

# ESPERANCE MINERALS LIMITED (ASX: ESM)

31 October 2016

## Quarterly Report for July to September 2016

The Directors of Esperance Minerals Limited (ASX: ESM or “Esperance”) release the quarterly report and appendix 5B for the period ended 30 September 2016:

### CORPORATE

#### New Project Generation

During the quarter, the Board continued to undertake a thorough review of business opportunities both within and outside mining exploration. The company reviewed several opportunities in the health care sector during the quarter, however, after further consideration the Board deemed those opportunities did not present shareholders with sufficient value. While the Company has not entered into an acquisition agreement as at the date of this notice, the Board is currently negotiating a potential acquisition with a view to entering into an agreement and announcing it to market through an ASX announcement shortly.

Shares in the Company were suspended from trading on 28 September 2016 and will remain in suspension 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.

Any Acquisition agreement that Esperance enters into will be subject to satisfactory completion of due diligence, approval by shareholders of Esperance in a general meeting and Esperance re-complying with Chapters 1 and 2 of the ASX Listing Rules.

The Board looks forward to providing a further update on progress very soon.

#### Funding

On 28 July 2016 the Company announced a 1 for 4 non-renounceable Rights Issue at \$0.02 to raise up to \$1.18 million. A Shortfall of 58,944,870 shares remains, and the Company is currently negotiating with investors to place this Shortfall as soon as practicable. The Company also has a \$300,000 convertible note debt facility in place. The balance of the facility is \$300,000 plus accumulated interest accruing at a rate of 10% per annum. The Convertible Notes are unsecured and repayable or convertible into equity at the noteholders’ option. Full details of the Convertible Notes can be found in ESM’s annual report.

The Board has received significant interest from investors to participate in the Rights Shortfall, and will update the market on progress via ASX announcement in due course.

The Board has implemented cost-saving measures, including reduction of overheads and freezing of directors’ fees until this funding is in place.



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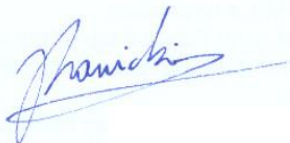
## Board Composition

There were no changes to the Board composition during the quarter.

The current board of the Company is:

Mr. Alan Beasley - Chairman  
Mr. John Rawicki - Executive director  
Ms. Sophia Zhang - Managing Director  
Mr. Barney Cheung - Company secretary

For further information, please contact John Rawicki.

A handwritten signature in blue ink, appearing to read "Rawicki", with a horizontal line underneath.

**John Rawicki**  
**Executive Director**

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Website: [www.esperanceminerals.com](http://www.esperanceminerals.com)

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Esperance Minerals Limited
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ABN

59 009 815 605
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Quarter ended ("current quarter")

30 September 2016
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### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3...months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) administration	(165)	(165)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (GST refund)	-	-
<b>Net Operating Cash Flows</b>	<b>(165)</b>	<b>(165)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(165)</b>	<b>(165)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(165)	(165)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	1	1
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	1	1
	<b>Net increase (decrease) in cash held</b>	(164)	(164)
1.20	Cash at beginning of quarter/year to date	240	240
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	76	76

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	31
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Director's fees paid for the current period and retirement benefit.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	25	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	-
4.3 Production	-
4.4 Administration	41
<b>Total</b>	<b>41</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	6	2
5.2 Deposits at call	70	238
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>76</b>	<b>240</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.1	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

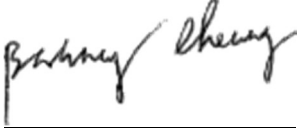
*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	236,373,492	236,373,492	Fully paid	Fully paid
7.4 Changes during quarter (a) Increases through issues   (b) Decreases through returns of capital, buy-backs	27,000,000 43,906,457 118,813	27,000,000 43,906,457 118,813	\$0.02 \$0.01 \$0.02	\$0.02 \$0.01 \$0.02
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	Convertible Notes maturing 31 August 2017 paying interest of 10% Shareholder approval 30 April 2014 for \$900,000 - \$800,000 issued and \$500,000 converted \$300,000 on issue	Nil	Converting at the lower of 5 cents or 5 day VWAP prior to conversion notice. Share with an attaching Option	
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	1,000,000 130,265,000	Nil Nil	<i>Exercise price</i> \$0.10 \$0.10	<i>Expiry date</i> 1 March 2017 31 August 2018
7.8 Issued during quarter	91,523,616	Nil	\$0.10	31 August 2018
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 28 October 2016  
(Company secretary)

Print name:

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.  
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