

ESPERANCE MINERALS LIMITED (ASX: ESM) - ASX RELEASE



02 August 2016

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Dear Shareholder

Letter to Eligible Shareholders regarding Non-renounceable Rights Issue

On 28 July 2016 Esperance Minerals Limited (ASX:ESM) (**Esperance**) announced a pro rata 1 for 4 non-renounceable rights issue (**Rights Issue** or **Offer**) to eligible shareholders of up to a maximum of 59,063,670 fully paid ordinary shares (**New Shares**), at an offer price of \$0.02 per share to raise approximately \$1.18 million (before costs).

A Rights Issue Offer Document with acceptance forms will be despatched to eligible shareholders on Tuesday 9 August 2016.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Use of Proceeds	\$
Costs of due diligence enquiries*	290,000
Wages and expert staff**	180,000
Reducing debt***	350,000
General working capital	301,274
Costs of Rights Issue****	60,000
Total	1,181,274

Notes:

- * These costs include the costs of legal, accounting and other advisors required to undertake the due diligence enquiries.
- ** This includes wages for a new general manager the Company proposes to appoint in August 2016.
- *** The Company has outstanding convertible notes with a value of approximately \$350,000 (including interest accrued on the notes). This provision is to allocate funding for the Company to redeem the outstanding convertible notes should it be required to do so.
- **** These costs include the costs of legal advisors to the Rights Issue and design, printing, mailing, registry and other costs associated with the Rights Issue.

Key terms of Rights Issue

The Offer will be made pursuant to section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**) without disclosure to investors under Part 6D.2 of the *Corporations Act*.

The Offer is being made to all shareholders of the Company (Shareholders) named on its register of members at 5:00pm on 4 August 2016 (**Record Date**) whose registered address is in Australia or New Zealand.



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The Offer will also include a shortfall facility that will provide Eligible Shareholders with the opportunity to apply for additional shares above their pro-rata entitlement. Any entitlement not taken up pursuant to the Offer will form the shortfall that will be dealt with in accordance with the shortfall facility. The allocation of additional New Shares under the shortfall facility will be at the discretion of the Directors. To the extent any shortfall remains after allocation to Eligible Shareholders who have applied for New Shares under the shortfall facility, subject to the Corporations Act and the ASX Listing Rules, the Company will use its best endeavours to place the remaining New Shares.

The Rights Issue is not underwritten.

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company (**Shares**) already on issue.

Following completion of the Offer, the Company will have issued a maximum of approximately 59,063,670 New Shares, resulting in total Shares on issue of approximately 295,318,349 fully paid ordinary shares.

Fractional Entitlements will be rounded up to the nearest whole number of New Shares.

Actions required of Eligible Shareholders

There are a number of actions Eligible Shareholders may take. You may:

- (a) take up all of your Entitlement in full
- (b) take up all of your Entitlement in full and apply for additional New Shares under the Shortfall Facility
- (c) take up part of your Entitlement and allow the balance to form part of the Shortfall which will be dealt with by the Shortfall Facility; or
- (d) not take up any of your Entitlement and allow all of your Entitlement to form part of the Shortfall Facility.

You cannot sell or transfer any of your Entitlement to another person.

That part of your Entitlement not taken up will form part of the Shortfall that will be dealt with in accordance with the Shortfall Facility.

The issue price of any New Shares offered pursuant to the Shortfall shall be \$0.02 per Share, being the Issue Price at which the Entitlement has been offered to Shareholders under this Offer Document.

The Offer is being conducted in accordance with the following timetable:

Event	Date
Announcement of Rights Issue	Thursday, 28 July 2016
Lodgement of documents associated with the Rights Issue and Appendix 3B	Friday, 29 July 2016
Despatch of notices to Shareholders informing them of Rights Issue	Tuesday, 2 August 2016
Ex-Date	Wednesday, 3 August 2016
Record Date	Thursday, 4 August 2016
Despatch of Offer Documents to Eligible Shareholders	Tuesday, 9 August 2016
Rights Issue Opening Date	Tuesday, 9 August 2016
Rights Issue Closing Date	5.00pm (AEST) Thursday, 18 August 2016

Event	Date
Deferred Settlement Trading	Friday, 19 August 2016
Shortfall Date	Tuesday, 23 August 2016
Issue of New Shares	Thursday, 25 August 2016
Normal Trading	Friday, 26 August 2016

Esperance reserves the right to amend this timetable subject to the Listing Rules.

Shareholders with any queries concerning the Rights Issue should contact their professional advisors or the Company's share registry, Security Transfer Registrars Pty Limited on (08) 9315 2333.

Yours faithfully,



Alan Beasley
Chairman