098,617 free attaching Options to the MIL Convertible Noteholders on the terms more fully described in paragraph 3 of the Explanatory Memorandum (Section C).

1.3 Resolution 3: Issue of Shares to the Placement Investors

To consider and, if thought fit, to pass, with or without amendment, the following Resolution:

That, in accordance with ASX Listing Rule 7.1, the Company be permitted and authorised to issue up to 28,757,841 Shares and 28,757,841 free attaching Options to the Placement Investors on the terms more fully described in paragraph 4 of the Explanatory Memorandum (Section C).

1.4 **Resolution 4: Issue of Shares to the Service Providers**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution:

That, in accordance with ASX Listing Rule 7.1, the Company be permitted and authorised to issue up to 8,100,000 Shares and 8,100,000 free attaching Options to the Service Providers on the terms more fully described in paragraph 5 of the Explanatory Memorandum (Section C).

1.5 **Resolution 5: Past issues of Shares**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution:

That, in accordance with ASX Listing Rule 7.4, Shareholders ratify the past issue of a total of 21,567,159 Shares to the allottees, and on the terms, set out in paragraph 6 of the Explanatory Memorandum (Section C).

1.6 **Resolution 6: Issue of Options to the Resolution 5 Allottees**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution:

That, in accordance with ASX Listing Rule 7.1, the Company be permitted and authorised to issue up to 21,567,159 free attaching Options to the Resolution 5 Allottees on the terms more fully described in paragraph 7 of the Explanatory Memorandum (Section C).

2. Voting exclusion statement

2.1 **Resolution 1**

In accordance with the notice requirements of ASX Listing Rule 7.3.8 for approval under ASX Listing Rule 7.1, and ASX Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 1 by:

- (a) the Convertible Noteholders;
- (b) a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the Resolution is passed; and
- (c) any Associate of that person(s).

However, the Company will not disregard a vote if:

- (d) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

- (e) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2.2 **Resolution 2**

In accordance with the notice requirements of ASX Listing Rule 7.3.8 for approval under ASX Listing Rule 7.1, and ASX Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 2 by:

- (a) the MIL Convertible Noteholders;
- (b) a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the Resolution is passed; and
- (c) any Associate of that person(s).

However, the Company will not disregard a vote if:

- (d) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (e) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2.3 **Resolution 3**

In accordance with the notice requirements of ASX Listing Rule 7.3.8 for approval under ASX Listing Rule 7.1, and ASX Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 3 by:

- (a) the Placement Investors;
- (b) a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the Resolution is passed; and
- (c) any Associate of that person(s).

However, the Company will not disregard a vote if:

- (d) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (e) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2.4 **Resolution 4**

In accordance with the notice requirements of ASX Listing Rule 7.3.8 for approval under ASX Listing Rule 7.1, and ASX Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 4 by:

- (a) the Service Providers;
- (b) a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the Resolution is passed; and
- (c) any Associate of that person(s).

However, the Company will not disregard a vote if:

- (d) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (e) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2.5 **Resolution 5**

In accordance with the notice requirements of ASX Listing Rule 7.5.6 for approval under ASX Listing Rule 7.4, and ASX Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 5 by:

- (a) a person who participated in the issue of Shares and Options referred to in Resolution 5; and
- (b) any Associate of that person(s).

However, the Company will not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2.6 **Resolution 6**

In accordance with the notice requirements of ASX Listing Rule 7.5.6 for approval under ASX Listing Rule 7.1, and ASX Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 6 by:

- (a) a person who participated in the issue of Options referred to in Resolution 6; and
- (b) any Associate of that person(s).

However, the Company will not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
- (e)

3. Determination of membership and voting entitlement

For the purpose of determining a person's entitlement to vote at the Extraordinary General Meeting, a person will be recognised as a member of the Company and the holder of Shares if that person is registered as a holder of those Shares at 7:00 pm Sydney time on 18 July 2016, being the second Business Day prior to the date of the Extraordinary General Meeting.

4. Votes of members

On a show of hands, each member present in person or by proxy (or, in the case of a body corporate, by a representative) at the Extraordinary General Meeting shall have one vote.

On a poll, every member present in person or by attorney or by proxy (or, in the case of a body corporate, by a representative) shall have one vote for each Share held by him, her or it, provided that all Shares are fully paid.

5. Proxies

Please note that:

- (a) a member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint no more than two proxies;
- (b) an instrument appointing a proxy must be in the form of the proxy form attached to this Notice of Extraordinary General Meeting;
- (c) where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. If a member appoints two proxies, neither person may vote on a show of hands and on a poll, each person may only exercise the voting rights for the portion of votes the person holds;
- (d) a proxy may be a member of the Company;

- (e) a proxy need not be a member of the Company;
- (f) a proxy form may specify the manner in which the proxy is to vote in respect of a particular Resolution and, where a proxy form so provides, the proxy is not entitled to vote on the Resolution except as specified in the proxy form;
- (g) a proxy has the authority to vote on the member's behalf as he or she thinks fit, on any motion to adjourn the Extraordinary General Meeting, or any other procedural motion, unless the member gives a direction to the contrary;
- (h) a valid proxy form will be deemed to confer authority to demand or join in demanding a poll;
- (i) to be valid, a proxy form must be signed by the member or the member's attorney or, if the member is a corporation, executed in accordance with the corporation's constitution and the Corporations Act (and may be signed on behalf of the corporation by its attorney); and
- (j) to be valid, a proxy form and the power of attorney or other authority (if any) under which it is signed (or an attested copy of it) must be received by no later than 10.30 am on 18 July 2016:

by the Company:

- in person: Esperance Minerals Limited
Suite 605, Level 6
50 Clarence Street
Sydney NSW 2000
Australia

or - by mail Esperance Minerals Limited
Suite 605, Level 6
50 Clarence Street
Sydney NSW 2000
Australia

or - by facsimile: +61 2 9299 9501

by the Company's share registry:

- in person: Security Transfer Registrars Pty. Limited
770 Canning Highway
Applecross WA 6153
Australia

or - by mail: Security Transfer Registrars Pty. Limited
PO Box 535
Applecross WA 6953
Australia

or - by facsimile: +61 8 9315 2233

By order of the Board:

Robert Lees
Company Secretary

Dated: 16 June 2016
Sydney

Section C Explanatory Memorandum

1. Introduction

This Explanatory Memorandum contains the information needed for Shareholders to assess Resolutions 1 through 6 to be put to them at the Extraordinary General Meeting of the Company on Wednesday 20 July 2016. A Notice of Extraordinary General Meeting accompanies this document.

This Explanatory Memorandum, as well as the Notice of Extraordinary General Meeting, should be read carefully and in their entirety.

2. Resolution 1 - Issue of Shares to the Convertible Noteholders

2.1 Background

As announced to the market on 7 May 2015, the Company successfully completed a fund raising by way of, amongst other things, the issue of Convertible Notes to the Convertible Noteholders. The Company raised \$540,000.00 by way of the issue of Convertible Notes to the Convertible Noteholders.

ASX Listing Rule 7.1 provides that a company must not issue equity securities without approval of shareholders if the number of equity securities to be issued in any 12 month period exceeds 15% of the issued capital of the company preceding the issue. In issuing the Convertible Notes, the Company did not breach ASX Listing Rule 7.1 as the Convertible Notes are not considered equity securities until such time as Shareholder approval is obtained.

As the Convertible Notes have been issued and may not be converted into Shares without Shareholder approval, Resolution 1 seeks approval under the terms of the Convertible Notes and ASX Listing Rule 7.1 for the issue of Shares and free attaching Options on conversion of the Convertible Notes.

2.2 ASX Listing Rule 7.3 requirements

Pursuant to ASX Listing Rule 7.3, the following information is provided regarding ASX Listing Rule 7.1 approval:

- (a) **ASX Listing Rule 7.3.1:** *Maximum number of securities to be issued or the formula for calculating the number of securities to be issued*

27 million Shares and 27 million free attaching Options.

- (b) **ASX Listing Rules 7.3.2 and 7.3.7:** *Date by which securities will be issued*

If Shareholder approval is obtained, the issue and allotment of the Shares and Options to the Convertible Noteholders will occur on a date which is two

Business Days after the date of this Extraordinary General Meeting, but in any case no later than three months after the date of this Extraordinary General Meeting.

(c) **ASX Listing Rule 7.3.3:** *Issue price of securities*

\$0.02 per Share in respect of 27 million Shares and nil issue price in respect of 27 million free attaching Options.

(d) **ASX Listing Rule 7.3.4:** *Names of allottees*

Convertible Noteholder	Amount subscribed	Shares to be Issued	Options to be issued
Yongyuen Ji	\$30,000.00	1,500,000	1,500,000
McQuarters Pty Ltd atf <McQuarters Super Fund A/C>	\$20,000.00	1,000,000	1,000,000
Xue Zhu	\$20,000.00	1,000,000	1,000,000
Yitong Shan	\$10,000.00	500,000	500,000
Penting Pty Ltd	\$30,000.00	1,500,000	1,500,000
Hayden White	\$10,000.00	500,000	500,000
AJ & JG Fergusson Pty Ltd atf <AJ & JG Fergusson Family Trust>	\$20,000.00	1,000,000	1,000,000
Abrocard Pty Ltd	\$200,000.00	10,000,000	10,000,000
Pan Investment Group Pty Ltd	\$100,000.00	5,000,000	5,000,000
Yan Su Hua Investment Trust	\$100,000.00	5,000,000	5,000,000
Total	\$540,000.00	27,000,000	27,000,000

(e) **ASX Listing Rule 7.3.5:** *Terms of securities*

(i) Shares

- (A) Any Shares in the Company that are issued and allotted pursuant to the conversion of the Convertible Notes will rank pari passu in all respects with other Shares of the Company on issue at the date of the issue and allotment.
- (B) The Company will apply for Official Quotation of the Shares issued on conversion of the Convertible Notes.

(ii) Options

- (A) Each Option has an exercise price of \$0.10 per Share.
- (B) Each Option expires on 31 August 2018.
- (C) The rights of the Convertible Noteholders to the Options will change to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation, including ASX Listing Rule 7.22.
- (D) The Options will not be listed on the ASX. Upon the issue of the Shares on exercise of the Options, the Company will apply to the ASX to have the Shares issued to the Convertible Noteholders Officially Quoted and, subject to any ASX ruling regarding Restricted Securities, will rank equally with all the other Shares on issue. In all other respects, the rights and entitlements of the Convertible Noteholders in respect of the Shares to be issued to them will be identical to the rights and entitlements of the holders of issued Shares.

(f) **ASX Listing Rule 7.3.6:** *Intended use of the funds*

No funds will be raised from the issue of Shares and the free attaching Options on conversion of the Convertible Notes. The funds raised by the issue of the Convertible Notes were applied by the Company towards working capital.

(g) **ASX Listing Rule 7.3.8:** *A voting exclusion statement*

A voting exclusion statement is included at paragraph 2 of the Notice of Extraordinary General Meeting (Section B).

3. Resolution 2 - Issue of Shares to the MIL Convertible Noteholders

3.1 Background

On 15 March 2016 the MIL Convertible Noteholders acquired the MIL Convertible Notes and the rights to the accrued interest on the MIL Convertible Notes to that date.

The issue of the MIL Convertible Notes was approved by shareholders on 30 April 2014. That approval also allowed for the conversion of accrued interest to securities on the same terms as the MIL Convertible Notes.

The conversion price of the MIL Convertible Notes and accrued interest was \$0.01212189 per Share. Around that time, the Company raised \$215,672 under a placement under ASX Listing Rule 7.1 at \$0.01 per Share (**Share Placement**), the subject of Resolution 5. In order to ensure that the MIL Convertible Noteholders received Shares at the same price as the Shares under the Share Placement, the

Company offered to issue additional Shares and free attaching Options to the MIL Convertible Noteholders.

The issue of Shares and free attaching Options contemplated by this Resolution 2 is to effect the reduction of the issue price of the Shares to the MIL Convertible Noteholders to \$0.01 per Share by way of the issue of an additional 6,098,617 Shares and 6,098,617 free attaching Options to the MIL Convertible Noteholders.

ASX Listing Rule 7.1 provides that a company must not issue equity securities without approval of shareholders if the number of equity securities to be issued in any 12 month period exceeds 15% of the issued capital of the company preceding the issue. Accordingly, the Company is seeking the approval of Shareholders under ASX Listing Rule 7.1 to issue 6,098,617 Shares and 6,098,617 free attaching Options to the MIL Convertible Noteholders.

3.2 **ASX Listing Rule 7.3 requirements**

Pursuant to ASX Listing Rule 7.3, the following information is provided regarding ASX Listing Rule 7.1 approval:

- (a) **ASX Listing Rule 7.3.1:** *Maximum number of securities to be issued or the formula for calculating the number of securities to be issued*

6,098,617 Shares and 6,098,617 free attaching Options.

- (b) **ASX Listing Rules 7.3.2 and 7.3.7:** *Date by which securities will be issued*

If Shareholder approval is obtained, the issue and allotment of the Shares and Options to the MIL Convertible Noteholders will occur on a date which is two Business Days after the date of this Extraordinary General Meeting, but in any case no later than three months after the date of this Extraordinary General Meeting.

- (c) **ASX Listing Rule 7.3.3:** *Issue price of securities*

\$0.01 per Share in respect of 6,098,617 Shares and nil issue price in respect of 6,098,617 free attaching Options.

(d) **ASX Listing Rule 7.3.4: Names of allottees**

MIL Convertible Noteholder	Amount subscribed	Shares to be Issued	Options to be issued
Andrew Murray Gregor	\$50,000.00	875,232	875,232
Australian Trade Access Pty Ltd <ATA Super Fund>	\$30,000.00	525,139	525,139
David Vince Ridolfo	\$5,000.00	87,523	87,523
Jodet Durak	\$25,000.00	437,616	437,616
Gregory Blake Lidicky	\$5,000.00	87,523	87,523
Jckay Pty Ltd <The J & C Kay Family A/C>	\$15,000.00	262,570	262,570
Alexander Naum and Albina Abayeva <Coco Investments A/C>	\$40,000.00	700,186	700,186
Bozena Rawicka	\$10,000.00	175,046	175,046
Young-Tae Han	\$80,000.00	1,400,371	1,400,371
Rodney Stephen Adler atf <Rodney Adler Diversified Investments Trust>	\$45,000.00	787,709	787,709
Theo Koutroubis	\$10,000.00	175,046	175,046
Active Office Services Pty Ltd <Badke Services A/C>	\$20,000.00	350,093	350,093
Fei Pan	\$5,000.00	87,523	87,523
Yiwen Wang	\$5,000.00	87,523	87,523
Chenyang Yan	\$3,400.00	59,516	59,516
Total	\$348,400.00	6,098,617	6,098,617

- (e) **ASX Listing Rule 7.3.5: *Terms of securities***
- (i) Shares
- (A) Any Shares in the Company that are issued and allotted pursuant to Resolution 2 will rank pari passu in all respects with other Shares of the Company on issue at the date of the issue and allotment.
- (B) The Company will apply for Official Quotation of the Shares issued pursuant to Resolution 2.
- (ii) Options
- (A) Each Option has an exercise price of \$0.10 per Share.
- (B) Each Option expires on 31 August 2018.
- (C) The rights of the MIL Convertible Noteholders to the Options will change to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation, including ASX Listing Rule 7.22.
- (D) The Options will not be listed on the ASX. Upon the issue of the Shares on exercise of the Options, the Company will apply to the ASX to have the Shares issued to the MIL Convertible Noteholders Officially Quoted and, subject to any ASX ruling regarding Restricted Securities, will rank equally with all the other Shares on issue. In all other respects, the rights and entitlements of the MIL Convertible Noteholders in respect of the Shares to be issued to them will be identical to the rights and entitlements of the holders of issued Shares.
- (f) **ASX Listing Rule 7.3.6: *Intended use of the funds***
- No funds will be raised from the issue of Shares and the free attaching Options pursuant to this Resolution 2 to the MIL Convertible Noteholders.
- (g) **ASX Listing Rule 7.3.8: *A voting exclusion statement***
- A voting exclusion statement is included at paragraph 2.2 of the Notice of Extraordinary General Meeting (Section B).

4. Resolution 3 - Issue of Shares to the Placement Investors

4.1 Background

ASX Listing Rule 7.1 provides that a company must not issue equity securities without approval of shareholders if the number of equity securities to be issued in any 12 month period exceeds 15% of the issued capital of the company preceding the issue.

Resolution 3 seeks approval under the terms of ASX Listing Rule 7.1 for the issue of 28,757,841 Shares and 28,757,841 free attaching Options to the Placement Investors.

4.2 ASX Listing Rule 7.3 requirements

Pursuant to ASX Listing Rule 7.3, the following information is provided regarding ASX Listing Rule 7.1 approval:

- (a) **ASX Listing Rule 7.3.1:** *Maximum number of securities to be issued or the formula for calculating the number of securities to be issued*

28,757,841 Shares and 28,757,841 free attaching Options.

- (b) **ASX Listing Rules 7.3.2 and 7.3.7:** *Date by which securities will be issued*

If Shareholder approval is obtained, the issue and allotment of the Shares and Options to the Placement Investors will occur on a date which is two Business Days after the date of this Extraordinary General Meeting, but in any case no later than three months after the date of this Extraordinary General Meeting.

- (c) **ASX Listing Rule 7.3.3:** *Issue price of securities*

\$0.01 per Share in respect of 28,757,841 Shares and nil issue price in respect of 28,757,841 free attaching Options.

- (d) **ASX Listing Rule 7.3.4:** *Names of allottees*

Placement Investor	Amount subscribed	Shares to be Issued	Options to be issued
Chenyang Yan	\$26,600.00	2,660,000	2,660,000
Kris Knauer	\$75,000.00	7,500,000	7,500,000
Bozena Rawicka	\$8,978.41	897,841	897,841
Andrew Murray Gregor	\$70,000.00	7,000,000	7,000,000
Matthew James Hay	\$10,000.00	1,000,000	1,000,000
Abhi Super Pty Ltd	\$10,000.00	1,000,000	1,000,000
Bennett & Bennett Pty Ltd	\$7,000.00	700,000	700,000
Sanperez Pty Ltd<P Chalmers Partnership A/C>	\$80,000.00	8,000,000	8,000,000
Total	\$287,578.41	28,757,841	28,757,841

(e) **ASX Listing Rule 7.3.5: *Terms of securities***

(i) Shares

- (A) Any Shares in the Company that are issued and allotted pursuant to Resolution 3 will rank pari passu in all respects with other Shares of the Company on issue at the date of the issue and allotment.
- (B) The Company will apply for Official Quotation of the Shares issued under Resolution 3.

(ii) Options

- (A) Each Option has an exercise price of \$0.10 per Share.
- (B) Each Option expires on 31 August 2018.
- (C) The rights of the Placement Investors to the Options will change to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation, including ASX Listing Rule 7.22.
- (D) The Options will not be listed on the ASX. Upon the issue of the Shares on exercise of the Options, the Company will apply to the ASX to have the Shares issued to the Placement Investors Officially Quoted and, subject to any ASX ruling regarding Restricted Securities, will rank equally with all the other Shares on issue. In all other respects, the rights and entitlements of the Placement Investors in respect of the Shares to be issued to them will be identical to the rights and entitlements of the holders of issued Shares.

(f) **ASX Listing Rule 7.3.6: *Intended use of the funds***

The funds raised by the issue of the Shares to the Placement Investors under Resolution 3 will be applied by the Company towards working capital.

(g) **ASX Listing Rule 7.3.8: *A voting exclusion statement***

A voting exclusion statement is included at paragraph 2.3 of the Notice of Extraordinary General Meeting (Section B).

5. Resolution 4 - Issue of Shares to the Service Providers

5.1 Background

ASX Listing Rule 7.1 provides that a company must not issue equity securities without approval of shareholders if the number of equity securities to be issued in any 12-month period exceeds 15% of the issued capital of the company preceding the issue.

The Company is seeking the approval of Shareholders for the issue of an aggregate of 8,100,000 Shares and 8,100,000 free attaching Options comprising:

- (a) 950,000 Shares and 950,000 free attaching Options to Jodet Durak in lieu of a commission payment of \$9,500 payable by the Company to Jodet Durak; and
- (b) 7,150,000 Shares and 7,150,000 free attaching Options to O'Connell Street Holdings Pty Ltd in lieu of an introduction fee of \$71,500 payable by the Company to O'Connell Street Holdings Pty Ltd,

on the terms set out below. Neither Jodet Durak nor O'Connell Street Holdings Pty Ltd is a related party of the Company.

5.2 ASX Listing Rule 7.3 requirements

Pursuant to ASX Listing Rule 7.3, the following information is provided regarding ASX Listing Rule 7.1 approval:

- (a) **ASX Listing Rule 7.3.1:** *Maximum number of securities to be issued or the formula for calculating the number of securities to be issued*

8,100,000 Shares and 8,100,000 free attaching Options.

- (b) **ASX Listing Rules 7.3.2 and 7.3.7:** *Date by which securities will be issued*

If Shareholder approval is obtained, the issue and allotment of the Shares and Options to the Service Providers will occur on a date which is two Business Days after the date of this Extraordinary General Meeting, but in any case no later than three months after the date of this Extraordinary General Meeting.

- (c) **ASX Listing Rule 7.3.3:** *Issue price of securities*

\$0.01 per Share in respect of 8,100,000 Shares and nil issue price in respect of 8,100,000 free attaching Options.

- (d) **ASX Listing Rule 7.3.4:** *Names of allottees*

Service Provider	Amount	Shares to be Issued	Options to be issued
Joe Durak	\$9,500.00	950,000	950,000

Service Provider	Amount	Shares to be Issued	Options to be issued
O'Connell Street Holdings Pty Ltd	\$71,500.00	7,150,000	7,150,000
Total	\$81,000.00	8,100,000	8,100,000

(e) **ASX Listing Rule 7.3.5: Terms of securities**

(i) Shares

- (A) Any Shares in the Company that are issued and allotted pursuant to Resolution 4 will rank pari passu in all respects with other Shares of the Company on issue at the date of the issue and allotment.
- (B) The Company will apply for Official Quotation of the Shares issued under Resolution 4.

(ii) Options

- (A) Each Option has an exercise price of \$0.10 per Share.
- (B) Each Option expires on 31 August 2018.
- (C) The rights of the Service Providers to the Options will change to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation, including ASX Listing Rule 7.22.
- (D) The Options will not be listed on the ASX. Upon the issue of the Shares on exercise of the Options, the Company will apply to the ASX to have the Shares issued to the Service Providers Officially Quoted and, subject to any ASX ruling regarding Restricted Securities, will rank equally with all the other Shares on issue. In all other respects, the rights and entitlements of the Service Providers in respect of the Shares to be issued to them will be identical to the rights and entitlements of the holders of issued Shares.

(f) **ASX Listing Rule 7.3.6: Intended use of the funds**

No funds will be raised by the issue of Shares to the Service Providers.

(g) **ASX Listing Rule 7.3.8: A voting exclusion statement**

A voting exclusion statement is included at paragraph 2.4 of the Notice of Extraordinary General Meeting (Section B).

6. Resolution 5 - Ratify past issue of Shares

6.1 Background

On 4 May 2016, the Company announced to the ASX via lodgement of an Appendix 3B that it had completed a private placement of Shares at a price of \$0.01 per Share (a discount of approximately 23% to the 5 day average market price of the Shares at the time). The issue raised \$215,672 to provide additional working capital.

The Company seeks Shareholder ratification of the issue of 21,567,159 Shares to the allottees set out in the Schedule below for the purposes of ASX Listing Rule 7.4.

Resolution 6 proposes the issue of 21,567,159 free attaching Options to the allottees set out in the Schedule below (refer to Resolution 6).

ASX Listing Rule 7.1 provides that a company must not issue equity securities, or agree to issue equity securities (which includes shares and options) without the approval of shareholders if the number of equity securities to be issued in any 12-month period (including equity securities issued on the exercise of any convertible securities) exceeds 15% of the issued capital of the company preceding the issue. ASX Listing Rule 7.4 allows for subsequent shareholder approval if the company did not breach ASX Listing Rule 7.1 at the time of issue and the holders of ordinary shares subsequently approve it.

Although Shareholder approval was not required for the issue of Shares to the Investor, the Company now seeks Shareholder approval for this issue in a manner provided by ASX Listing Rule 7.4, because this will enable the Company to issue, pursuant to ASX Listing Rule 7.1, further equity securities within the 15% limit from time to time as required by the Company, to capitalise on future opportunities without needing to obtain prior Shareholder approval.

6.2 ASX Listing Rule 7.5 requirements

Pursuant to ASX Listing Rule 7.5, the following information is provided regarding ASX Listing Rule 7.4 approval:

(a) **ASX Listing Rule 7.5.1:** *Number of securities allotted*

21,567,159 Shares

(b) **ASX Listing Rules 7.5.2 :** *Price at which securities were issued*

\$0.01 per Share

(c) **ASX Listing Rule 7.5.3:** *Terms of the securities*

(i) Shares

Shares in the Company that were issued and allotted pursuant to Resolution 5 rank pari passu in all respects with other Shares of the Company on issue at the date of the issue and allotment.

- (d) **ASX Listing Rule 7.5.4:** *Name of allottees or the basis on which allottees where determined*

The allottees are set out in the Schedule below.

- (e) **ASX Listing Rule 7.5.5:** *The use (or intended use) of the funds raised*

The funds raised by the issue of 21,567,159 Shares to the allottees were used by the Company for working capital purposes.

- (f) **ASX Listing Rule 7.5.6:** *A voting exclusion statement*

A voting exclusion statement is included at paragraph 2.5 of the Notice of Extraordinary General Meeting (Section B).

Resolution 5 - Schedule of past issues of Shares

No.	Date of Issue	Number of Shares	Issue Price Per Share	Total Amount Paid	Name of Allottee	Purpose of Issue
1	4 May 2016	3,317,159	\$0.01	\$33,172.00	Bozena Rawicka	To fund ongoing working capital
2	4 May 2016	1,500,000	\$0.01	\$15,000.00	Michael Noel Jeffery	To fund ongoing working capital
3	4 May 2016	2,500,000	\$0.01	\$25,000.00	MN Jeffery Pty Limited <MN Jeffery Superannuation Fund>	To fund ongoing working capital
4	4 May 2016	1,500,000	\$0.01	\$15,000.00	Ian Barrie Murie & Tania Murie <IB & T Murie Super Fund A/C>	To fund ongoing working capital
5	4 May 2016	1,000,000	\$0.01	\$10,000.00	Johnny Traian	To fund ongoing working capital
6	4 May 2016	1,400,000	\$0.01	\$14,000.00	Durak Investment Corporation Pty Ltd	To fund ongoing working capital
7	4 May 2016	3,000,000	\$0.01	\$30,000.00	Jodet Durak	To fund ongoing working capital
8	4 May 2016	400,000	\$0.01	\$4,000.00	Durak Investment Corporation Pty Ltd <Super Fund A/C>	To fund ongoing working capital
9	4 May 2016	1,200,000	\$0.01	\$12,000.00	Stephen Sharratt	To fund ongoing working capital
10	4 May 2016	2,000,000	\$0.01	\$20,000.00	Keiran James Slee	To fund ongoing working capital
11	4 May 2016	1,000,000	\$0.01	\$10,000.00	Alexander Naum & Albina Abayeva <Coco Investments A/C>	To fund ongoing working capital

No.	Date of Issue	Number of Shares	Issue Price Per Share	Total Amount Paid	Name of Allottee	Purpose of Issue
12	4 May 2016	1,000,000	\$0.01	\$10,000.00	John Omerou <John Omerou Trading A/C>	To fund ongoing working capital
13	4 May 2016	1,000,000	\$0.01	\$10,000.00	Aped Pty Ltd	To fund ongoing working capital
Total		21,567,159		\$215,672.00		

7. Resolution 6 - Issue of Options to the Resolution 5 Allottees

7.1 Background

ASX Listing Rule 7.1 provides that a company must not issue equity securities without approval of shareholders if the number of equity securities to be issued in any 12 month period exceeds 15% of the issued capital of the company preceding the issue.

Resolution 6 seeks approval under the terms of ASX Listing Rule 7.1 for the issue of 21,567,159 Options to the Allottees listed in Resolution 5. The Company undertook to offer options on the same terms as available to the convertible notes holders to the Resolution 5 Allottees.

7.2 ASX Listing Rule 7.3 requirements

Pursuant to ASX Listing Rule 7.3, the following information is provided regarding ASX Listing Rule 7.1 approval:

- (a) **ASX Listing Rule 7.3.1:** *Maximum number of securities to be issued or the formula for calculating the number of securities to be issued*

21,567,159 free Options.

- (b) **ASX Listing Rules 7.3.2 and 7.3.7:** *Date by which securities will be issued*

If Shareholder approval is obtained, the issue and allotment of the Options to the Allottees will occur on a date which is two Business Days after the date of this Extraordinary General Meeting, but in any case no later than three months after the date of this Extraordinary General Meeting.

- (c) **ASX Listing Rule 7.3.3:** *Issue price of securities*

The 21,567,159 options have a nil issue price.

(d) **ASX Listing Rule 7.3.4: Names of allottees**

Placement Investor	Options to be issued
Bozena Rawicka	3,317,159
Michael Noel Jeffery	1,500,000
MN Jeffery Pty Limited <MN Jeffery Superannuation Fund>	2,500,000
Ian Barrie Murie & Tania Murie <IB & T Murie Super Fund A/C>	1,500,000
Johnny Traian	1,000,000
Durak Investment Corporation Pty Ltd	1,400,000
Jodet Durak	3,000,000
Durak Investment Corporation Pty Ltd <Super Fund A/C>	400,000
Stephen Sharratt	1,200,000
Keiran James Slee	2,000,000
Alexander Naum & Albina Abayeva <Coco Investments A/C>	1,000,000
John Omerou <John Omerou Trading A/C>	1,000,000
Aped Pty Ltd	1,000,000
Total	21,567,159

(e) **ASX Listing Rule 7.3.5: Terms of securities**

(i) Options

- (A) Each Option has an exercise price of \$0.10 per Share.
- (B) Each Option expires on 31 August 2018.
- (C) The rights of the Allottees to the Options will change to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation, including ASX Listing Rule 7.22.
- (D) The Options will not be listed on the ASX. Upon the issue of the Shares on exercise of the Options, the Company will apply to the ASX to have the Shares issued to the Allottees Officially Quoted and, subject to any ASX ruling regarding Restricted

Securities, will rank equally with all the other Shares on issue. In all other respects, the rights and entitlements of the Allottees in respect of the Shares to be issued to them will be identical to the rights and entitlements of the holders of issued Shares.

(f) **ASX Listing Rule 7.3.6:** *Intended use of the funds*

There are no funds to be raised by the issue of the Options to the Allottees under Resolution 6.

(g) **ASX Listing Rule 7.3.8:** *A voting exclusion statement*

A voting exclusion statement is included at paragraph 2.3 of the Notice of Extraordinary General Meeting (Section B).

ESPERANCE MINERALS LIMITED

ACN: 009 815 605

REGISTERED OFFICE:

C/- COYSEC SERVICES
SUITE 605, LEVEL 6
50 CLARENCE STREET
SYDNEY NSW 2000

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

«EFT_REFERENCE_NUMBER»

«Company_code» «Sequence_number»

«Holder_name»
«Address_line_1»
«Address_line_2»
«Address_line_3»
«Address_line_4»
«Address_line_5»

Code:

ESM

Holder Number:

«HOLDER_NUM

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.

**VOTE
ONLINE**

Lodge your proxy vote securely at www.securitytransfer.com.au

1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

«ONLINE

SECTION A: Appointment of Proxy

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

The meeting chairperson

OR

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 10:30am (Sydney time) on Wednesday 20 July 2016 at Level 14, 264 - 278 George Street, Sydney NSW 2000 and at any adjournment of that meeting.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies **in FAVOUR** of all the resolutions.

In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

RESOLUTION

1. Issue of Shares to the Convertible Noteholders
2. Issue of Shares to the MIL Convertible Noteholders
3. Issue of Shares to the Placement Investors
4. Issue of Shares to the Service Providers
5. Past Issue of Shares
6. Issue of Options to the Resolution 5 Allotees

For Against Abstain*

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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.

SECTION C: Signature of Security Holder(s)

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 & Sole Company Secretary

Director

Director/Company Secretary

Proxies must be received by Security Transfer Registrars Pty Ltd no later than 10:30am (Sydney time) on Monday 18 July 2016.

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My/Our contact details in case of enquiries are:

Name:

Number:

()

1. NAME AND ADDRESS

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

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 the Company.

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 contacting the Company's share registry 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 the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

The proxy form does not need to be returned to the share registry if the votes have been lodged online.

Security Transfer Registrars Pty Ltd

Online	www.securitytransfer.com.au
Postal Address	PO BOX 535 Applecross WA 6953 AUSTRALIA
Street Address	Alexandrea House Suite 1, 770 Canning Highway Applecross WA 6153 AUSTRALIA
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 security holders, 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.

