



19 September 2014

ASX Announcement

Cancellation of Kumwha Deposit Transaction

The Board of EHG Corporation Limited (ASX: EHG) ('**the Company**') provides the following update for the benefit of shareholders and the market.

Over the past several months the Board has been steadily making progress on completing the terms of a licence agreement and associated farm-in documentation. While no formal licence or associated documentation has been executed, the Company was confident that the proposed contracts would be in a form that is consistent with the same standards commonly adopted in Australia and other like jurisdictions.

Notwithstanding the above, as with any ASX entity that proposes to conduct business in emerging markets, the Company must be able to satisfy the ASX about a wide range of potential risks and other legal obligations. These include, but are not limited to, sovereign risk, legal risks (such as compliance with UN sanctions), compliance with ASIC's Emerging Country Issuers requirements and more generally the requirements of Chapters 1 and 2 of the ASX Listing Rules (such as structure and operations). Reputational and ethical issues are also important as emphasised by Principle 3 of the ASX Corporate Governance Council Corporate Governance Principles and Recommendations.

Taking all of these matters into consideration, the Board has formed the opinion that, despite all best efforts, the Company will be unable to satisfy ASX that such a transaction is appropriate for an entity to be listed on the market conducted by ASX under Listing Rule 1.1, Condition 1.

Accordingly, the Board has resolved that it will no longer pursue the Kumwha Deposit transaction.

Whilst the Board is disappointed that it will be unable to proceed with this transaction, the Board will now start evaluating potential alternative transactions and will continue to keep the market informed accordingly.

For further information, please contact:

Mr David Sutton
Director