

ESPERANCE MINERALS LIMITED (ASX: ESM) - ASX RELEASE



29 July 2016

Dear Option Holder

Non-renounceable Rights Issue

On 28 July 2016 Esperance Minerals Limited (ASX:ESM) (**Esperance**) announced a pro rata 1 for 4 non-renounceable rights issue (**Rights Issue** or **Offer**) to eligible shareholders of up to a maximum of 59,063,670 fully paid ordinary shares (**New Shares**), at an offer price of \$0.02 per share to raise approximately \$1.18 million (before costs).

As a holder of options in Esperance, you are not entitled to participate in the Rights Issue in respect of the options you hold unless you exercise your options and are entered onto the register as a shareholder as at 5:00pm on 4 August 2016 (**Record Date**).

If you wish for some or all of the shares underlying your options to be counted as part of your entitlement under the Rights Issue, you will need to exercise that portion of your options for which you wish to participate and pay the relevant exercise price for them so that you are registered by the Record Date.

If you do not wish to participate in the Rights Issue (in respect of your Esperance options) you do not need to take any action.

Key terms of Rights Issue

The Offer will be made pursuant to section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**) without disclosure to investors under Part 6D.2 of the Corporations Act.

The Offer will be open to eligible shareholders with a registered address in Australia or New Zealand on the Record Date (**Eligible Shareholders**).

The Offer will also include a shortfall facility that will provide Eligible Shareholders with the opportunity to apply for additional shares above their pro-rata entitlement. Any entitlement not taken up pursuant to the Offer will form the shortfall that will be dealt with in accordance with the shortfall facility. The allocation of additional New Shares under the shortfall facility will be at the discretion of the Directors. To the extent any shortfall remains after allocation to Eligible Shareholders who have applied for New Shares under the shortfall facility, subject to the Corporations Act and the ASX Listing Rules, the Company will use its best endeavours to place the remaining New Shares.

The proceeds of the Rights Issue will be applied by the Company towards:

- identifying, evaluating and conducting due diligence enquiries in respect of the potential acquisition of a suitable business in the health care sector;
- engaging expert staff who will assist the Company with securing and managing a potential transaction;



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- other general working capital; and
- funding the costs of the Rights Issue.

The Rights Issue is not underwritten.

Full details of the Rights Issue will be set out in the Rights Issue offer document which will be despatched to Eligible Shareholders on Tuesday, 9 August 2016. The New Shares under the Rights Issue will rank equally with the Company's existing ordinary shares on issue.

Eligibility to participate

To be eligible to participate in the Rights Issue in respect of the Esperance shares that would be issued to you if you exercise any Esperance options you hold, you must exercise those Esperance options and be registered (with a registered address in Australia or New Zealand) as the holder of the underlying Esperance shares prior to or on the Record Date. To then accept the offer under the Rights Issue in respect of those underlying Esperance shares, you will need to complete the application form that will accompany the Offer Document to be sent to shareholders.

To exercise some or all of your Esperance options you will need to give notice, in writing, to Esperance in accordance with the terms and conditions of the options, and pay to Esperance the exercise price for each option exercised.

The Offer is being conducted in accordance with the following timetable:

Event	Date
Announcement of Rights Issue	Thursday, 28 July 2016
Lodgement of documents associated with the Rights Issue and Appendix 3B	Friday, 29 July 2016
Despatch of notices to Shareholders informing them of Rights Issue	Tuesday, 2 August 2016
Ex-Date	Wednesday, 3 August 2016
Record Date	Thursday, 4 August 2016
Despatch of Offer Documents to Eligible Shareholders	Tuesday, 9 August 2016
Rights Issue Opening Date	Tuesday, 9 August 2016
Rights Issue Closing Date	5.00pm (AEST) Thursday, 18 August 2016
Deferred Settlement Trading	Friday, 19 August 2016
Shortfall Date	Tuesday, 23 August 2016
Issue of New Shares	Thursday, 25 August 2016
Normal Trading	Friday, 26 August 2016

Esperance reserves the right to amend this timetable subject to the Listing Rules.

Optionholders with queries concerning the Rights Issue or the exercise of your options should contact your professional advisors or the Company's share registry, Security Transfer Registrars Pty Limited on (08) 9315 2333.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'A. Beasley', with a stylized, flowing script.

Alan Beasley
Chairman