



13 August 2018

Australian Securities Exchange  
Level 40, Central Park  
152–158 St Georges Terrace  
Perth WA 6000

Dear Sir/ Madam

#### **UPDATE IN RELATION TO CREDITORS**

Ephraim Resources Ltd (ASX: EPA) ("**Company**") refers to the statutory demand received by the Company on 15 June 2018 from Mr Eric Ng claiming unpaid Directors fees and expenses of \$109,872.

The Company wishes to announce it has today entered into a deed of forbearance with Mr Ng and Ms Chew Ching ("**Deed of Forbearance**").

The terms of the Deed of Forbearance provide for the following:

- the payment of an amount of \$187,500 by the Company to Mr Ng to be applied to: the payment of the unpaid Directors fees and expenses the subject of the statutory demand, the repayment of certain advances made by Mr Ng to the Company and the payment of accrued interest owed by the Company to Mr Ng;
- a period of forbearance of the Company's obligation to repay an aggregate amount of \$602,273.09 (comprising principal and interest owed by the Company to Mr Ng and Ms Ching respectively). The period of forbearance extends to the earlier of:
  - o 30 November 2018 (if the Company has not convened a meeting of shareholders to approve the transaction announced by the Company on 10 July 2018 ("**Transaction**") and lodged a prospectus with the Australian Securities and Investments Commission in conjunction with the Transaction);
  - o 5 Business Days after the completion of the Transaction;
  - o the date the Transaction is terminated in writing;
  - o 31 December 2018; or
  - o such other date as agreed to by the parties in writing;
- waiver by Mr Ng and Ms Ching of the obligation of the Company to pay interest on amounts owing by the Company to Mr Ng and Ms Ching for the period on and from 1 July 2018, on the condition that the Transaction completes on or before 31 December 2018; and
- repayment of all outstanding amounts owed by the Company to Mr Ng and Ms Ching at any time, on election by the Company, by the Company giving notice to Mr Ng and Ms Ching.

The period of forbearance allows the Company to continue due diligence and negotiation of the terms of binding documentation in connection with the Transaction.

#### **ENDS**

For further information: Henko Vos, Company Secretary, Ephraim Resources Limited: + (61 8) 9469 2463