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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:** 10.00 am (WST)

**DATE:** 25 November 2016

**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 10.00 am (WST) on 25 November 2016 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 10.00 am (WST) on 23 November 2016.

**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 10.00 am (WST) on 25 November 2016 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 23 November 2016.

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 2016.

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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 2016 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 ERIC NG AS A DIRECTOR

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

*"That, Mr Eric Ng, a director of the Company who retires in accordance with clauses 13.2 and 17.4 of the Constitution and ASX Listing Rule 14.4, and being eligible, offers himself for re-election, be re-elected as a director of the Company".*

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### 4. RESOLUTION 3 – 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:** The Company will disregard any votes cast on this Resolution by a person (and any associates of such 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.

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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### 5. RESOLUTION 4 - CONTINGENT RESOLUTION – BOARD SPILL MEETING RESOLUTION

**Condition for Resolution 4:** Resolution 4 will be considered at the Meeting only if at least 25% of the votes cast on Resolution 1 are against the adoption of the Remuneration Report.

If the condition (described above) is satisfied, to consider, and if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

*"That, subject to and conditional on at least 25% of the votes cast on Resolution 1 being against the adoption of the Remuneration Report:*

- (a) an extraordinary general meeting of the Company be held within 90 days of the date of this meeting ("the Spill Meeting");*
- (b) each of Messrs Steve Pynt, Michael Pixley and Erig Ng cease to hold office immediately before the end of the Spill Meeting; and*
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote at the Spill Meeting."*

**Voting Exclusion:** The Company will disregard any votes cast on Resolution 4 by or on behalf of:

- (a) a member of the key management personnel listed in the Remuneration Report; or
- (b) a key management personnel's closely related party; and
- (c) any votes cast as a proxy on Resolution 4 by any other person who is a member of the key management personnel at the date of the meeting, or by a closely related party of any such person.

However, the Company need not disregard a vote cast on Resolution 4 if:

- (a) it is cast by any person referred to above as proxy for a person entitled to vote on the Resolution, in accordance with a direction in the proxy appointment specifying how the proxy is to vote on the Resolution; or
- (b) by the person chairing the meeting as proxy for a person entitled to vote on the Resolution where the proxy appointment does not specify the way the proxy is to vote on the Resolution and expressly authorises the Chairman to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

If you are a member of the key management personnel or a closely related party of any such member, you may be held liable for breach of the voting restrictions in the Corporations Act if you cast a vote that the Company will disregard.

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**DATED: 13 OCTOBER 2016**

**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 10.00 am (WST) on 25 November 2016 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 2016 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 2016.

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 2015 Annual General Meeting, the Company received votes against its Remuneration Report representing greater than 25% of the votes cast by persons entitled to vote. In other words, the Company

received a “First Strike” against its 2015 Remuneration Report. In these circumstances, the Corporations Act requires the Company to include in this year’s Remuneration Report, an explanation of the Board’s proposed action in response to that First Strike or, alternatively, if the Board does not propose any action, the Board’s reason for such inaction.

The Board remains confident that the Group’s remuneration policy and the level and structure of its executive remuneration are suitable for the Company and its shareholders and hence it has not amended its overall remuneration policy.

### **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 2016. 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 ERIC NG AS A DIRECTOR**

ASX Listing Rule 14.4 and Clauses 13.2 of the Constitution provide that a re-election of Directors must be held at each annual general meeting. The Directors to retire are to be those who have been in office for 3 years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement. Clause 17.2 of the Constitution extends this to include an Executive Director. Mr Ng 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 Ng has been the Principal Consultant of Chadway Management Service Pte Ltd since 1982. He is responsible for providing operational management, planning and executing growth strategies, merger and acquisitions activities and corporate finance services to companies in Singapore and the region, including Australia and the PRC. He also advises on business growth and globalisation strategies, capital market and corporate governance issues and is an active capital market intermediary matching capital with business.

Mr Ng’s vast experience and knowledge provides him with the credentials to sit on a number of Boards of public companies that are listed on the Singapore and Australian Exchanges. Mr Ng has chaired Shareholders’ and Board meetings, Audit and Remuneration Committees since 2000 and is a member of various Nomination, Audit and Remuneration Committees.

Since 2009 Mr Ng has served as a Non-Executive Director of ASX listed GBM Gold Ltd (ASX – GBM) and was appointed its Non-Executive Chairman on 1 January 2014. He is also currently a Non-Executive Director of Richfield International Ltd (ASX - “RIS”) and Non-Executive Chairman at SGX Mainboard listed Chasen Holdings Ltd where he has been the Lead Independent Director and Chairman Audit and Remuneration Committees since 2007. Upon assuming the Chairmanship of the Board at Chasen, he relinquished the chair

of the Remuneration Committee while remaining a member of both Remuneration and Nomination Committees.

Mr Ng is also active in various societies and institutions, being a member of the Singapore Institute of Directors and a Fellow of the Singapore Human Resource Institute. He also served as District Governor for Singapore of Lions Clubs International from 2002 to 2003.

#### **Directors' recommendation**

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

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#### **4. RESOLUTION 3 – APPROVAL OF 10% PLACEMENT FACILITY**

##### **4.1 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 \$4.6 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 4.2(c) below).

The Directors of the Company believe that Resolution 3 is in the best interests of the Company because if the current pilot commercial cultivation program is successful over the next 6 to 12 months, this resolution 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.

##### **4.2 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 4.2(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**).

### **4.3 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).

### **4.4 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		
		\$0.002  50% decrease in  Issue Price	\$0.003  Issue Price	\$0.005  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>	\$308,000	\$462,000	\$770,000
<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>	\$462,000	\$693,000	\$1,155,000
<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>	\$616,000	\$924,000	\$1,540,001

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 \$0.003, being the closing price of the Shares on ASX on 10 October 2016.

**(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 the new resources assets, including land, and investment in plant and equipment. 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 general working capital.

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 19 November 2015.

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.

The Company has not issued any Equity Securities in the 12 months preceding the date of this meeting.

**(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 3.

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## 5. RESOLUTION 4 – CONTINGENT RESOLUTION: BOARD SPILL MEETING RESOLUTION

This Resolution will only be considered and put to a vote if at least 25% of the votes cast on the resolution to adopt the Remuneration Report (Resolution 1) are cast against the adoption of the report. Such an against vote will constitute a second strike for the Company.

If the resolution to adopt the Remuneration Report does not receive an against vote of 25% or more at the Annual General Meeting, Resolution 4 will not be put to the Meeting.

If put to the Meeting, the Spill Resolution will be considered as an ordinary resolution and will be passed if more than 50% of the eligible votes cast on the spill Resolution are cast in favour of the Resolution. Shareholders not attending the Annual General Meeting who want to cast votes on Resolution 4 will need to vote on Resolution 4 in the attached Proxy Form, prior to the consideration of Resolution 1 at the Annual General Meeting, notwithstanding that Resolution 4 will not be put to Shareholders if Resolution 1 receives an against vote of less than 25% at the Annual General Meeting.

If Resolution 4 is put to Shareholders and passed it will be necessary for the Company to hold the Spill Meeting within ninety (90) days of the Annual General Meeting in order to consider the composition of the Board. If a Spill Meeting is held, immediately before the end of the Spill Meeting, each of the following Directors (“Relevant Directors”) will cease to hold office:

- Mr Steve Pynt;
- Mr Michael Pixley; and
- Mr Eric Ng (assuming Mr Ng is re-elected at this year’s Annual General Meeting).

Each of the Relevant Directors is eligible to seek re-election as a director of the Company at the Spill Meeting. Under the Corporations Act, the Company is required to have a minimum of three Directors. The Corporations Act contains a mechanism to ensure that the Company will have at least three Directors after the Spill Meeting. If, at the Spill Meeting, a minimum of two Directors are not appointed by ordinary resolution, the persons taken to be appointed will be those with the highest percentage of votes favouring their appointment cast at the Spill Meeting on the resolution for their appointment (even if less than half the votes cast on the resolution were favour of their appointment).

The provisions of the Corporations Act, ASX Listing Rules and the Company’s Constitution relating to meetings of the Company will apply to the Spill Meeting, including the requirement for the Company to provide a notice of meeting, setting out the business to be considered at the Spill Meeting.

Shareholders should be aware that the total cost to the Company of holding a Spill Meeting is significant (including printing, mail-out and share registry costs) and that holding a Spill Meeting would cause significant disruption to the running of the Company and may impact on its share price.

Shareholders should also note that 731,758,158 shares (“Key Management Shares”) or 47.5% of the Company’s total issued share capital, are held by key management personnel of the Company (or their closely related parties). These Key Management Shares are not able to be voted on either Resolution 1 (the Remuneration Report resolution) or Resolution 4 (the resolution to convene a Spill Meeting). However, the Key Management Shares may be cast on resolutions put to Shareholders at a Spill Meeting for the election and re-election of Directors. The Company has been informed that, in the event Resolution 4 is passed, all the holders of Key Management Shares presently intend to vote their shares in favour of the re-election of the Relevant Directors.

### **Directors’ recommendation**

The Directors unanimously recommend that Shareholders vote against Resolution 4.

The Chairman of the Meeting intends to vote all undirected proxies against this item of business.

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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.

**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.

**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, Michael Pixley and Eric Ng.

**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.

**EPHRAIM RESOURCES LIMITED**  
**ABN 63 008 666 233**  
**PROXY FORM**

The Company Secretary  
Ephraim Resources Limited  
c/: Nexia Perth  
Level 3, 88 Williams Street,  
  
Perth, WA, 6000

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

**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 10.00am (WST) on 25 November 2016 at c/: Nexia Perth, Level 3, 88 William Street, Perth, Western Australia, and at any adjournment thereof.

**Important for Resolution 1 and 4:**

**The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 1 and all available proxies against Resolution 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 and 4, you will be authorising the Chairman to vote in accordance with the Chairman's voting intentions on Resolution 1 and 4 even if the Chairman has an interest in Resolutions 1 and 4 which is connected directly with the remuneration of Key Management Personnel.**

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 other than Resolution 4 which the Chairman intends to vote against.**

**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 – Re-election of Mr Eric Ng as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Approval of 10% placement facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Contingent Resolution – Board Spill Meeting Resolution	<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 \_\_\_\_\_ 2016. \_\_\_\_\_ %

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

Signature
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Director
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Signature
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Director/Company Secretary
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Signature
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Sole Director and Sole Company Secretary
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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 10.00 am (WST) on 23 November 2016.

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