

**EPHRAIM RESOURCES LIMITED
ACN 008 666 233**

(SUBJECT TO DEED OF COMPANY ARRANGEMENT)

NOTICE OF GENERAL MEETING OF SHAREHOLDERS AND EXPLANATORY STATEMENT

For a General Meeting of Shareholders to be held on Friday, 17th January 2020 at 11:00am (AEDT) at Nicols and Brien, Level 2, 350 Kent Street, Sydney, New South Wales, Australia

TO SHAREHOLDERS

Dear Shareholder

17 December 2019

As you may be aware, on 13 March 2017 the Company's Shares were suspended from quotation on the official list of the Australian Securities Exchange ("**ASX**").

On 28 February 2019 Mr Mervyn Kitay of Worrells, Perth, was appointed Voluntary Administrator of the Company.

A proposal from Benelong Capital Partners Pty Ltd ("**Benelong**"), for the restructure and recapitalisation of the Company via a Deed of Company Arrangement and Creditors Trust, was submitted on 25th April 2019 ("**Recapitalisation Proposal**").

The Creditors of the Company have agreed to the Benelong Recapitalisation Proposal. A Deed of Company Arrangement was entered into by the Company on 15 July 2019 under which, Mr Mervyn Kitay was appointed Deed Administrator, to effect the terms of the Benelong Recapitalisation Proposal ("**DOCA**").

The Recapitalisation Proposal requires, and is subject to, various approvals being obtained from the Shareholders ("**Resolutions**"). A summary of the Resolutions being put forward at the Meeting are as follows:

- (1) The company to allot and issue 13,858,577,206 shares to raise \$501,533;
- (2) The company issue and allot 1,428,572 shares to convertible note holders
- (3) New directors be appointed to the Company; and
- (4) New name for the company

Accordingly, the Directors, with the consent of the Deed Administrator, have called a General Meeting of the Company to consider the Resolutions ("**Meeting**"). The Meeting will be held at 11.00am (Sydney Time) at the premises of Nicols and Brien, Level 2, 350 Kent Street, Sydney NSW on Friday, 17th January 2020.

Enclosed with this letter are the Notice of General Meeting ("**Notice**"), the Explanatory Statement and a Proxy Form.

The Recapitalisation Proposal is also subject to the following conditions ("**Conditions**"), summarised as follows:

- (a) Payment of \$265,000 to the Deed Administrator, and payment of \$27,500 to the ASX for the 2019/2020 Yearly Listing Fee. The amount is reduced if Convertible Note Holders agree to accept shares, details in the attached Notice of Meeting.
- (b) the Deed Administrator retiring from office upon collection of the \$265,000.
- (c) the Deed Administrator creating the Creditors Trust (as defined in the DOCA) and effectuating the DOCA in accordance with the terms of the DOCA;
- (d) the Resolutions being approved without amendment; and
- (e) creditors with a security interest registered on the PPSR Register remove such interest from the personal property securities register established by the Personal Property Securities Act, 2009.

If the Conditions are not met or waived by 31 December 2020 or such or other date as agreed by the Deed Administrator and Benelong or if it appears the terms of the DOCA cannot be fulfilled then the Deed Administrator may take steps to place the Company into liquidation.

In considering the Resolutions, Shareholders should bear in mind the Company's current financial circumstances. As mentioned above, the Company's Shares have been suspended from quotation on the ASX since 13 March 2017 and the Company requires recapitalisation in order to continue its operations and to seek reinstatement of its Shares to official quotation on the ASX. The company will have to comply with Chapter 1 and 2 of the ASX Listing Rules. ASX has absolute discretion in deciding whether or not to re-admit the company to the official list and to quote its securities. This means the Company may not be reinstated and the shares may never be quoted. Also, new shares that are issued under the resolutions proposed in this notice of meeting, may be subject to escrow.

Ultimately, if the Resolutions are approved and implemented, the Company will be debt free, and in a position to seek opportunities to create shareholder wealth.

If the Resolutions are not approved and the Conditions have not been met by the time stated in the DOCA, the DOCA may terminate in which case the Company may be placed into liquidation. It is expected that there will be no return to Shareholders in a liquidation.

Preparation of and responsibility for this document

The Deed Administrator has given his consent to convene the meeting and to despatch this Notice and the Explanatory Statement, but expresses no opinion about any of the contents (including but not limited to, any statements regarding the Recapitalisation Proposal) other than set out in his report to the Company's creditors dated 17 June 2019.

The Deed Administrator has not independently verified any of the information contained in this Notice or Explanatory Statement. Neither the Deed Administrator nor any servants, representatives, agents or employees of the Deed Administrator's firm make any representations or warranties (express or implied) as to the accuracy, reasonableness or completeness of the information contained in this Notice or the Explanatory Statement.

To the fullest extent permitted by law, all such parties and entities expressly disclaim any and all liability for, based on or relating to, any such information contained in or omissions from this Notice and the Explanatory Statement.

The Deed Administrator makes no recommendation about how shareholders should vote on the resolutions contained in this Notice and he has not undertaken any due diligence in relation to the Recapitalisation Proposal and have relied upon discussion with the Proponent and their advisors.

The ASX does not take any responsibility for the contents of this Notice of Meeting, and the fact that the ASX may re-admit the Company's securities to quotation on its official list is not to be taken in any way as an indication of the merits of the Company.

Investment Decisions

This document does not take into account the individual investment objectives, financial situation or particular needs of any other person. Shareholders should seek professional advice from a licensed financial advisor, accountant, stockbroker, lawyer or other appropriate adviser.

Yours faithfully
Mervyn Kitay – Deed Administrator



Ephraim Resources Limited (ACN 008 666 233)
(Subject to Deed of Company Arrangement)

BUSINESS OF THE MEETING

Agenda

Resolution 1 – Allotment and Issue of Shares to the Convertible Note Holders

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

“That, subject to the passing of Resolutions 2 to 6 for the purposes of Listing Rule 7.1 of the Listing Rules of the ASX, and for all other purposes, approval is given to the Company to allot and issue 1,428,572 fully paid ordinary shares in the capital of the Company to Convertible Note Holders at an issue price of nil cents and otherwise on the terms set out in the Explanatory Statement accompanying this Notice.”

Note: The maximum level of voting power will be 0.01% (approx) if this resolution is passed along with all other resolutions.

Voting Exclusion: The Company will disregard any votes cast in favour of this resolution by or on behalf of Wong Hie Eng, Kim Ang Lam or any associate of those persons. However the entity need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or if it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 2 – Allotment and Issue of Shares to Benelong Capital Partners Pty Ltd

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

“That, subject to the passing of Resolutions 1, 3, and 4 to 6 for the purposes of Listing Rule 7.1 of the Listing Rules of the ASX, and for all other purposes, approval is given to the Company to allot and issue 306,570,000 fully paid ordinary shares in the capital of the Company to Benelong Capital Partners Pty Ltd or their nominee, at an issue price of \$0.000005 to raise \$1,533 and otherwise on the terms set out in the Explanatory Statement accompanying this Notice.”

Note: The maximum level of voting power will be 1.99% (approx) if this resolution is passed along with all other resolutions.

Voting Exclusion: The Company will disregard any votes cast in favour of this resolution by or on behalf of Benelong Capital Partners Pty Ltd or their nominees or any associate of that person. However, the entity need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or if it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 3 – Allotment and Issue of Shares to Investment Advisors Alliance Pty Ltd

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

“That subject to the passing of Resolutions 1, 2 and 4 to 6, for the purposes of Item 7 of Section 611 of the Corporations Act, and for all other purposes, approval is given for the Company to issue 13,552,007,206 Shares at \$0.0000368949 per Share to Investment

Advisors Alliance Pty Ltd to raise \$500,000 on the terms and conditions set out in the Explanatory Statement”.

Note: The maximum level of voting power will be 88% (approx) if this resolution is passed along with all other resolutions.

Voting Exclusion: The Company will disregard any votes cast in favour of this resolution by or on behalf of Investment Advisors Alliance Pty Ltd or their nominee or any associate of Investment Advisors Alliance Pty Ltd. However, the Company need not disregard a vote if it is cast by 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.

Resolution 4 – Appointment of Mr Gregory Barry Starr as a Director

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

“That, subject to the passing of Resolutions 1 to 3, and 5 and 6, Gregory Barry Starr, being eligible and having consented to act, be elected as a director of the Company, with effect from close of the General Meeting.”

Resolution 5 – Appointment of Mr Steven Nicols as a Director

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

“That, subject to the passing of Resolutions 1 to 4, and 6, Steven Nicols, being eligible and having consented to act, be elected as a director of the Company, with effect from close of the General Meeting.”

Resolution 6 – Appointment of Mr Peter Chai as a Director

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

“That, subject to the passing of Resolutions 1 to 5, Peter Chai, being eligible and having consented to act, be elected as a director of the Company, with effect from close of the General Meeting.”

Resolution 7 – New Company Name

To consider and, if thought fit, to pass the following resolution as a special resolution:

“That the company’s name be changed to Borabi Corporation Limited.”

DATED: 17th December 2019

By order of the Board



Mervyn Kitay
Deed Administrator

Ephraim Resources Limited (Subject to Deed of Company Arrangement)
ACN 008 666 233

NOTES:

1. A Shareholder of the Company who is entitled to attend and vote at a general meeting of Shareholders is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a shareholder of the Company.
2. Where a voting exclusion applies, 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.
3. For the purposes of Regulation 7.11.37 of the Corporations Act, the Deed Administrators have determined that the shareholding of each Shareholder for the purposes of ascertaining their voting entitlements for the Meeting will be as it appears on the Company's share register at 11:00 am (Sydney Time) on Wednesday 15th January 2020 (the Entitlement Time). Accordingly, only those persons registered as holders of Shares at the Entitlement Time will be entitled to attend and vote at the Meeting. Transactions registered after that time will be disregarded in determining Shareholders entitled to attend and vote at the Meeting.
4. In accordance with Section 250BA of the *Corporations Act 2001* the Company specifies the following information for the purposes of receipt of proxy appointments:

Mail and physical address

C/- Benelong Capital Partners Pty Ltd
Level 2, 350 Kent Street,
Sydney NSW 2000
AUSTRALIA

Facsimile: +61 2 9299 2239

The instrument appointing the proxy must be received by the Company at the address specified above at least forty eight (48) hours before the time notified for the meeting (proxy forms can be lodged by facsimile). Any proxy form received after that time will not be valid for the scheduled meeting.

For any questions, please call Steve Nicols on phone +61 2 9299 2289 or email to steve@benelong.com

EXPLANATORY STATEMENT

1. GENERAL INFORMATION

This Explanatory Statement has been prepared for the Shareholders of Ephraim Resources Limited (**Company**)(EPA)(Subject to Deed of Company Arrangement) in connection with the Resolutions 1-7 (inclusive) to be considered at the General Meeting of the Company's Shareholders to be held Nicols and Brien, Level 2, 350 Kent Street, Sydney, New South Wales at 11.00a.m. (Sydney Time) on Friday, 17th January 2020 ("**Meeting**").

The purpose of this Explanatory Statement is to provide information to Shareholders which is considered to be material to them in deciding whether or not to pass the Resolutions in the Notice of General Meeting of the Company ("**Notice**").

Shareholders should read this Explanatory Statement in full because individual sections do not give a comprehensive review of the Resolutions. In addition, this Explanatory Statement should be read in conjunction with the accompanying Notice.

In considering the Resolutions, Shareholders must bear in mind the current financial circumstances of the Company. In this regard, Shareholders should note that reports have been made by the Company's appointed Administrators in accordance with the Corporations Act. The reports set out in detail the financial position of the Company, the actions and investigations to be taken by the Administrators and the reasons for the current status of the Company. The Administrators reports are available by contacting Worrells Perth on phone (08) 9460 1043, or Steve Nicols on phone (02) 9299 2289, who can arrange for copies to be sent.

If all of the Resolutions are passed and the Recapitalisation Proposal proposed by Benelong is completed, the Company will be debt free and solvent. Completion of the Benelong proposal will not be enough to meet the ASX Listing Rule requirements for re-quotation. Re-quotation is a difficult exercise (among other things, the company will be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules), and the completion of the Recapitalisation Proposal will not guarantee the reinstatement of the company to the official list of the ASX. ASX has absolute discretion in deciding whether or not to re-admit the company to the official list and to quote its securities. This means the Company may not be reinstated and the shares may never be quoted. Also, new shares that are issued under the resolutions proposed in this notice of meeting, may be subject to escrow. If Shareholders do not approve the Resolutions and consequently and as a consequence the Recapitalisation Proposal is rejected, the Company will likely go into liquidation and it is likely that there will be no return to Shareholders .

1.1 Background

A general background in respect of the appointment of the Administrators is set out in the letter by the Deed Administrators to Shareholders accompanying the Notice ("**Letter**").

1.2 History of the Company

The Company was incorporated on 7 March 1916. Over the last 100 years, the company went through many business avenues and opportunities. In later years the company focused on being admitted to the ASX official list, which occurred on 6 November 1989.

The company is classified as an industrial company, in the food beverage and tobacco group. These ventures were not successful, and the company entered into Voluntary Administration on 28 February 2019.

1.3 Summary of the terms of the Recapitalisation Proposal

Set out below is a detailed summary of the Recapitalisation Proposal.

The Recapitalisation Proposal provides for the appointment of three New Directors.

The essential terms of the Recapitalisation Proposal are as follows:

- (b) Issue of shares to convertible note holders.
- (c) Placement to exempt, professional and sophisticated investors, whom will subscribe in aggregate for 13,858,577,206 shares to raise \$501,533.
- (d) The New Directors and a new company secretary for the Company will be appointed.

The Benelong Recapitalisation Proposal was submitted to the company by Benelong on 25 April 2019. It was accepted by the Company's Creditors on 25 June 2019. The Deed of Company Arrangement incorporating the Recapitalisation Proposal was signed on 15 July 2019. The Resolutions put forward in the Meeting are for the purposes of implementing the Recapitalisation Proposal. The key terms of the DOCA are that Benelong is to ensure \$265,000 is paid into the Deed Fund less any amount that convertible note holders wish to convert into shares, currently being \$25,800.00; directors will be changed; creditors debts are extinguished and are transferred to the Creditors Trust; any residual assets held by the Deed Administrator at the time of completion under the DOCA; the company is removed from External Administration; the Deed Administrator retires; the conditions precedent are that shareholders pass all resolutions of the recapitalisation proposal. If Convertible Note Holders convert their debt to shares, there will be a reduction in the \$265,000 payment. At this stage 2 Convertible Note holders will convert to shares.

The Recapitalisation Proposal involves the simultaneous completion or "effectuation" of the Deed of Company Arrangement and the creation of a Creditors Trust. This enables the Company to be immediately released from administration under the DOCA once all Resolutions are passed at the Meeting and all other conditions as set out in the DOCA are met or waived ("**Completion**"). The Company will also be released from all Creditors Claims estimated at \$1,580,764 and will have nil liabilities once Completion occurs.

The Creditors Trust Deed will be signed if shareholders approve all resolutions.

1.4 New Directors

Proposed Director Mr Gregory Barry Starr BBus UTS, CPA

Mr Starr is an experienced public company director holding senior board positions in a number of ASX listed companies over 20 years. He has been involved in many M&A and debt and equity financial transactions.

Over the past 3 years Mr Starr has held executive and non-executive board positions on ASX listed companies, Diatreme Resources Limited, KBL Mining Limited and Dongfang Modern Agriculture Holding Group Limited, and BIR Financial Limited.

Mr Starr brings significant corporate governance and investor relations experience in ASX listed companies to the Board.

Proposed Director Mr Steven Nicols B.Comm UNSW, Chartered Accountant

Mr Nicols is the founder of Benelong Capital Partners Pty Ltd, a firm that specialises in re-capitalising ASX listed companies. Benelong has operated since 2010. Mr Nicols has assisted in 25 re-capitalisations in this time. Several of these companies have re-quoted on the ASX and achieved market capitalisations of over \$100 million.

Mr Nicols has been a director of many ASX listed companies. Mr Nicols is also the founder of Nicols + Brien, an insolvency practice with offices in Sydney and Wollongong. It has 8 highly qualified staff, and was founded 20 years ago.

Mr Nicols brings a wealth of experience in managing the growth of junior listed companies. This includes corporate governance matters, as well as transaction structuring and execution.

In the three years immediately before the date of this Notice, Mr Nicols holds one other ASX listed company directorship, namely BIR Financial Limited.

Proposed Director Mr Peter Chai

Mr Peter Chai has more than thirty years of experience in corporate management and has held senior management positions in large entities situated in South East Asia.

In the three years immediately before the date of this Notice, Mr Peter Chai is a current director of ASX listed Quattro RE Limited and he also held ASX listed company directorships in Bisan Limited, and Pan Asia Corporation Limited.

1.5 ASX Listing

The Company is admitted to the Official List of ASX. However trading in the Company's Shares was suspended on 13 March 2017. Trading in the Shares will not recommence until all Resolutions are passed and not until the Company complies with Chapters 1 and 2 of the Listing Rules, or until ASX advises otherwise.

The intention of the New Directors with regard to the business of the Company is to use the working capital to be injected into the Company via the Recapitalisation Proposal for the purposes described in Section 1.11 of this Statement. The New Directors' plan is to identify and assess potential acquisition opportunities of a material asset and undertake a reverse takeover. There is no certain timeframe as to when this may occur. There is no present intention for any party to inject further capital into the Company apart from that already stated in the Recapitalisation Proposal.

1.6 Advantages and Disadvantages of the Recapitalisation Proposal

Advantages

- 1.6.1 The passing and consummation of Resolutions 1 to 6 as part of the recapitalisation proposal would result in a net cash position of approximately \$50,000 (assuming the capital raising of the \$501,533 referred to above) and having a company with minimal or no liabilities, compared with the current position whereby the Company has net assets of \$nil and significant debts of some \$1,580,764 to pay.
- 1.6.2 If the proposals per Resolutions 1 to 6 are consummated as part of the recapitalisation process, the net cash asset backing of a EPA share rises from nil cents to approximately \$0.0000032
- 1.6.3 If Resolutions 1 to 6 are passed together with the completion of the recapitalisation proposal, the Company's chances to continue to investigate opportunities are enhanced as without the recapitalisation, it is likely that the Company may be dissolved and struck off. The Company would need to find a new business and raise additional funds so that it could meet the Listing Rules.

- 1.6.4 The proposed directors bring additional expertise to the Company in that such Directors have financial, legal, finance and corporate experience and/or experience as directors or managers of trading entities. Paragraph 1.4 above discloses the background of the proposed directors.

Disadvantages

- 1.6.5 A significant dilution of existing shareholders will occur. i.e. they will own approximately 10% as compared to 100% now of the expanded issued capital of the Company after the passing of Resolutions 1 to 6 (the passing of Resolutions 1 to 6 are dependent on all resolutions being passed). However, we note that EPA will be partly recapitalised with approximately \$50,000 in net cash (assuming completion of the \$501,533 total capital raising), will have no debt and will have the opportunity to consider the acquisition of other assets or businesses. It is assumed that all investors will obtain a benefit particularly if the Company's shares can be re-quoted on ASX (the Company will need to re-comply with Chapters 1 and 2 of the ASX Listing Rules). ASX has absolute discretion in deciding whether or not to re-admit the company to the official list and to quote its securities. This means the Company may not be reinstated and the shares may never be quoted. Also, any new shares that are issued under the resolutions proposed in this notice of meeting, may be subject to escrow.
- 1.6.6 The Company would only have approximately net cash of \$50,000 after the issue of the 13.8 billion shares for a total capital raising of \$501,533 per Resolution 2 and 3. The Company would still need to find a new business and raise additional funds so that it could meet the Listing Rules. In the absence of a superior offer (made before shareholders vote on Resolutions 1 to 6) then shell value does not exist and it is quite possible in the absence of any other recapitalisation proposal, the Company could be placed into liquidation.
- 1.6.7 If the Company seeks new business opportunities, there is no guarantee that such businesses will be profitable.

1.7 Conclusion

The Resolutions 1 to 6 set out in the Notice are important and affect the future of the Company. All of the Resolutions 1 to 6 need to be approved in order to implement the Recapitalisation Proposal. Shareholders are therefore urged to give careful consideration to the Notice the contents of this Statement.

1.8 Capital Raising

The Company intends to raise \$501,533 by issuing approximately 13.8 billion shares each to exempt, professional and sophisticated investors identified or introduced by Benelong (Placement).

Funds raised under the Placement will be used in accordance with the table set out in Section 1.11 below.

1.9 Financial Effect of Placement

The completion of the Placement will increase the Company's cash balance by \$501,533 (before costs) and also increase the Company's issued capital by the same amount.

In the event that the Placement and the DOCA are completed, all assets currently under the control of the Deed Administrators will be transferred to the Creditors' Trust and all claims of the Company's Creditors will be released and replaced by claims as beneficiaries of the Creditors' Trust. The Company's only asset will be the cash raised under the Placement, less any amounts expended in accordance with the table set out in Section 1.11 and the only liabilities will be those incurred in relation to the items set out in Section 1.11.

The Company has not presented pro forma financial information in relation to the transactions as recent historical audited financial information is not available owing to the Company being in administration. In addition, the Deed Administrators are of the opinion that to present a financial position based on this historical information would not be representative of the Company's current financial position.

1.10 Control Implications

The Company is seeking shareholder approval under Corporations Act, Section 611 and Item 7 for the purposes of Resolution 3.

A table showing the impact of the various issues of securities pursuant to this Notice on the aggregated Shareholding interests of existing Shareholders is set out below (on a post Consolidation basis).

| | Before | | After | |
|---|---------------|-------------|----------------|----------------------|
| | # Shares | % of Shares | # of Shares | % of Shares (Approx) |
| Change as a result of Share issue only | | | | |
| Existing Shareholders | 1,540,000,642 | 100% | 1,540,000,642 | 10% |
| Convertible Note Holders | 0 | 0% | 1,428,572 | 0.01% |
| Benelong Capital Partners Pty Ltd | 0 | 0% | 306,570,000 | 1.99 % |
| IAA Pty Ltd | 0 | 0% | 13,552,007,206 | 88% |
| | | TOTAL | 15,400,006,420 | 100% |

1.11 Purpose of funds to be raised under the Recapitalisation Proposal

The Recapitalisation Proposal seeks to raise the sum of \$501,533 through issues of Shares to sophisticated, professional or other exempt investors who do not require a disclosure document under section 708 of the Corporations Act. The purpose of these capital raisings are to:

- pay for the Deed of Company Arrangement ("**DOCA**"), payment to creditors so as to remove the Company from Administration and to extinguish all liabilities;
- pay for the recapitalisation costs, detailed below;
- provide working capital to meet the administration costs of the Company.

An estimated budget is set out below.

Estimated Use of Funds – Expenditure Budget

| | |
|--|------------------|
| Total funds raised \$501,533 | \$ |
| Deed of Company Arrangement Payment | 265,000 |
| ASX Yearly Listing Fee | 27,500 |
| Costs and fees of calling shareholders meeting, including IER Report, printing, postage | 159,033 |
| Working Capital for proposed administration costs of the company including proposed accounting and proposed auditing and assessment of opportunities | 50,000 |
| Total funds utilised (\$) | \$501,533 |

Two Convertible Note Holders have agreed to convert their shares to equity, so the requirement of a \$265,000 payment is reduced by \$25,800.

The company's arrangement with Benelong Capital Partners Pty Ltd is the company will reimburse Benelong in cash, for payments Benelong pays to third parties to achieve the recapitalisation proposal. Therefore, Benelong is taking a risk that it may not be reimbursed payments Benelong pays to third parties if the recapitalisation proposal fails. To date Benelong has paid the Deed Administrator \$30,000.00 and \$27,500.00 to ASX for the yearly listing fee for 2019/2020. Benelong will also pay all costs associated with calling the Shareholders meeting. The estimated costs of Nicols and Brien of \$95,000, plus G.S.T. and those of Benelong of \$60,000 plus G.S.T., will be paid only if the recapitalisation proposal is successful, from company funds.

The Deed Administrators arrangement with Benelong is that Benelong is required to procure payment of \$265,000 (less the convertible note holder adjustment), into the Deed Fund in order to pay creditors and extinguish all company liabilities, and to pay for all the costs of calling the Shareholders meeting. Benelong has paid a \$30,000 non-refundable deposit. When the full payment occurs, Benelong is entitled to be reimbursed by the company, as stated above. The investors arrangement with Benelong is that Benelong will be paid a mandate fee of \$45,454.00, plus G.ST. payable in cash by the investors.

2. Resolution 1 Allotment and Issue of new Shares to the Convertible Note Holders

This Resolution is required to be approved by Shareholders in accordance with ASX Listing Rule 7.1 and Resolution 1, seeks approval for the issue of 1,428,572 shares to Convertible Note Holders for nil fresh consideration. The convertible Note Holders had advanced \$200,000 to the company in 2018. This is a requirement under the Deed of Company Arrangement. It equates to part payment of creditors debts with equity.

Information required by ASX Listing Rules

- (a) The following information is provided to Shareholders in accordance with Listing Rule 7.3 for the purpose of obtaining shareholder approval under Listing Rule 7.1 for Resolution 1:
- (b) The maximum number of shares to be issued by the Company to Wong Hie Eng is 1,071,429, Kim Ang Lam is 357,143 at an issue price of \$Nil to raise \$Nil.
- (c) It is anticipated that the issue of the shares will occur on one date and will not be later than three months after the date of the meeting;
- (d) It is proposed that 1,071,429 shares to Wong Hie Eng, 357,143 shares to Kim Ang Lam;

- (e) The new shares will rank equally with the existing shares;
- (f) No fresh funds will be raised from the issue of the shares; and
- (g) The date of allotment of the shares will be the same date on which they are issued;
- (h) The shares issued will be fully paid ordinary shares in the capital of the company issued on the same terms and conditions as the company's existing shares.

3. Resolution 2 Allotment and Issue of new Shares to Benelong Capital Partners Pty Ltd

This Resolution is required to be approved by Shareholders in accordance with ASX Listing Rule 7.1 and Resolution 2, seeks approval for the issue of 306,570,000 shares at \$0.000005 a share to Benelong Capital Partners Pty Ltd or its nominee to raise \$1,533.

Information required by ASX Listing Rules

- (a) The following information is provided to Shareholders in accordance with Listing Rule 7.3 for the purpose of obtaining shareholder approval under Listing Rule 7.1 for Resolution 2:
- (b) The maximum number of shares to be issued by the Company to Benelong Capital Partners Pty Ltd or its nominee is 306,570,000 in shares at an issue price of \$0.000005 to raise \$1,533;
- (c) It is anticipated that the issue of the shares will occur on one date and will not be later than three months after the date of the meeting;
- (d) It is proposed that 306,570,000 shares be issued to Benelong Capital Partners Pty Ltd or its nominee;
- (e) The new shares will rank equally with the existing shares;
- (f) \$1,533 will be raised from the issue of the shares; and
- (g) The date of allotment of the shares will be the same date on which they are issued.
- (h) The shares issued will be fully paid ordinary shares in the capital of the company issued on the same terms and conditions as the company's existing shares.

4. Resolution 3 – Allotment and Issue of Placement of Shares

4.1 General

Resolution 3 seeks Shareholder approval for the issue 13,552,007,206 Shares at an issue price of \$0.0000368949 per Shares to raise \$500,000 (**Placement**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 3 will be to allow the Company to issue the Shares pursuant to the Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

4.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Placement:

- (a) the maximum number of Shares to be issued is 13,552,007,206;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the issue price will be \$0.0000368949 per Share;
- (d) the Shares will be issued to Investment Advisors Alliance Pty Ltd
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Placement towards funding the recapitalisation of the Company (including payment to the Creditors' Trust under the DOCA) with remaining funds being used for working capital purposes.

4.3 Section 611 of the Corporations Act

Shareholder approval of Resolution 3 is also required under Item 7 of Section 611 of the Corporations Act given Resolution 3 involves the issue of more than 20% of all Shares then on issue.

Pursuant to Section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases;

- (a) From 20% or below to more than 20%; or
- (b) From a starting point above 20% and below 90%.

The voting power of a person in a body corporate is determined in accordance with Section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

The "associate" reference includes a reference to a person in concert with whom a primary person is acting or proposes to act,

A person has a relevant interest in securities if they:

- (a) are the holder of the securities;
- (b) have the power to exercise, or control the exercise of, a right to vote attached to securities; or
- (c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

Chapter 2E of the Corporations Act

Section 208(1) of the Corporations Act requires that for a public company to give a financial benefit to a related party of the public company, it must either fall within certain exceptions or obtain shareholder approval. A related party includes a party that does or may control a public company. Accordingly, Investment Advisors Alliance Pty Ltd is a related party of the Company for the purposes of Chapter 2E of the Corporations Act.

Pursuant to Resolution 3 the company is seeking shareholder approval for the issue of 13,552,007,206 shares to raise \$500,000.

The following information is provided:

- (a) The related party is Investment Advisors Alliance Pty Ltd
- (b) The maximum number of shares, being the nature of the financial benefits being provided to be issued, will be 13,552,007,206 shares;
- (c) The shares will be issued no later than 1 month after the date of the meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules state;
- (d) The issue price will be \$0.0000368949 per share;
- (e) The funds raised will be used for the same purposes as all other funds raised under the capital raising as set out in Section 1.11 this explanatory statement;
- (f) The shares issued under the capital raising will be fully paid ordinary shares in the capital of the company issued on the same terms and conditions as the company's existing shares;
- (g) The value of the financial benefit is calculated by the number of securities being issued multiplied by the issue price under General Placement and is set out below:

| Securities | Value per Security | Financial Benefit | Amount Paid |
|-----------------------|--------------------|-------------------|-------------|
| 13,552,007,206 Shares | \$0.0000368949 | \$500,000 | \$500,000 |

The company has been suspended from trading since 13 March 2017 with the last trading price of the company prior to going into administration being \$0.002.

The company will be issuing shares at \$0.0000368949 and the directors therefore consider that \$0.0000368949 is a more appropriate valuation for the cost of the shares being issued, the subject of Resolution 3

- (h) The current relevant interests of Investment Advisors Alliance Pty Ltd in the securities of the company are nil.
- (i) The remuneration and emoluments from the company to Investment Advisors Alliance Pty Ltd for the previous financial year and the proposed remuneration and emoluments for the current financial year are also \$Nil.

| Related Party | Financial Year ended 30 June 2018 | Financial Year ended 30 June 2017 |
|--------------------------------------|-----------------------------------|-----------------------------------|
| Investment Advisors Alliance Pty Ltd | \$Nil | \$Nil |

- (j) 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 | 17 December 2018 |
| Lowest | 0 | 17 December 2018 |
| Last | 0 | 17 December 2018 |

Shareholders should note that the company's securities were suspended from quotation on 8 March 2017 and remain suspended.

- (k) The primary purpose of the issue of the shares is to raise fresh capital; and
- (l) none of the current directors have an interest in the outcome of Resolution 3. The directors make a positive recommendation because the company is subject to Deed of Company Arrangement and currently insolvent.
- (m) the directors and the Deed Administrators are 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.

Information required by Item 7 of the Section 611 of the Corporations Act

Also set out below are the matters required to be disclosed in accordance with Item 7(b) of Section 611 of the Corporations Act.

- (a) *the identity of the person proposing to make the acquisition and their associates:*

It is proposed that 13,552,007,206 Shares be issued to Investment Advisors Alliance Pty Ltd as per Resolution 3. Investment Advisors Alliance Pty Ltd, nor related parties, do not have relevant interests in any Shares existing as at the date of this notice.

- (b) *the maximum extent of the increase in that persons voting power in the company that would result from the acquisition:*

If Resolution 3 is passed, Investment Advisors Alliance Pty Ltd voting power in the Company will increase from 0% to 88% (approx).

- (c) *the voting power that the relevant allottees would have as a result of the acquisition:*

If Resolution 3 is passed, Investment Advisors Alliance Pty Ltd voting power in the Company will be 88% (approx).

- (d) *the maximum extent of the increase in the voting power of each of the allottee's associates that would result from the acquisition.*

As Investment Advisors Alliance Pty Ltd has no holding or any relevant interest in existing Shares there is no increase in its voting power in the Company as a result of the acquisition.

- (e) *the voting power that each of the allottee's associates would have as a result of the acquisition:*

As Investment Advisors Alliance Pty Ltd has no associates holding any relevant interest in existing shares, there is no increase in its voting power in the Company as a result of the acquisition.

Other Required Information – ASIC regulatory Guide 74

The following further information is disclosed:

- (a) The Company will review its current business activities. As part of the process, it is proposed that 3 New Directors will be elected to the Board. These elections form the subject of separate Resolutions. The current Directors and company secretary will be resigning;
- (b) In accordance with the Recapitalisation Proposal, the Company intends to raise capital to:
- (i) pay for the DOCA and recapitalisation costs and expenses so as to remove the Company from Administration and to extinguish all debt of the Company; and
 - (ii) meet the administration and working capital costs of the Company.

The Company will have sufficient funds if all Resolutions are passed and share capital raised in order to meet the aims of the Recapitalisation Proposal;

- (c) There is no current intention to redeploy any other fixed assets of the Company or to change the Company's existing policies in relation to financial matters or dividends. At present, the Company does not pay a dividend. The dividend policy of the Company will be assessed in accordance with the future profitability of the Company's business; and
- (d) Proposed directors Mr Greg Starr, Mr Peter Chai, Mr Steve Nicols do not intend to inject further capital into the company.
- (e) Independent Expert's Report or IER is enclosed, and shareholders are urged to read it in full,

The Corporations Act provides that an independent expert's report of the transaction (as contemplated by Resolution 3 must be provided to Shareholders. The IER provides an opinion as to whether the acquisition of the voting power referred to in Resolution 3 and this section, is fair and reasonable to the non-associated Shareholders of the Company.

Accordingly, Benelong has commissioned Stantons International Securities to produce the IER as an independent expert. The IER is enclosed with the Notice and is attached to Annexure A.

Stantons International Securities has concluded that the acquisition of the voting power by Investment Advisors Alliance Pty Ltd as contemplated by Resolution 3 ("**Acquisition**") is **fair and reasonable to the Shareholders of the Company.**

The advantages and disadvantages of the Recapitalisation Proposal are outlined in the IER and are provided to enable non-associated Shareholders of the Company to determine whether they are better off if the Acquisition proceeds than if not.

Shareholders are urged to carefully read the IER in deciding how to vote on the Resolutions, particularly Resolution 3

- (f) Investment Advisors Alliance Pty Ltd will only have a right to compulsorily acquire the shares of minority shareholders pursuant to Section 664C of the Corporations Act if it owns more than 90%. However even if they were to later on obtain 90%, they have no intention whatsoever to compulsorily acquire the shares of minority shareholders.

Other required information – ASIC Regulatory Guide 76

The following further information is disclosed:

- (a) The related party is Investment Advisors Alliance Pty Ltd.
- (b) The nature of the financial benefit is the issue of 13,552,007,206 Ordinary Shares in the capital of the Company as set out in this Explanatory Memorandum;
- (c) The Directors of the Company make a positive recommendation in relation to whether Shareholders should or should not vote in favour of the Resolution;
- (d) No Directors have an interest in the outcome of the Resolution

All other information that is reasonably required by Shareholders to decide whether or not it is in the Company's interests to pass a resolution and that is known to the Company, is set out in this Explanatory Memorandum and in the Independent Expert's Report.

5. Resolution 4 to 6 – Appointment of new Directors

5.1 General

Clause 13.3 of the Company's constitution provides that:

- (a) the Company's Shareholders in general meeting may appoint new Directors of the Company;
- (b) the appointment of a person as a Director at a general meeting will take effect from the end of the meeting unless the Resolution otherwise states;
- (c) the appointment of a person as a Director at a general meeting is subject to the Company receiving at its registered office at least 30 business days before the meeting a written nomination from the person or a Shareholder duly signed by the nominee and giving his or her consent to the nomination; and
- (d) notice of every candidature for election as Director shall be given to Shareholders with or as part of the notice of meeting.

Having received nominations for the following persons to be appointed as new Directors of the Company, and having received consents to act as a Director from each such person, Resolutions 4 to 6 respectively seek Shareholder approval for the appointment of the following persons as Directors effective from the close of the General Meeting:

- (a) Mr Gregory Barry Starr – Resolution 4;
- (b) Mr Steven Nicols – Resolution 5; and
- (c) Mr Peter Chai – Resolution 6.

A summary of experience of each of the proposed Directors is set out in paragraph 1.4 above.

7. ENQUIRIES

Shareholders are invited to contact Mr Steve Nicols of Benelong Capital Partners Pty Ltd on phone +61 2 9299 2289 if they have any queries in respect of the matters set out in these documents.

TIME AND PLACE OF MEETING AND HOW TO VOTE

Venue

A General Meeting of the shareholders of Ephraim Resources Limited (Subject to Deed of Company Arrangement) will be held at 11.00 am (Sydney Time) on Friday, 17th January 2020 at:-

Nicols and Brien
Level 2
350 Kent Street
SYDNEY NSW 2000
AUSTRALIA
Phone +61 2 9299 2289

How to Vote

You may vote by attending the Meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, attend the Meeting on the date and at the place set out above. The Meeting will commence at 11.00 a.m. (Sydney Time).

Voting by Proxy

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of General Meeting as soon as possible and either:

- send the proxy by facsimile to the Company on facsimile number (International: + 61 2 9299 2239); or
- deliver the proxy to the Company at c/- Nicols and Brien, Level 2, 350 Kent Street, Sydney, New South Wales, Australia.

so that it is received not later than 11.00am (Sydney Time) on Wednesday 15th January 2020.

Your proxy form is enclosed.

GLOSSARY

Administrator means Mervyn Kitay of Worrells, Perth.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market known as the Australian Securities Exchange, operated by ASX Limited, as the context requires

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

Benelong means Benelong Capital Partners Pty Ltd (ACN 145 496 233)

Benelong Capital Contribution means the sum of \$265,000 required under the DOCA

Board means the board of directors of the Company.

Company means Ephraim Resources Limited (Subject to Deed of Company Arrangement) (ACN 008 666 233).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Creditor means a creditor of the Company as at the date of the Notice.

Creditor's Trust means the trust to be established in accordance with the terms of the Recapitalisation Proposal and the DOCA for the purpose of satisfying approved Creditor's claims.

Deed Administrator means Mervyn Kitay of Worrells Perth.

Deed of Company Arrangement or DOCA means the Deed of Company Arrangement between Benelong, Deed Administrators and the Company Dated 15 July 2019 and includes any variation to such.

Director means a director of the Company.

Dollar or \$ means Australian dollars.

Explanatory Statement or **Statement** means the explanatory statement to the Notice of General Meeting.

Glossary means this glossary.

Meeting means the general meeting of the Shareholders convened by the Notice to be held on Friday, 17th January 2020.

New Directors means the Directors to be appointed under Resolutions 4, 5 and 6.

Notice means this notice of general meeting of the Shareholders in respect of the Meeting to be held on Friday, 17th January 2020.

Recapitalisation Proposal means the Recapitalisation Proposal submitted by Benelong to the Deed Administrators 25th April 2019 relating to the restructure and recapitalisation of the Company.

Resolutions means the resolutions described in the Notice.

Shareholder means the holder of Shares.

Shares means ordinary class shares in the capital of the Company.

Sydney Time means time in Sydney NSW from time to time.

Trustee means Trustee of the Creditors Trust, being Mervyn Kitay, or any Corporate Trustee related to him.

PROXY FORM
APPOINTMENT OF PROXY
EPHRAIM RESOURCES LIMITED
(Subject to Deed of Company Arrangement)
ACN 008 666 233

GENERAL MEETING

I/We

being a Member of Ephraim Resources Limited (Subject to Deed of Company Arrangement) entitled to attend and vote at the Meeting, hereby

Appoint

Name of proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the General Meeting to be held at Nicols and Brien, Level 2, 350 Kent Street, Sydney, New South Wales on Friday, 17th January 2020 at 11.00 a.m. (Sydney Time) and at any adjournment thereof. If no directions are given, the Chairman will vote in favour of all of the resolutions.

Voting on Business of the General Meeting

| | FOR | AGAINST | ABSTAIN |
|--|--------------------------|--------------------------|--------------------------|
| Resolution 1 Allotment and Issue of Shares to Convertible Note Holders | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 Allotment and Issue of Shares to Benelong Capital Partners Pty Ltd | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 Allotment and Issue of Shares to Investment Advisors Alliance Pty Ltd | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 Election of Mr Gregory Barry Starr as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5 Election of Mr Steven Nicols as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 6 Election of Mr Peter Chai as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 7 Name Change | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

OR

If you do **not** wish to direct your proxy how to vote, please place a mark in this box ☐

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of the interest. The Chairman will vote in favour of all of the resolutions if no directions are given.

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

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

Dated this day of 20

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

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| Signature |
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| Signature |
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| Director |
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| Sole Director and Sole Company Secretary |
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Instructions for Completing 'Appointment of Proxy' Form

1. A Shareholder entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a Shareholder of the Company. In the case of joint holders, all must sign.
3. Corporate Shareholders 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.

4. Completion of a Proxy Form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. You may fax the Proxy form to: Facsimile No. +61 2 9299 2239 or mail to Benelong Capital Partners Pty Ltd, Level 2, 350 Kent Street, Sydney NSW 2000.
7. The instrument appointing the proxy must be received by the Company at the address specified above at least forty eight (48) hours before the time notified for the meeting (proxy forms can be lodged by facsimile).
8. Any questions, please call Steve Nicols on phone +61 2 9299 2289, or email to steve@benelong.com