



09 August 2016

NON-RENOUNCEABLE RIGHTS ISSUE OFFER DOCUMENT

Esperance Minerals Limited (**Esperance** or the **Company**) (ASX:ESM) advises that the attached Offer Document has been dispatched to eligible shareholders today, together with a personalised Entitlement and Acceptance Form.

The current timetable for the Rights Issue is set out below.

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
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



Esperance Minerals Limited

ACN 009 815 605

Rights Issue Offer Document

For a pro rata non-renounceable rights issue to Eligible Shareholders on the basis of one New Share for every four Existing Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.02 per New Share to raise approximately AUD1,181,274 (before costs)

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

It should be read in its entirety.

**IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE,
PLEASE CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT
OR OTHER PROFESSIONAL ADVISER WITHOUT DELAY.**

This Offer Document is not a prospectus. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the New Shares offered under this Offer Document.

The New Shares offered under this Offer Document should be considered speculative.

The Rights Issue opens on 9 August 2016 and closes at 5:00pm (AEST) on 18 August 2016. Valid acceptances must be received before the closing deadline.

Applications for New Shares by Eligible Shareholders can only be made by using or following the instructions on the Entitlement and Acceptance Form accompanying this Offer Document. Each Entitlement and Acceptance Form sets out the Eligible Shareholder's Entitlement to participate in the Offer. Please read the instructions in this Offer Document and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement.

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Section A Important Information

This Offer Document is issued pursuant to section 708AA of the Corporations Act for the offer of New Shares without disclosure to investors under Part 6D.2 of the Corporations Act. This Offer Document has been prepared by Esperance Minerals Limited ACN 009 815 605 (**ESM or Company**) and was lodged with ASX on 9 August 2016. ASX takes no responsibility for the content of this Offer Document.

Not a prospectus

This Offer Document is not a prospectus and does not contain all of the information that an investor would find in a prospectus or which may be required by an investor in order to make an informed investment decision regarding, or about the rights attaching to, New Shares. Nevertheless, this Offer Document contains important information and requires your immediate attention. It should be read in its entirety. If you are in any doubt as to how to deal with this Offer Document, you should consult your professional adviser as soon as possible.

No authorisation

No person is authorised to give any information or to make any representation in connection with the Rights Issue which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Rights Issue.

No investment advice

The information provided in this Offer Document and the accompanying Entitlement and Acceptance Form is not financial product advice and has been prepared without taking into account each Eligible Shareholder's investment objectives, financial circumstances or particular needs.

The information contained in this Offer Document and the accompanying Entitlement and Acceptance Form should not be considered to be comprehensive or to comprise all the information which an Eligible Shareholder may require in order to determine whether or not to subscribe for New Shares and the information may be changed, modified or amended at any time by the Company. Neither the Company, nor any advisor of the Company intends to update the Offer Document or accepts any obligation to provide the recipient with access to information or to correct any additional information or to correct any inaccuracies that may become apparent in this Offer Document or in any other information that may be made available concerning the Company. Potential investors should conduct their own due diligence investigations regarding the Company.

If an Eligible Shareholder has any questions it should consult its professional adviser before deciding whether or not to accept all or any part of its Entitlement.

Applications for New Shares

Applications for New Shares by Eligible Shareholders can only be made on an **original** Entitlement and Acceptance Form, enclosed with this Offer Document. The Entitlement and

Acceptance Form sets out an Eligible Shareholder's entitlement to participate in the Rights Issue.

Overseas shareholders

This Offer Document does not constitute an offer in any overseas jurisdiction where it would be unlawful to make the Offer. You must ensure compliance with all laws of any country relevant to your Application. We will take the return of a duly completed Entitlement and Acceptance Form as a representation by you that there has been no breach of any laws and that you are an Eligible Shareholder. Shareholders who reside outside Australia and New Zealand and receive this Offer Document should consult their professional advisers before taking any further action. In any case, this Offer is not being made to shareholders who reside outside Australia or New Zealand.

Disclaimers

No representation or warranty, express or implied, is made by any person in relation to the fairness, accuracy, completeness or reliability of all or part of this Offer Document, or any constituent or associated presentation, information or material, or the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in, or implied by, the information or any part of it. The information in this Offer Document may include information derived from third party sources that has not been independently verified.

Privacy

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purpose of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purpose set out in this Offer Document and may disclose it for those purposes to the Company's share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application. An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

Collection, maintenance and disclosure of personal information is governed by legislation including the *Privacy Act 1988* (Cth), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

Section B Chairman's Letter

Dear Shareholders

PRO RATA NON-RENOUCEABLE RIGHTS ISSUE

On behalf of the Board, it is my pleasure to introduce to you a non-renounceable pro rata Rights Issue offer to subscribe for New Shares in your company, Esperance Minerals Limited (**ESM or Company**).

Through this document, the Company is seeking to raise approximately AUD1,181,274 (**Offer**) as working capital to be applied by the Company towards identifying, evaluating and progressing a suitable business acquisition opportunity in the health care sector.

As previously announced by the Company, in recent months it has been investigating a number of business opportunities in the health care sector. While the Company has not identified a suitable business opportunity at the present time, it intends to continue undertaking a thorough review of a number of potential acquisition opportunities with a view to finalising its selection process shortly.

In recent months, the Board has implemented a strict internal process for selecting a suitable business acquisition opportunity. Potential acquisition targets must satisfy a number of key selection criteria in terms of revenue generation, profitability, historical business growth, operating history and potential for future growth, amongst other factors.

Once a suitable acquisition opportunity is finalised, the Company will enter into an agreement to document the acquisition and immediately announce the acquisition to the market through an ASX announcement. Shareholders should note that Shares in the Company will be suspended from trading from that point until the Company re-complies with Chapters 1 and 2 of the ASX Listing Rules and satisfies all necessary approvals required for re-admission to the official list of the ASX.

We believe the Offer is in the best interests of Shareholders because this capital raising will enable the Company to identify, evaluate and acquire an appropriate health care business, with the aim of creating value for Shareholders.

As Chairman, I strongly recommend this Offer, and encourage you to subscribe.

Yours faithfully,



Alan Beasley
Chairman

Section C Details of the Offer

1. Details of the Rights Issue

1.1 Overview

The Rights Issue is a non-renounceable pro-rata rights issue of up to approximately 59,063,670 New Shares on the basis of one New Share for every four Existing Shares held by Shareholders at an issue price of \$0.02 per New Share to raise up to approximately AUD1,181,274 (before offer costs) (**Rights Issue or Offer**).

Under the Offer, each Eligible Shareholder is entitled to apply for one New Share at an issue price of \$0.02 per New Share, for every four Shares held at the Record Date. Fractional Entitlements will be rounded up to the nearest whole number of New Shares.

The proceeds of the Rights Issue will be applied by the Company towards working capital, in particular towards identifying, evaluating and commencing the acquisition of a suitable business in the health care sector. As previously announced by the Company, in recent months it has been considering a number of business opportunities in the health care sector. While the Company has not identified a suitable business opportunity at the present time, it intends to continue undertaking a thorough review of a number of potential acquisition opportunities with a view to finalising its selection process shortly.

Further detail is set out in **Section 1.16** below.

Eligible Shareholders who are on the Company's share register on the Record Date are entitled to acquire one New Share for every four Existing Shares held by them on the Record Date (**Entitlement**).

The Rights Issue is non-renounceable. Accordingly, Entitlements do not trade on the ASX, nor can they be transferred or otherwise disposed of.

A personalised Entitlement and Acceptance Form setting out your Entitlement accompanies this Offer Document. Eligible Shareholders may subscribe for all or part of their Entitlements.

The Issue Price is payable on Application.

Eligible Shareholders who do not take up all of their Entitlements will have their percentage shareholding in the Company diluted relative to Shareholders who take up all of their Entitlements.

This Offer Document is also for the offer of Shortfall Shares to Eligible Shareholders. Refer to **Section 1.3** for further information and details of the Shortfall Facility.

1.2 Issue Price

The price payable for each new Share is \$0.02 per New Share, payable in full on application.

Eligible Shareholders will not be required to pay brokerage or other fees in respect of any New Shares acquired under the Rights Issue.

Eligible Shareholders should note that the market price of Shares may rise and fall between the date of this Offer Document and the date on which the New Shares are allotted.

Accordingly, the price paid for each New Share under the Rights Issue may be higher or lower than the market price of Shares at the date of this Offer Document or at the time the New Shares are allotted under the Rights Issue.

1.3 Shortfall Facility - Additional New Shares

In addition to being able to apply for New Shares, Eligible Shareholders who subscribe for their full Entitlement will also have the opportunity to apply for additional New Shares that are not subscribed for in the Rights Issue (**Shortfall Shares**).

New Shares offered under the Rights Issue that are not applied for by Eligible Shareholders under their Respective Entitlements will form the shortfall (**Shortfall**) that will be dealt with in accordance with the Shortfall Facility.

Eligible Shareholders may only make an application for Shortfall Shares if they accept their full entitlement to New Shares under the Rights Issue.

Shortfall Shares will only be issued if the New Shares under the Rights Issue are not fully subscribed. If the Company receives applications for Shortfall Shares that would result in the Rights Issue being oversubscribed, the Company will not accept any oversubscriptions and will scale back applications received for Shortfall Shares on a pro-rata basis having regard to the number of Shortfall Shares applied for by each Eligible Shareholder.

In the event of an application for Shortfall Shares not being accepted, including because of a scale back, the Application Monies received for an unsuccessful application for Shortfall Shares (or the applicable portion if the application is partly successful) will be refunded to the Applicant, without interest, as soon as practicable.

The Directors reserve the right to reject any application for Shortfall Shares or to allot a lesser number of Shortfall Shares than applied for. Application Monies received but not applied towards subscriptions for Shortfall Shares will be refunded as soon as practicable. No interest will be paid on Application Monies held and returned.

No Shortfall Shares will be issued to an Applicant if to do so would, to the extent of the knowledge of the Company, result in a breach of the ASX Listing Rules or the restrictions on obtaining or increasing relevant interests of greater than 20% of the Company's issued voting shares under Chapter 6 of the Corporations Act or would otherwise be contrary to the Corporations Act or the ASX Listing Rules.

To the extent any Shortfall remains after allocation to Eligible Shareholders who have applied for Shortfall Shares, the Company will use its best endeavours to place the remaining Shortfall Shares in accordance with the requirements of the Corporations Act and the ASX Listing Rules.

No related party of the Company (including Directors and their associates) is permitted to participate in the placement of any Shortfall Shares.

1.4 **No underwriting**

The Rights Issue is not underwritten.

1.5 **Dilution and effect on the control of the Company**

Given the structure of the Rights Issue as a pro-rata offer with a Shortfall Facility, the potential effect that the issue of New Shares will have on the control of the Company is as follows:

- (a) if all Eligible Shareholders take up their New Shares under the Rights Issue, then each Eligible Shareholder's percentage holding in the Company will remain and the Rights Issue will not have a significant effect on the control of the Company;
- (b) to the extent that a Shareholder does not or is not eligible to take up their entitlement under the Rights Issue, that Shareholder's percentage holding in the Company will be diluted; and
- (c) to the extent that a Shareholder subscribes for and is issued New Shares under the Shortfall Facility, that Shareholder's interest will increase, subject to the Corporations Act and the ASX Listing Rules.

If Eligible Shareholders take up their full Entitlement under the Rights Issue they will not be diluted (subject to the treatment of fractional entitlements). If Eligible Shareholders do not exercise their Entitlement under the Rights Issue, or only exercise part of their Entitlement, they will be diluted.

Ineligible Shareholders will have their holdings diluted by the Rights Issue. The extent of any dilution will depend on the level of participation in the Rights Issue.

Given no nominee has been appointed for foreign Shareholders under section 615 of the Corporations Act, Eligible Shareholders will not be able to rely on the exception for rights issues in item 10 of section 611 of the Corporations Act. Accordingly, when an Eligible Shareholder applies for some or all of its Entitlement, it must have regard to the takeover prohibition in section 606 of the Corporations Act.

No person will be issued New Shares if such issue would result in their voting power in the Company increasing beyond the thresholds set out in the takeover prohibition in section 606 of the Corporations Act unless that person can rely on any other exception to the takeover prohibition set out in section 611 of the Corporations Act.

1.6 Eligibility of Shareholders

The Rights Issue is being made to all Eligible Shareholders. Eligible Shareholders are Shareholders on the Record Date who:

- (a) have a registered address in Australia or New Zealand;
- (b) are eligible under all applicable securities laws to receive an offer under the Rights Issue without any requirement for a prospectus to be lodged or registered; and
- (c) are not in the United States and are not acting for the account or benefit of a person in the United States.

Directors and other related parties who are Eligible Shareholders may participate in the Rights Issue.

By returning a completed Entitlement and Acceptance Form or making a payment you will be taken to have represented and warranted that you satisfy each of the criteria listed above. Eligible Shareholders who are nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of a Shareholder resident outside Australia and New Zealand without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of these regulations.

1.7 Excluded Shareholders

The Company will not make an Offer to Shareholders with a registered address outside Australia or New Zealand as at the Record Date (**Excluded Shareholders**). The Company has decided that it is unreasonable to extend the Offer to Excluded Shareholders having regard to:

- (a) the number of Shareholders outside Australia and New Zealand;
- (b) the number and value of New Shares that would be offered to Shareholders outside of Australia and New Zealand; and
- (c) the cost of complying with the legal requirements, and requirements of regulatory authorities, in the overseas jurisdictions.

Accordingly, the Offer will not be extended to Excluded Shareholders and Excluded Shareholders will be notified that they will not be eligible to participate in the Rights Issue in accordance with the requirements of the Corporations Act and the ASX Listing Rules.

1.8 Indicative timetable

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 Lodgement of Appendix 3B and cleansing notice	Friday, 29 July 2016
Despatch of notices to Shareholders informing them of Rights Issue	Tuesday, 2 August 2016
Ex-Date Date from which securities commence trading without the entitlement to participate in the Rights Issue	Wednesday, 3 August 2016
Record Date Record Date (date for determining entitlements of Eligible Shareholders to participate in the Rights Issue)	Thursday, 4 August 2016
Despatch of Offer Documents to Eligible Shareholders Despatch of Offer Document and personalised Entitlement and Acceptance Form to Eligible Shareholders (and lodgement with ASX)	Tuesday, 9 August 2016
Rights Issue Opening Date The first day for receipt of acceptances under the Rights Issue including applications under the Shortfall Facility	Tuesday, 9 August 2016
Rights Issue Closing Date The Closing Date for acceptances including last day to apply under the Shortfall Facility	5.00pm (AEST) on Thursday, 18 August 2016
Deferred Settlement Trading New Shares issued under the Rights Issue expected to commence quotation on ASX on a deferred settlement basis	Friday, 19 August 2016
Shortfall Date New Shares under the Shortfall Facility allocated and announcement made to ASX. Announcement made to ASX of any shortfall under the Rights Issue after take up under the Shortfall Facility	Tuesday, 23 August 2016
Issue of New Shares Issue date for New Shares allotted under the Rights Issue (including New Shares under the Shortfall Facility) and New Shares commence trading on ASX on a normal settlement basis	Thursday, 25 August 2016
Normal Trading Trading of New Shares expected to commence on ASX	Friday, 26 August 2016

This timetable is indicative only and subject to change. The Company reserves the right to change the dates, including the Closing Date without prior notice, subject to the ASX

Listing Rules. Any extension of the Closing Date will have a consequential effect on the anticipated date for allotment and issue of the New Shares.

1.9 Entitlements and acceptances

The Entitlement of Eligible Shareholders to participate in the Offer is determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance Form accompanying this Offer Document.

1.10 Ranking of New Shares

The New Shares issued under the Offer will be fully paid and rank equally with Existing Shares.

1.11 Opening and Closing Dates

The Rights Issue opens on the Opening Date, being 9 August 2016. The Company will accept Entitlement and Acceptance Forms until 5.00pm (AEST) on the Closing Date or such other date as the Directors determine, subject to the ASX Listing Rules.

1.12 Capital structure

Subject to rounding up of fractional Entitlements, the capital structure of the Company following the issue of New Shares is expected to be as follows:

Shares	Number
Shares on issue at 27 July 2016 (the trading day immediately preceding the announcement of the Rights Issue)	236,254,679
Maximum number of New Shares available under the Rights Issue (approximately)	59,063,670
Maximum number of Shares on issue upon completion of the Rights Issue (approximately)	295,318,349

1.13 Options and Convertible Notes

No options will be issued under the Rights Issue. The Company currently has the following options on issue.

Options	Number
Unlisted options over unissued shares with an exercise price of \$0.10 and expiry date of 31 August 2018	130,265,000
Unlisted options over unissued shares with an exercise price of \$0.10 and expiry date of 1 March 2017	1,000,000

Option holders are not entitled to participate in the Rights Issue without first exercising their options (in accordance with the terms and conditions of their options) and being registered as a Shareholder on the Record Date.

In addition to the options listed above, the Company has the following convertible notes on issue.

Convertible Notes	Number
Convertible Notes Series A (\$180,000)	180,000
Convertible Notes Series B (\$120,000)	120,000

Convertible note holders are not entitled to participate in the Rights Issue without first converting their notes (in accordance with the terms and conditions of their notes) and being registered as a Shareholder on the Record Date.

1.14 Participation of Directors under the Rights Issue

Director	Current shareholding	Entitlement
Sophia Zhang (direct & indirect)	15,100,000	3,775,000
John Rawicki	nil	nil
Alan Beasley	nil	nil

1.15 Substantial Shareholders under the Rights Issue

Substantial Shareholder	Current shareholding		Entitlement
	Number	%	
SJL Management Pty Ltd ¹	15,000,000	6.3%	3,750,000
Mining Investments Limited	15,000,000	6.3%	3,750,000
Andrew Murray Gregor	12,000,000	5.08%	3,000,000

Notes:

1. This is an entity controlled by Sophia Zhang, an executive Director of the Company.

In the event all Entitlements are accepted by substantial Shareholders who are Eligible Shareholders, there will be no change to the substantial Shareholders on completion of the Offer.

1.16 Use of proceeds of the Rights Issue

The purpose of the Rights Issue is to raise up to approximately AUD1,181,274. It is proposed that the proceeds of the Rights Issue will be applied by ESM:

- (a) to provide working capital to identify and evaluate a suitable new business in the health care sector, including undertaking due diligence enquiries;
- (b) to provide working capital for ESM generally; and
- (c) to fund costs of the Rights Issue.

In particular the Company proposes to apply the proceeds of the Rights Issue as follows:

Use of Proceeds	\$
Costs of due diligence enquiries*	290,000
Wages**	180,000
Reducing debt***	350,000
General working capital	301,274
Costs of Rights Issue****	60,000
	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 above proposal is an indication of the Company's current intentions as at the date of this Offer Document. As with any budget, intervening and new circumstances have the potential to affect the ultimate way that the funds will be applied. The Board reserves the right to alter the way the funds are applied on this basis.

1.17 Allotment and ASX trading

The Company has applied for quotation of the New Shares on the ASX.

If the ASX does not grant quotation of the New Shares, the Company will not allot any New Shares and all application moneys will be refunded without interest.

It is expected that allotment of the New Shares under the Rights Issue and despatch of holding statements will take place no more than six Business Days after the Closing Date.

It is the responsibility of Applicants to determine the number of New Shares allotted and issued to them prior to trading the New Shares. The sale by an Applicant of New Shares prior to receiving their holding statement is at the Applicant's own risk.

1.18 Market price of the Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are quoted on the ASX.

The highest and lowest and last market sale price of the Shares on the ASX during the three months immediately preceding the date of this Offer Document and the respective dates of those sales are as follows.

	\$	Date
Highest	\$0.023	11 April 2016 – 1 May 2016
Lowest	\$0.01	30 June 2016
Last	\$0.018	4 August 2016

1.19 CHESS

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASX Settlement operates CHESS in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of New Shares.

If you are registered in the Issuer Sponsored Subregister, your statement will be despatched by Security Transfers Registrars Pty Limited (the Company's share registry) and will contain the number of New Shares issued to you under this Offer Document and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will be sent to Shareholders at the end of any calendar month during which the balance of their holding changes. Shareholders may request a statement at any other time, however there may be a charge associated with the provision of this service.

1.20 **No rights trading**

The Rights Issue is non-renounceable. Accordingly, there will be no trading of Entitlements pursuant to this Offer Document on the ASX and Entitlements may not be sold or transferred.

Any New Shares not taken up by an Eligible Shareholder by the Closing Date will form part of the Shortfall and will be dealt with in accordance with the Shortfall Facility.

1.21 **Minimum subscription**

There is no minimum subscription under the Rights Issue.

1.22 **Rights attaching to New Shares**

The New Shares will, from allotment, rank equally with Existing Shares. Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

1.23 **Brokerage**

No brokerage is payable by Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for an Entitlement.

1.24 **Withdrawal of offer**

The Directors may at any time decide to withdraw this Offer Document and the offer of New Shares made under this Offer Document in which case the Company will return all Application Monies (without interest) within 28 days of giving such notice of withdrawal.

1.25 **Governing law**

This Offer Document and the contracts which arise on the acceptance of Applications are governed by the laws applicable in New South Wales and each applicant submits to the non-exclusive jurisdiction of the courts of New South Wales.

1.26 **Enquiries**

This document is important and should be read in its entirety. Persons who are in doubt as to the course of action to be followed should consult their stockbroker or professional adviser without delay.

If you have any questions regarding your Entitlement or the Rights Issue, please do not hesitate to contact the Company Secretary on (02) 8226 3388 or the Share Registry on (08) 9315 2333 or contact your stockbroker or professional advisor.

Section D How to Apply

2. How to apply

2.1 Action required by Shareholders

Your choices

The personalised Entitlement and Acceptance Form will detail the number of New Shares to which you are entitled. You may:

- (a) take up all of your Entitlement in full (refer to section 2.2);
- (b) take up all of your Entitlement in full and apply for additional New Shares under the Shortfall Facility (refer to section 2.3);
- (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 (refer to section 2.4); or
- (d) not take up any of your Entitlement and allow all of your Entitlement to form part of the Shortfall Facility (refer to section 2.5).

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 Company reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date. In this case, any Application Monies (without interest) will be returned.

In the event that there is a Shortfall in the subscriptions under the Rights Issue, the allocation of any additional Shares under the Shortfall Facility will be determined by the Company.

The Company reserves the right to reject any application for additional New Shares or allocate fewer additional New Shares than applied for by subscribers under the Shortfall Facility. Application Monies received but not applied towards subscriptions for additional New Shares under the Shortfall Facility will be refunded as soon as practicable. No interest will be paid on Application Monies held.

2.2 Take up all of your Entitlement

If you wish to take up your Entitlement in full, complete the Entitlement and Acceptance Form in accordance with the instructions set out on the form and forward it, together

with your Application Monies for the amount shown on the form, to reach Security Transfer Registrars Pty Limited (Share Registry) by the Closing Date.

2.3 Taking up all of your Entitlement and Applying for Additional New Shares under the Shortfall Facility

If you wish to apply for New Shares in addition to your Entitlement, complete the Entitlement and Acceptance Form for additional New Shares under the Shortfall Facility and forward it, together with your Application Monies for the amount shown on the form, to reach the Share Registry by the Closing Date.

2.4 Taking up Part of Your Entitlement

If you wish to take up part of your Entitlement, complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up and forward it, together with your Application Monies for the amount shown on the form, to reach the Share Registry by the Closing Date. In this case, the New Shares not taken up by you will form part of the Shortfall and will be dealt with in accordance with the Shortfall Facility.

2.5 Not Take Up Any of Your Entitlement

If you do not wish to accept any part of your Entitlement, do not take any further-action. In this case, your whole Entitlement will form part of the Shortfall and will be dealt with in accordance with the Shortfall Facility.

2.6 Payment for New Shares

The Issue Price for each New Share accepted under your Entitlement is payable on application. If you are paying the Application Monies by cheque, please enclose it with the Entitlement and Acceptance Form. Cheques must be drawn in Australian currency on an Australian bank, made payable to 'Esperance Minerals Limited - Rights Issue Account' and crossed 'Not Negotiable'. Do not forward cash or money orders. Receipts for payment will not be issued.

Alternatively, payment can be made by BPAY® or direct deposit (using the BPAY® or deposit details on the Entitlement and Acceptance Form).

Application Monies will be held on trust for applicants until allotment of the New Shares. Any Application Monies refunded will not include interest.

2.7 Entitlement and Acceptance Form is Binding

A completed and lodged Entitlement and Acceptance Form constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Document and, once lodged, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an Entitlement and Acceptance Form as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

2.8 Representations by acceptance

By completing and returning your personalised Entitlement and Acceptance Form, in addition to the representations set out elsewhere in this Offer Document and in the Entitlement and Acceptance Form, you:

- (a) represent to the Company that you are an Eligible Shareholder;
- (b) acknowledge that you have read and understood this Offer Document and the Entitlement and Acceptance Form in their entirety;
- (c) agree to be bound by the terms of the Rights Issue, the provisions of this Offer Document and the Constitution;
- (d) authorise the Company to register you as the holder(s) of the New Shares allotted to you;
- (e) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (f) acknowledge that once the Company receives your completed personalised Entitlement and Acceptance Form, you may not withdraw your Entitlement and Acceptance Form or Application Monies except as allowed by law;
- (g) agree to apply for and be issued up to the number of New Shares specified in the Entitlement and Acceptance Form at the issue price of \$0.02 per New Share;
- (h) declare that you were the registered holder(s) at the Record Date of the Shares indicated on your personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- (i) acknowledge that this Offer Document is not a prospectus, does not contain all of the information that you require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to the ASX;
- (j) acknowledge the statement of risks in Section 3 of this Offer Document and that investments in the Company are subject to risk;
- (k) represent and warrant that the law of any place does not prohibit you from being given this Offer Document and the Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and that you are otherwise eligible to participate in the Offer;
- (l) represent and warrant that you are not in the United States and you are not acting for the account or benefit of a person in the United States; and
- (m) you understand and acknowledge that neither the Entitlements nor New Shares have been, or will be, registered under the US Securities Act 1933 or the securities laws of any state or other jurisdiction in the United States and the Entitlements may not be issued, to, purchased or traded by, or taken up or

exercised by, and the New Shares may not be offered or sold to, persons in the United States or persons who are acting for the account of a person in the United States.

Section E Risk Factors

3. Risk Factors

3.1 General risks

An investment in New Shares should be regarded as speculative and involves a number of risks.

Eligible Shareholders intending to participate in the Rights Issue should refer to the announcements made by the Company to the ASX. This information is available from the ASX website, www.asx.com.au (ASX Code: ESM).

Shareholders should consider the investment in the context of their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Shareholder should consult their own stockbroker, solicitor, accountant or other professional adviser before deciding whether or not to invest in the New Shares.

The New Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

The following general risks may significantly impact the Company, its performance and the price or value of the New Shares:

- (a) economic conditions in Australia and internationally;
- (b) investors' sentiment and share market conditions;
- (c) changes in fiscal and monetary policy by governments;
- (d) changes in taxation and other laws;
- (e) natural disasters;
- (f) war or terrorist attacks;
- (g) changes in commodity prices and foreign exchange rates; and
- (h) availability of credit.

3.2 Business risk

The Company currently does not have an operating business. The ASX has permitted the Company to continue trading its Shares on the ASX until the Company makes an announcement to the market of its intention to acquire a suitable new business which would constitute the Company's new main undertaking or 15 September 2016, whichever occurs first, at which point, the Company's Shares will be suspended from

trading on the ASX until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules.

While the Board remains confident that it will be in a position to identify, evaluate and announce a suitable business acquisition prior to 15 September 2016, there is a risk that the Company would not have entered into an agreement to make an acquisition of a suitable business prior to that date.

In any event, Shareholders should note that if the Company is unable to announce a suitable business acquisition prior to 15 September 2016, the Company's Shares will be suspended from trading on the ASX from 15 September 2016. From that date, until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and is re-admitted to the official list of the ASX, the Shares will be illiquid, and Shareholders will not be able to realise their investment on-market during the period of suspension.

3.3 **Dilution**

The completion of the Rights Issue will result in the issue of approximately 59,063,670 New Shares. If an Eligible Shareholder does not take up their full Entitlement their percentage holding of Shares will be diluted.

3.4 **No cooling off**

There are no cooling off rights in relation to the Rights Issue. You cannot withdraw your Application for New Shares once it has been submitted.

3.5 **No guarantee of future performance**

While the Rights Issue will help improve the Company's financial position and provide it with additional flexibility, it does not guarantee the Company's future financial performance.

3.6 **Liquidity risk**

There can be no guarantee that there will be an active market for the Shares or that the price of the Shares will increase. In any case, trading in the Company's Shares will be suspended from no later than 15 September 2016. There may be relatively few buyers or sellers of Shares on ASX at any given time. This may affect the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less than the price paid under the Offer. Furthermore, there is a risk that, should the market for the Shares become illiquid, Shareholders will be unable to realise their investment in the Company.

3.7 **Movement in Australian and overseas share markets and financial markets generally**

A number of factors affect the performance of stock market investments that could also affect the price at which shares trade on the ASX. Movements on international stock markets, local interest rates and exchange rates, domestic and international economic

conditions, as well as government taxation and other policy changes may affect the stock market.

3.8 **Future capital requirements**

The Company may require further financing in the future, in addition to amounts raised pursuant to the Rights Issue, for example to make an acquisition(s) or retire debt. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the current market price (or Issue Price) or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities. The increase in the number of Shares issued and outstanding and the possibility of sales of such shares may have a depressive effect on the price of Shares. In addition, as a result of such additional Shares, the voting power of the Company's existing Shareholders will be diluted.

No assurances can be given that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and this could have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern.

3.9 **Potential acquisitions**

As part of its business strategy, the Company intends to make acquisitions of or significant investments in companies it identifies as potential acquisition targets. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies.

Section F Additional Information

4. Additional information

4.1 Effects of rounding and warning against Share splitting

All Entitlements will be rounded up to the nearest whole number of New Shares. If the Company reasonably believes that a Shareholder has been a party to the splitting or division of a shareholding in an attempt to obtain an advantage from the rounding up of Entitlements, then the Company reserves the right to round the Entitlement of such holdings so as to provide only the number of New Shares that would have been received but for the splitting or division.

4.2 Financial information

The Company published its results for the half year ended 31 December 2015 on 15 March 2016. Shareholders should refer to the Half Yearly Accounts and related announcements on the ASX website (www.asx.com.au) should they wish to obtain more detailed disclosures and commentary on historical financial information.

Investors should note that the past price performance of the Company's Shares provides no guidance as to future price performance.

4.3 Forward looking statements

This Offer Document may include forward looking statements that have been based on current expectations about future acts, events and circumstances. These forward looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward looking statements.

4.4 Tax

You should be aware that there may be taxation implications associated with participating in the Rights Issue.

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under the Offer.

The Company does not accept any responsibility in this regard, and Shareholders should consult with their professional tax adviser.

The Directors recommend that all Shareholders consult their own professional tax advisers in connection with subscribing for, or subsequent disposal of, New Shares.

4.5 Continuous disclosure

The Company is a 'disclosing entity' under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports.

The Company is required to notify the ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the securities markets conducted by the ASX. In particular, the Company has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of its securities. That information is available to the public from the ASX.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company, which has been notified to ASX, and does not include all the information that would be included in a disclosure document or which investors ought to have regard to in deciding whether to subscribe for New Shares under the Rights Issue. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

All announcements made by the Company are available on the ASX website www.asx.com.au (ASX:ESM).

Some documents are required to be lodged with ASIC in relation to the Company. These documents may be obtained from, or inspected at, an ASIC office. In addition, the Company is required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a directors' statement and report, and an audit report or review. These reports are released to ASX and published on the ASX website.

Section G Defined Terms

The following definitions are used in this Offer Document:

Applicant	means a person who submits an Entitlement and Acceptance Form and pays the applicable Application Monies.
Application	means an application for New Shares (including Shortfall Shares under the Shortfall Facility) pursuant to the Offer made under an Entitlement and Acceptance Form or by making payment via BPAY®.
Application Monies	means the Issue Price, multiplied by the number of New Shares.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited ACN 008 624 691, or where the context prescribes, the Australian Securities Exchange operated by ASX Limited.
ASX Listing Rules	means the official listing rules issued and enforced by the ASX, as amended from time to time.
ASX Settlement	means ASX Settlement Pty Ltd ACN 008 504 532.
ASX Settlement Operating Rules	means the operating rules of ASX Settlement.
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.
Closing Date	means 5.00 pm (AEST) on 18 August 2016 unless extended in accordance with the ASX Listing Rules.

Company or ESM	means Esperance Minerals Limited ACN 009 815 605.
Constitution	means the constitution of the Company, as amended from time to time.
Corporations Act	means <i>Corporations Act 2001</i> (Cth).
Directors	means the directors of the Company.
Dollars or \$ or AUD	is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia.
Eligible Shareholders	means a person who is registered as the holder of Shares on the Record Date.
Entitlement	means the entitlement to subscribe for New Shares under this Offer Document and Entitlements has the corresponding meaning.
Entitlement and Acceptance Form	means the 'Entitlement and Acceptance Form' accompanying this Offer Document.
Existing Shares	the Shares in the Company on issue as at the Record Date.
Issue Price	means \$0.02 per New Share.
Issuer Sponsored	means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.
New Share	means a new Share proposed to be issued pursuant to the Rights Issue.
Offer Document	means this offer document dated 9 August 2016.

Official Quotation and Officially Quoted	means officially quoted on the ASX.
Opening Date	means the date that the Rights Issue opens, being 9 August 2016.
Record Date	means 5.00pm (AEST) on 4 August 2016.
Rights Issue	has the meaning given in Section 1.1.
Share	means a fully paid ordinary share in the issued capital of the Company and Shares means any two or more of them.
Share Registry	means Security Transfers Registrars Pty Limited ACN 008 894 488.
Shareholder	means a registered holder of Shares.
Shortfall Facility	means the offer to Eligible Shareholders to subscribe for any Shortfall Shares in addition to their allocated Entitlement under the Rights Issue.
Shortfall Shares	means the number of New Shares offered under the Rights Issue for which valid Applications have not been received on the exercise of an Entitlement.

Section H Corporate Directory

Directors

Alan Beasley (Chairman)
John Rawicki
Sophia Zhang

Share Registry*

Security Transfer Registrars Pty Limited
PO Box 52, Collins Street West
VIC 8007
AUSTRALIA

Registered Office

Level 7, 99 Macquarie Street
SYDNEY NSW 2000
AUSTRALIA

Auditor*

RSM
Level 13, 60 Castlereagh Street
Sydney NSW 2000
AUSTRALIA

Company Secretary

Barney Cheung, CPA

ASX Code

ESM

* These have been included for information purposes only. They have not been involved in the preparation of this Offer Document.