25 October 2018

The Directors
Esperance Minerals Limited
Level 7, 99 Macquarie Street
Sydney NSW 2000

Dear Sirs,

Independent Expert's Report for Proposed Placement

1. INTRODUCTION

Background

1.1 Esperance Minerals Limited ("Esperance" or "the Company") is an Australian public listed company which is actively seeking new investment opportunities capable of bringing value to shareholders.

1.2 Esperance initially announced to the market in December 2016 that it had entered into a binding heads of agreement to acquire Greenenz Group Limited ("Greenenz").

1.3 Greenenz has developed technology that efficiently recovers high concentrations of precious metals (including gold, silver and palladium) from electronic waste (e-waste) with patented core componentry in an environmentally friendly manner ("Greenenz Technology").

1.4 Greenenz is controlled equally by Winston Developments Limited ("WDL"), a company controlled by Mark Riddiford, and Breeze Solutions Limited ("BSL"), a company controlled by Wayne Breeze ("Greenenz Shareholders").

1.5 Following completion of due diligence and a successful commercial scale trial of Greenenz Technology, a Placement Agreement has been entered into between the Company, Greenenz and Greenenz Shareholders ("Placement Agreement"). The Placement Agreement provides the Company with the rights to acquire and establish projects incorporating the Greenenz Technology for the extraction of precious metals from e-waste, detailed further at section 6.

1.6 The Placement is subject to shareholder approval as it will result in Greenenz Shareholders holding a greater than 20% equity interest in the Company.

1.7 The Placement, detailed further at section 2, is referred to in this report as the "Transaction".

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CORPORATE (NSW) LIMITED

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Opinion

1.8 In our opinion, the Transaction is fair and reasonable to the Non-Associated Shareholders of Esperance.

1.9 The ultimate decision however on whether to accept the Transaction should be based on shareholders own assessment of their circumstances.

Purpose of Report

1.10 You have requested HCC to prepare an Independent Expert's Report to advise the shareholders of Esperance other than those associated with the proposed issue of Esperance shares to Greenenz Shareholders ("Non-Associated Shareholders"), whether the proposed Transaction is fair and reasonable when considered in the context of the interests of Non-Associated Shareholders and to set out the reasons for our conclusions.

1.11 HCC understands and has agreed that this report will accompany the notice to convene a meeting of Esperance shareholders, to assist the Non-Associated Shareholders in their consideration of the Transaction.

2. OUTLINE OF THE PROPOSED TRANSACTION

2.1 The Transaction has been structured to deliver an aligned, multi-jurisdictional project execution strategy that the Company believes will create long-term shareholder value.

2.2 The Placement Agreement contains terms of the subscription by the Placement Investors for 307,366,025 Consolidated Shares at the issue price of $0.0023 per Consolidated Share ("**Placement Shares"**). Of the total number of Placement Shares, Greenenz Shareholders will subscribe an amount of $580,750 for 252,500,000 Consolidated Shares constituting 82.15% of the Placement Shares and 50.87% of the issued capital of the Company. The balance of Placement Shares is being subscribed by third party investors.

2.3 The total of $706,942 ("**Placement Subscription Price"**) to be subscribed by Placement Investors for the Placement Shares will be used by the Company for working capital.

2.4 In addition, the Company is seeking shareholder approval to undertake a Capital Raising to raise up to $20,000,000 through the issue of 100,000,000 Consolidated Shares at $0.20 per Consolidated Share with 25,000,000 free attaching Loyalty Options on a 1:4 basis, with a minimum raising of $15,000,000 with 18,750,000 free attaching Loyalty Options on a 1:4 basis. Loyalty Options have an exercise price of $0.25 per share and have an exercise period of three years.

2.5 The Transaction involves the following:

a) A change in the name of the Company to E-3Sixty Limited;

b) A change in the nature and scale of the Company's activities;

c) Consolidation of the Company's share capital at a ratio of one Consolidated Share for every ten Shares;

d) Placement of 307,366,025 shares in the Company at $0.0023 per share for cash consideration totalling of $706,942;

e) The approval to issue up to 100,000,000 Shares under a Prospectus at $0.20 per Consolidated Share to raise $20,000,000, with a minimum raise of $15,000,000 through the issue of 75,000,000 shares at $0.20 per share (the "Capital Raising");

f) The election of Wayne Breeze and Mark Riddiford as Directors of the Company;

g) The issue of Consolidated Shares to the holders of Series A, Series B, Series E and Series F Converting Notes;

h) The issue of 20,000,000 Consolidated Shares to Tasman (10,000,000) and Union Pacific Investments (10,000,000), each an advisor to the Company, as payment for professional fees;

i) The issue of 393,360 Consolidated Shares as settlement for $147,296 in creditors ("Creditor Settlement").

2.6 Resolutions relating to points b), c), d) and e) are interdependent and subject to each being passed. Resolutions relating to points f), g), and h) are conditional on approval of the Placement.

2.7 Completion of the Transaction is subject to, amongst other things:

- Approval and completion of the Placement;
- Execution of the First Project Transaction Documents and completion of the acquisition of the Processing Plant located in the United Kingdom from Lodge Cottrell as part of the establishment and operation of the First Project by the Company;
- Execution of the Australian Project Transaction Documents;
- Greenenz Group granting the Company the Initial Project Options (in respect of four Projects and in addition to the First Project and the Australian Project);
- Greenenz Group and E3sixty Holdings have entered into the Exclusivity Deed regarding territorial exclusivity;
- Breeze or Breeze Solutions entering into the Breeze Services Agreement and Riddiford or Winston Developments entering into the Riddiford Services Agreement; and
- The Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

2.8 The following tables show the effect on the share capital of Esperance after the Transaction and Capital Raising:

Effect on Ordinary Shares	Shares	
Ordinary shares currently on issue	236,373,492	236,373,492
Shares on issue Post Consolidation	23,637,350	23,637,350
Conversion of Series A & B Convertible Notes	2,190,156	2,190,156
Conversion of Series E Convertible Notes	22,820,000	22,820,000
Conversion of Series F Convertible Notes	20,000,000	20,000,000
	68,647,506	**68,647,506**
Creditor Settlement	393,360	393,360
Placement Shares	307,366,025	307,366,025
Professional fees paid in shares	20,000,000	20,000,000
Capital Raising – Minimum / Maximum	75,000,000	100,000,000
Ordinary shares on issue upon relisting	**471,406,891**	**496,406,891**

2.9 The Company is seeking Shareholder approval for the Capital Raising and the conversion of all Convertible Notes on issue into shares. However these additional share issues are not conditions of the Transaction. If approved, the Placement will proceed regardless of whether the conversion of the Convertible Notes or the Capital Raising occurs.

2.10 Immediately following completion of the Placement, the maximum equity interest which could be held by Greenenz Shareholders prior to any conversion of notes or the Capital Raising proceeding is 76.28%.

2.11 If all resolutions are approved and shares issued accordingly, Greenenz Shareholders will hold a total interest in Esperance of up to 53.56%, following the minimum Capital Raise, or 50.87% if the maximum Capital Raise is achieved.

2.12 Although the conversion of the Convertible Notes is not a condition precedent of the Transaction, it is the intention of ESM to issue these additional shares, subject to shareholder approval. The percentage interests detailed above assume the Convertible

Notes are converted into shares. Prior to these shares being issued, the equity interest held by Greenenz Shareholders following completion of the Transaction and the minimum Capital Raise is 59.22%.

2.13 Following completion of the Transaction, Esperance's existing Non-Associated shareholders interest will decrease from 100% to 5.01% following the minimum Capital Raising, or as low as 4.76% if the maximum Capital Raising is achieved, prior to any existing shareholders participating in the Capital Raising. The equity interest held by existing Non-Associated shareholders following completion of the Placement Transaction but prior to any conversion of notes or the Capital Raising proceeding is 6.73%.

STRUCTURE OF REPORT

Our report is set out under the following headings:

APPENDICES

3 PURPOSE OF REPORT

3.1 The purpose of this report is to advise the Non-Associated Shareholders of Esperance of the fairness and reasonableness of the Transaction. This report provides an opinion on whether or not the terms and conditions in relation to the transaction are fair and reasonable to the Esperance shareholders whose votes are not to be disregarded in respect of the transaction (that is, the Non-Associated Shareholders).

3.2 The ultimate decision whether to accept the terms of the Transaction should be based on each shareholders' assessment of their own circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt about the Transaction or matters dealt with in this report, shareholders should seek independent professional advice.

3.3 For the Transaction to be fair, the value of the consideration being paid for the Esperance shares must be equal to or greater than the value of the shares. To be reasonable the shareholders must obtain an overall benefit if the Transaction proceeds. In forming an opinion as to whether the Transaction is fair and reasonable, the following factors have been considered:

- the underlying value of Esperance shares to be issued under the Placement;
- the likely market price and liquidity of Esperance shares if the Transaction is not implemented;
- the likelihood of an emergence of an alternative proposal that would realise better value for Esperance Shareholders.

3.4 This report has been prepared to satisfy the requirements of the Corporations Act 2001 (Cth) ("Corporations Act") and the ASX Listing Rules.

3.5 When the Transaction is approved and completed, Greenenz Shareholders will be entitled to a total relevant interest in Esperance of a minimum of 50.87% and up to 76.28% (prior to any conversion of notes or the Capital Raising proceeding).

3.6 Section 606(1) of the Corporations Act states that a person must not acquire an interest in issued voting shares in a listed company if that person's or any other person's voting power increases to above 20%. Section 606(1) prohibits Greenenz Shareholders from acquiring the issued ordinary shares in Esperance under the Transaction, unless one of the exemptions set out in Section 611 of the Corporations Act applies.

3.7 Item 7 of Section 611 of the Corporations Act exempts an acquisition that is approved by a resolution of shareholders of Esperance passed at a general meeting as per Section 611. This is the exception which is being relied upon by the Esperance shareholders. At the general meeting of Esperance shareholders no votes will be allowed to be cast by those persons (or their associates) acquiring shares as part of the Transaction (that is Greenenz Shareholders).

3.8 Australian Securities and Investments Commission ("ASIC") Regulatory Guide 111 "Content of Experts Reports" requires, amongst other things, that directors of a company need to provide shareholders with an analysis of whether a proposed transaction is fair and reasonable, when considered in the context of the interests of the non-associated shareholders. Regulatory Guide 111 recommends that this analysis should include an independent expert's report. The independent expert is required to state whether, in their opinion, the proposal is fair and reasonable having regard to the interests of non-associated shareholders and state the reasons for forming that opinion. This report provides such an opinion.

3.9 The Transaction constitutes a significant change in the nature and scale of the Company's activities. ASX Listing Rule 11.1 sets out the requirements an entity must adhere to when undergoing a change to the nature or scale of their activities. The entity must provide the ASX with information regarding the change and its effect on future potential earnings and must ensure approval is obtained from the shareholders to effect the change of activities. The proposed Transaction, if successful, will result in the Company changing the nature and scale of its business. ASX Listing Rule 11.1.2 requires the Company to seek Shareholder approval where it proposes to make a significant change. ASX Listing Rule 11 does not specifically require the notice to include or be accompanied by a copy of an independent expert's report commenting on the issue.

4. OPINION

4.1 In our opinion, the proposed Transaction is fair and reasonable to the Non-Associated Shareholders of Esperance.

4.2 Our opinion is based solely on information available as at the date of this report.

4.3 The principal factors that we have considered in forming our opinion are summarised below.

Fair

4.3.1 In order to assess whether the Transaction is fair, we need to compare the pre-transaction value on a control basis with the post-transaction values on a minority basis, as the existing Non-Associated Shareholders of Esperance will lose control of the Company to Greenenz Shareholders after the Transaction. This is shown in the table below on a post-consolidation basis:

Esperance Value and Opinion	Low	High	Placement Alone [2]
Control value per share [section 9]	**(0.049)**	**(0.049)**	**(0.049)**
Shares on issue, post-consolidation	23,637,349	23,637,349	23,637,349
Control valuation, pre-Transaction	(1,160,777)	(1,160,777)	(1,160,777)
Debt retired from conversion of notes [1]	1,698,291	1,698,291	
Creditor settlement in shares	78,672	78,672	
Proceeds from Placement	706,942	706,942	706,942
Proceeds from Capital Raising (Min/Max) [2]	15,000,000	20,000,000	
Post-Transaction Value	**16,323,128**	**21,323,128**	**(453,835)**
Post-Transaction shares on issue	471,406,891	496,406,891	331,003,375
Value per share	**0.035**	**0.043**	**(0.001)**
Minority discount	10%	10%	10%
Post-Transaction Valuation per share	**0.031**	**0.039**	**(0.001)**

[1] If the Convertible Notes were treated as equity instruments in determining the net assets of the Company, the current value per share on a controlling interest basis would be $0.009 ($582,223 / 68,647,506 shares) and the resulting post-Transaction valuation per share is as per the table above, which still results in an increase in the value of the Esperance shares and the Transaction being fair. If shareholders do not approve the conversion of the Convertible Notes and they remain liabilities for the purpose of the above calculation, the resulting pre and post transaction values remain the same and the Transaction is still fair, as the average conversion price of the Convertible Notes is $0.039 per share.

[2] Given the Company currently has a negative value, completing the Placement alone, prior to any conversion of debt or Capital Raising being undertaken, will result in an increase in the value of shares held by Non-Associated Shareholders, as shown in the last column above.

4.3.2 In our opinion the Transaction is **fair** as the value of the Esperance shares held by Non-Associated Shareholders increases as a result of the Transaction.

Reasonable

4.4 ASIC Regulatory Guide 111 states that a transaction is reasonable if:

- The Transaction is fair; or
- Despite not being fair the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

4.4.1 We have concluded that the Transaction is reasonable. In forming our opinion we have considered the following relevant factors:

- The Placement provides necessary working capital to pursue the opportunity for the Company to enter the e-waste industry by adopting the Greenenz Business Model using Greenenz Technology under licence;
- Approving the Transaction will allow the conversion of the convertible notes on issue in the Company, reducing the borrowings in the Company by $1,698,291.
- The Company is currently in a negative net asset position with no business activity. The continuing viability of the Company as a going concern depends on identifying suitable opportunities that will sustain a viable business. The Transaction presents an opportunity to continue as a going concern by facilitating the recapitalisation and relisting of the Company and adopting the Greenenz business model.
- Given the Company's limited capital and lack of income producing assets it will have difficulty in creating significant long-term value for shareholders in its current state. The Directors of Esperance have determined that the new direction to be taken by the Company has the potential to increase Esperance shareholder value and provide the Company with a future business direction.
- The Transaction may provide an opportunity for Esperance shareholders to experience growth in the value of shares and significantly boost Esperance's market capitalisation. The Placement and Capital Raising will allow the Company to raise the required working capital to increase shareholder value, liquidity of the Esperance shares and provide the Company with a viable future business.
- The Board currently comprises an experienced and skilled set of Directors. On completion of the Transaction, Wayne Breeze and Mark Riddiford will join the Board to guide the growth and development of the Company based on their knowledge and experience in developing the Greenenz Technology. Wayne Breeze and Mark Riddiford are best placed to oversee the Company's potential commercialisation of the Greenenz Technology.
- The Consolidation of Shares will provide a more simplified capital structure for the Company.
- We are unaware of any alternative proposal at the date of this report that would realise better value for Esperance shareholders.

4.5 Accordingly, in our opinion, the Transaction is fair and reasonable to the Non-Associated Shareholders of Esperance.

5 BASIS OF EVALUATION

5.1 In our assessment of whether the Transaction is fair and reasonable to Esperance Non-Associated Shareholders, we have given due consideration to the Regulatory Guides issued by the ASIC, in particular, Regulatory Guide 74 “Transactions Agreed to by Shareholders”, Regulatory Guide 111 “Content of Experts Reports” and Regulatory Guide 112 “Independence of Experts Reports”.

5.2 ASIC Regulatory Guide 74 requires, amongst other things, that shareholders are provided with sufficient information to make an effective, informed decision on whether the proposed Transaction is fair and reasonable. Under Regulatory Guide 111, a transaction is “fair” if the value of the asset being acquired is equal to or greater than the value of the consideration being offered. Additionally, under Regulatory Guide 111 an offer is “reasonable” if it is fair. It is possible for an offer to be reasonable despite being unfair. This would be after the expert considers that, based on non-financial factors, the shareholders should still approve the Transaction in the absence of any alternative proposals.

5.3 Our report has compared the likely advantages and disadvantages to Non-Associated shareholders if the Transaction is agreed to, with the advantages and disadvantages to those shareholders if it is not. Comparing the value of the shares to be acquired under the Transaction and the value of the consideration to be paid is only one element of this assessment.

5.4 We have considered whether any shareholder will obtain a level of control in Esperance as a result of the proposed Transaction. In the event that a change in control arises from the proposed transaction, proportionately greater benefits to Non-Associated shareholders must be demonstrated. In this case Greenenz Shareholders will obtain control of Esperance and this issue needs to be considered in comparing the value received by Non-Associated Shareholders in comparison to the value being paid.

5.5 Normal valuation practice is to determine the fair market value of an asset assuming a counter party transaction between a willing and not anxious buyer and a willing but not anxious seller, clearly at arm’s length. We have adopted this approach in determining the market value of the equity of Esperance.

5.6 In evaluating the Transaction, we have considered the Placement Subscription Price and interrelated resolutions and how this will affect the value of the Non-associated Shareholders interest in the Company. We consider that the Transaction will be reasonable if, on balance, the Non-Associated Shareholders in Esperance will be better off if the Transaction is approved. We will also consider the Non-Associated Shareholder’s interests should the Transaction not proceed.

5.7 In our assessment of the Transaction we have considered, in particular the following:

- The operational and financial position of Esperance;
- The value of Esperance shares, under various methodologies;
- Any control premium associated with the Transaction;
- The advantages and disadvantages associated with approving the Transaction;

- Share trading history of Esperance shares;
- The likely value and liquidity of Esperance shares in the absence of the acquisition;
- Other qualitative and strategic issues associated with the Transaction.

5.8 The documents and information relied on for the purposes of these valuations are set out in Appendix I. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld. The information provided was evaluated through analysis, enquiry and review for the purpose of forming an opinion as to whether the Transaction is fair and reasonable. However, in assignments such as this, time is limited and we do not warrant that our enquiries have identified or verified all of the matters which an audit or more extensive examination might disclose. None of these additional tasks have been undertaken.

5.9 We understand the accounting and other financial information that was provided to us has been prepared in accordance with international financial reporting standards.

5.10 An important part of the information used in forming an opinion of the kind expressed in this report is the opinions and judgement of management. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.

5.11 HCC are not the auditors of Esperance or Greenenz. We have analysed and reviewed information provided by the Directors and management of Esperance and made further enquiries where appropriate.

5.12 This report has been prepared after taking into consideration the current economic and market climate. We take no responsibility for events occurring after the date of this report which may impact upon this report or which may impact upon the assumptions referred to in this report.

6 OVERVIEW OF GREENENZ AND THE PROJECTS

6.1 Overview of Greenenz Technology

6.1.1 Greenenz has developed and owns the Greenenz Urban Mining Process which in an environmentally acceptable manner, efficiently recovers high concentrations of precious metals from e-waste and makes other metals and minerals available for further refining.

6.1.2 E-waste is a term used to cover all items of electrical and electronic equipment (EEE) discarded by owners as waste without the intent of re-use.

6.1.3 There are many driving forces behind recycling e-waste, including economic, environmental, public health and data security.

6.1.4 Greenenz principals conceived and designed a new low temperature combined gasification and pyrolysis technology specifically for precious metals extraction from electronic waste ("BRG") and combined it with an efficient environmentally clean and compliant gas treatment process. The BRG integrated with boiler, emissions and handling equipment supplied from existing market leaders is the "Greenenz Process"

6.1.5 The BRG is a first stage refining method. The Greenenz Process is a modular, vertically integrated, patented (pending), gasification and pyrolysis technology. The modular design supports straightforward deployment of plant using standardised manufacturing with completed plant components delivered to sites ready for operation.

6.1.6 Whole items of small to medium size electronic waste, and shredded large items, are processed within a temperature controlled "pyrolysis and gasification" process to form a residue containing the precious metals which are then extracted using industry proven metals extraction processes.

6.2 Greenenz Business Model

6.2.1 The Company's proposed business model is analogous to that of a traditional mining company but set in an urban context. Each Project will comprise one plant and will source feed stock (e-waste) from suppliers pursuant to supply contracts. Each plant will be acquired from a third-party manufacturer and will contain imbedded Greenenz technology supported by an all-of-life user licence in respect of each plant.

6.2.2 The Company is to be the regional project developer for Australasia plus pre-identified projects in USA and South East Asia. The Company is proposing to establish, subject to a successful capital raising, up to six projects, the first two of which will be in the UK ("Initial Project") and Australia. The Company is considering various sites for establishment of the four additional Projects ("Initial Project Options"), including the USA, Ghana, Sri Lanka and additional Projects in the UK and Australia.

6.2.3 The Company and Greenenz will enter into an Exclusivity Deed pursuant to which the Company has an exclusive licence to own and/or operate Projects (incorporating the Greenenz Technology) in Australia and New Zealand and in addition to the Initial Project Options, a non-exclusive licence to own and/or operate and/or to maintain any other form of economic or ownership interest in a Project in the rest of the world, for a minimum of four Projects and subject to the approval of Greenenz.

6.2.4 The business activities of the Company will include the following:

- owning, building and operating the processing plants;
- precious metals extraction from e-waste; and
- project location selection, arranging local operational compliance permits, logistics, obtaining feedstock supply, plant installation and operation, and sale of outputs.

6.3 Project Milestones

6.3.1 The Company intends to acquire physical plant and equipment from a licenced supplier at market rates. The key to the Projects being profitable is the execution of the tri-partite contract with the local manufacturer/operator, Greenenz and the feedstock provider(s) or sourcing entity.

6.3.2 Following completion of the Transaction, it is the intention of the Company to firstly establish the Initial Project, by acquiring a pilot plant and entering into the other First Project Transaction Documents. There will also be agreement(s) for feedstock supply in place. The Initial Project will have the Greenenz Technology imbedded in the plant with the benefit of an all of life user licence for the operation of the plant. If all required environmental permits are in place, the plant will commence commercial operations following completion of the Transaction.

6.3.3 Wayne Breeze and Mark Riddiford, as key movers within Greenenz, wish to demonstrate the technology and its deployment within a project development context that has high review audit and governance standards. The plant, if sold to other operators, would command a higher price and ongoing high royalties. These are not being charged to the Company as Wayne Breeze and Mark Riddiford will be material shareholders in the Company following the Placement and that is where they will earn their return.

6.3.4 The Initial Project's projected performance has a timeframe to cash surplus projected to be three months from relisting and acquisition of the plant. The Company will retain the existing Initial Project team to commence processing e-waste with minimal delay post the relisting of the Company.

6.3.5 Subsequent Projects will have a longer lead time as new plant and equipment will need to be ordered from suppliers and contract manufacturers.

6.3.6 For each Project, Greenenz has an extensive modelling system, established to take into account all technological variables along with location variables. A library of site permutation models is prepared as part of the concept feasibility stage for each Project. Local project variables such as specific premises, operators, permits, and feedstock supply channels, logistics providers, tax and duties etc are factored into the model and lead to the establishment of the Project plan.

6.3.7 Each Project's lead-time to market is driven by Project processes: securing feedstock, securing a local site, securing local operators, and local authorities permitting compliance. The Project delivery time is not constrained by manufacture or supply lead times as they are short (less than three months). This is why contracted Engineering Procurement and Construction service providers are included in each project. Likewise, specialist emissions and permitting experts are contracted for each Project, together with global law firms and accounting firms.

7 OVERVIEW OF ESPERANCE

7.1 Corporate Overview

7.1.1 Esperance was incorporated on 2 July 1970 and officially listed on the ASX on 25 September 1970. The principal activities of the Company have been mining and exploration activities in Australia.

7.1.2 The Company's shares have been suspended from trading since 28 September 2016 and will continue to be suspended until the Company re-complies with Chapters 1 and 2 of the ASX Listing Rules.

7.1.3 The Company currently has no business. Following completion of the Transaction it is the intention of the Company to change its business activity to that of e-waste processing.

7.1.4 The Company currently has the following securities on issue:

- 236,373,492 fully paid ordinary shares (23,637,349 on a post 1:10 consolidation)
- Convertible notes currently on issue:

	Convertible into # shares
Series A & B	2,190,156
Series E	22,820,000
Series F	20,000,000

7.1.5 The Company is seeking Shareholder approval for the conversion of all the Notes into ordinary shares, conditional on approval of the Placement Transaction. If shareholders do not approve the conversion of the Notes, the Company must pay interest at 5% per annum on the face value of the Notes until the maturity date of 31 October 2018, unless the Company and the note holders agree to extend the maturity date.

7.2 Financial Information

7.2.1 Set out below is the Audited Consolidated Profit and Loss Statements of Esperance for the financial years ended 30 June 2016 ("FY2016"), 30 June 2017 ("FY2017") and 30 June 2018 ("FY2018"):

ESPERANCE MINERALS LIMITED CONSOLIDATED PROFIT AND LOSS STATEMENT			
	FY2018 Audited	**FY2017 Audited**	**FY2016 Audited**
Financial income	17	469	3,615
Administration expenses	(14,123)	(21,263)	(41,354)
Overseas travelling	(30,595)	(19,259)	(131,628)
Compliance & regulatory expenses	(54,528)	(70,051)	(64,869)
Professional fees	(210,286)	(705,033)	(611,485)
Directors fees and benefits	(56,550)	(98,788)	(204,143)
Finance costs	(300,721)	(58,739)	(114,037)
Loan write-off	-	-	(50,000)
LOSS BEFORE INCOME TAX	**(666,786)**	**(972,664)**	**(1,213,901)**
Income tax	-	-	-
LOSS FOR THE YEAR	**(666,786)**	**(972,664)**	**(1,213,901)**

7.2.2 The loss for FY2017 of $972,643 included costs associated with due diligence on the Greenenz Technology of $602,000.

7.2.3 Set out below is the Audited Consolidated Balance Sheet as at 30 June 2018.

ESPERANCE MINERALS LIMITED CONSOLIDATED BALANCE SHEET	
	30 June 2018 Audited
Current Assets	
Cash and cash equivalents	298,396
Total Current Assets	298,396
Total Assets	**298,396**
Current Liabilities	
Trade and Other Payables	258,882
Borrowings – Convertible Notes [1]	1,600,291
Total Current Liabilities	1,859,173
Total Liabilities	**1,859,173**
Net Assets (Liabilities)	**(1,560,777)**
Equity	
Issued capital	12,441,611
Reserves	508,749
Accumulated Losses	(14,511,143)
Non-controlling interest	6
Total Equity	**(1,560,777)**

[1] Borrowings of $1,600,291 comprises Convertible Notes Series A, B, E and F detailed at section 7.1. The conversion of these notes is subject to the Company achieving the minimum Capital Raising. The total value of notes being converted of $1,698,291 includes additional Series F notes issued after 30 June 2018 for proceeds totalling $98,000.

7.2.4 The Auditors Report as at 30 June 2018, as well as previous audit and review reports, contained a Disclaimer of Opinion due to the going concern issues in the Company, the net losses incurred, deficiency of net assets and net cash outflows from operating activities. The auditor was unable to obtain sufficient appropriate audit evidence as to whether the Company may be able to raise sufficient capital to fund its operations, and to have its suspension from quotation on the ASX lifted, hence removing significant doubt of its ability to continue as a going concern within 12 months of the date of the auditor's report.

7.3 Public Announcements

7.3.1 Set out below are the announcements made by the Company in the last six months:

Date	**Headline**
07/09/2018	Annual Report to shareholders
06/08/2018	Suspension Announcement – System Upgrade
31/07/2018	Quarterly Cashflow Report
31/07/2018	Quarterly Activities Report
13/06/2018	Heads of Agreement with World Leader in Emissions Systems
27/04/2018	Quarterly Cashflow Report
27/04/2018	Quarterly Activities Report
08/03/2018	Half Yearly Report and Accounts
22/02/2018	Quarterly Activities & Cashflow Report
22/02/2018	Quarterly Activities & Cashflow Report
22/02/2018	Quarterly Activities & Cashflow Report
07/02/2018	Final Director's Interest Notice - Sophia Zhang
07/02/2018	Initial Director's Interest Notice - Anthony Karam
07/02/2018	Director Appointment/Resignation
01/12/2017	Annual Report to shareholders

8 VALUATION METHODOLOGIES

8.1 Selection of Methodology

8.1.1 In order to assess the fairness of the Transaction a value needs to be attributed to Esperance shares.

8.1.2 In assessing the value of Esperance we have considered a range of valuation methods. ASIC Regulatory Guide 111 *Content of Expert Reports* states that in valuing a company the expert should consider the following commonly used valuation methodologies:

- Market Value of Shares: the quoted price for listed securities in a liquid and active market;
- Realisation of Assets: the amount that would be available for distribution to security holders on an orderly realisation of assets;
- Capitalisation of Future Maintainable Earnings: the value of trading operations based on the capitalisation of future maintainable earnings;
- Discounted Cash Flow: the net present value of future cash flows;
- Comparable Market Transactions: the identification of comparable sale transactions.

We consider each of these valuation methodologies below.

8.1.3 *Market Value of Shares as Quoted on the ASX*

This method involves the valuation of an entity based on its actively traded equities, which represent the market capitalisation of the share capital of the entity, in a liquid and knowledgeable market.

Any assessment of the market value of the quoted equities needs to consider the following:

- The liquidity of the quoted equity based on the volume and frequency of trading;
- The number of 'unusual' and/or 'abnormal' trades that occur; and
- The timing and level of dissemination of information to the market.

If a quoted ordinary equity is traded in an active, liquid and knowledgeable market, then the market price of the quoted ordinary equity should represent the 'fair' market value of the quoted ordinary equity.

A premium may also need to be applied to the value of the quoted ordinary equity to determine the value of the equity holding in circumstances where a party is acquiring or increasing a controlling equity position.

Esperance shares have been suspended from trading since 28 September 2016 and will continue to be suspended until the Company re-complies with Chapters 1 and 2 of the ASX Listing Rules. Therefore this is not an appropriate method for the valuation of Esperance shares.

8.1.4 Realisation of Assets

The asset approach to value is based on the assumption that the value of all assets (tangible and intangible) less the value of all liabilities should equal the value of the entity.

This approach is generally not appropriate where assets are employed productively and are earning more than the cost of capital.

As Esperance has no income producing assets, the notional realisation of assets has been adopted to assess the value of Esperance shares, inclusive of a control premium for the value of its public listing.

8.1.5 Capitalisation of Future Maintainable Earnings

Under the earnings-based valuation method, the value of the asset is determined by capitalising the estimated future maintainable earnings of the asset at an appropriate capitalisation rate or multiplier of earnings. The multiple is a coefficient, representing the risk that the asset may not achieve projected earnings.

This method is appropriate in valuing an asset when there is a history of earnings, the asset is established, and it is assumed the earnings are sufficiently stable to be indicative of ongoing earnings potential.

This method is not considered appropriate for the valuation of Esperance as:

- Esperance does not have any recent historical earnings on which to base a valuation;
- The company has no current business activity.

8.1.6 *Discounted Cash Flow – Net Present Value*

Discounted cash flow valuations involve calculating the value of a business on the basis of the net cash flows that will be earned from the business over its life. The cash flows are discounted to reflect the risk involved with achieving the forecast cash flows.

The use of the discounted cash flow method has not been used as Esperance has no existing business activity.

8.1.7 *Comparable Market Transactions*

This methodology involves the identification of comparable sale transactions and trading multiples for a similar business or asset to that being valued.

We have considered values attributed to listed shell companies in valuing the Company's shares on a control basis under the net realisation of assets method.

8.2 Premium for Control

8.2.1 When considering transactions involving a substantial equity holding of a company, it is appropriate to address whether a premium for control should attach to the Transaction. A premium for control is the difference between the price for each share that a buyer would be prepared to pay to obtain a controlling interest in a company and the price per share that would be required to purchase a share that does not carry with it a controlling interest. In most cases, the value of a controlling interest in the shares in a company significantly exceeds the listed market value of the shares. This reflects the fact that:

a) the owner of a controlling interest in the shares in a company obtains access to all free cash flows of the company being acquired, which it would otherwise be unable to do as a minority shareholder;

b) the controlling shareholder can direct the disposal of surplus assets and the redeployment of the proceeds;

c) the controlling shareholder can control the appointment of directors, management policy and the strategic direction of the company;

d) the entity taking over the company is often able to increase the value of the entity being acquired through synergies and/or rationalisation savings.

8.2.2 Empirical evidence indicates that the average premium for control (over and above the market price of the company's shares) in successful takeovers in Australia generally range between 20% and 35% above the listed market price of the company's shares three months prior to the announcement of the bid (assuming no speculation of the takeover is reflected in the pre-bid price). However, the appropriate premium for control depends on the specific circumstances and, in particular, the level of synergy benefits able to be extracted by potential acquirers and the degree of confidence about the level and achievability of potential synergies and their timing.

8.2.3 Caution must be exercised in assessing the value of a company or business based on the market rating of comparable companies or businesses. The premium for control is an outcome of the valuation process, not a determinant of value. Premiums are paid for reasons that vary from case to case and may be substantial due to synergy or other benefits available to the acquirer. In other situations, premiums may be minimal or even zero. It is inappropriate to apply a premium of 20-35% without having regard to the circumstances of each case. In some situations, there is no premium. There are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by institutional investors through a capital raising.

8.2.4 A shareholder or group of associated shareholders are deemed to influence a company when they have control of more than 20% of the issued shares in a company. At this time a premium for control should normally be considered.

8.2.5 A premium for control is relevant to the Transaction, as it will result in Greenenz Shareholders holding a relevant voting interest in Esperance of a minimum of 50.87% and up to 76.28% (prior to any conversion of notes or the Capital Raising proceeding). In addition:

a) Greenenz Shareholders will obtain control of Esperance and Shareholders may not have a future opportunity to obtain a premium from the sale of their Shares; and

b) Greenenz Shareholders will obtain control over decision making regarding the acquisition and disposal of assets and the redeployment of the proceeds, control over the appointment of directors, management policy and the strategic direction of Esperance.

8.2.6 We have included a premium for control in valuing the Company's listing when applying the net realisation of assets method, as a proxy for the value of a public listed company.

8.3 Minority Interest Discount

8.3.1 The value of a minority shareholding is subject to a discount factor as the minority shareholder is not in a position to direct, and often not in a position to influence, the distribution of dividends, the investment of retained profits or the strategy and tactics of the company's operations.

8.3.2 Esperance's existing Non-Associated shareholders interest will decrease to as low as 4.76% prior to existing shareholders participating in the Capital Raising. We have discounted the post-Transaction value per share on a control basis by 10% to arrive at a post-Transaction value on a minority basis. We believe this discount is reasonable after considering the following factors:

a) The lack of assets currently held by Esperance that Non-Associated shareholders are losing control of;

b) The assessment of advantages and disadvantages associated with Esperance entering into the Transaction detailed at section 10.

9 VALUE OF ESPERANCE

9.1 Selected Methodologies

9.1.1 We have selected the net realisation of assets as the valuation methodology for Esperance as detailed in section 8.

9.1.2 Given the Company's shares are suspended, the Company has incurred losses for a number of years and has no business activity, a secondary valuation methodology has not been considered appropriate for the valuation of the Esperance shares, although we have used the comparable transactions method in considering the value of a listed shell company.

9.2 Realisation of Assets

9.2.1 Esperance has no current business activity, therefore the notional realisation of assets would typically be an appropriate valuation method for the assets of Esperance.

9.2.2 As at 30 June 2018 the Company had a deficiency in net assets totalling $1,560,777, as shown in the balance sheet at section 7.2. The deficit in net assets at 30 June 2018 includes borrowings totalling $1,600,291 comprising Convertible Notes Series A, B, E and F. As detailed at section 7.1, the Company is seeking approval from shareholders to convert all convertible notes into ordinary shares, conditional on approval of the Placement Transaction. Therefore immediately prior to the Placement the convertible notes remain liabilities of the Company. The additional funds raised from the issue of Series F notes after 30 June 2018 would not change the net asset position of the Company as the notes are liabilities until conversion is approved as part of the Transaction.

9.2.3 The value of a listed company varies depending on the subsequent regulatory requirements, including necessary compliance with ASX listing requirements. The ASX Listing Rules will require Esperance to reapply for listing following completion of the Transaction, which will require Esperance to meet ASX listing requirements.

9.2.4 Considering the current situation of the Company, the absence of other offers available, the relisting requirements should the Transaction proceed, and our experience concerning the values placed on listed shells, we have allocated a value for the listed company shell of $400,000, also representing a premium for control.

9.2.5 The resulting net asset value of Esperance on a controlling interest basis immediately prior to the Transaction is as follows:

Current Value of Esperance Shares	
Net assets – 30 June 2018	(1,560,777)
Value of listing	400,000
Net realisable value	**(1,160,777)**
Shares on issue	23,637,349
Value per share – controlling interest, post consolidation basis	**(0.049)**

9.3 Conclusion on the Value of Esperance Shares

9.3.1 We conclude that the Esperance shares currently have no positive value prior to approval of the Transaction and associated resolutions.

10 ADVANTAGES & DISADVANTAGES OF THE TRANSACTION

10.1 Approach to assessing Fairness and Reasonableness

HCC has followed the guidelines of ASIC Regulatory Guide 111 in assessing the fairness and reasonableness of the Transaction. In forming its conclusions in this report, HCC compared the advantages and disadvantages for Non-Associated Shareholders if the Transaction proceeds.

10.2 Advantages of the Transaction

10.2.1 The Placement provides necessary working capital to pursue the opportunity for the Company to enter the e-waste industry by adopting the Greenenz Business Model using Greenenz Technology under licence;

10.2.2 Approving the Transaction will allow the conversion of the convertible notes on issue in the Company, reducing the borrowings in the Company by $1,698,291.

10.2.3 The Company is currently in a negative net asset position with no business activity. The continuing viability of the Company as a going concern depends on identifying suitable opportunities that will sustain a viable business. The Transaction presents an opportunity to continue as a going concern by facilitating the recapitalisation and relisting of the Company and adopting the Greenenz business model.

10.2.4 Given the Company’s limited capital and lack of income producing assets it will have difficulty in creating significant long-term value for shareholders in its current state. The Directors of Esperance have determined that the new direction to be taken by the Company has the potential to increase Esperance shareholder value and provide the Company with a future business direction.

10.2.5 The Transaction may provide an opportunity for Esperance shareholders to experience growth in the value of shares and significantly boost Esperance’s market capitalisation. The Placement and Capital Raising will allow the Company to raise the required working capital to increase shareholder value, liquidity of the Esperance shares and provide the Company with a viable future business.

10.2.6 The Board currently comprises an experienced and skilled set of Directors. On completion of the Transaction, Wayne Breeze and Mark Riddiford will join the Board to guide the growth and development of the Company based on their knowledge and experience in developing the Greenenz Technology. Wayne Breeze and Mark Riddiford are best placed to oversee the Company's potential commercialisation of the Greenenz Technology.

10.2.7 The Consolidation of Shares will provide a more simplified capital structure for the Company.

10.3 Disadvantages of the Transaction

10.3.1 The Company will be changing the nature of its activities by focussing on e-waste processing. These activities and associated risks may not be consistent with the objectives of all Non-Associated Shareholders.

10.3.2 Following completion of the Transaction, Greenenz Shareholders will collectively be the largest Shareholders of the Company and they will have the ability to significantly influence or control the Company. The Transaction will reduce the likelihood of a takeover bid being made for the Company as a result of the controlling interest that Greenenz Shareholders will have after Completion.

10.3.3 The Transaction and the associated issue of shares under the Capital Raising will have a significant dilutionary effect on the shareholdings of the existing Esperance Shareholders. Although the total market capitalisation of Esperance will increase as a result of the Transaction, Esperance's existing Non-Associated shareholders interest will decrease to as low as 4.76% prior to any existing shareholders participating in the Capital Raising.

11 CONCLUSION AS TO FAIRNESS AND REASONABLENESS

11.1 Fairness

11.1.1 For the Transaction to be fair, the value of the Esperance shares held by Non-Associated Shareholders needs to increase as a result of the Transaction.

11.1.2 In order to assess whether the Transaction is fair, we need to compare the pre-transaction value on a control basis with the post-transaction values on a minority basis, as the existing Non-Associated Shareholders of Esperance will lose control of the Company to Greenenz Shareholders after the Transaction. This is shown in the table below on a post-consolidation basis:

Esperance Value and Opinion	Low	High	Placement Alone [2]
Control value per share [section 9]	**(0.049)**	**(0.049)**	**(0.049)**
Shares on issue, post-consolidation	23,637,349	23,637,349	23,637,349
Control valuation, pre-Transaction	(1,160,777)	(1,160,777)	(1,160,777)
Debt retired from conversion of notes [1]	1,698,291	1,698,291	
Creditor settlement in shares	78,672	78,672	
Proceeds from Placement	706,942	706,942	706,942
Proceeds from Capital Raising (Min/Max) [2]	15,000,000	20,000,000	
Post-Transaction Value	**16,323,128**	**21,323,128**	**(453,835)**
Post-Transaction shares on issue	471,406,891	496,406,891	331,003,375
Value per share	**0.035**	**0.043**	**(0.001)**
Minority discount	10%	10%	10%
Post-Transaction Valuation per share	**0.031**	**0.039**	**(0.001)**

[1] If the Convertible Notes were treated as equity instruments in determining the net assets of the Company, the current value per share on a controlling interest basis would be $0.009 ($582,223 / 68,647,506 shares) and the resulting post-Transaction valuation per share is as per the table above, which still results in an increase in the value of the Esperance shares and the Transaction being fair. If shareholders do not approve the conversion of the Convertible Notes and they remain liabilities for the purpose of the above calculation, the resulting pre and post transaction values remain the same and the Transaction is still fair, as the average conversion price of the Convertible Notes is $0.039 per share.

[2] Given the Company currently has a negative value, completing the Placement alone, prior to any conversion of debt or Capital Raising being undertaken, will result in an increase in the value of shares held by Non-Associated Shareholders, as shown in the last column above.

11.1.3 In our opinion the Transaction is **fair** as the value of the Esperance shares held by Non-Associated Shareholders increases as a result of the Transaction.

11.2 Reasonableness

ASIC Regulatory Guide 111 states that a transaction is reasonable if:

- The Transaction is fair; or
- Despite not being fair the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

We have concluded that the Transaction is fair and therefore also reasonable. In forming our opinion, we have also considered the following relevant factors.

- The Placement provides necessary working capital to pursue the opportunity for the Company to enter the e-waste industry by adopting the Greenenz Business Model using Greenenz Technology under licence;
- Approving the Transaction will allow the conversion of the convertible notes on issue in the Company, reducing the borrowings in the Company by $1,698,291.
- The Company is currently in a negative net asset position with no business activity. The continuing viability of the Company as a going concern depends on identifying suitable opportunities that will sustain a viable business. The Transaction presents an opportunity to continue as a going concern by facilitating the recapitalisation and relisting of the Company and adopting the Greenenz business model.
- Given the Company's limited capital and lack of income producing assets it will have difficulty in creating significant long-term value for shareholders in its current state. The Directors of Esperance have determined that the new direction to be taken by the Company has the potential to increase Esperance shareholder value and provide the Company with a future business direction.
- The Transaction may provide an opportunity for Esperance shareholders to experience growth in the value of shares and significantly boost Esperance's market capitalisation. The Placement and Capital Raising will allow the Company to raise the required working capital to increase shareholder value, liquidity of the Esperance shares and provide the Company with a viable future business.
- The Board currently comprises an experienced and skilled set of Directors. On completion of the Transaction, Wayne Breeze and Mark Riddiford will join the Board to guide the growth and development of the Company based on their knowledge and experience in developing the Greenenz Technology. Wayne Breeze and Mark Riddiford are best placed to oversee the Company's commercialisation of the Greenenz Technology.
- The Esperance Board are of the opinion that the Transaction and change in business activity is in the best interests of the Company's Shareholders and in the absence of a superior alternative proposal is a strategic opportunity for the Company.
- The Consolidation of Shares will provide a more simplified capital structure for the Company.

Having considered that the Transaction is fair, the potential of the Transaction and the alternatives of not proceeding with the Transaction, in our opinion the Non-Associated Shareholders of Esperance should benefit if the Transaction proceeds and therefore, in our opinion the Transaction is reasonable.

Yours faithfully
Hall Chadwick Corporate (NSW) Limited

DREW TOWNSEND

APPENDIX I - SOURCES OF INFORMATION

- Esperance Audited Financial Reports for the financial years ended 30 June 2016, 30 June 2017 and 30 June 2018;
- Esperance Reviewed Financial Reports for the half year ended 31 December 2017;
- Placement Agreement between Esperance and Greenenz Shareholders dated 2 March 2018;
- Greenenz Business Model Summary provided by Greenenz Shareholders
- Esperance Notice of General Meeting and Explanatory Memorandum;
- Esperance Company registry details;
- Other publicly available information on Esperance and Greenenz;
- Regulatory Guide 111 ‘Content of Expert Reports’;
- Regulatory Guide 112 ‘Independence of Expert’s Reports’;
- APES 225 ‘Valuation Services’.

APPENDIX II - STATEMENT OF DECLARATION & QUALIFICATIONS

Confirmation of Independence

Prior to accepting this engagement HCC determined its independence with respect to Esperance and Greenenz with reference to ASIC Regulatory Guide 112 (RG 112) titled "Independence of Expert's Reports". HCC considers that it meets the requirements of RG 112 and that it is independent of Esperance and Greenenz.

Also, in accordance with s648 (2) of the Corporations Act we confirm we are not aware of any business relationship or financial interest of a material nature with Esperance, its related parties or associates that would compromise our impartiality.

Mr Drew Townsend, a director of Hall Chadwick Corporate (NSW) Limited, has prepared this report. Neither he nor any related entities of Hall Chadwick Corporate (NSW) Limited have any interest in the promotion of the Transaction nor will Hall Chadwick Corporate (NSW) Limited receive any benefits, other than normal professional fees, directly or indirectly, for or in connection with the preparation of this report. Our fee is not contingent upon the success or failure of the proposed transaction, and has been calculated with reference to time spent on the engagement at normal professional fee rates for work of this type. Accordingly, HCC does not have any pecuniary interests that could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion under this engagement.

HCC provided a draft copy of this report to the Directors and management of Esperance for their comment as to factual accuracy, as opposed to opinions, which are the responsibility of HCC alone. Changes made to this report, as a result of the review by the Directors and management of Esperance have not changed the methodology or conclusions reached by HCC.

Reliance on Information

The statements and opinions given in this report are given in good faith and in the belief that such statements and opinions are not false or misleading. In the preparation of this report HCC has relied upon information provided on the basis it was reliable and accurate. HCC has no reason to believe that any information supplied to it was false or that any material information (that a reasonable person would expect to be disclosed) has been withheld from it. HCC evaluated the information provided to it by Esperance and Greenenz as well as other parties, through enquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially mis-stated. We believe the information relied upon provides reasonable grounds upon which to base this report.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards (AUS). HCC does not imply and it should not be construed that it has audited or in anyway verified any of the information provided to it, or that its enquiries could have verified any matter which a more extensive examination might disclose.

The sources of information that we relied upon are outlined in Appendix I of this report.

Esperance has provided an indemnity to HCC for any claims arising out of any mis-statement or omission in any material or information provided by Esperance to HCC in preparation of this report.

Qualifications

Hall Chadwick Corporate (NSW) Limited (“HCC”) carries on business at Level 40, 2 Park Street, Sydney NSW 2000. HCC holds Australian Financial Services Licence No. 227902 authorising it to provide financial product advice on securities to retail clients. HCC’s representatives are therefore qualified to provide this report.

Consent and Disclaimers

The preparation of this report has been undertaken at the request of the Directors of Esperance. It also has regard to relevant ASIC Regulatory Guides. It is not intended that the report should be used for any other purpose than to accompany the Notice of General Meeting to be sent to Esperance shareholders. In particular, it is not intended that this report should be used for any purpose other than as an expression of HCC’s opinion as to whether or not the proposed Transaction is fair and reasonable to Non-Associated shareholders of Esperance.

HCC consent to the issue of this report in the form and context in which it is included in the Notice of General Meeting to be sent to Esperance shareholders. Shareholders should read all documents issued by Esperance that consider the proposed Transaction in its entirety, prior to proceeding with a decision. HCC had no involvement in the preparation of these additional documents.

This report has been prepared specifically for the Non-Associated shareholders of Esperance. Neither HCC, nor any member or employee thereof undertakes responsibility to any person, other than a Non-Associated shareholder of Esperance, in respect of this report, including any errors or omissions howsoever caused. This report is "General Advice" and does not take into account any person's particular investment objectives, financial situation and particular needs. Before making an investment decision based on this advice, you should consider, with or without the assistance of a securities advisor, whether it is appropriate to your particular investment needs, objectives and financial circumstances.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards (AUS).

Our opinions are based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time. Furthermore, financial markets have been particularly volatile in recent times. Accordingly, if circumstances change significantly, subsequent to the issue of the report, our conclusions and opinions may differ from those stated herein. There is no requirement for HCC to update this report for information that may become available subsequent to this date.

APPENDIX III - FINANCIAL SERVICES GUIDE

Hall Chadwick Corporate (NSW) Limited ("HCC") carries on business at Level 40, 2 Park Street, Sydney NSW 2000. HCC holds Australian Financial Services Licence No. 227902 authorising it to provide financial product advice on securities to retail clients.

The Corporations Act 2001 requires HCC to provide this Financial Services Guide ("FSG") in connection with its provision of an independent expert's report ("Report") which is included in a Notice of Meeting ("Notice") provided to members by the company or other entity for which HCC prepares the Report.

HCC does not accept instructions from retail clients. HCC provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. HCC does not provide any personal retail financial product advice to retail investors nor does it provide market-related advice to retail investors.

When providing Reports, HCC's client is the Entity to which it provides the Report. HCC receives its remuneration from the Entity. In respect of the Report for Esperance Minerals Limited ("Esperance") in relation to the proposed Transaction, HCC will receive a fee for its services estimated to be $25,000, excluding GST.

No related body corporate of HCC, or any of the directors or employees of HCC or of any of those related bodies or any associate receives any remuneration or other benefit attributable to the preparation and provision of the Report.

HCC is required to be independent of the Entity in order to provide a Report. The guidelines for independence in the preparation of Reports are set out in Regulatory Guide 112 issued by the Australian Securities & Investments Commission. Hall Chadwick Corporate (NSW) Limited ("HCC") has a license to prepare reports under the Corporations Act and its representatives are qualified to provide this report. The following information in relation to the independence of HCC is stated in Appendix III of the Esperance Report:

"*Prior to accepting this engagement HCC determined its independence with respect to Esperance and Greenenz with reference to ASIC Regulatory Guide 112(RG 112) titled "Independence of Expert's Reports". HCC considers that it meets the requirements of RG 112 and that it is independent of Esperance and Greenenz.*

Also, in accordance with s648 (2) of the Corporations Act we confirm we are not aware of any business relationship or financial interest of a material nature with Esperance, its related parties or associates that would compromise our impartiality.

Mr Drew Townsend, a director of Hall Chadwick Corporate (NSW) Limited, has prepared this report. Neither he nor any related entities of Hall Chadwick Corporate (NSW) Limited have any interest in the promotion of the Transaction nor will Hall Chadwick Corporate (NSW) Limited receive any benefits, other than normal professional fees, directly or indirectly, for or in connection with the preparation of this report. Our fee is not contingent upon the success or failure of the proposed transaction, and has been calculated with reference to time spent on the engagement at normal professional fee rates for work of this type. Accordingly, HCC does not have any pecuniary *interests that could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion under this engagement."*

HCC has internal complaints-handling mechanisms and is a member of the Financial Ombudsman Service, membership number 11442.

HCC is only responsible for the Report and this FSG. Complaints or questions about the Notice should not be directed to HCC who is not responsible for that document. HCC will not respond in any way that might involve any provision of financial product advice to any retail investor.