

ESPERANCE MINERALS LIMITED (ASX: ESM) - ASX RELEASE



02 August 2016

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Dear Shareholder

Letter to Ineligible 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.

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.



Doc ID 365080313/v1

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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.

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.

Ineligible Shareholders

Shareholders who have a registered address outside Australia and New Zealand (**Ineligible Shareholder**) will not be eligible to participate in the Offer.

You are not eligible to participate in the Offer and you will not be sent a copy of the Offer Document. This decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration the costs of complying with legal and statutory requirements in jurisdictions outside of Australia and New Zealand compared with the small number of Ineligible Shareholders and the number and value of New Shares to which they would otherwise be entitled.

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