



ESPERANCE MINERALS LIMITED (COMPANY) NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of all shareholders of Esperance Minerals Limited (ACN 009 815 605) (Shareholders) will be held at the offices of Lawler Partners, Level 8, No 1 O'Connell Street, Sydney, NSW 2000, Australia on Monday 24 November 2014 at 2:00pm, Sydney time.

The Explanatory Statement that accompanies and forms part of this Notice of Annual General Meeting provides information in relation to each of the matters to be considered. This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety.

ORDINARY BUSINESS

FINANCIAL REPORTS

To receive and consider the Company's Annual Report comprising of the Financial Report and the Reports of the Directors and Auditors for the financial year ended 30 June 2014.

RESOLUTION 1 - REMUNERATION REPORT

To receive and consider the Remuneration Report for the year ended 30 June 2014 in accordance with Section 250R(2) of the *Corporations Act 2001* and if thought fit to pass the following non binding Ordinary Resolution:

Resolution 1

"That the Remuneration Report, which is included from pages 17 to 18 of the Directors' Report, be adopted."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may vote on this Resolution if:

- (a) the person does so as a proxy; and
- (b) the vote is not cast on behalf of a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report or a Closely Related Party of such a member,

and either

- (c) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (d) the proxy is the chair of the meeting and the appointment of the chair as proxy:
 - (1) does not specify the way the proxy is to vote on the resolution; and
 - (2) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

Voting Intention of Chair

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 1, subject to compliance with the Corporations Act.

RESOLUTION 2 - ELECTION OF DIRECTOR

To consider and if thought fit to pass the following resolutions as Ordinary Resolutions:

Resolution 2

"That Jacob Khouri be elected as a Director of the Company."

Explanatory Note

Pursuant to Clause 6.1(f) of the Company's constitution Mr Jacob Khouri, retires by rotation and is offering himself for election.

RESOLUTION 3 - APPROVAL OF ADDITIONAL PLACEMENT UNDER ASX LISTING RULE 7.1A

To consider and, if thought fit, pass the following as a **Special** Resolution of the Company:

Resolution 3

"That in accordance with ASX Listing Rule 7.1A, and for all other purposes, approval be given for the Company to issue Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, to be issued on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Please refer to the Explanatory Statement for details of this resolution.

The entity will disregard any votes cast on this resolution by:

- A person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and
- an associate of that person (or those persons).

However, the entity need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Important Note:

The proposed allottees of any securities under this resolution are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the Placement Securities), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

Dated: 22 October 2014

By order of the Board



Robert Lees
Secretary

DETERMINATION OF MEMBERSHIP AND VOTING ENTITLEMENT

Everyone who is registered as a Shareholder at 7.00pm (Sydney time) on 23 November 2014 can vote at the Annual General Meeting.

You may vote by:

- (a) attending the Annual General Meeting in person (yourself or by sending an attorney, or, if you hold Shares through a company, by sending a corporate representative on your behalf); or
- (b) completing and returning a proxy form.

A proxy form accompanies this Notice of Annual General Meeting. The proxy form contains instructions on how to complete the form, the rules applicable to proxies, where to send the form and information regarding corporate representatives.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

ENQUIRIES

If you have any questions in relation to the Resolutions to be considered at the Meeting, please call Mr Robert Lees on +61 2 9299 9580 between 9.00am and 5.00pm (Sydney time) Monday to Friday.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in connection with the Annual General Meeting of the Company. It is given to the Shareholders to help them determine how to vote on the Resolutions set out in the accompanying Notice of Annual General Meeting. This Explanatory Statement should be read in conjunction with the accompanying Notice of Annual General Meeting.

CONSIDER THE COMPANY'S ANNUAL REPORT

The Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Consolidated Statement of Profit or Loss and other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to and forming part of the Financial Statements for the Company and its controlled entities for the financial year ended 30 June 2014 were despatched to Shareholders and released to the ASX Limited on 30 September 2014. The Company's Annual Report is placed before the shareholders for discussion. No voting is required for this item.

RESOLUTION 1 - REMUNERATION REPORT

General

The Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding Advisory Resolution in accordance with section 250R of the Corporations Act.

The Remuneration Report is set out in the Directors' Report section of the Annual Report. The Report amongst other things:

- explains the Board's policy for determining the nature and amount of remuneration of Key Management Personnel of the consolidated entity;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for each Key Management Personnel of the consolidated entity including details of performance related remuneration and options granted as part of remuneration; and
- details and explains any performance conditions applicable to the remuneration of Key Management Personnel.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report. A vote on this resolution is advisory only and does not bind the Directors of the Company.

If at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's 2015 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the Company's 2015 annual general meeting. All of the Directors who were in office when the Company's 2015 Directors' report was approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

Voting Restrictions

There are restrictions on members of the Key Management Personnel and their Closely Related Parties and their proxies voting on Resolution 1 (in any capacity), details of which are set out in the Voting Restriction Statement included in Resolution 1 of the Notice of Meeting.

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 1 subject to compliance with the Corporations Act.

RESOLUTION 2 - ELECTION OF DIRECTOR

A Director who retires by rotation under clause 6.1(f) of the Constitution is eligible for re-election.

Mr Jacob Khouri, elected 22 November 2012, retires and seeks re-election.

Mr Khouri has a broad range of corporate experience, including serving as a director of BioProspect Limited (ASX: BPO). He has been involved with a number of ASX listed companies including Cape Lambert Limited. Mr Khouri founded and operates a successful mechanical engineering business, and has a solid understanding of new market trends and sustainability issues.

Composition of the Board

Subject to shareholder approval of resolution 2, the composition of the board following this annual general meeting will be as follows:

- Mr Kris Knauer (Executive Chairman);
- Mr Jacob Khouri (Independent non-executive Director); and
- Mr Vincent Fayad (Independent non-executive Director).

RESOLUTION 2 - ADDITIONAL PLACEMENT CAPACITY

General

Listing Rule 7.1 permits entities to issue 15% of its issued capital without shareholder approval in a 12 month period, subject to a number of exceptions.

The ASX allows small to mid-cap companies to seek shareholder approval for additional placement capacity. Listing Rule 7.1A permits eligible entities, which have obtained shareholder approval by special resolution, to issue Equity Securities up to an additional 10% of its issued capital by placements over a 12 month period after the annual general meeting ("**Additional Placement Capacity**").

The Company seeks Shareholder approval under Resolution 3 to be able to issue Equity Securities under the Additional Placement Capacity. The exact number of Equity Securities to

be issued is not fixed and will be determined in accordance the formula prescribed in Listing Rule 7.1A.2 (set out below).

Requirements of Listing Rule 7.1A

1. Eligible entities

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

2. Shareholder approval

Shareholders must approve the Additional Placement Capacity by **special** resolution at the annual general meeting. As a **Special** Resolution it must be passed by at least 75% of the votes cast by members entitled to vote on the resolution.

A resolution under Listing Rule 7.1A cannot be put at any other shareholder meeting.

3. Equity Securities

Equity Securities issued under the Additional Placement Capacity must be in the same class as an existing class of Equity Securities of the Company that are quoted on ASX.

As at the date of this Notice, the Company has two classes of Equity Securities:

- fully paid ordinary Shares - (84,039,679 on issue and quoted on ASX); and
- Unquoted Options (16,100,000 on issue - exercise price \$0.05 and expiry date 31 December 2014).

The Company has not issued any equity securities in the past 12 months.

4. Formula for calculating number of Equity Securities that may be issued under the Additional Placement Capacity

If Resolution 3 is passed, the Company may issue or agree to issue, during the 12 month period after this Meeting, the number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A	The number of shares on issue 12 months before the date of issue or agreement: <ul style="list-style-type: none">• plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;• plus the number of partly paid shares that became fully paid in the 12 months;• plus the number of fully paid shares issued in the 12 months with the approval of shareholders under Listing Rules 7.1 or 7.4;• less the number of fully paid shares cancelled in the 12 months.
D	10%
E	The number of Equity Securities issued or agreed to be issued under Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of shareholders under Listing Rules 7.1 or 7.4.

5. Interaction between Listing Rules 7.1 and 7.1A

The Additional Placement Capacity under Listing Rule 7.1A is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

The Company has 84,039,679 Shares on issue as at the date of this Notice. If Resolution 3 is passed, the Company will be permitted to issue (as at the date of this Notice):

- 12,605,951 Equity Securities under Listing Rule 7.1; and
- 8,403,967 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will be permitted to issue under Listing Rule 7.1A will be calculated at the date of issue or agreement to issue the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (as set out above).

The effect of Resolution 3 will be to allow the Company to issue securities under Listing Rule 7.1A without using the Company's placement capacity under Listing Rule 7.1.

Information for Shareholders as required by Listing Rule 7.3A

6. Minimum price

The issue price of the new Equity Securities will be no lower than 75% of the volume weighted average price (VWAP) for securities in the relevant quoted class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- the date on which the price of the Equity Securities are to be issued is agreed; or
- if the Equity Securities are not issued within 5 Business Days of the date above, the date on which the Equity Securities are issued.

7. Risk of economic and voting dilution

If Resolution 3 is passed and the Company issues securities under the Additional Placement Facility, existing Shareholders' voting power in the Company will be diluted.

There is the risk that:

- the market price for the Company's existing Equity Securities may be significantly lower on the date of issue of the new Equity Securities than on the date of the Meeting; and
- the new Equity Securities may be issued at a price that is at a discount to the market price of the Company's existing Equity Securities on the issue date or the new Equity Securities may be issued as part of the consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the new Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example a pro rata entitlement issue) or future placements under

Listing Rule 7.1 that are approved by Shareholders in the future;

- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.01 50% decrease in Issue Price	\$0.02 Issue Price	\$0.04 100% increase in Issue Price
Current Variable A 84,039,679 Shares	10% Voting Dilution	8,403,968 Shares	8,403,968 Shares	8,403,968 Shares
	Funds raised	\$84,040	\$168,079	\$336,159
50% increase in current Variable A 126,059,519 Shares	10% Voting Dilution	12,605,952 Shares	12,605,952 Shares	12,605,952 Shares
	Funds raised	\$126,060	\$252,119	\$504,238
100% increase in current Variable A 168,079,358 Shares	10% Voting Dilution	16,807,936 Shares	16,807,936 Shares	16,807,936 Shares
	Funds raised	\$168,079	\$336,159	\$672,317

This table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the Additional Placement Capacity.
- No Options (including any quoted Options issued under the Additional Placement Capacity) are exercised into Shares before the date of the issue of the Equity Securities.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
- The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- The issue of Equity Securities under the Additional Placement Capacity consists only of Shares. If the issue of Equity Securities includes quoted Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- The issue price is \$0.02, being the closing price of the Shares on ASX on 11 September 2014.

The Company's ability to issue securities under Listing Rule 7.1A is in addition to its ability to issue securities under listing rule 7.1.

8. Placement Period

Shareholder approval of the Additional Placement Capacity under Listing Rule 7.1A is valid from 24 November 2014 (the date of this Meeting) and expires on the earlier of:

- 24 November 2015, which is 12 months after this Meeting; or
- the date that Shareholders approve a transaction under Listing Rule 11.1.2 (significant change to nature or scale of activities) or 11.2 (disposal of the main undertaking,

or such longer period as allowed by ASX (the "Placement Period").

The Company will only issue and allot new securities during the Placement Period. The approval will cease to be valid in the event that shareholders' approve a transaction under Listing Rules 11.1.2 or 11.2.

9. Purposes for which the new Equity Securities may be issued

The Company may seek to issue new Equity Securities for the following purposes:

- cash consideration to raise funds for the acquisition of new assets or investments (including the expenses associated such acquisition), expenditure on the Company's current assets and for general working capital; or
- non-cash consideration for acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

10. Allocation policy

The Company's allocation policy for the issue of new Equity Securities under the Additional Placement Capacity will depend on the market conditions existing at the time of the proposed issue. The allottees will be determined at the relevant time having regard to factors such as:

- the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- the effect of the issue of new securities on the control of the Company;
- the financial situation and solvency of the Company;
- advice from corporate, financial and broking advisers (as relevant).

As at the date of this Notice the allottees are not known but may include existing substantial Shareholders and/or new Shareholders. No allottee under the Additional Placement Capacity will be a related party or associate of a related party. Existing Shareholders may or may not be entitled to subscribe for any Equity Securities issued under the Additional Placement Capacity and it is possible that their shareholding will be diluted.

If the Additional Placement Capacity is used to acquire new assets or investments then it is likely that the allottees will be the vendors of the new assets.

The Company will comply with the disclosure obligations under Listing Rule 7.1A (4) and 3.10.5A on the issue of any new securities.

11. Details of Equity Securities issued under earlier placement capacity approval

The Company previously obtained approval under Listing Rule 7.1A at its Annual General Meeting held 29 November 2013.

In the period from 30 June 2012 to the date of this Notice, the Company has not issued any equity securities.

12. Voting exclusion

At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in a proposed issue of Equity Securities under the proposed Additional Placement Capacity. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

Glossary

Additional Placement Capacity means the capacity to issue additional Equity Securities by way of placement approved by Shareholders under Listing Rule 7.1A

Annual General Meeting or Meeting means the meeting convened by the Notice.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001 (Cth)*.

Company means Esperance Minerals Limited (ACN 009 815 605).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Notice or Notice of Meeting or Notice of Annual General Meeting means this notice of Annual general meeting including the Explanatory Statement and the Proxy Form.

Placement Period means the period during which Shareholders approval under Listing Rule 7.1A is valid

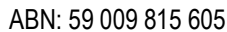
Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2014.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.



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This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

- a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- b) Return both forms in the same envelope.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Registrars Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

Email registrar@securitytransfer.com.au

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

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