



ASX Announcement

3 October 2014

Ephraim Resources enters commercialisation phase

- **Ephraim's Indonesian subsidiary, PTFF, has completed plantation trials and has to date secured rights over 11,800 ha of land suitable for Nipah cultivation**
- **Training completed in August 2014 for the first group of 60 farmers for the upcoming production program**
- **Ephraim is targeting its maiden sugar syrup production from Nipah palm in October 2014**

Ephraim Resources ("Ephraim"), through its 99% owned subsidiary PT First Flower ("PTFF"), an Indonesian incorporated entity, is in the business of agricultural biogenetics research and experimentation, licensing and consultancy, with a focus on Nipah Palm breeding, tissue culture, cultivation and plantation, and producing sugar and/ or ethanol from the sap of the Nipah Palm.

Through extensive research, Ephraim has developed a cost efficient methodology to develop improved Nipah Palm fit for cropping on an industrial scale at competitive costs, to re-establish and optimise the use of degraded land for Nipah Palm plantations in Indonesia, and to produce sugar suitable to meet the increasing international demand for sugar commodities and potentially sustainable and renewable non-food fuel.

The by products available from the sap of the Nipah Palm sugar are syrup, palm sugar and its fruit. Nipah syrup and palm sugar are used locally in Indonesia to make kecap manis (Indonesian sweet soy like flavoring sauce), ice cream and other products while the Nipah fruit is served as a desert, popular not only in Indonesia but in Singapore and Malaysia as well.

PTFF has completed plantation trials and has to date secured rights over 11,800 hectares of land suitable for Nipah Palm cultivation.

With the successful raising of \$3,000,000 during its relisting process, the Company has set about bringing the Nipah cultivation to commercialisation stage. Besides relocating to new offices in Jakarta and the plantation location of Meranti, additional staff was hired at both the head office and at the plantations.

In August 2014, training for the first batch of 60 farmers for the pilot production program was conducted in Meranti. It commenced with some fanfare in an opening ceremony by the local land and forestry authorities to demonstrate their support for our large scale cultivation of Nipah Palm as a means of livelihood for the local population.



In the pilot program, the trained farmers will tap the grown Nipah Palm that stands on our land. Notwithstanding that the number of standing palm are not in sufficient quantity to produce sugar or ethanol, the pilot program is expected to generate some revenue from the production and sale of by products, such as palm sugar, syrup and fruit.

The pilot production should commence in October 2014 after a portion of the land has been mapped and divided into 100 sq m plots to be handled by each farmer. The more productive farmers would be assigned more plots enabling them to earn a higher income by delivering larger quantity of sap from the palm in their plots to be processed into syrup or palm sugar for sale into the local market by the Company.

The success of the pilot program would lead to training of more farmers to work on the remaining portion of the land proving and providing a platform for Ephraim's Indonesia wide expansion plans.

Ephraim's Executive Director Mr. Eric Ng says "After nearly 5 years of research and successful cultivar optimisation it gives the management team and myself great pleasure to embark on the commercialisation phase of this innovative agricultural technology and business model".

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