



31 October 2018

Australian Securities Exchange
Level 40, Central Park
152-158 St Georges Terrace
PERTH WA 6000

APPENDIX 4C

Attached is the Quarterly Report (Appendix 4C) for the quarter ended 30 September 2018.

The Company notes the cash balance at 30 September 2018 of ~ \$4,000. The Company is aware of the need for additional funding to ensure it remains in a position to continue its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due and continues to work on funding options to address the above and to work towards lifting the current trading suspension in the Company's shares.

As announced to ASX on 31 October 2018, the Company issued 50,000 convertible notes with a face value of \$1.00 per note, raising \$50,000. The Company will use the proceeds for ongoing working capital requirements of the Company. The Company also continues to liaise with its existing creditors to agree forbearance and/or payment arrangements.

The Company further notes that Bio-Nexus Limited has, in a binding manner, agreed to pay the reasonable costs of the Company directly incurred in connection with the proposed acquisition by the Company of Bio-Nexus Limited (refer ASX announcement dated 10 July 2018 for further details of the proposed Bio-Nexus Limited transaction).

The Directors also acknowledge their responsibility for ensuring that the Company does not trade insolvent.

On behalf of the Board

Henko Vos
Company Secretary

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Ephraim Resources Limited

ABN

63 008 666 233

Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows	Current quarter \$'000 AUD	Year to date (3 months) \$'000 AUD
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(105)	(105)
(f) administration and corporate costs	(73)	(73)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(40)	(40)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(218)	(218)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$'000 AUD	Year to date (3 months) \$'000 AUD
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (Goldson transaction costs)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	250	250
3.6	Repayment of borrowings	(29)	(29)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	221	221

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1	1
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(218)	(218)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	221	221

Consolidated statement of cash flows		Current quarter \$'000 AUD	Year to date (3 months) \$'000 AUD
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	4	4

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$'000 AUD	Previous quarter \$'000 AUD
5.1	Bank balances	4	1
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4	1

6.	Payments to directors of the entity and their associates	Current quarter \$'000 AUD
6.1	Aggregate amount of payments to these parties included in item 1.2	-
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7.	Payments to related entities of the entity and their associates	Current quarter \$'000 AUD
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
Mr Eric Ng, a former director of the Company (resigned on 15 June 2018) was paid a total of \$187,500 in relation to outstanding director fees (\$105,000)(included in item 1.2), part repayment of outstanding loans (\$29,100)(included in item 3.6), interest repayment (\$39,528)(included in item 1.5) and expense reimbursements (\$13,872)(included in item 1.2).		

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$'000 AUD	Amount drawn at quarter end \$'000 AUD
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	771	771
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
<p><u>LC Chew : A\$100,694</u></p> <p>On 25 May 2016 the Company entered into a loan agreement with Chew Lee Ching, a related party of Mr Ng, for the advancement of SGD\$100,000 (A\$100,694) to the Company for working capital purposes. Under the revised terms of the loan agreement full repayment of the loan is required by 30 November 2017 (subsequently extended to 30 June 2018). The loan carries interest at 10% per annum, repayable at the end of the loan term. The interest owing on this loan included in other payables as at 30 Sep 2018 was A\$16,077. On 13 August 2018 the Company entered into a Deed of Forbearance with Ms Chew Ching in relation to the settlement of this loan – see details below.</p>		
<p><u>E Ng : A\$410,000</u></p> <p>On 13 December 2016 the Company entered into a loan agreement with Mr Ng for the advancement of A\$110,000 to the Company for working capital purposes. Under the revised terms of the loan agreement full repayment of the loan is required by 30 November 2017 (subsequently extended to 30 June 2018) unless shareholders approve the conversion of the loan into ordinary shares (the conversion rate to be the lower of \$0.001 per share (on a pre-consolidated basis) or 75% of the volume weighted average price of the Company's shares calculated over the 15 trading days on which trades in the shares were recorded immediately before the relevant shareholder's meeting). The loan carries interest at 20% per annum, repayable at the end of the loan term.</p> <p>On 8 March 2017 Mr Ng settled a then payable loan balance owed by the Company of A\$300,000, having previously provided a personal guarantee for the loan. The loan with Mr Ng was extended on the same terms as the loan he settled on the Company's behalf, being \$300,000 at an interest rate of 20% per annum payable on or before 30 November 2017, (subsequently extended to 30 June 2018). The loan carries interest at 20% per annum.</p> <p>The total interests owing on these loans included in other payables as at 30 Sep 2018 was A\$75,474.</p> <p>On 13 August 2018 the Company entered into a Deed of Forbearance with Mr Ng in relation to the settlement of this loan – see details below.</p> <p><i>Deed of Forbearance with Ms Chew Ching and Mr Ng</i></p> <p>On 13 August 2018 the Company announced that it has entered into a Deed of Forbearance ("Deed") with Mr Ng and Ms Chew Ching relating to a claim from Mr Ng for unpaid director fees and expenses of \$109,872 as well as loan balances repayable by the Company to Mr Ng and Ms Ching totalling \$670,874 at 30 June 2018. The terms of the Deed provide for the following:</p>		

- 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 (\$109,872) and 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:
 - 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 and lodged a prospectus with the Australian Securities and Investments Commission in conjunction with the Transaction);
 - 5 Business Days after the completion of the Transaction;
 - the date the Transaction is terminated in writing;
 - 31 December 2018; or
 - 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 Company made payment of \$187,500 to Mr Ng on 14 August 2018. The payment was applied to unpaid Directors fees (\$105,000), expenses (\$13,872) and the repayment of certain advances made by Mr Ng to the Company (\$29,100) and the payment of accrued interest owed by the Company to Mr Ng (\$39,528).

Ms. Tang Nee Ooi : A\$10,548

On 25 June 2018, Ms. Tang Nee Ooi advanced \$10,548 to the Company for working capital purposes. The amount outstanding is interest free and repayable by the earlier of the completion of the proposed BioNexus Ltd transaction or 31 December 2018.

Convertible Notes: \$250,000

On 23 July 2018, the Company announced that it has issued convertible notes in the Company raising an aggregate of \$250,000. The summary of the principal terms are:

- face value is \$1 per convertible note;
- interest rate is 10% p.a. compounding monthly;
- maturity period is 24 months from the issue date;
- automatically convert into ordinary shares on completion of the BioNexus Ltd transaction and only if the BioNexus Ltd transaction has completed by 31 December 2018;
- conversion price per ordinary share is a 30% discount to the issue price per ordinary share issued pursuant to the proposed transaction between the Company and Bio-Nexus, subject to a minimum conversion price of \$0.20;
- if the Transaction has not completed by 31 December 2018, the principal and any accrued interest is due and payable.

9. Estimated cash outflows for next quarter	\$'000 AUD
9.1 Research and development	-
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	-
9.6 Administration and corporate costs	23
9.7 Other (100% acquisition of Bio-Nexus) *	250
9.8 Total estimated cash outflows	273

* - As announced on the 10 July 2018, the Company announced it has signed a non-binding memorandum of understanding ("MOU") with Israeli technology company Bio-Nexus Limited to acquire 100% of the Bio-Nexus ("Transaction"). The transaction remains subject to a number of conditions, including relevant due diligence and approvals. Under the MOU, Bio-Nexus has however, in a binding manner, agreed to pay the reasonable costs of the Company directly incurred in connection with the Transaction.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: (signed electronically)

Print name: Henko Vos (Company Secretary)

Date: 31 October 2018

Notes

- The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
- If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
- Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

+ See chapter 19 for defined terms