



1. Company Details

Name: Ephraim Resources Limited
ABN: 63 008 666 233
Reporting period: For the half-year ended 31 December 2016
Previous period: For the half-year ended 31 December 2015

2. Results for announcement to the market

Revenues from ordinary activities	down	93%	to	\$ 7,753
Loss from ordinary activities after tax attributable to the owners of Ephraim Resources Limited	up	41%	to	(274,184)
Loss for the half-year attributable to the owners of Ephraim Resources Limited	up	42%	to	(273,746)

Dividends

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

Comments

Revenue from ordinary activities includes \$7,723 received as part of the proposed Goldson Global Limited transaction (\$99k for the half year ended 31 December 2015). The loss for the Group after providing for income tax amounted to \$274,184 (31 December 2015: \$194,138).

3. Net tangible assets

	Reporting period (cents)	Previous period (cents)
Net tangible assets per ordinary security	0.13	0.14

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 an emphasis of matter on going concern which is explained in Note 2 to the financial statements.

11. Attachments

The Half-year report of Ephraim Resources Limited for the half-year ended 31 December 2016 is attached.



EPHRAIM RESOURCES LTD

ABN 63 008 666 233

**Half-year report
31 December 2016**

Half-year report

31 December 2016

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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 2016. 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
Frederick (Eric) Ng	Executive Director
Michael Pixley	Non-Executive Director (resigned on 20 December 2016)
Yu Won (John) Loi	Non-Executive Director (appointed on 20 December 2016, resigned 30 January 2017)
Evan Cross	Non-Executive Director (appointed on 30 January 2017)

Operating and financial review

Ephraim Resources Ltd (British Virgin Island registered entity), a wholly owned subsidiary of the Company is in the business of agricultural biogenetics research and experimentation, licensing and consultancy, with a specific focus on nipah palm breeding, tissue culture, cultivation and plantation, and the conversion of sap from the nipah palm to sugar and ethanol, conducted through its 99% owned subsidiary PT First Flower, an Indonesian incorporated entity.

The loss for the Group after providing for income tax and non-controlling interest amounted to \$273,746 (31 December 2015: loss after income tax and non-controlling interest of \$193,368).

Operational Update

Due to the delay in the completion of the Goldson transaction, working capital available to continue the commercialization of the Nipah cultivation was reduced during the period reported on.

Field production of Nipah sap for conversion to syrup and palm sugar was suspended and staff cost was reduced to a minimum. A skeletal workforce required for the care and maintenance of the Nipah cultivation demonstration plot has been maintained and the Jakarta office will close when its tenancy expires early 2017.

Only the technical team at the South Kalimantan site has been retained to continue its research on the cultivation of Nipah on non arable land.

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 2016.

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, 28 February 2017

MOORE STEPHENS

Level 15 Exchange Tower,
2 The Esplanade
Perth WA 6000

PO Box 5785, St Georges Terrace
WA 6831

T +61 (0)8 9225 5355

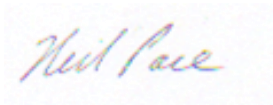
F +61 (0)8 9225 6181

www.moorestephenswa.com.au

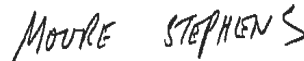
AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF EPHRAIM RESOURCES LIMITED

As lead auditor for the review of Ephraim Resources Limited and its controlled entities for the half year ended 31 December 2016, 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 28th day of February 2017

**Statement of profit or loss and other comprehensive income
for the half-year ended 31 December 2016**

	Note	Consolidated	
		31 Dec	31 Dec
		2016	2015
		\$	\$
Revenue	5	7,753	107,391
Employee benefit expenses		(95,123)	(176,710)
Advertising expenses		-	(305)
Company overhead expenses		(181,619)	(117,257)
Depreciation		(5,195)	(7,257)
Loss before tax		(274,184)	(194,138)
Income tax benefit		-	-
Loss for the half-year		(274,184)	(194,138)
Other comprehensive loss			
<i>Items that will not subsequently be reclassified to profit or loss</i>			
Loss on the revaluation of land-use rights		(79,230)	(171,867)
<i>Items that may be reclassified to profit or loss</i>			
Foreign currency translation		1,745	3,771
Income tax benefit on items of other comprehensive income		19,807	42,967
Other comprehensive loss for the half-year, net of tax		(57,678)	(125,129)
Total comprehensive loss for the half-year		(331,862)	(319,267)
Loss for the half-year is attributable to:			
Owners of the parent		(273,746)	(193,368)
Non controlling interest		(438)	(770)
		(274,184)	(194,138)
Total comprehensive loss for the half-year is attributable to:			
Owners of the parent		(331,424)	(318,497)
Non controlling interest		(438)	(770)
		(331,862)	(319,267)
Loss per share attributable to the equity holders of the parent			
Basic and diluted (cents per share)		(0.018)	(0.013)

Notes to the financial statements are included on pages 7 to 10.

Statement of financial position
As at 31 December 2016

		Consolidated	
		31 Dec 2016	30 Jun 2016
	Note	\$	\$
Current assets			
Cash and cash equivalents		58,545	15,829
Trade and other receivables	3	134,059	139,552
Other assets	4	118,066	131,480
Total current assets		310,670	286,861
Non-current assets			
Property, plant and equipment		3,007,596	3,088,895
Total non-current assets		3,007,596	3,088,895
Total assets		3,318,266	3,375,756
Current liabilities			
Trade and other payables		140,902	259,853
Tax payable		71,358	70,885
Loans		469,317	101,660
Total current liabilities		681,577	432,398
Non-current liabilities			
Deferred tax liabilities		630,913	650,720
Total non-current liabilities		630,913	650,720
Total liabilities		1,312,490	1,083,118
Net assets		2,005,776	2,292,638
Equity			
Issued capital		3,204,484	3,204,484
Other equity		45,000	-
Reserves		1,983,435	2,041,113
Accumulated losses		(3,212,481)	(2,938,735)
Parent entity		2,020,438	2,306,862
Non-controlling interests		(14,662)	(14,224)
Total equity		2,005,776	2,292,638

Notes to the financial statements are included on pages 7 to 10.

**Statement of changes in equity
for the half-year ended 31 December 2016**

Consolidated

	Issued capital	Equity component of convertible notes	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 2016	3,204,484	-	1,952,161	42,383	46,569	(2,938,735)	2,306,862	(14,224)	2,292,638
Loss for the half-year	-	-	-	-	-	(273,746)	(273,746)	(438)	(274,184)
Other comprehensive loss	-	-	(59,423)	1,745	-	-	(57,678)	-	(57,678)
Total comprehensive loss for the half-year	-	-	(59,423)	1,745	-	(273,746)	(331,424)	(438)	(331,862)
Issue of loan	-	45,000	-	-	-	-	45,000	-	45,000
Balance at 31 December 2016	3,204,484	45,000	1,892,738	44,128	46,569	(3,212,481)	2,020,438	(14,662)	2,005,776

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 2015	3,204,484	1,518,087	12,662	46,569	(2,261,864)	2,519,938	(12,498)	2,507,440
Loss for the half-year	-	-	-	-	(193,368)	(193,368)	(770)	(194,138)
Other comprehensive income	-	(128,900)	3,771	-	-	(125,129)	-	(125,129)
Total comprehensive loss for the half-year	-	(128,900)	3,771	-	(193,368)	(318,497)	(770)	(319,267)
Cost of capital expenditure	(54,979)	-	-	-	-	(54,979)	-	(54,979)
Balance at 31 December 2015	3,149,505	1,389,187	16,433	46,569	(2,455,232)	2,146,462	(13,268)	2,133,194

Notes to the financial statements are included on pages 7 to 10.

**Statement of cash flows
for the half-year ended 31 December 2016**

	Consolidated	
	31 Dec 2016	31 Dec 2015
	\$	\$
Cash flows from operating activities		
Cash received from customers and other parties	-	8,434
Payments to suppliers and employees	(239,178)	(279,087)
Interest and other costs of finance paid	(29,941)	(819)
Interest received	30	65
Net cash used in operating activities	(269,089)	(271,407)
Cash flows from investing activities		
Payments for property, plant and equipment	(75)	(1,273)
Funds received under the Goldson acquisition agreement	-	98,891
Funds expensed in relation to the Goldson acquisition	(97,781)	(54,979)
Net cash (used in)/from investing activities	(97,856)	42,639
Cash flows from financing activities		
Proceeds from borrowings	409,661	-
Net cash from financing activities	409,661	-
Net increase/(decrease) in cash and cash equivalents	42,716	(228,768)
Cash and cash equivalents at the beginning of the half-year	15,829	486,169
Cash and cash equivalents at the end of the half-year	58,545	257,401

Notes to the financial statements are included on pages 7 to 10.

Notes to the financial statements for the half-year ended 31 December 2016

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)

Komp. Ruko Permata Niaga
Blok B. No. 03, Sukajadi,
Batam Kota, Batam (Pos29400)
Indonesia

The financial report was authorised for issue in accordance with a resolution of directors on 28 February 2017.

2. Significant accounting policies

Statement of compliance

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 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 2016 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, modified where applicable, by the measurement of fair value of selected non-current assets. 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.

Going Concern

The 31 December 2016 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. The Group recorded a net loss after tax of \$274,184 for the half-year ended 31 December 2016 (half-year ended 31 December 2015: net loss after tax of \$194,138) and had a net operating cash out flow for the half-year of \$269,089 (half-year ended 31 December 2015: \$271,407).

The Company is currently in the process of finalising the acquisition of Alumi Envirotech Pte Ltd ('AET') from Goldson Global Limited ('Goldson') and is awaiting a formal response from ASX on its recently lodged submission. As part of the transaction completion, the Company will also undertake a fundraising to re-capitalise itself.

Under the terms of the transaction, AET will also part fund the Group's current Nipah's operations.

Under the terms of the agreement with Goldson, related transaction costs of up to \$500,000 is refundable to the Company, with a balance of approximately \$400,000 being receivable in the next quarter.

The Company is also currently in discussions with certain parties to arrange additional bridging finance.

Based on these facts, the Directors consider the going concern basis of preparation to be appropriate for this financial report. Should one or more of these factors not materialise, there is a material uncertainty which may cast significant doubt whether the entity will be able to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

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 2016.

In the half-year ended 31 December 2016, management reassessed its estimates in respect of the land-use right asset. This assessment resulted in a decrease of \$76,146 to the land-use right asset recognised under property, plant and equipment in the statement of financial position. The Group also recognised a corresponding loss through other comprehensive loss.

The following describes the key assumptions used in the land-right use valuation at reporting date:

- Total land area of 11,800 hectares.
- Tree density of 1,600 trees per hectare.
- Price of palm sugar syrup at an average of IDR11,050 per litre.
- Sap tapping yield levels of between 0.8 litres to 1.6 litres.
- Foreign exchange rate of IDR9,725 to one AUD.
- Tapping duration of an average 75 days per year.
- Sugar contents at an average of 14%.
- Discount rate of 16%

The value of the land-use right asset is conditional upon the Group raising additional funding as per discussed in the Going Concern Note above. Should additional funding is not received, the land-use right asset may be realised at an amount which could differ from the amount at which they are stated in these financial statements.

3. Trade and other receivables

	Consolidated	
	31 Dec 2016 \$	30 Jun 2016 \$
Other receivables	134,059	139,552
	<u>134,059</u>	<u>139,552</u>

4. Other assets

	Consolidated	
	31 Dec 2016 \$	30 Jun 2016 \$
<u>Current</u>		
Prepayments	117,295	130,714
Deposits	771	766
	<u>118,066</u>	<u>131,480</u>

Prepayments include an initial payment of \$99,632 made for work in relation to nipah palm tissue cultivation and research.

5. Revenue

	Consolidated	
	31 Dec 2016 \$	31 Dec 2015 \$
Funds received under the Goldson Global Limited acquisition agreement	-	98,891
Other income	7,753	8,500
	<u>7,753</u>	<u>107,391</u>

6. Contingent liabilities and contingent assets

In the opinion of the directors, there were no contingent assets or liabilities as at 31 December 2016 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 2016				
Revenue				
Other income	7,748	5	-	7,753
Total revenues	7,748	5	-	7,753
Results				
Total pre-tax segment expenditure	(238,182)	(43,755)	-	(281,937)
Income tax benefit	-	-	-	-
Segment loss after income tax	(230,434)	(43,750)	-	(274,184)
As at 31 Dec 2016				
Segment assets				
Cash and cash equivalents	57,660	885	-	58,545
Receivables	134,059	-	-	134,059
Other current assets	110,688	7,378	-	118,066
Property, plant and equipment	-	3,007,596	-	3,007,596
Total assets	302,407	3,015,859	-	3,318,266
Segment liabilities				
Current liabilities	571,006	110,571	-	681,577
Non-current liabilities (deferred tax liabilities)	-	630,913	-	630,913
Total liabilities	571,006	741,484	-	1,312,490
Net (liabilities)/assets	(268,599)	2,274,375	-	2,005,776

	Australia	Indonesia	Unallocated	Total
Half-year ended 31 Dec 2015				
Revenue				
Interest income	107,347	44	-	107,391
Total revenues	107,347	44	-	107,391
Results				
Total pre-tax segment expenditure	(224,527)	(77,002)	-	(301,529)
Income tax benefit	-	-	-	-
Segment loss after income tax	(117,180)	(76,958)	-	(194,138)
As at 31 Dec 2015				
Segment assets				
Cash and cash equivalents	252,791	4,610	-	257,401
Receivables	30,448	-	-	30,448
Other current assets	125,865	19,923	-	145,788
Property, plant and equipment	-	2,330,717	-	2,330,717
Total assets	409,104	2,355,250	-	2,764,354
Segment liabilities				
Current liabilities	84,150	83,947	-	168,097
Loans payable	-	-	-	-
Non-current liabilities (deferred tax liabilities)	-	463,063	-	463,063
Total liabilities	84,150	547,010	-	631,160
Net assets	324,954	1,808,240	-	2,133,194

8. Dividends

The Company did not declare or pay a dividend during the half-year (2015: \$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 2016 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, 28 February 2017

Level 15 Exchange Tower,
2 The Esplanade
Perth WA 6000

PO Box 5785, St Georges Terrace
WA 6831

T +61 (0)8 9225 5355

F +61 (0)8 9225 6181

www.moorestephenswa.com.au

**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 2016, 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 2016 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.

Liability limited by a scheme approved under Professional Standards Legislation. Moore Stephens ABN 16 874 357 907. An independent member of Moore Stephens International Limited - members in principal cities throughout the world. The Perth Moore Stephens firm is not a partner or agent of any other Moore Stephens firm.

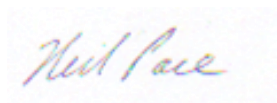
Conclusion

Based on our review, which is not an audit, 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:

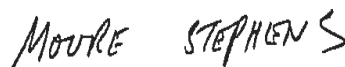
- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001.

Emphasis of Matter – Going Concern Basis of Accounting

Without qualifying our conclusion we draw attention to the significant accounting policies section of Note 2 of the financial statements which discloses that the Company is dependent upon various alternative sources of potential funding in order to provide working capital and to enable it to discharge its liabilities in the ordinary course of business. The matters disclosed in Note 2 indicate the existence of a material uncertainty that may cast doubt as to the ability of the Company to continue as a going concern for the foreseeable future. If the Company was to cease operating as a going concern it may not be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts recorded in the financial statements.



Neil Pace
Partner



Moore Stephens
Chartered Accountants

Dated in Perth, this 28th day of February 2017