Esperance Minerals Limited (ASX: ESM)

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22 February 2018

QUARTERLY REPORT FOR OCT TO DEC 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 31 December 2017:

CORPORATE

Continuation of Greenenz Transaction

During the quarter the company finalised the key terms of the Greenenz transaction, and submitted an Application for In-Principle Advice on relisting the Company with the Australian Stock Exchange (ASX) which was positively received by the ASX.

Specifically, the ASX confirmed that they were "not aware of any reason that would cause [the Company] not to have a structure and operations suitable for a listed entity for the purposes of Listing Rule 1.1 condition 1 or that would cause ASX to exercise its discretion to refuse admission to the official list under listing rule 1.19".

Discussions continued with potential ewaste feedstock suppliers and plant operators in a number of key global regions to lock in sufficient supply of feedstock on commercially attractive terms prior to the Company relisting.

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

During the quarter the Company raised $128,000 through a new Convertible Note (Series F) for working capital to be utilised for the purposes of relisting the Company. Series F Convertible Notes are convertible into ordinary shares of the Company at a face value of 2 cents per share and mature on 30th June 2018.

Board Composition

No changes to the board were made during the quarter.

FOR FURTHER INFORMATION PLEASE CONTACT

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Executive Director

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Rule 5.3

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	Quarter ended ("current quarter")
59 009 815 605	31st December 2017

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (6 months) $A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) administration	(57.6)	(96.8)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	(0.2)	(2.7)
1.6	Income taxes paid	-	-
1.7	Other (GST refund)	4.1	7.7
	Net Operating Cash Flows	(53.7)	(91.8)
	Cash flows related to investing activities		
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)	-	-
	Net investing cash flows	-	-
1.13	Total operating and investing cash flows (carried forward)	(53.7)	(91.8)

+ See chapter 19 for defined terms.

	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	128.0	128.0
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	128.0	128.0
	Net increase (decrease) in cash held	74.3	36.2
1.20	Cash at beginning of quarter/year to date	(24.5)	13.6
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	49.8	49.8

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	7.5
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

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

+ 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	50	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	-
4.2	Development	-
4.3	Production	-
4.4	Administration	25
	Total	**25**

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	49.7	(24.6)
5.2	Deposits at call	0.1	0.1
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	49.8	(24.5)

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.

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** *(description)*				
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** *(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 (ii) 32,600,000 unsecured redeemable converting notes (Series E) for $652,000, maturing on 30/06/18 (iii) 6,400,000 unsecured redeemable converting notes (Series F) for $128,000, maturing on 30/06/18	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. (iii) 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	(a) see (iii) above	Nil	(a) See (iii) above	
7.7	**Options** *(description and conversion factor)*	130,265,000	Nil	*Exercise price* $0.10	*Expiry date* 31 August 2018
7.8	Issued during quarter	Nil			

+ See chapter 19 for defined terms.

7.9	Exercised during quarter	Nil			
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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+ See chapter 19 for defined terms.