



# ESPERANCE MINERALS LIMITED AND ITS CONTROLLED ENTITIES

## INTERIM FINANCIAL REPORT

FOR THE 6 MONTHS ENDED  
31 DECEMBER 2014

### **DIRECTORS**

Kris Knauer ( Executive Chairman)  
Jacob Khouri (Non-Executive Director)  
Vince Fayad (Non-Executive Director)

### **COMPANY SECRETARY**

Robert Lees

### **REGISTERED OFFICE - ESPERANCE MINERALS LIMITED**

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### **SHARE REGISTRY**

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### **SOLICITORS**

Hopgood Ganim Lawyers

### **AUDITORS**

RSM Bird Cameron Partners

### **BANKERS**

Westpac Banking Corporation

### **WEBSITE**

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

## DIRECTORS' REPORT

The Directors of the Company hereby submit the Directors' Report as part of the interim financial report for the half-year ended 31 December 2014.

### DIRECTORS

The Directors of the Company at any time during or since the end of the financial half-year are:

**MR KRIS KNAUER**

Executive Chairman

B.Sc. (Hons) in Geology

Mr Knauer was appointed to the Esperance Board on 25 September 2009 and was appointed Executive Chairman on 31 January 2010.

Mr Knauer has a B.SC (Hons) in Geology and spent 5 years working in the Mining Industry as a geologist. He has worked in the Finance Industry for the past 14 years; initially as a Mining Analyst and more recently in the Corporate Advisory area. He is currently Executive Director of Equities at Novus Capital Limited with focus on smaller listed companies. He was a Director of Citadel Resource Group Limited (ASX – CGG) and was instrumental in the acquisition and financing of Citadel's Saudi Arabian Mining Projects.

Kris is currently an Executive Director of Medibio Limited (ASX: MEB) Kris brings a wealth of experience in project acquisition and evaluation, in the Resource Sector.

Mr Knauer is currently a Non-Executive Director of Greenvale Energy NL (ASX: GRV) and Non-Executive Chairman of Astro Resources NL (ASX ARO).

**MR JACOB KHOURI**

Non-Executive Director

Mr Khouri was appointed to the Esperance Board on 17 February 2012.

Mr Khouri has a broad range of corporate experience, having served as a director of Gun Capital Corporate and Gun Capital Management. He has been involved with a number of ASX-listed companies, including Cape Lambert Iron Limited and BioProspect Limited.

Mr Khouri also founded and operates a successful mechanical engineering business, and has a solid understanding of new market trends and sustainability issues.

**MR VINCE FAYAD**

Non-Executive Director

Mr Fayad was appointed to the Esperance Board on 20 February 2013.

Mr Fayad is currently a Director of PKF Lawler Corporate Finance Pty Ltd and has had approximately 30 years of experience in Corporate Finance, Accounting and other advisory related services. Over the last 15 years, he has spent a significant amount of time advising on various transactions that are related to the mining industry.

Additionally, Mr Fayad is a Non-Executive Chairman for an Australian listed company, Medibio Limited (ASX: MEB) and is a Non-Executive Director of Ashley Services Group Limited (ASX: ASH) and Greenvale Energy NL (ASX: GRV). He was also formerly a Non-Executive Chairman for an Australian listed company, Metalbank Limited (ASX: MBK) and Executive Director of Global Strategic Metals NL (ASX: GSZ), where he undertook a number of positive initiatives.

## DIRECTORS' REPORT

### COMPANY SECRETARY

Mr Robert Lees was appointed company secretary on 7 January 2010. Robert is an Associate of the Institute of Chartered Accountants in Australia and the Chartered Secretaries of Australia. He has served as a Company Secretary on a number of ASX listed entities since 1998.

### RESULT AND REVIEW OF OPERATIONS

The loss after income tax for the period amounted to \$1,076,621 (December 2013: \$295,241).

During the half year the Company reviewed its continued mineral exploration activity in the Kununurra area of the West Kimberley region of Western Australia. Tenement exploration licence E80/3367 had been previously granted an extension for a further 2 years to 31 March 2015 by the Government of Western Australia, Department of Mines and Petroleum. However, following the review, the Board of Esperance formed the view to allow the Kununurra Project to lapse. In particular, the Board concluded that the exploration results did not justify the minimum expenditure required to maintain the project. Accordingly, the Board is reviewing its position in terms of unwinding its joint venture arrangements in relation to the Kununurra Project.

As a result of the above, the Company has expensed in full, the previously capitalised expenditure relating to the above project.

The Company has continued to maintain its minimum administrative cost base and these overheads are consistent with those of the prior year.

On the 30 September 2013, the Company announced that it had entered into unsecured convertible loan notes for a total of \$570,000 with various parties, including the Chairman, Mr Knauer and substantial shareholder Mining Investment Limited. As at 31 December 2014 \$145,000 remains undrawn under this facility. The terms of the unsecured convertible loan notes conversion into equity has been obtained from the non-associated shareholders.

The Company has continued with its strategy and is reviewing its present investments in tenements and looking for new prospect's, joint ventures and investments in mining and exploration in Australia and internationally that will provide better and earlier benefits for shareholders.

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the financial half-year under review.

### DIVIDENDS

No dividends have been paid or declared since the end of the previous financial year to the date of this report.

### AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 5 and forms part of the directors' report for the half-year ended 31 December 2014.

Signed in accordance with a resolution of the Board made pursuant to s.306(3) of the *Corporations Act 2001*.




Kris Knauer  
Chairman

Dated at Sydney this 13<sup>th</sup> day of March 2015.

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the concise financial report of Esperance Minerals Limited and controlled entities for the half year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



**RSM BIRD CAMERON PARTNERS**



**C J HUME**  
Partner

Sydney NSW  
Dated: 13 March 2015

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**  
for the half-year ended 31 December 2014

	Note	<b>CONSOLIDATED HALF-YEAR ENDED</b>	
		<b>31-DEC-2014</b>	<b>31-DEC-2013</b>
		<b>\$</b>	<b>\$</b>
Exploration costs written off		(804,750)	(77,896)
Administrative expenses		(271,930)	(218,874)
<b>(LOSS) FROM OPERATING ACTIVITIES</b>		<b>(1,076,680)</b>	<b>(296,770)</b>
Financial income		59	1,529
<b>TOTAL FINANCIAL INCOME</b>		<b>59</b>	<b>1,529</b>
<b>(LOSS) BEFORE INCOME TAX</b>		<b>(1,076,621)</b>	<b>(295,241)</b>
Income tax		-	-
<b>(LOSS) FOR THE PERIOD</b>		<b>(1,076,621)</b>	<b>(295,241)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income for the period, net of income tax		-	-
<b>TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD</b>		<b>(1,076,621)</b>	<b>(295,241)</b>
(Loss) attributable to:			
Owners of the parent		(1,076,621)	(295,241)
Non-controlling interests		-	-
		<b>(1,076,621)</b>	<b>(295,241)</b>
Total comprehensive (loss) attributable to:			
Owners of the parent		(1,076,621)	(295,241)
Non-controlling interests		-	-
		<b>(1,076,621)</b>	<b>(295,241)</b>
Basic and diluted (loss) per share	<b>2</b>	<b>(1.28) cents</b>	<b>(0.35) cents</b>

The consolidated statement of profit or loss and other comprehensive income is to be read  
in conjunction with the attached notes to the financial statements

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## as at 31 December 2014

	Note	CONSOLIDATED	
		31-DEC-2014 \$	30-JUN-2014 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		513	17,899
Other receivables		6,771	-
<b>TOTAL CURRENT ASSETS</b>		<u>7,284</u>	<u>17,899</u>
<b>NON-CURRENT ASSETS</b>			
Intangible assets – Exploration and evaluation expenditure	3	-	795,518
<b>TOTAL NON-CURRENT ASSETS</b>		<u>-</u>	<u>795,518</u>
<b>TOTAL ASSETS</b>		<u>7,284</u>	<u>813,417</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		224,027	146,814
Borrowings	4	716,624	607,800
<b>TOTAL CURRENT LIABILITIES</b>		<u>940,651</u>	<u>754,614</u>
<b>TOTAL LIABILITIES</b>		<u>940,651</u>	<u>754,614</u>
<b>NET LIABILITIES</b>		<u>(933,367)</u>	<u>58,803</u>
<b>EQUITY</b>			
Issued capital	5	10,163,083	10,163,083
Reserves		239,726	155,275
Accumulated losses		(11,336,182)	(10,259,561)
Parent entity equity		(933,373)	58,797
Non-controlling interest		6	6
<b>TOTAL EQUITY</b>		<u>(933,367)</u>	<u>58,803</u>

The consolidated statement of financial position is to be read in conjunction  
with the attached notes to the financial statements

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the half-year ended 31 December 2014

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Non- Controlling Interest \$	Total Equity \$
<b>BALANCE AT 1 JULY 2013</b>	10,163,083	-	(9,697,020)	6	466,069
Net (loss) for the period	-	-	(295,241)	-	(295,241)
Other comprehensive income:	-	-	-	-	-
Total comprehensive loss for the period	-	-	(295,241)	-	(295,241)
<b>BALANCE AT 31 DEC 2013</b>	<u>10,163,083</u>	<u>-</u>	<u>(9,992,261)</u>	<u>6</u>	<u>170,828</u>
<b>BALANCE AT 1 JULY 2014</b>	10,163,083	155,275	(10,259,561)	6	58,803
Net (loss) for the period	-	-	(1,076,621)	-	(1,076,621)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	(1,076,621)	-	(1,076,621)
<b>BALANCE AT 31 DEC 2014</b>	<u>10,163,083</u>	<u>155,275</u>	<u>(11,336,182)</u>	<u>6</u>	<u>(933,367)</u>

The consolidated statement of changes in equity is to be read in conjunction  
with the attached notes to the financial statements



## CONSOLIDATED STATEMENT OF CASH FLOWS for the half-year ended 31 December 2014

	<b>CONSOLIDATED HALF-YEAR ENDED</b>	
	<b>31-DEC-2014</b>	<b>31-DEC-2013</b>
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(117,443)	(357,235)
Interest received	58	1,529
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(117,385)</u>	<u>(355,706)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for exploration expenditure	-	(9,659)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>-</u>	<u>(9,659)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	100,000	270,000
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>100,000</u>	<u>270,000</u>
Net (decrease) in cash held	(17,385)	(95,365)
Cash at the beginning of the financial period	<u>17,879</u>	<u>215,185</u>
<b>CASH AT THE END OF THE FINANCIAL PERIOD</b>	<u><u>493</u></u>	<u><u>119,820</u></u>

The consolidated statement of cash flows is to be read in conjunction  
with the attached notes to the financial statements

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Esperance Minerals Limited ("the Company") is a company domiciled in Australia.

The interim financial report of the Company and its controlled entities (the Group) is for the half year ended 31 December 2014. The financial statements were approved by the Board of Directors on 16 March 2015.

### **BASIS OF PREPARATION**

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*.

The consolidated half-year financial report does not include all of the information required for a full annual financial report. The half-year financial report is to be read in conjunction with the most recent annual financial report for the year ended 30 June 2014. This report must also be read in conjunction with any public announcements made by the company during the half-year in accordance with continuous disclosure obligations arising under the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. The accounting policies adopted in the preparation of this financial report are, unless otherwise stated, consistent with those presented in the most recent annual financial report.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of certain non-current assets, financial assets and financial liabilities.

The financial statements are presented in Australian dollars which is the Group's functional and presentation currency.

### **NEW OR REVISED STANDARDS AND INTERPRETATIONS THAT ARE FIRST EFFECTIVE IN THE CURRENT REPORTING PERIOD**

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the consolidated entity's accounting policies and has no effect on the amounts reported for the current or prior half-years. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### **GOING CONCERN**

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of \$1,076,621 and had net cash outflows from operating activities of \$117,385 for the half year ended 31 December 2014 and a deficiency of working capital of \$933,367 as at that date. The consolidated entity has prepared budgets and forecasts for the following 12 months, and has determined further capital is required if the company is to continue at the planned level of operations.

These factors indicate significant uncertainty as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

- a. Subsequent to year end the Company has drawn down \$145,000 on the remaining balance of the convertible notes.
- b. The noteholders who hold the \$721,036 in unsecured loan notes, as disclosed in note 4, have agreed to defer payment of their notes from August 2015 to at least March 2016. Further, the note holders have committed to provide funding as and when required;

## NOTES TO THE FINANCIAL STATEMENTS

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### GOING CONCERN (CONTINUED)

Based on the above, the Directors believe that consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

#### USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

#### Recovery of Capitalised Exploration and Evaluation Expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related site itself, or if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to the environmental restoration obligations) and changes to commodity prices.

### 2. LOSS PER SHARE

The calculation of basic (loss) and diluted (loss) per share at 31 December 2014 was based on the loss attributable to ordinary shareholders of \$1,076,621 (2013: \$295,241) and the weighted average number of ordinary shares outstanding during the financial period ended 31 December 2014 of 84,039,679 (2013: 84,039,679), calculated as follows:

	31-DEC-2014 Cents	31-DEC-2013 Cents
Basic and diluted (loss) per share	<u>(1.28)</u>	<u>(0.35)</u>

### 3. INTANGIBLE EXPLORATION AND EVALUATION EXPENDITURE

	31-DEC-2014 \$	30-JUN-2014 \$
Exploration and evaluation phase costs carried forward at cost :	<u>-</u>	<u>795,518</u>

The Board have formed the view that the exploration results did not justify the minimum expenditure required to maintain the Kununurra Project and have allowed the project to lapse. Accordingly, the capitalised expenditure has been written-off in this period.

## NOTES TO THE FINANCIAL STATEMENTS

### 4. BORROWINGS

	31-DEC-2014	30-JUN-2014
	\$	\$
CURRENT		a
Unsecured loan notes	716,624	607,800

On the 30 September 2013, the Company entered into the following unsecured convertible loans:

- Cash convertible loans – totalling \$570,000 of (“**Cash Notes**”) which \$425,000 has been drawn down as at 31 December 2014; and
- Loan notes which deal with the refinancing of the amount owing to various shareholders in relation to the reimbursement of costs incurred with respect to initial due diligence costs for the Brazilian Project (“**Cost Reimbursement**”), totalling \$330,000.

The shareholders not associated with the Convertible Notes approved the terms of conversion on 30<sup>th</sup> April 2014. Subsequent to 31 December 2014, the Convertible Note holders agreed to extend the maturity date of the Convertible Notes to 31 August 2016. Additionally, the Convertible Note Holders have agreed to provide further financial support of \$240,000 (in total).

The terms of each facility are identical and these are set out below: <b>Maturity Date</b>	31 August 2015.  Note: Notice for conversion cannot be given until after 31 August 2014.  Subsequent to 31 December 2014, extend to 31 August 2016.
<b>Security</b>	None. However, the Company must observe standard covenants for a facility of this nature.
<b>Interest Rate</b>	8% per annum (continuing for the duration of the Note if shareholder approval for the issue of the note is obtained). However, if the term of the notes is extended, the interest rate will be 10% for that additional period.  If shareholder approval for the issue of the note is not obtained, the interest rate will increase from the date of the Meeting to 20% per annum on the drawn amount following the date of the Meeting (being the interest rate payable for the continuation of the advance as an unsecured debt).
<b>Conversion Issue Price – if approved by the Non associated shareholders</b>	The lower of: (a) \$0.05; and (b) A price equal to the 5 Trading Day VWAP of the Shares prior to the Conversion Notice.
<b>Repayment Election</b>	On the Maturity Date the holder can elect that any monies owing shall be repaid by the Company: (a) issuing Shares at the Conversion Price to the value of the monies owing; or (b) repay the outstanding amount in cash; or (c) a combination of the above.
<b>Special Conditions</b>	For every Conversion Share issued, the recipient will receive 1 Attaching Share exercisable at \$0.10 per Share with an expiration date of 31 August 2018 with an exercise price of 10 cents per Share
<b>Fees payable by the Company</b>	Nil.

## NOTES TO THE FINANCIAL STATEMENTS

### 5. ISSUED CAPITAL

	Note	31-DEC-2014 \$	30-JUN-2014 \$
84,039,679 (30 June 2014: 84,039,679) Fully paid ordinary shares:	(a)	10,163,083	10,163,083
		<u>10,163,083</u>	<u>10,163,083</u>

#### Terms of Issue:

#### (a) Fully paid ordinary shares

Ordinary shares participate in dividends and are entitled to one vote per share at shareholders meetings. In the event of winding up the company, ordinary shareholders rank after creditors and are entitled to any proceeds of liquidation in proportion to the number of shares held.

#### (b) Options

The options on issue expired on 31 December 2014. There were 16,100,000 options over the Company's shares issued or outstanding at 31 December 2014 expiring on 31 December 2014 exercisable at 5 cents. The options, unless converted to ordinary shares, do not participate in dividends. Options are not entitled to one vote at shareholders meetings. In the event of winding up the company, option holders are not entitled to any proceeds of liquidation.

### 6. SEGMENT INFORMATION

The Group operates in a single segment being mining and exploration activities in Australia.

### 7. DIVIDENDS

During the half-year, the Group did not pay any dividends.

### 8. EVENTS SUBSEQUENT TO 31 DECEMBER 2014

Subsequent to 31 December 2014, the Convertible Note holders agreed to extend the maturity date of the Convertible Notes to 31 August 2016. In consideration for this extension, the Company has agreed to pay an interest rate of 10% for the period after 31 August 2015. Additionally, the Convertible Note Holders have agreed to provide further financial support of \$240,000 (in total).

Other than the above, there have been no other events subsequent 31 December 2014 which would have a material impact effect on the Group's financial statements at 31 December 2014.

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### 9. COMMITMENTS AND CONTINGENCIES

As at 31 December 2014, there are no contingencies that affect the Group.

Capital expenditure commitments of the Group as at 31 December 2014:

Kununurra Tenements

There were no changes in the Group's commitments and contingencies since 30 June 2014. Moreover, as the Joint Venture is no longer in operation, the Board believes that there are no commitments.

## DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Esperance Minerals Limited, the directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Accounting Standard AASB 134: Interim Financial Reporting and giving a true and fair view of the financial position and performance of the consolidated entity.

Dated at Sydney this 13<sup>th</sup> March 2015.

Signed in accordance with a resolution of the Board

A handwritten signature in black ink, consisting of a stylized 'K' followed by a long horizontal stroke.

Kris Knauer  
Chairman

**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**TO THE MEMBERS OF**  
**ESPERANCE MINERALS LIMITED**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Esperance Minerals Limited and controlled entities (Esperance Minerals) which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Esperance Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Esperance Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Esperance Minerals Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

### *Material Uncertainty Regarding Continuation as a Going Concern*

Without modifying our conclusion, we draw attention to Note 1 "Going Concern" in the interim financial report which indicates that the consolidated entity incurred a loss of \$1,076,621 and had net cash outflows from operating activities of \$117,385 for the half year ended 31 December 2014 and a deficiency of working capital and net liabilities of \$933,367 as at that date. These conditions, along with other matters as set forth in Note 1 "Going Concern", indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, it may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

  
**RSM BIRD CAMERON PARTNERS**  
**C J HUME**  
Partner

Sydney, NSW  
Dated: 13 March 2015