



1. Company Details

Name: Ephraim Resources Limited
ABN: 63 008 666 233
Reporting period: For the half-year ended 31 December 2014
Previous period: For the half-year ended 31 December 2013

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	100%	23,266
Loss from ordinary activities after tax attributable to the owners of Ephraim Resources Limited	up	47%	(368,998)
Loss for the half-year attributable to the owners of Ephraim Resources Limited	up	47%	(368,998)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the company after providing for income tax amounted to \$370,636 (31 December 2013: \$254,370).

3. Net tangible assets

	Reporting period (cents)	Previous period (cents)
Net tangible assets per ordinary security	0.17	0.06

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Not applicable.

10. Audit qualification or review

The financial statements were subject to a review by the Company's auditors and the review report is attached as part of the Half-year report. The review report contained a qualification on the 31 December 2013 comparative figures. The qualification was previously noted in the Company's 30 June 2014 Annual Report and is effectively a carry forward of that qualification, as it relates to the 6 month period ending 31 December 2013 (a period preceding the company's ASX re-admission in February 2014).

11. Attachments

The Half-year report of Ephraim Resources Limited for the half-year ended 31 December 2014 is attached.



EPHRAIM RESOURCES LTD

ABN 63 008 666 233

**Half-year report
31 December 2014**

Half-year report

31 December 2014

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Directors' report

The directors of Ephraim Resources Ltd submit herewith the financial report of the Group for the half-year ended 31 December 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Information about directors

The names of Directors who held office during or since the end of the half-year period and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

Steven Pynt	Non-Executive Chairman
Michael Pixley	Non-Executive Director
Frederick (Eric) Ng	Executive Director

Operating and financial review

The loss for the Group after providing for income tax and non-controlling interest amounted to \$368,998 (31 December 2013: loss after income tax and non-controlling interest of \$251,826).

Operational Update

Pilot Commercial Production

The above program to tap existing Nipah stands to produce syrup and palm sugar for domestic consumption began in October 2014 in the Alai area within our plantation in Meranti, Riau Province, Sumatra Indonesia. As the area was small only a handful of farmers from the initial batch trained in August 2014 were engaged. Pictured below are the products produced from this area.



It was the farmers' first experience in tapping of Nipah palm which had to undergo a defibrillation process before the sap would flow out of the stem when tapped. Male and female specie of the Nipah palm are defibrillated differently so the farmers have to also learn to differentiate the species visually in order to apply the appropriate technique. The male and female specie also produce varying output of sap when tapped. The Company pays the farmers based on the quantity of sap they deliver.

The Alai area was selected due to its proximity to the headquarters of the Company's Meranti office to minimize the logistics required to convert the sap into syrup or palm sugar. However the output from the small amount of Nipah stands in the Alai was minimal and the result was not encouraging.

The field managers therefore chose another district Jelayang, a distance away from the office but where there are several hundred Nipah palms available for tapping. After the basic field work of mapping the area and subdividing it for allocation to the selected farmers, the commercial operation commenced in mid February 2015. The field managers expect a much better output from this area with about 10 farmers assigned there. It is anticipated that the output from the Jelayang area would be in sufficient quantity to enable the Company to put its products in the domestic market.

Operational Productivity study

As the production sites shift further from the plantation office, study is underway at the Banjarbaru plantation to find ways to stabilize the pH level of the sap for a longer period of time after the sap are collected. This would improve the yield of the sap collected when converted to syrup and palm sugar.

Genetic profiling and tissue cultivation

It has been the experience of most established plantations that 80% of the output comes from 20% of the plants cultivated. Our business model is to maximize the output of our Nipah cultivation by planting only high yielding saplings in our plantation.

To meet this objective the Company would validate technology in three fields:-

- 1) growing Nipah on non arable land
- 2) developing tissue cultivation technique on high yielding Nipah
- 3) genetic profiling of high yielding Nipah palm with a view to matching appropriate male and female species for cultivation.

For the past three years the Company's subsidiary has cultivated Nipah palm on our land in Banjarbaru that differs substantially from the coastal marshlands where Nipah grows naturally. These palms are now maturing and would soon be ready for tapping. This success validated the basic tenet of our business model to cultivate Nipah on non arable land that are in abundance and which would not deprive any community of its resources to grow other cash crops such as rice or palm oil.

There is yet no known technique to cultivate Nipah tissue whereas tissue cultivation for flowers and some crop have been well established. The Company has commissioned a well established laboratory in Medan, Sumatra Indonesia known for its cultivation of certain flower tissues for sale in the European markets to develop such a technique for Nipah.

The Company will at the same time begin the collection of samples of productive palms in its plantation to be genetically profiled by an established US gene profiling laboratory with the view to identifying the genetic profile of high yielding Nipah palm, and to match the appropriate male and female specie to produce high yielding Nipah tissue for cultivation in our plantations in Indonesia.

Your Board will update shareholders on further progress in the commercial production from its existing Nipah plants as well as progress in the agri-technological aspect of our business model.

Auditor's independence declaration

Section 307C of the Corporations Act 2001 requires our auditors, Moore Stephens, to provide the Directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 2 and forms part of this Directors' report for the half-year ended 31 December 2014.

This report is signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors



Frederick (Eric) Ng
Executive Director
Perth, 26 February 2015

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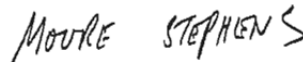
AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF EPHRAIM RESOURCES LIMITED

As lead auditor for the review of Ephraim Resources Limited and its controlled entities for the half year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.



Neil Pace
Partner



Moore Stephens
Chartered Accountants

Signed at Perth this 26th day of February 2015

**Statement of profit or loss and other comprehensive income
for the half-year ended 31 December 2014**

	Note	Consolidated	
		31 Dec 2014	31 Dec 2013
		\$	\$
Revenue		23,266	-
Employee benefit expenses	5	(238,310)	(6,757)
Advertising expenses		(110)	-
Company overhead expenses		(149,682)	(180,140)
Depreciation		(5,800)	(2,008)
Land preparation expenses		-	(65,465)
Loss before tax		(370,636)	(254,370)
Income tax benefit		-	-
Loss for the half-year		(370,636)	(254,370)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Foreign currency translation		17,077	-
Other comprehensive income for the half-year, net of tax		17,077	-
Total comprehensive loss for the half-year		(353,559)	(254,370)
Loss for the half-year is attributable to:			
Owners of the parent		(368,998)	(251,826)
Non controlling interest		(1,638)	(2,544)
		(370,636)	(254,370)
Total comprehensive loss for the half-year is attributable to:			
Owners of the parent		(351,921)	(251,826)
Non controlling interest		(1,638)	(2,544)
		(353,559)	(254,370)
Loss per share attributable to the equity holders of the parent			
Basic and diluted (cents per share)		(0.024)	(0.017)

Notes to the financial statements are included on pages 8 to 12.

Statement of financial position
As at 31 December 2014

		Consolidated	
		31 Dec 2014	30 Jun 2014
	Note	\$	\$
Current assets			
Cash and cash equivalents		527,564	1,672,073
Trade and other receivables	3	323,604	6,224
Other assets	4	182,582	37,486
Total current assets		1,033,750	1,715,783
Non-current assets			
Property, plant and equipment		2,139,163	2,104,322
Other assets	4	1,549	1,549
Total non-current assets		2,140,712	2,105,871
Total assets		3,174,462	3,821,654
Current liabilities			
Trade and other payables		176,425	171,859
Loans		-	344,768
Total current liabilities		176,425	516,627
Non-current liabilities			
Deferred tax liabilities		411,200	411,200
Total non-current liabilities		411,200	411,200
Total liabilities		587,625	927,827
Net assets		2,586,837	2,893,827
Equity			
Issued capital		3,204,484	3,204,484
Reserves		1,282,831	1,219,185
Accumulated losses		(1,889,613)	(1,520,615)
Parent entity		2,597,702	2,903,054
Non-controlling interests		(10,865)	(9,227)
Total equity		2,586,837	2,893,827

Notes to the financial statements are included on pages 8 to 12.

Statement of changes in equity for the half-year ended 31 December 2014

Consolidated

	Issued capital	Asset revaluation reserve	Foreign currency translation reserve	Share- based payment reserve	Accumulated losses	Owners of the parent	Non- controlling interest	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2014	3,204,484	1,233,598	(14,413)	-	(1,520,615)	2,903,054	(9,227)	2,893,827
Loss for the half-year	-	-	-	-	(368,998)	(368,998)	(1,638)	(370,636)
Other comprehensive income	-	-	17,077	-	-	17,077	-	17,077
Total comprehensive loss for the half-year	-	-	17,077	-	(368,998)	(351,921)	(1,638)	(353,559)
Share-based payments	-	-	-	46,569	-	46,569	-	46,569
Balance at 31 December 2014	3,204,484	1,233,598	2,664	46,569	(1,889,613)	2,597,702	(10,865)	2,586,837

Consolidated

	Issued capital	Asset revaluation reserve	Foreign currency translation reserve	Share- based payment reserve	Accumulated losses	Owners of the parent	Non- controlling interest	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2013	202,856	1,475,492	-	-	(347,441)	1,330,907	(3,510)	1,327,397
Loss for the half-year	-	-	-	-	(251,826)	(251,826)	(2,544)	(254,370)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the half-year	-	-	-	-	(251,826)	(251,826)	(2,544)	(254,370)
Balance at 31 December 2013	202,856	1,475,492	-	-	(599,267)	1,079,081	(6,054)	1,073,027

Notes to the financial statements are included on pages 8 to 12.

**Statement of cash flows
for the half-year ended 31 December 2014**

	Consolidated	
	31 Dec 2014	31 Dec 2013
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(464,650)	(121,117)
Interest and other costs of finance paid	(545)	-
Interest received	6,095	-
Net cash used in operating activities	(459,100)	(121,117)
Cash flows from investing activities		
Payments for intangible assets	-	(7,700)
Payments for property, plant and equipment	(40,641)	-
Payments for loan advanced	(300,000)	-
Net cash used in investing activities	(340,641)	(7,700)
Cash flows from financing activities		
Proceeds from borrowings	-	103,435
Repayment of borrowings	(344,768)	-
Net cash (used in)/from financing activities	(344,768)	103,435
Net decrease in cash and cash equivalents	(1,144,509)	(25,382)
Cash and cash equivalents at the beginning of the half-year	1,672,073	26,754
Cash and cash equivalents at the end of the half-year	527,564	1,372

Notes to the financial statements are included on pages 8 to 12.

Notes to the financial statements for the half-year ended 31 December 2014

1. General information

The financial report covers Ephraim Resources Limited as a consolidated entity consisting of Ephraim Resources Limited and the entities it controlled during the period.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Ephraim Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia but with its main operations located in Indonesia. Its registered office and principal place of business are:

Australia

Ephraim Resources Limited
c/- Nexia Perth,
Level 3, 88 William Street
Perth WA 6000

Indonesia (principal place of business)

Ruko Kawasan Niaga
Citra Gran Blok R15 No 19
Jalan Alternative Cibubur
Cibubur-Bekasi 17435 INDONESIA

The financial report was authorised for issue in accordance with a resolution of directors on 26 February 2015.

2. Significant accounting policies

Statement of compliance

These general purpose financial statements for the interim half-year reporting period ended 31 December 2014 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These condensed consolidated general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that these financial statements be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The half-year financial report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

For the purposes of preparing the report, the half-year has been treated as a discrete reporting period.

The comparative statement of profit or loss and other comprehensive income has been restated to reflect that of the deemed acquirer given the previously reported reverse acquisition, which took place on 11 February 2014.

Going Concern

The Group recorded a net loss after tax of \$370,636 for the half-year ended 31 December 2014 (half-year ended 31 December 2013: net loss after tax of \$254,370) and had a net operating cash out flow for the half-year of \$459,100 (half-year ended 31 December 2013: \$121,117).

Notwithstanding the loss incurred for the half-year, the Directors are of the view that the Group is a going concern based on the following reasons:

- Current assets support at least 15 month operations with its current adjusted operating structure.
- The Group is expected to raise revenues through the first sales from its operations, expected during the second half of the 2014/2015 financial year.
- The Group had a net working capital position of \$857,326 at 31 December 2014.
- The Group had a cash in bank balance of \$527,564 at 31 December 2014, and received full repayment of the \$300,000 loan from GBM Gold in January 2015.

Based on these facts, the Directors consider the going concern basis of preparation to be appropriate for this financial report. Accordingly the 31 December 2014 half-year financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

Accounting policies and methods of computation

The accounting policies and methods of computation are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Significant accounting judgments and key estimates

The preparation of half-year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2014.

3. Trade and other receivables

	Consolidated	
	31 Dec 2014 \$	30 Jun 2014 \$
GBM Gold Limited – loan advance	311,671	-
Other receivables	11,933	6,224
	323,604	6,224

On 12 August 2014 the Group advanced a working capital loan of \$300,000 to GBM Gold Limited, a company associated with Mr Ng. Under the terms of the loan agreement full repayment of the loan is required by no later than 12 February 2015, being 6 months after the date of the advance. The loan carries interest at 10% per annum, repayable at the end of the loan term. The Group received a personal guarantee from Mr Ng as security for the loan.

Full repayment of the loan, including interest, was received from GBM Gold Limited on 14 January 2015.

4. Other assets

	Consolidated	
	31 Dec 2014 \$	30 Jun 2014 \$
<u>Current</u>		
Prepayments	181,832	37,236
Deposits	750	250
	182,582	37,486
<u>Non Current</u>		
Deposits	1,549	1,549
	1,549	1,549

Prepayments include an initial payment of \$134,608 made for work in relation to nipah palm tissue cultivation and research.

5. Share-based payments

	Consolidated	
	31 Dec 2014 \$	31 Dec 2013 \$
Share-based payment expense	46,569	-
	46,569	-

The share-based payment expense is recognised as part of employee benefits expenses in the statement of profit or loss and comprehensive income, with a corresponding increase in the share-based payment reserve.

5. Share-based payments (cont'd)

The following share-based payment arrangements were in existence during the current and comparative reporting periods:

Options series	Number	Grant date	Expiry date	Exercise price \$	Fair value at grant date \$
Series I	18,000,000	21.11.14	30.11.17	0.00508 cents	0.00259 cents

The options issued under Series I were approved by shareholders at the Company's November 2014 Annual General Meeting and relates to the issue of 6,000,000 options to each of the Directors, for a total of 18,000,000 options. Under the terms of the issue, the options vested on grant date (21 November 2014).

There were no other share-based payments granted during the current financial year.

The following reconciles the outstanding share options granted as share-based payments at the beginning and end of the half-year financial reporting periods:

	31 Dec 2014		31 Dec 2013	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance at beginning of the period	-	-	-	-
Granted during the period	18,000,000	0.00508	-	-
Expired/lapsed during the period	-	-	-	-
Balance at end of the period	18,000,000	0.00508	-	-
Exercisable at end of the period	18,000,000	0.00508	-	-

There were no options exercised during the half-year period or during the interval between the period end and the date of this financial report.

The share options outstanding at reporting date had an exercise price of \$0.00508 (31 December 2013: Nil) and a weighted average remaining contractual life of 1,066 days (2013: Nil). The weighted average fair value of options granted during the half-year was \$0.00259 (2013: Nil).

The fair value of the equity-settled share options granted is estimated as at the date of grant using the Black and Scholes model taking into account the terms and conditions upon which the options were granted.

	Series I
Dividend yield (%)	-
Expected volatility (%)	185%
Risk-free interest rate (%)	2.562%
Expected life of option (years)	3 years
Exercise price (cents)	0.00508 cents
Grant date share price	0.00300 cents

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

There were no liabilities in relation to any cash-settled share-based payments during the half-year.

6. Contingent liabilities and contingent assets

In the opinion of the directors, there were no contingent assets or liabilities as at 31 December 2014 and no contingent assets or liabilities were incurred in the interval between the period end and the date of this financial report.

7. Segment reporting

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Company's operating segments have been determined with reference to the monthly management accounts used by the chief operating decision maker to make decisions regarding the Company's operations and allocation of working capital. Due to the size and nature of the Company, the Board as a whole has been determined as the chief operating decision maker.

The Group has two reportable operating segments those being Australia and Indonesia. The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of these financial statements.

	Australia	Indonesia	Unallocated	Total
Half-year ended 31 Dec 2014				
Revenue				
Interest income	23,116	150	-	23,266
Total revenues	23,116	150	-	23,266
Results				
Total pre-tax segment expenditure	(229,999)	(163,903)	-	(393,902)
Income tax benefit	-	-	-	-
Segment loss after income tax	(206,883)	(163,753)	-	(370,636)
As at 31 Dec 2014				
Segment assets				
Cash and cash equivalents	514,359	13,205	-	527,564
Receivables	321,521	2,083	-	323,604
Other current assets	150,216	32,366	-	182,582
Property, plant and equipment	-	2,139,163	-	2,139,163
Other non-current assets	-	1,549	-	1,549
Total assets	986,096	2,188,366	-	3,174,462
Segment liabilities				
Current liabilities	62,875	113,550	-	176,425
Non-current liabilities (deferred tax liabilities)	-	411,200	-	411,200
Total liabilities	62,875	524,750	-	587,625
Net assets	923,221	1,663,616	-	2,586,837

	Australia	Indonesia	Unallocated	Total
Half-year ended 31 Dec 2013				
Revenue				
Interest income	-	-	-	-
Total revenues	-	-	-	-
Results				
Total pre-tax segment expenditure	-	(254,370)	-	(254,370)
Income tax benefit	-	-	-	-
Segment loss after income tax	-	(254,370)	-	(254,370)
As at 30 Jun 2014				
Segment assets				
Cash and cash equivalents	1,631,118	40,955	-	1,672,073
Receivables	4,092	2,132	-	6,224
Other current assets	12,623	24,863	-	37,486
Property, plant and equipment	-	2,104,322	-	2,104,322
Other non-current assets	-	1,549	-	1,549
Total assets	1,647,833	2,173,821	-	3,821,654
Segment liabilities				
Current liabilities	73,773	98,086	-	171,859
Loans payable	-	344,768	-	344,768
Non-current liabilities (deferred tax liabilities)	-	411,200	-	411,200
Total liabilities	73,773	854,054	-	927,827
Net assets	1,574,060	1,319,767	-	2,893,827

8. Dividends

The Company did not declare or pay a dividend during the half-year (2013: \$Nil).

9. Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the half-year reporting period that has significantly affected, or may significantly affect, the current operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Directors' declaration

1. In the opinion of the directors of Ephraim Resources Ltd (the 'Company'):
 - a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year then ended; and
 - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.305(5) of the Corporations Act 2001.

On behalf of the Directors



Frederick (Eric) Ng
Executive Director
Perth, 26 February 2015

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INDEPENDENT REVIEW REPORT TO THE MEMBERS OF EPHRAIM RESOURCES LIMITED

Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of Ephraim Resources Limited and its controlled entities (“the consolidated entity”), which comprises the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the half year ended on that date, a summary of significant accounting policies, other selected explanatory notes and the directors’ declaration of the consolidated entity comprising the company and the entities it controlled at half year’s end or from time to time during the half year.

Directors’ Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half year financial report that it is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor’s Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: “Review of a Financial Report Performed by the Independent Auditor of the Entity”, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporation Act 2001 including: giving a true and fair view of the consolidated entity’s financial position as at 31 December 2014 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134: “Interim Financial Reporting” and the Corporations Regulations 2001. As the auditor of Ephraim Resources Limited and its controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the financial report.

A review of the half year financial report consists of making enquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the applicable independence requirements of the Corporations Act 2001.

Basis for Qualified Opinion

The accounting records available for Ephraim Resources Ltd (being the legal subsidiary acquired on 11 February 2014) were incomplete and therefore we were unable to determine the accuracy and completeness of the expenses recognised in the comparative statement of profit or loss and other comprehensive income for half year ended 31 December 2013.

Moore Stephens Perth ABN 63 569 263 022. Liability limited by a scheme approved under Professional Standards Legislation. The Perth Moore Stephens firm is not a partner or agent of any other Moore Stephens firm. An independent member of Moore Stephens International Limited – members in principal cities throughout the world.

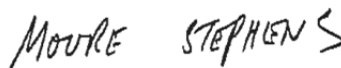
Conclusion

Based on our review, which is not an audit and except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, we have not become aware of any matter that makes us believe that the half year financial report of Ephraim Resources Limited and its controlled entities is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001; and



Neil Pace
Partner



Moore Stephens
Chartered Accountants

Dated in Perth, this 26th day of February 2015