

Esperance Minerals Limited (ASX: ESM)

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22 February 2018

QUARTERLY REPORT FOR APRIL TO JUNE 2017

The Directors of Esperance Minerals Limited (ASX: ESM or “Esperance”) are pleased to release the quarterly report and appendix 5B for the period ended 30 June 2017:

CORPORATE

New Project Generation

During the quarter the company continued to progress with its due diligence program for the Greenenz transaction.

Significant engineering works were carried out on Greenenz’s pilot plant in Salt Lake City, Utah, to simplify overall plant design and improve performance. The upgrades to the plant design will enable the plants to generate increased revenues at lower operating costs. The plants will meet all applicable global environmental standards and regulations.

A variety of e-waste feedstock types were extensively tested during the trial of Greenenz’s pilot plant, including computers, mobile phones, printed circuit boards, and laptops to determine the optimal processing mix. Results of the precious metals recovery trials were analysed and verified by accredited independent specialists in the United States. Further details will be provided in the upcoming Prospectus disclosure document to be prepared by Esperance in due course.

Comprehensive emissions testing was carried out at the trial plant in Utah by an accredited independent laboratory to ensure the Greenenz process complies with all required EPA (Environmental Protection Agency) regulations and standards.

Background

In December 2016 the Company announced it had entered into an agreement with the shareholders of unlisted New Zealand company, Greenenz Group Limited (**Greenenz**). Greenenz has developed a gasification technology that efficiently recovers high concentrations of precious metals from electronic waste (e-waste) in an environmentally-friendly manner.

The agreement with Greenenz is subject to the due diligence trial being acceptable to the Company, and the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

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.

If the proposed transaction is completed, then it will result in a significant change in ESM's activities and shareholding structure. The Company will cease to be a mining exploration entity under the Listing Rules.

The Board looks forward to announcing the complete details of the Greenenz transaction and relisting timetable to market in the near future.

Funding

No funding activities were carried out by the company during the quarter.

Board Composition

No changes to the board were made during the quarter.

FOR FURTHER INFORMATION PLEASE CONTACT

John Rawicki
Executive Director

A handwritten signature in blue ink, appearing to read 'Rawicki', with a horizontal line extending from the end of the signature.

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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

ABN

59 009 815 605

Quarter ended ("current quarter")

30th June 2017

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12...months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(92.0)	(602.0)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(43.0)	(716.4)
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)	-	-
	Net Operating Cash Flows	(135.0)	(1,318.4)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(2)	(2)
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)	-	-
	Net investing cash flows	-	-
1.13	Total operating and investing cash flows (carried forward)	(137.0)	(1,320.4)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	391.8
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	70.0	652.0
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	50.0
	Net financing cash flows	70.0	1,093.8
	Net increase (decrease) in cash held	(67.0)	(226.6)
1.20	Cash at beginning of quarter/year to date	80.6	240.2
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	13.6	13.6

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	8.2
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Accrued director's fees paid for the previous period.

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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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	36
Total	36

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	5.5	60.4
5.2 Deposits at call	8.1	20.2
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	13.6	80.6

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	Preference securities <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	*Ordinary securities	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	Nil			
7.5	*Convertible debt securities <i>(description)</i>	(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 (ii) 32,600,000 unsecured redeemable converting notes for \$652,000, maturing on 31/12/17	Nil	(i) Converting at the lower of 5 cents or 5 day VWAP prior to conversion notice. Share with an attaching Option (ii) face value of \$0.02 each converting into fully paid ordinary shares in the Company at \$0.02 per share.	
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	3,500,000 unsecured redeemable converting notes with face value of \$0.02 each converting into fully paid ordinary shares in the Company at \$0.02 per share. Conversion of the notes is subject to Shareholder approval at a General Meeting.	Nil	\$0.02	\$0.02
7.7	Options <i>(description and conversion factor)</i>	130,265,000	Nil	<i>Exercise price</i> \$0.10	<i>Expiry date</i> 31 August 2018
7.8	Issued during quarter	Nil			
7.9	Exercised during quarter	Nil			

+ See chapter 19 for defined terms.

7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

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: 
(Company secretary)

Date: 22 February 2018

Print name: John Rawicki

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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