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## EPHRAIM RESOURCES LIMITED

ABN 63 008 666 233

### NOTICE OF ANNUAL GENERAL MEETING

### EXPLANATORY STATEMENT AND

### PROXY FORM

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**TIME:** 1.00 pm (WST)

**DATE:** 30 November 2017

**PLACE:** c/: Nexia Perth  
Level 3, 88 William Street  
Perth, Western Australia

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9463 2463.*

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**TIME AND PLACE OF MEETING AND HOW TO VOTE**

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**VENUE**

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The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 1.00 pm (WST) on 30 November 2017 at:

c/: Nexia Perth  
Level 3, 88 William Street  
Perth, Western Australia

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**YOUR VOTE IS IMPORTANT**

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The business of the Annual General Meeting affects your shareholding and your vote is important.

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**VOTING IN PERSON**

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To vote in person, attend the Annual General Meeting on the date and at the place set out above.

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**VOTING BY PROXY**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (a) post to Ephraim Resources Limited, c/: Nexia Perth, GPO Box 2570 Perth WA 6000; or
- (b) facsimile to the Company on facsimile number +61 8 9463 2499; or
- (c) email to the Company Secretary at [henko.vos@nexiaperth.com.au](mailto:henko.vos@nexiaperth.com.au)

so that it is received not later than 1.00 pm (WST) on 28 November 2017.

**Proxy Forms received later than this time will be invalid.**

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## NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that the Annual General Meeting of Shareholders will be held at 1.00 pm (WST) on 30 November 2017 at c/: Nexia Perth, Level 3, 88 William Street, Perth, Western Australia.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 5.00 pm (WST) on 28 November 2017.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

### AGENDA

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#### 1. ANNUAL REPORT

To receive and consider the financial report of the Company together with the reports of the directors and the auditor for the financial year ended 30 June 2017.

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#### 2. RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the remuneration report for the financial year ended 30 June 2017 be adopted”.*

**Short Explanation:** The Remuneration Report is in the Directors' Report section of the Company's Annual Report. Listed companies are required to put the Remuneration Report to the vote for adoption at the Company's Annual General Meeting. 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 either of the following persons:

- (a) a member of the key management personnel, details of whose remuneration are included in the Remuneration Report;
- (b) a closely related party of such a member.

However any of those persons may cast a vote on the resolution if:

- (a) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) the vote is not cast on behalf of a person described in paragraphs (a) or (b) above.

If you appoint the Chairman of the Meeting as your proxy, the Company encourages you to direct the Chairman how to vote on this advisory Resolution. The Chairman, as one of the Key Management Personnel of the Company, is not permitted to cast any votes in respect of this advisory Resolution that arise from undirected proxies held unless the proxy expressly authorises the Chairman to do so.

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### 3. RESOLUTION 2 – RE-ELECTION OF MR ANDREW CHAN AS A DIRECTOR

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, Mr Andrew Chan, a director of the Company who retires from office in accordance with clause 13.4 of the Constitution be re-elected as a director of the Company”.*

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### 4. RESOLUTION 3 – ISSUE OF SHARES TO A RELATED PARTY FOR SETTLING AN OUTSTANDING LOAN

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue Shares to Mr Eric Ng (or his nominee) in settlement of an outstanding loan on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Eric Ng (or his nominee) and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a 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.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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### 5. RESOLUTION 4 – ISSUE OF SHARES TO A CLOSELY RELATED PARTY OF A DIRECTOR FOR SETTLING OF AN OUTSTANDING LOAN

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 72,127,444 Shares to Chew Lee Ching (or her nominee), a Closely Related Party of Mr Eric Ng, a director of the Company, in settlement of an outstanding loan on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Chew Lee Ching (or her nominee), Mr Eric Ng (a Director of the Company and spouse of Chew Lee Ching) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a 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.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## **6. RESOLUTION 5 – APPROVAL OF 10% PLACEMENT FACILITY**

To consider and, if thought fit, to pass the following, with or without amendment, as a **special resolution**:

*"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by a person who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed and associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman 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.

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**DATED: 11 OCTOBER 2017**

**BY ORDER OF THE BOARD**

**HENKO VOS**  
**COMPANY SECRETARY**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 1.00 pm (WST) on 30 November 2017 at c/: Nexia Perth, Level 3, 88 William Street, Perth, Western Australia.

The purpose of this Explanatory Statement is to provide information which the directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

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### 1. ANNUAL REPORT

Section 317 of the Corporations Act requires the reports of the directors and of the auditors and the Annual Report, including the financial statements to be put before the Annual General Meeting and the Constitution provides for those reports and statements to be received and considered at the Annual General Meeting. Neither the Corporations Act nor the Constitution requires a vote of Shareholders at the Annual General Meeting on the reports or statements. However, Shareholders will be given the opportunity to raise questions on the reports and the statements at the Annual General Meeting.

The Company's 2017 Annual Report is available at [www.ephraimresources.com.au](http://www.ephraimresources.com.au). Those shareholders that elected to receive a printed copy of the Annual Report will have received a copy with this Notice of Annual General Meeting.

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### 2. RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

The Remuneration Report is in the Directors Report section of the Company's Annual Report.

By way of summary, the Remuneration Report:

- (a) explains the Company's remuneration policy and the process for determining the remuneration of its Directors and executive officers;
- (b) addresses the relationship between the Company's remuneration policy and the Company's performance; and
- (c) sets out remuneration details for each Director and each of the Company's executives named in the Remuneration Report for the financial year ended 30 June 2017.

Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. The vote on this resolution is advisory only, however, and does not bind the Board or the Company. The Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.

The Chairman will give Shareholders a reasonable opportunity to ask questions about or to make comments on the Remuneration Report.

The Corporations Act provides for a 'two strikes rule' in relation to voting on the Remuneration Report. This rule would apply if, at two consecutive Annual General Meetings, the resolution for adoption of the Remuneration Report were to receive a 'no' vote of 25% or more of the votes cast on the resolution. In that case, a further resolution (a 'spill resolution') would be required to be put to Shareholders at the second of those Annual General Meetings. If passed, the spill resolution would require an extraordinary general meeting of the Company (a 'spill meeting') to be held within 90 days of the second Annual General Meeting, for the purpose of considering the election of Directors. At the spill meeting, the directors (other than the Managing Director) who were in office at the date of approval by the Board of the most recent Directors' Report would cease to hold office, unless re-elected at the meeting. For any spill resolution to be passed, more than 50% of the votes cast on the resolution must be in favour of it.

At the Group's 2016 Annual General Meeting, the Company did not receive votes against its Remuneration Report representing greater than 25% of the votes cast by persons entitled to vote.

## **Undirected proxies**

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, the Shareholder is considered to have provided the Chairman with an express authorisation to vote the proxy in accordance with the Chairman's intention.

Any undirected proxies held by any other key management personnel or any of their closely related parties will not be voted on this resolution.

Key management personnel of the Company has the same meaning as set out in the accounting standards and includes the Directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's key management personnel for the financial year to 30 June 2017. Their closely related parties are defined in the Corporations Act, and include certain members of their family, dependents and companies they control.

## **Directors' recommendation**

The Board of Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

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### **3. RESOLUTION 2 – RE-ELECTION OF MR ANDREW CHAN AS A DIRECTOR**

On 22 June 2017 the Company announced the resignation of an existing director and the appointment by the Board of Mr Andrew Chan as non-executive director of the Company.

The Constitution provides that directors appointed by the Board hold office until the next general meeting, at which time they are eligible for re-election. The Constitution further provides that persons may be appointed as Directors by ordinary resolution passed by Shareholders. Mr Chan retires from office in accordance with these requirements and being eligible, offers himself for re-election by shareholders as a director of the Company, with effect from the end of the meeting.

Mr Chan is a corporate and commercial lawyer with over 10 years' experience holding both a Bachelor of Arts and a Bachelor of Law degree. He has worked both in private practice and in-house in the resources sector in a variety of roles. Mr Chan has also previously advised a number of Australian and international companies in the resources sector.

Mr Chan is currently an independent non-executive director of ASX listed company GBM Gold Limited. Mr Chan also holds directorship roles in a number of proprietary companies. Mr Chan resides in Sydney.

## **Directors' recommendation**

The Board of Directors, with Mr Chan abstaining, unanimously recommend that Shareholders vote in favour of Resolution 2.

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### **4. RESOLUTION 3 – ISSUE OF SHARES TO A RELATED PARTY FOR SETTLING AN OUTSTANDING LOAN**

#### **4.1 Background**

On 13 December 2016 the Company entered into a loan agreement with Mr Eric Ng, a Director of the Company, for the advancement of \$110,000 to the Company for working capital purposes. Under the terms of the loan agreement full repayment of the loan is required by 19 June 2017 (subsequently extended to 30 November 2017), unless shareholders approve the conversion of the loan into Shares (Related Party Shares). The conversion rate is set to be the lower of \$0.001 per Share or 75% of the volume weighted average price of the Company's Shares calculated over the 15 trading days on which trades in the Shares were recorded immediately before the relevant shareholder's meeting. The loan carries interest at 20% per annum, repayable at the end of the loan term.

Mr Ng is a Related Party of the Company being a Director of the Company.

The Company have calculated the outstanding loan balance to be \$133,466.71 on 30 November 2017, allowing for accrued interest at 20% per annum or \$23,466.71 from 13 December 2016 to 30 November 2017.

The loan agreement provides that the loan be converted into Shares in the Company, subject to the approval of the Company's Shareholders. Where Shareholders do not approve the conversion of the loan, those funds will be repayable by the Company to Mr Ng by 30 November 2017.

As noted, the Company has agreed to issue the Shares at the lower price of \$0.001 per Share or 75% of the volume weighted average price of the Company's shares calculated over the 15 trading days on which trades in the shares were recorded immediately before the relevant shareholder's meeting. The Company's shares last traded at \$0.002 on 28 February 2017. The Company's Shares has been in voluntary suspension from 8 March 2017. The 15 trading day volume weighted average price calculated before the Company requested the voluntary suspension was \$0.002, meaning that 75% of the 15 trading day volume weighted average price is calculated as \$0.0015.

#### **Impact if the Related Party Shares are issued at \$0.001**

In the event that the Company's Shares are not re-instated prior to the Annual General Meeting, the issue price will be \$0.001. In this instance the Company will issue 133,466,710 Shares to settle the outstanding loan.

In the event that the Company's Shares are re-instated prior to the Annual General Meeting and the 75% volume weighted average price of the Company's shares calculated over the 15 trading days on which trades in the shares are recorded immediately before the Annual General Meeting exceeds \$0.001, the issue price will be \$0.001. In this instance the Company will issue 133,466,710 Shares to settle the outstanding loan.

If the Company issues the Related Party Shares at \$0.001 per Share, Mr Ng will receive 133,466,710 Shares. Allowing for Mr Ng's current shareholding of 86,758,158 Shares (82,500,000 indirectly held through Firstbeet International Limited and 4,258,158 held directly in his personal name) or 5.63% of the current Shares on issue, the issue of the Related Party Shares will increase Mr Ng's holding (direct and indirect) to 220,224,868 or 13.16% of the then total 1,673,467,352 Shares on issue.

#### **Impact if the Related Party Shares are issued at less than \$0.001**

In the event that the Company's Shares are re-instated prior to the Annual General Meeting and the 75% volume weighted average price of the Company's shares calculated over the 15 trading days on which trades in the shares are recorded immediately before the Annual General Meeting is below \$0.001, the issue price will be taken as that lower figure. The number of Shares to be issued in this instance is unknown but will be calculated by dividing the total outstanding balance, including interest, on 30 November 2017 of \$133,466.71 by the then calculated 75% volume weighted average price of the Company's shares calculated over the 15 trading days on which trades in the shares are recorded immediately before the Annual General Meeting. Any Related Party Shares issued under this Resolution will be limited to ensure that the voting power of Mr Ng, including any associates of him, does not exceed 19.99%.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.



The grant of the Related Party Shares constitutes giving a financial benefit to Mr Ng which is a related party of the Company by virtue of being a Director.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Related Party Shares to the Related Party.

#### **4.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)**

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Related Party Shares:

- (a) the related party is Mr Eric Ng, a Director of the Company.
- (b) the maximum number of Related Party Shares (being the nature of the financial benefit being provided) to be granted to the Related Party is unknown with the actual number to be calculated by reference to the lower of :
  - (i) \$0.001 per Share, or
  - (ii) 75% of the volume weighted average price of the Company's Shares calculated over the 15 trading days on which trades in the Shares were recorded immediately before the Annual General Meeting.

Should the Company remain in suspension at the date of the Annual General Meeting or if the Company is reinstated by ASX before that date and the value then calculated as 75% of the volume weighted average price of the Company's Shares calculated over the 15 trading days on which trades in the Shares were recorded immediately before the Annual General Meeting exceed \$0.001, the Company will issue 133,466,710 Shares to settle the outstanding loan;

- (c) the Related Party Shares will be granted to the Mr Ng no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Shares will be issued on one date;
- (d) the Related Party Shares will be issued for the settlement of a \$110,000 loan, plus accrued interest of \$23,466.71, provided by the Related Party to the Company, at the lower of \$0.001 per share (in which case 133,466,710 Shares will be issued) or 75% of the volume weighted average price of the Company's shares calculated over the 15 trading days on which trades in the shares were recorded immediately before the relevant shareholder's meeting. If this value is more than \$0.001 the Company will issue 133,466,710 Shares. If this value is less than \$0.001 the Company will issue a greater number of Shares with the actual number to be calculated by dividing the total outstanding balance, including interest, on 30 November 2017 of \$133,466.71 by the then calculated volume weighted average price of the Company's shares calculated over the 15 trading days on which trades in the shares are recorded immediately before the Annual General Meeting. Any Related Party Shares issued under this Resolution will be limited to ensure that the voting power of Mr Ng, including any associates of him, does not exceed 19.99%.

#### **ASX Waiver**

The Company has applied to ASX to grant it a relief from Listing Rule 10.13.5 for the purpose of this Notice of Meeting, on the basis that the issue price under Resolution 3 is dependent on a future Share price. As noted above, the issue price will be calculated as the lower of \$0.001 per share or 75% of the volume weighted average price of the Company's shares calculated over the 15 trading

days on which trades in the shares were recorded immediately before the relevant shareholder's meeting.

The impact of issuing the shares at \$0.001 as well as the impact of issuing the shares at less than \$0.001 is detailed in section 4.1 of the Notice. It also shows the potential number of shares that could be issued under each scenario. (At the date of this Notice, the Company's shares are suspended from trading on the ASX. If it remains suspended at the date of the Annual General Meeting, the issue price will be \$0.001 which will result in the issue of 133,466,710 Shares if this Resolution is passed).

The Company will announce to the market whether the waiver is granted or not, including the terms thereof. In the event that the waiver is not granted by ASX, Resolution 3 will be withdrawn;

- (e) the Company will not receive any funds upon the issue of the Related Party Shares as they are being issued in consideration for the conversion of the loan funds already provided to the Company by the Related Party;
- (f) the funds originally supplied by the Loan are being used by the Company to provide additional working capital;
- (g) the Related Party Shares will be issued on the same terms and conditions as the fully paid ordinary Shares of the Company;
- (h) the relevant interests of Mr Ng in securities of the Company are set out below:

Related Party	Total Shares	Options
Mrs Chew Lee Ching (spouse of Mr Ng) <sup>1</sup>	N/a	N/a
Mr Eric Ng	86,758,158*	6,000,000**

1- These excludes any Shares that might be issued to Mrs Chew Lee Ching (being the spouse of Mr Ng and therefore a Closely Related Party) or her nominee(s) under Resolution 4 of this Notice of Meeting, which is subject to separate Shareholder approval.

\* - Mr Eric Ng is a director of Firstbeet International Limited, who holds 82,500,000 management shares on trust. Mr Eric Ng is also the holder of 4,258,158 ordinary shares, held in his personal name through a separate holding.

\*\* - Unlisted options with an exercise price of \$0.00508 expiring on 30 November 2017.

- (i) the remuneration and emoluments from the Company to Mr Eric Ng for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

	Current Financial Year (FY 2017-2018)	Previous Financial Year (FY 2016-2017)
Mr Eric Ng	72,000 per annum <sup>1</sup>	72,000 per annum <sup>2</sup>

1 – at the date of this Notice Mr Eric Ng has not received any payment for his FY2017-18 pro-rata entitlement of \$18,000 (1 July 2017 to 30 September 2017).

2 – at the date of this Notice Mr Eric is still owed \$36,000 of his FY2016-17 entitlement (1 January 2017 to 30 June 2017).

- (j) if the conversion price is determined to be \$0.001, the Company propose to issue a total of 133,466,710 Related Party Shares. This will increase the number of Shares on issue from 1,540,000,642 to 1,673,467,352 (excluding those Shares the subject of Resolution 4 and assuming that no Options are exercised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 7.98%.

If the conversion price is determined to be lower than \$0.001, the Company will issue a greater number of Related Party Shares, with the actual number to be determined as noted under section 4.2(d) of this Resolution. Existing Shareholder would then be diluted with a greater number than 7.98% with the actual dilution dependant on the actual number of Shares issued. In this event the minimum dilution to existing shareholders would be 7.99%.

If the Loan is converted into Shares at a conversion price that is less than the price of Shares that last traded, or are currently trading on ASX, there may be a perceived cost to the Company.

The Board resolved to issue the Related Party Shares, subject to Shareholder approval, on the terms and conditions set out in this Notice at a time when the Shares were trading on ASX at a price on or around the conversion price of the Loan, but Shareholder approval has not been able to be obtained until this Meeting. The Board resolved to issue those Related Party Shares to the Related Party when the previous closing price of Shares on ASX was \$0.002; and

- (k) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.003	25 October 2016
Lowest	\$0.001	14 February 2017
Last Price *	\$0.002	28 February 2017

\* - The Company has been in voluntary suspension since 8 March 2017.

- (l) the primary purpose of the grant of the Related Party Shares to Mr Ng is to convert the loan funds provided by him, which is a debt owing by the Company, to equity, thereby reducing the Company's debt. The loan funds have been provided at a time when the Company needed to secure such funds for the purpose of providing it with the working capital at a time when it was negotiating the proposed Goldson business acquisition;
- (m) Mr Eric Ng declines to make a recommendation to Shareholders in relation to Resolution 3 due to his material personal interest in the outcome of the Resolution on the basis of him being a Director and therefore a Related Party of the Company.
- (n) the Directors, other than Mr Ng recommends that Shareholders vote in favour of Resolutions 3 for the reasons set out below:
- (i) the grant of Related Party Shares to the Related Party will further align the interests of the Related Party with those of Shareholders;
  - (ii) the grant of the Related Party Shares will also extinguish the liability of the Company to repay the loan debt to the Related Party at 30 November 2017;
  - (iii) the grant of the Related Party Shares is a reasonable and appropriate method to provide cost effective consideration as the non-cash form of this benefit will allow the Company to spend

a greater proportion of its cash reserves on its operations than it would if alternative cash forms of consideration were used to service the loan;

- (iv) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Related Party Shares upon the terms proposed; and
  - (v) the Company does not currently have sufficient cash funds to settle the debt and is incurring interest costs whilst the loan remains outstanding.
- (o) with the exception of Mr Eric Ng no other Director has a personal interest in the outcome of Resolution 3;
- (p) in forming their recommendations, each Director considered the current market price of Shares, the current market practices when determining the number of Related Party Shares to be granted as well as the conversion price of the Loan; and
- (q) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 3.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Shares to Mr Eric Ng as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Shares to Mr Eric Ng will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

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## **5. RESOLUTION 4 – ISSUE OF SHARES TO A CLOSELY RELATED PARTY OF A DIRECTOR FOR SETTLING OF AN OUTSTANDING LOAN**

### **5.1 Background**

On 26 May 2016 the Company entered into a loan agreement with Mrs Chew Lee Ching for the advancement of SGD\$100,000 (AUD100,735) in funding to the Company for working capital purposes and supporting its then cultivation and research work opportunities.

Mrs Chew Lee Ching is a Closely Related Party of the Company being married to Mr Eric Ng, a Director of the Company.

The Company have calculated the outstanding loan balance to be \$115,403.91 on 30 November 2017, allowing for accrued interest at 10% per annum or \$15,403.91 from 26 May 2016 to 30 November 2017.

The loan agreement provides that the loan can be converted into Shares in the Company, subject to the approval of the Company's Shareholders. Where Shareholders do not approve such a conversion of the loan, funds will be repayable by the Company to the Closely Related Party by 26 September 2016 (subsequently extended to 30 November 2017). The loan carries interest at 10% per annum, payable at the same time as repayment of the Loan.

The Company has agreed to issue any conversion shares at the lower price of \$0.003 per Share or at a discount of 20% to the last traded price on the day before the date of notice to convert, being the date of this Notice of Meeting. The Company's shares last traded at \$0.002 on 28 February 2017 before it requested a voluntary suspension of its Shares on 8 March 2017. The suspension was still in place at the date of this Notice of Meeting. The deemed issue price of the Shares will accordingly be \$0.0016 (being a 20% discount on \$0.002), equating to 72,127,444 Shares (Closely Related Party Shares). The issue of these Closely Related Party Shares will increase the voting power of Mrs Chew Lee Ching to 4.47% in the Company (if Resolution 3 is defeated) or 4.13% if Resolution 3 is passed and on the assumption 133,466,710 Shares are issued to Mr Ng. If more than 133,466,710 Shares are issued to Mr Ng under Resolution 3, Mrs Chew Lee Ching's voting power

will decrease to a value below 4.13%, with the then actual voting power dependent on the actual number of Shares calculated and issued under Resolution 3.

Allowing for Mr Eric Ng's current shareholding of 86,758,158 Shares (82,500,000 indirectly held through Firstbeet International Limited and 4,258,158 held in his personal name) or 5.63% of the current Shares on issue, the issue of the Closely Related Party Shares will increase Mr Eric Ng's holding (direct and indirect) to 158,885,602 or 9.86% of the then total 1,612,128,086 Shares on issue. If Resolution 3 of this Notice of Meeting is also passed, and assuming 133,466,710 Shares are issued to Mr Ng under Resolution 3, Mr Ng's combined voting power will increase to 292,352,312 Shares or 16.75%. If more than 133,466,710 Shares are issued to Mr Ng under Resolution 3, Mr Ng's combined voting power will increase to a value above 16.75%, with the actual voting power dependent on the actual number of Shares calculated and issued under Resolution 3. Any Related party Shares issued under Resolution 3 will be limited to ensure that the combined voting power of Mr Ng and Mrs Chew Lee Ching does not exceed 19.99%.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Closely Related Party Shares constitutes giving a financial benefit to Chew Lee Ching which is a related party of the Company by virtue of being a person associated with Mr Eric Ng, a Director.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Closely Related Party Shares to the Related Party.

## **5.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)**

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Related Party Shares:

- (a) the related party is Mrs Chew Lee Ching. She is a Related Party by virtue of being the spouse of Mr Eric Ng, the Executive Director of the Company.
- (b) the maximum number of Closely Related Party Shares (being the nature of the financial benefit being provided) to be granted to the Closely Related Party is 72,127,444 Closely Related Party Shares to the Closely Related Party;
- (c) the Closely Related Party Shares will be granted to the Closely Related Party Ltd no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Closely Related Party Shares will be issued on one date;
- (d) the Closely Related Party Shares will be issued for the settlement of the SGD\$100,000 (AUD100,735) loan, plus accrued interest of \$15,403.91, provided by the Closely Related Party to the Company, at a deemed issue price of 0.0016 cents per Closely Related Party Share, which is

calculated by dividing the amount of the loan plus accrued interest by the number of Closely Related Party Shares to be issued. The issue price represents the lower of \$0.003 per Share and a 20% discount to the last traded price of the Company's Shares on ASX prior to this Notice of Meeting (being 28 February 2017 on which day the Shares traded at \$0.002);

- (e) the Company will not receive any funds upon the issue of the Closely Related Party Shares as they are being issued in consideration for the conversion of the loan funds already provided to the Company by the Related Party;
- (f) the funds originally supplied by the Loan are being used by the Company to provide additional working capital;
- (g) the Closely Related Party Shares will be issued on the same terms and conditions as the fully paid ordinary Shares of the Company;
- (h) the relevant interests of Mrs Chew Lee Ching in securities of the Company are set out below:

Related Party	Total Shares	Options
Mrs Chew Lee Ching	N/a	N/a
Mr Eric Ng (Spouse of Mrs Chew Lee Ching) <sup>1</sup>	86,758,158*	6,000,000**

1 - These excludes any Shares that might be issued to Mr Ng or his nominee(s) under Resolution 3 of this Notice of Meeting, which is subject to separate Shareholder approval. If Resolution 3 is passed, the minimum number of Shares that will be issued to Mr Ng is 133,466,710 which will increase his, and indirectly Mrs Chew Lee Ching voting power to 16.75% or 292,352,312 of the then 1,745,594,796 Shares on issue. If more Shares are issued under Resolution 3, as calculated and described in that Resolution (see Section 4.2(d) above), the Company will limit any such issue to ensure that the combined voting power of Mr Ng and Mrs Chew Lee Ching does not exceed 19.99%.

\* - Mr Eric Ng is a director of Firstbeet International Limited, who holds 82,500,000 management shares on trust. Mr Eric Ng is also the holder of 4,258,158 ordinary shares, held in his personal name through a separate holding.

\*\* - Unlisted options with an exercise price of \$0.00508 expiring on 30 November 2017.

- (i) Mrs Chew Lee Ching is a Closely Related Party of the Company's Executive Director, Mr Eric Ng. The remuneration and emoluments from the Company to Mr Eric Ng for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

	Current Financial Year (FY 2017-2018)	Previous Financial Year (FY 2016-2017)
Mr Eric Ng	72,000 per annum <sup>1</sup>	72,000 per annum <sup>2</sup>

1 – at the date of this Notice Mr Eric Ng has not received any payment for his FY2017-18 pro-rata entitlement of \$18,000 (1 July 2017 to 30 September 2017).

2 – at the date of this Notice Mr Eric is still owed \$36,000 of his FY2016-17 entitlement (1 January 2017 to 30 June 2017).

Mrs Chew Lee Ching has never rendered any services to the Company and has never received any remuneration from the Company. Other than the loan repayment the subject of this Resolution, no other amount is owed or payable to her.

- (j) the Company propose to issue a total of 72,127,444 Closely Related Party Shares. This will increase the number of Shares on issue from 1,540,000,642 to 1,612,128,086 (excluding those Shares the subject of Resolution 3 and assuming that no Options are exercised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 4.47%.

If the Loan is converted into Shares at a conversion price that is less than the price of Shares that are currently trading on ASX, there may be a perceived cost to the Company.

The Board resolved to issue the Related Party Shares, subject to Shareholder approval, on the terms and conditions set out in this Notice at a time when the Shares were trading on ASX at a price on or around the conversion price of the Loan, but Shareholder approval has not been able to be obtained until this Meeting. The Board resolved to issue those Related Party Shares to the Related Party when the previous closing price of Shares on ASX was \$0.003; and

- (k) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.003	25 October 2016
Lowest	\$0.001	14 February 2017
Last Price *	\$0.002	28 February 2017

\* - The Company has been in voluntary suspension since 8 March 2017.

- (l) the primary purpose of the grant of the Closely Related Party Shares to the Closely Related Party is to convert the loan funds provided by the Closely Related Party, which is a debt owing by the Company, to equity, thereby reducing the Company's debt. The loan funds have been provided at a time when the Company needed to secure such funds for the purpose of providing it with the working capital at a time when it was negotiating the Goldson business acquisition;
- (m) Mr Eric Ng declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution on the basis that Mrs Chew Lee Ching, a Related Party of Mr Ng, is to be granted Closely Related Party Shares in the Company should Resolution 4 be passed.
- (n) The Directors, other than Mr Ng recommends that Shareholders vote in favour of Resolutions 4 for the reasons set out below:
- (i) the grant of Closely Related Party Shares to the Closely Related Party will further align the interests of the Related Party with those of Shareholders;
  - (ii) the grant of the Closely Related Party Shares will also extinguish the liability of the Company to repay the loan debt to the Closely Related Party at 30 November 2017;
  - (iii) the grant of the Closely Related Party Shares is a reasonable and appropriate method to provide cost effective consideration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of consideration were used to service the loan;

- (iv) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Closely Related Party Shares upon the terms proposed; and
  - (v) the Company does not currently have sufficient cash funds to settle the debt and is incurring interest costs whilst the loan remains outstanding.
- (o) with the exception of Mr Eric Ng no other Director has a personal interest in the outcome of Resolution 4;
  - (p) in forming their recommendations, each Director considered the current market price of Shares, the current market practices when determining the number of Closely Related Party Shares to be granted as well as the conversion price of the Loan; and
  - (q) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 4.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Closely Related Party Shares to Chew Lee Ching as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Closely Related Party Shares to Chew Lee Ching will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

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## **6. RESOLUTION 5 – APPROVAL OF 10% PLACEMENT FACILITY**

### **6.1 General**

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

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 having an estimated market capitalisation of \$3 million.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 6.2(c) below).

The Directors of the Company believe that Resolution 3 is in the best interests of the Company as the additional facility, if obtained, provides the ability for the Company to raise additional funds quickly. Such funds may be used to strengthen the Company's working capital position, to acquire further land-use rights and /or other plant and equipment required for product or production enhancement or research.

The Directors unanimously recommend that Shareholders vote in favour of this Resolution.

### **6.2 Description of Listing Rule 7.1A**

#### **(a) Shareholder approval**

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.



(b) **Equity Securities**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue two classes of Equity Securities, namely quoted Shares and unquoted Options.

(c) **Formula for calculating 10% Placement Facility**

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

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

**A** is the number of fully paid shares on issue 12 months before the date of issue or agreement:

- (a) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (b) plus the number of partly paid shares that became fully paid in the 12 months;
- (c) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (d) less the number of fully paid shares cancelled in the 12 months.

*Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.*

**D** is 10%

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) **Listing Rule 7.1 and Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 1,540,000,642 Shares, meaning the Company has the capacity to issue:

- (i) 231,000,096 Equity Securities under Listing Rule 7.1; and
- (ii) 154,000,064 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 6.2(c) above).

(e) **Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) **10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (a) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

### **6.3 Listing Rule 7.1A**

The effect of Resolution 3 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

### **6.4 Specific information required by Listing Rule 7.3A**

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

(a) **Minimum Issue Price**

The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(b) **Risk of economic and voting dilution**

If Resolution 3 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of options, only if the options are exercised). There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and

- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table 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:

- (i) 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 on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) 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		
		\$0.001 50% decrease in Issue Price	\$0.002	\$0.003 50% increase in Issue Price
<b>Current Variable A</b> 1,540,000,642 Shares	<b>10% Voting Dilution</b>	154,000,064 shares	154,000,064 shares	154,000,064 shares
	<b>Funds raised</b>	\$154,000	\$308,000	\$462,000
<b>50% increase in current Variable A</b> 2,310,000,963 Shares	<b>10% Voting Dilution</b>	231,000,096 shares	231,000,096 shares	231,000,096 shares
	<b>Funds raised</b>	\$231,000	\$462,000	\$693,000
<b>100% increase in current Variable A</b> 3,080,001,284 Shares	<b>10% Voting Dilution</b>	308,000,128 shares	308,000,128 shares	308,000,128 shares
	<b>Funds raised</b>	\$308,000	\$616,000	\$924,000

**The table has been prepared on the following assumptions:**

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) None of the 18,000,000 unlisted Options on issue are exercised into Shares before the date of the issue of the Equity Securities;
- (iii) 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%.
- (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
- (v) 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.
- (vi) The issue price is \$0.002, being the last traded closing price of the Shares on ASX on 28 February 2017.

(c) **Period within which the 10% Placement Facility can be implemented**

The Company will only issue the Equity Securities during the 10% Placement Period. The approval under Resolution 3 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

(d) **Purpose for which the 10% Placement Facility may be implemented**

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

- (i) non-cash consideration for the acquisition of new resources assets, including land, and investment in plant and equipment or other assets. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets, including land or investments (including expenses associated with such acquisition), continued research and development activities on the cultivation and sapping of nipah palms and/or for general working capital purposes.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation policy when the 10% Placement Facility may be implemented**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new resources assets or investments.

(f) **Prior Approvals under Listing Rule 7.1A**

The Company has previously obtained Shareholder approval under ASX Listing Rule 7.1A at its annual general meeting held on 25 November 2016.

In accordance with Listing Rule 7.3 A.6 the total number of Equity Securities issued in the 12 months preceding the date of this meeting is NIL representing NIL% of the Equity Securities on issue at the commencement of the 12 month period.

(g) **Voting Exclusions**

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities utilising this 10% Placement Facility following the 2016 Annual General Meeting. No existing Shareholder's votes will therefore be excluded under the voting.

**Directors' recommendation**

The Board of Directors unanimously recommend that Shareholders vote in favour of Resolution 5.

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## GLOSSARY

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\$ means Australian dollars.

**Annual General Meeting** means the meeting convened by the Notice of Meeting.

**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.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Closely Related Party** has the meaning given to it in section 9 of the Corporations Act.

**Closely Related Party Shares** means a fully paid ordinary share in the capital of the Company granted pursuant to Resolution 4.

**Company** means Ephraim Resources Limited (ABN 63 008 666 233).

**Constitution** means the Company's Constitution.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means the current Directors of the Company.

**Equity Securities** has the same meaning as in the Listing Rules.

**Explanatory Statement** means the explanatory statement accompanying the Notice of Meeting.

**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 of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting including the explanatory statement.

**Related Party** is defined in section 228 of the Corporations Act.

**Related Party Share** means a fully paid ordinary share in the capital of the Company granted pursuant to Resolution 3.

**Remuneration Report** means the remuneration report in the Directors' Report section of the Company's Annual Report.

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

**Relevant Directors** means Messrs Steve Pynt, Eric Ng and Andrew Chan.

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

**Shareholder** means a holder of a Share.

**Trading Days** has the meaning set out in the Listing Rule.

**WST** means Western Standard Time as observed in Perth, Western Australia.

The Company Secretary  
Ephraim Resources Limited  
c/: Nexia Perth  
Level 3, 88 Williams Street,

Ph (+61 8) 9463 2463/Fax (+61 8) 9463 2499

Perth, WA, 6000

### ANNUAL GENERAL MEETING

I/We

Of (Address)

being a member(s) of Ephraim Resources Limited and entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of proxy

OR

☐

Mark this box if you wish to appoint the Chair of the Annual General Meeting as your proxy

or failing the person/body corporate so named or, if no person/body corporate is named, the Chair of the Annual General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the Annual General Meeting of the Company to be held at 1.00pm (WST) on 30 November 2017 at c/: Nexia Perth, Level 3, 88 William Street, Perth, Western Australia, and at any adjournment thereof.

#### Important for Resolution 1, 3 and 4:

**The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 1, 3 and 4. If the Chairman of the Meeting is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', 'against' or 'abstain' box in relation to Resolution 1, 3 and 4, you will be authorising the Chairman to vote in accordance with the Chairman's voting intentions on Resolution 1,3 and 4 even if the Chairman has an interest in Resolutions 1, 3 or 4 which is connected directly or indirectly with the remuneration of Key Management Personnel, which includes the Chairman.**

If you appoint a proxy, the Company encourages you to direct your proxy how to vote on each item of business.

**The Chair of the Meeting intends to vote all undirected proxies, which the Chairman is entitled to vote, in favour of each item of business.**

#### Voting on Business of the General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Appointment of Mr Andrew Chan as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Approval of issue of Shares to Mr Ng for settling an outstanding loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Approval of issue of Shares to Chew Lee Ling for settling an outstanding loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Approval of 10% placement facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017. \_\_\_\_\_ %

**By: Individuals and joint holders Companies (affix common seal if appropriate)**

Signature

Director

Signature

Director/Company Secretary

Signature

Sole Director and  
Sole Company Secretary

1. A member entitled to attend and vote at an Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a shareholder of the Company.
2. If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting, please write the full name of that individual or body corporate in the space provided. If you leave both the box and this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the Company. A proxy may be an individual or a body corporate.

If your appointment of a proxy specifies the way the proxy is to vote on a particular resolution and your appointed proxy is not the Chairman of the meeting and at the meeting a poll is duly demanded on the question that the resolution be passed, then if either your proxy is not recorded as attending the meeting (if a record of attendance is made) or your proxy does not vote on the resolution, the Chairman is taken, before voting on the resolution closes, to have been appointed as your proxy for the purposes of voting on the resolution at that meeting.

3. You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction, unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate place. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

If you direct your proxy how to vote on a particular resolution, the proxy need not vote on a show of hands but if the proxy does so, the proxy must vote as directed. If the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands. If the proxy is the Chairman, the proxy must vote on a poll, and must vote as directed and if the proxy is not the Chairman, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote as directed. If any member of the Key Management Personnel of the Company, other than the Chairman of the Meeting, or a Closely Related Party of a member of the Key Management Personnel is your nominated proxy and you have not directed the proxy how to vote on Resolution 1 (Remuneration Report), that person will not cast any votes on Resolution 1.

4. Where a member's holding is in one name the holder must sign. Where the holding is in more than one name, all members should sign.
5. Where a Proxy Form of a corporate representative is lodged and is executed under a power of attorney, the power of attorney must be lodged in like manner as this Proxy Form.
6. Corporate members should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
  - 2 directors of the company;
  - a director and a company secretary of the company; or
  - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

7. Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.
8. To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to Ephraim Resources Limited, c/: Nexia Perth, GPO Box 2570, Perth, Western Australia; or
  - (b) facsimile to the Company on facsimile number +61 8 9463 2499; or
  - (c) email to the Company Secretary at [henko.vos@nexiaperth.com.au](mailto:henko.vos@nexiaperth.com.au)

so that it is received not later than 1.00 pm (WST) on 28 November 2017.

**Proxy forms received later than this time will be invalid.**