



Ephraim Resources Limited (ABN: 63 008 666 233)

Level 3, 88 William Street, Perth WA 6000, Australia
Telephone: +61 8 9463 2463 Facsimile: +61 8 9463 2499

22 October 2014

Australian Securities Exchange
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000

Dear Sir/ Madam

Notice of Annual General Meeting

Please find attached the Notice of Annual General Meeting which has been dispatched to shareholders today.

Yours faithfully

Henko Vos
Company Secretary



EPHRAIM RESOURCES LIMITED

ABN 63 008 666 233

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY STATEMENT AND

PROXY FORM

TIME: 10.30 am (WST)

DATE: 21 November 2014

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.

CONTENTS PAGE

Notice of Annual General Meeting	3
Explanatory Statement	6
Glossary	18
Annexure A – Terms and Conditions of Options	19
Annexure B – Nomination of Auditor	22
Proxy Form	23

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10.30 am (WST) on 21 November 2014 at:

c/: Nexia Perth
Level 3, 88 William Street
Perth, Western Australia

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

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.

so that it is received not later than 10.30 am (WST) on 19 November 2014.

Proxy Forms received later than this time will be invalid.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders will be held at 10.30 am (WST) on 21 November 2014 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 19 November 2014.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

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 2014.

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 2014 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.

3. RESOLUTION 2 – RE-ELECTION OF MR STEVEN PYNT AS A DIRECTOR

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

“That, Mr Steven Pynt, a director of the Company who retires in accordance with clause 13.2 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”.

4. RESOLUTION 3 – ISSUE OF OPTIONS TO MR STEVEN PYNT

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

“That, for the purposes of Section 208 of the Corporations Act 2001 (Cth), Listing Rule 10.11 of the ASX Listing Rules and for all other purposes, approval is given for the Directors to allot and issue 6,000,000 Options to Mr Steven Pynt (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Steven Pynt (or his nominee) and any of his associates. The Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting 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.

5. RESOLUTION 4 – ISSUE OF OPTIONS TO MR ERIC NG

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

“That, for the purposes of Section 208 of the Corporations Act 2001 (Cth), Listing Rule 10.11 of the ASX Listing Rules and for all other purposes, approval is given for the Directors to allot and issue 6,000,000 Options to Mr Eric Ng (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Eric Ng (or his nominee) and any of his associates. The Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting 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.

6. RESOLUTION 5 – ISSUE OF OPTIONS TO MR MICHAEL PIXLEY

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

“That, for the purposes of Section 208 of the Corporations Act 2001 (Cth), Listing Rule 10.11 of the ASX Listing Rules and for all other purposes, approval is given for the Directors to allot and issue 6,000,000 Options to Mr Michael Pixley (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Michael Pixley (or his nominee) and any of his associates. The Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting 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.

7. RESOLUTION 6 – 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.

8. RESOLUTION 7 – REPLACEMENT OF AUDITOR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Section 327B of the Corporations Act and for all other purposes, Moore Stephens Perth Pty Ltd, having been nominated by a Shareholder and having consented in writing to act in the capacity of auditor, be appointed as auditor of the Company with effect from the close of the Meeting."

DATED: 14 OCTOBER 2014

BY ORDER OF THE BOARD



HENKO VOS
COMPANY SECRETARY

EXPLANATORY STATEMENT

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 10.30 am (WST) on 21 November 2014 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.

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 2014 Annual Report is available at 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.

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 2014.

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.

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, Shareholders will be required to vote at the second of those AGMs on a resolution that a further meeting is held at which all of the Company's Directors (other than the Managing Director) must go up for re-election. Voting on this resolution will be determined by a poll at the meeting rather than a show of hands.

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 2014. Their closely related parties are defined in the Corporations Act, and include certain members of their family, dependents and companies they control.

3. RESOLUTION 2 – RE-ELECTION OF MR STEVEN PYNT AS A DIRECTOR

ASX Listing Rule 14.4 and Clause 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. Mr Pynt 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 Pynt has 32 years' experience in law, accounting and business management. After graduating in law from the University of Western Australia in 1980, Mr Pynt completed his articled clerkship at Dwyer & Thomas Solicitors before commencing work in 1983 as a tax consultant with the accounting firm Duesburys, which subsequently merged with Ernst & Whinney. In 1985 Mr Pynt established his own legal firm and in 1988 merged his firm with Michell Sillar McPhee where he became a partner. He subsequently established the firm Healy Pynt and after leaving that firm established the practice of McDonald Pynt Lawyers with David McDonald in 2003. Steven ceased practice in June 2010 to take up the position of managing director of Muzz Buzz Franchising Pty Ltd which is Australia's leading specialty drive through coffee franchise with 57 stores in Australia and New Zealand.

Mr Pynt also obtained a Bachelor of Business in 1986, a Master of Business Administration in 1995, and a master of Taxation Studies in 1999. Mr Pynt has held a number of public and private company board positions. He is currently chairman of ASX listed public companies Richfield Group Limited and Global Health Ltd, and a non-executive Director of Gondwana Resources Limited.

Mr Pynt was deputy chairman and then chairman of the Commercial Tribunal of Western Australia from 1994 to 2004, which deals with commercial tenancy legislation, Credit Act and other commercial disputes and applications. He also taught ethics and professional responsibility to articled law clerks from 1994 to 2005 and was a member of the Racing Penalties Appeal Tribunal from 1995 to 2007.

Mr Pynt is the current Chairman of the Board of Directors and the Nomination and Remuneration Committee.

Mr Pynt resides in Perth.

The Board unanimously recommends that shareholders vote in favour of the re-election of Mr Pynt as a director.

4. RESOLUTION 3, 4 AND 5 – ISSUE OF OPTIONS TO MESSRS STEVEN PYNT, ERIC NG AND MICHAEL PIXLEY

4.1 Background

This Resolution seeks Shareholder approval for the grant of 6,000,000 Options each to Messrs Pynt, Ng and Pixley or their nominees. Mr Pynt is the Company's Non-Executive Chairman, Mr Ng is an Executive Director and Mr Pixley is a Non-Executive Director of the Company.

Shareholder approval is required for the purposes of Chapter 2E of the Corporations Act (section 208) and ASX Listing Rule 10.11 because Messrs Pynt, Ng and Pixley are Related Parties of the Company.

4.2 Chapter 2E of the Corporations Act - Related Party Transactions

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, Messrs Pynt, Ng and Pixley are Related Parties of the Company.

This Resolution provides for the grant of Options to a Related Party, which is a financial benefit requiring Shareholder approval in the absence of a specified exception applying.

For the purpose of Chapter 2E of the Corporations Act the following information is provided.

(a) The related party to whom the resolutions would permit the financial benefit to be given

The related parties under these three Resolutions are Messrs Pynt, Ng and Pixley or their nominee.

(b) The nature of the financial benefit

The financial benefit proposed to be given is the grant of 6,000,000 Options to each of the three Directors (18,000,000 Options in total). The Options have an expiry date of 30 November 2017 and are issued on the terms set out in Annexure A.

The Options will have an exercise price that will be determined as 160% of the Volume Weighted Average Price ("VWAP") for the 15 Trading Days before the approval date of the Options by shareholders, with all Options vesting on grant date.

(c) Directors recommendation and basis of financial benefit

The purpose of the grant of the Options is to provide an incentive to Messrs Pynt, Ng and Pixley to provide dedicated and ongoing commitment and effort to the Company.

Given the interest in this matter by each of the three Directors, the Board as a whole makes no recommendation on these three Resolutions.

(d) Total remuneration package of Messrs Pynt, Ng and Pixley

The Directors' current base remuneration per annum (including superannuation) is as follows:

Director	Description	\$
Steven Pynt	Non-Executive Director Fee	30,000
Eric Ng	Executive Director Salary	72,000
Michael Pixley	Non-Executive Director Fee	30,000

(e) *Existing relevant interests*

As at the date of this Notice, the Directors' relevant interests in the securities of the Company are as follows:

Director	Shares	Unlisted Options	Total securities held
Steven Pynt	-	-	-
Eric Ng	131,758,158*	-	131,758,158*
Michael Pixley	-	-	-

* - 127,500,000 of Mr Ng's interest in the shares are indirectly held on trust through Firstbeet International Limited, a company of which Mr Ng is a director.

(f) *Dilution*

Passing the Resolution would have the effect of granting Messrs Pynt, Ng and Pixley (or their nominee) a combined total of 18,000,000 Options.

Granting the Options would have the effect of diluting the shareholding of existing Shareholders. Normally an option holder's decision to exercise an option is determined by the market price of the Shares during the Option period. At the time an Option is exercised, the Shares may be valued at a higher price than the exercise price of the Option.

If the 18,000,000 Options to be granted under Resolutions 3, 4 and 5 were all exercised, the effect would be to dilute the shareholding of the existing Shareholders by 1.17% based on the total number of Shares on issue at the date of this Notice; being 1,540,000,642.

(g) *Trading history*

The following table gives details of the highest, lowest and the latest closing price of the Shares trading on the ASX over the last 12 months*, before the date of preparing this Notice of Annual General Meeting:

	Closing Price	Date
Highest Price	21.0 cents	19 February 2014
Lowest Price	0.004 cents	14 October 2014
Latest Price	0.004 cents	14 October 2014

* - The Company's shares have been suspended from trading on the ASX for more than 12 months with trading of the Company's shares resuming on 18 February 2014.

(h) *Valuation of Options*

The Options to be issued to Messrs Pynt, Ng and Pixley pursuant to Resolution 3, 4 and 5 have been valued by internal management (who, it is considered, have sufficient qualifications, expertise and experience to conduct such a valuation) based on a valuation methodology using the Black & Scholes Option Pricing Model, which is the most widely used and recognised model for pricing options. The acceptance of this model is due to its derivation being grounded in economic theory.

The value of an option calculated by the Black & Scholes Model is a function of a number of variables.

The assessment of the estimated value of the Options has been prepared applying the following assumptions:

Input	
Grant date	14 October 2014
Expiry date	30 November 2017
Spot price on grant date (15 Trading Day VWAP to 6 October 2014)	0.0051 cents
Exercise price (160% of the 5 day VWAP closing share price)	0.0082 cents
Risk free rate	2.57%
Volatility	100%
Value per Option	0.0027 cents
Number of Options	6,000,000
Total value per issue for each Director	\$16,200
Total value of all Options under Resolution 3, 4 and 5	\$48,600

The value of the 6,000,000 Options issue to each of Messrs Pynt, Ng and Pixley is \$16,200, with a total value for all 18,000,000 Options of \$48,600.

As the exercise price of the Options will be determined as 160% of the VWAP closing price for the 15 Trading Days before the approval date of the Options, it should be noted that, using the same inputs as described above, but increasing (decreasing) the 15 day VWAP closing price on grant date by 50% will results in an increase (decrease) in the value per issue for each Director of \$8,400 or \$25,200 in the total value of all Options under Resolutions 3, 4 and 5.

(i) *Other information*

The Directors are not aware of any other information that is reasonably required by Shareholders to allow them to make a decision as to whether it is in the best interests of the Company to pass the Resolution.

4.3 ASX Listing Rule 10.11

As Directors, Messrs Pynt, Ng and Pixley are Related Parties of the Company.

Accordingly, in order to grant the Options to them or their nominee, the Company must obtain Shareholder approval pursuant to ASX Listing Rule 10.11.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to grant the Options as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the grant of the Options will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

4.4 Specific information required by ASX Listing Rule 10.13

For the purposes of ASX Listing Rule 10.13, the following information is provided to Shareholders:

- (a) The Options will be granted to Messrs Pynt (Non-Executive Director and Chairman), Ng (Executive Director) and Pixley (Non-Executive Director), or their nominees.
- (b) The maximum number of Options to be granted to each Director is 6,000,000 (combined total for all three Directors of 18,000,000).
- (c) The Options will be granted no later than one month after the date of this Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules), and it is intended that allotment will occur on the same date.

- (d) The Options are being issued to Messrs Pynt, Ng and Pixley to give them an incentive to provide dedicated and ongoing commitment and effort to the Company, and no funds will be raised from the issue. The terms of the Options are set out in Annexure A.
- (e) The Options will have an exercise price that will be determined as 160% of the Volume Weighted Average Price ("VWAP") for the 15 Trading Days before the approval date of the Options by shareholders, with all Options vesting on grant date.
- (f) A voting exclusion statement is included in the Notice.

The Company acknowledges the issue of Options to Messrs Pynt and Pixley as Non-Executive Directors is contrary to recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations. However, the Board considers the issue of the Options to be reasonable in the circumstances given the Company's size and stage of development, the incentive it will provide and the necessity to attract and retain the highest calibre of professionals to the role of non-executive Directors, and its desire to preserve cash reserves.

5. RESOLUTION 6 – APPROVAL OF 10% PLACEMENT FACILITY

5.1 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.

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 7.2(c) below).

The Directors of the Company believe that Resolution 6 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.

5.2 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 one class of Equity Securities, namely quoted Shares.

(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 5.2(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
- (b) 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**).

5.3 Listing Rule 7.1A

The effect of Resolution 6 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 6 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).

5.4 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 6 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 Listed Options, only if the Listed 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	\$0.004 Issue Price	\$0.006 50% increase in Issue Price
Current Variable A 1,540,000,642 Shares	10% Voting Dilution	154,000,064 shares	154,000,064 shares	154,000,064 shares
	Funds raised	\$308,000	\$616,000	\$924,000
50% increase in current Variable A 2,310,000,963 Shares	10% Voting Dilution	231,000,096 shares	231,000,096 shares	231,000,096 shares
	Funds raised	\$462,000	\$924,000	\$1,386,001
100% increase in current Variable A 3,080,001,284 Shares	10% Voting Dilution	308,000,128 shares	308,000,128 shares	308,000,128 shares
	Funds raised	\$616,000	\$1,232,001	\$1,848,001

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) No unlisted Options (that might be issued under Resolutions 3, 4 or 5) 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 \$0.004, being the closing price of the Shares on ASX on 14 October 2014.
- (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 6 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 11 October 2013.

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 1,515,000,000 representing 6,060% of the Equity Securities on issue at the commencement of the 12 month period. These shares were issued as part of the acquisition by the Company (then known as WAG Limited) of Ephraim Resources Limited.

The Company has issued the following Equity Securities in the 12 months preceding the date of this meeting:

Date of Issue	10 February 2014	10 February 2014
Number of Securities	1,500,000,000	15,000,000
Class	Fully paid ordinary shares	Fully paid ordinary shares
Terms of Class / Issue	Same as existing fully paid ordinary shares previously issued by the Company.	Same as existing fully paid ordinary shares previously issued by the Company.
Issue Price	Issued as consideration for the acquisition of Ephraim Resources Limited (BVI entity) and no funds was raised from the issue.	\$0.20 per share
Discount to Market Price at date of issue	N/A	N/A (Issued as part of ASX re-compliance lifting the previous suspension of the Company's shares)
Total cash consideration	Nil	\$3,000,000
Use of cash consideration	N/A	See item (i) below for a detailed explanation
Total non cash consideration paid and current value	Issued as consideration for the acquisition of Ephraim Resources Limited (BVI entity) and no funds was raised from the issue. The acquisition was done as part of the Company's ASX re-compliance. At the date of this announcement the Company's share price was \$0.004 per share.	N/A
Allottees of Equity Securities issued or Basis of Issue	Vendors of Ephraim Resources Limited (BVI entity).	Shares issued and allocated under a Public Offer.

(i) Up to 30 June 2014 the Company incurred expenditures of \$1.3M, allocated as follows:

- 1) ASX re-compliance cost totalling \$435k;
- 2) working capital at listed entity level totalling \$94k including corporate costs \$31k, staff costs \$50k and office and travel expenses \$13k;
- 3) working capital at subsidiary level totalling \$771k including wages, office renovation expenses and equipment purchases, 3 year office lease payment in advance, staff and travel expenses, and manufacturing and testing equipment prototype. The total amount spent includes repayment of working capital advances made by a shareholder to the subsidiary prior to the completion of the re-compliance transaction.

The Company intends to use remaining funds for (a) the acquisition of machinery and equipment for the production of syrup and palm sugar, (b) training and development work in a pilot tapping programme, and (c) training more farmers for full commercial operation in Nipah (d) acquisition and/or development of processing plant and (e) for general working capital purposes including payment of outstanding loan liabilities, whilst the Company works towards becoming self sustainable from the sale of its products."

(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 2014 Annual General Meeting. No existing Shareholder's votes will therefore be excluded under the voting.

6. RESOLUTION 7 – REPLACEMENT OF AUDITOR

Crowe Horwath Perth, the Company's current auditor, has given notice of its intention to resign as auditor of the Company to ASIC (under Section 329(5) of the Corporations Act).

Upon receipt of ASIC's consent to their resignation, Crowe Horwath Perth has advised that it will submit a notice of resignation to the Company in accordance with Section 329(5) of the Corporations Act, such resignation to take effect from the date of the Meeting.

In accordance with Section 328B(1) of the Corporations Act, the Company has sought and obtained a nomination from a Shareholder for Moore Stephens Perth Pty Ltd to be appointed as the Company's auditor. A copy of this nomination is attached to this Explanatory Statement as Annexure B.

Moore Stephens Perth Pty Ltd has given its written consent to act as the Company's auditor, subject to Shareholder approval and the resignation of Crowe Horwath Perth.

If Resolution 7 is passed, the appointment of Moore Stephens Perth Pty Ltd as the Company's auditor will take effect from the close of the Annual General Meeting.

GLOSSARY

\$ 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).

Crowe Horwath Perth means Crowe Horwath Perth Pty Ltd (ABN 96 844 819 235), a member of Crowe Horwath International.

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.

Moore Stephens means Moore Stephens Perth Pty Ltd (ABN 87 009 034 048).

Notice of Meeting or **Notice of Annual General Meeting** means this notice of annual general meeting including the explanatory statement.

Options means the proposed issue of 6,000,000 unlisted options to each of the three Company Directors, at an exercise price that will be determined as 160% of the Volume Weighted Average Price ("VWAP") for the 15 Trading Days before the approval date of the Options by shareholders and with an expiry date of 30 November 2017.

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.

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.

ANNEXURE A
TERMS AND CONDITIONS OF OPTIONS TO BE ISSUED TO DIRECTORS

1. Nil Consideration Payable

No subscription or application monies will be payable for the issue of each option.

2. Entitlement

The Option Holder shall be issued with 6,000,000 options ("Options"). Each Option shall entitle the Option Holder (or a transferee under clause 9) to subscribe (in cash) for one (1) fully paid ordinary share ("Share") in the capital of Ephraim Resources Limited (ABN 63 008 666 233) ("the Company").

All Options will have an exercise price that will be determined as 160% of the Volume Weighted Average Price ("VWAP") for the 15 trading days before the approval date of the Options by shareholders ("Exercise Price").

3. Quotation

The Options will not be quoted on the Australia Securities Exchange ("ASX").

4. Option Period

Each Option will expire at 5:00pm WST on the 30 November 2017 ("Option Expiry Date"). Subject to clauses 5, 6 and 10 hereof, each Option may be exercised by the Option Holder at any time prior to the Option Expiry Date and any Option not so exercised shall automatically expire.

5. Non-Exercise Periods

Options may only be exercised after they have vested. The Options will vest on grant date ("Vested Options").

6. Lapsing of Options Prior to Option Expiry Date

Options will automatically lapse prior to the Option Expiry Date in the following circumstances:-

- 6.1 immediately upon determination by the board of directors of the Company ("the Board") that the Option Holder has acted fraudulently, dishonestly or in breach of his obligations to the Company or its subsidiaries.

7. Ranking of Share Issued on Exercise of Option

Each Share issued as a result of the exercise of an Option will, subject to the Constitution of the Company, rank in all respects equally with all of the existing Shares on issue.

8. Notification to Option Holders

The Option Holder will be entitled to receive, and will be sent, all reports, accounts and notices required to be given to the members of the Company but will not be entitled to attend or vote at any meeting of the members of the Company unless he is, in addition to being an Option Holder, a member of the Company.

9. Dealings in Options

- 9.1 Save as provided in clause 9.2, the Option Holder may not sell, transfer, assign, mortgage or otherwise encumber an Option without the prior written consent of the Board (which the Board may give or not give at its discretion) and any such sale, transfer, assignment or mortgage shall be subject to any applicable law and the ASX Listing Rules.
- 9.2 The Option Holder may at any time transfer all of their Vested Options to:
- 9.2.1 his spouse;
 - 9.2.2 a company in which the Option Holder or his spouse are shareholders; or
 - 9.2.3 a trustee of a trust in which the Option Holder or his spouse have a beneficial interest,
- and such transfer shall be subject to any applicable law and the ASX Listing Rules.

10. Method of Exercise of an Option

- 10.1 A certificate or holding statement will be issued by the Company with respect to the Options ("the Certificate").
- 10.2 Attached to or endorsed on the reverse side of the Certificate will be a notice that is to be completed by the Option Holder when exercising the Options ("Notice of Exercise of Options").
- 10.3 Vested Options may be exercised by the Option Holder delivering to the Company personally or sending by registered post to the registered office of the Company:
- 10.3.1 a completed Notice of Exercise of Options;
 - 10.3.2 payment in full for the Shares being subscribed, being an amount equal to the Exercise Price multiplied by the number of Vested Options being exercised; and
 - 10.3.3 the Certificate.
- 10.4 The Notice of Exercise of Options must state the number of Vested Options being exercised and the number of Shares to be issued, such number to be a multiple of 1,000, or if the total number of Vested Options held by an Option Holder is less than 1,000, then the total of all Vested Options held by the Option Holder.
- 10.5 The exercise of less than all of the Option Holder's Vested Options will not prevent the Option Holder from exercising the whole or part of the balance of the Option Holder's Vested Options before the Option Expiry Date in the future.
- 10.6 If the Option Holder exercises less than all of the Option Holder's Vested Options, the Company must cancel the Certificate and issue to the Option Holder a new certificate or holding statement with respect to the balance of the Option Holder's unexercised Options.
- 10.7 Within fourteen (14) days from the date the Option Holder exercises the Vested Options, the Company shall issue to the Option Holder the number of Shares subscribed for.
- 10.8 The Company will (subject to any escrow restrictions imposed by the ASX), within three (3) business days from the date of issue and allotment of Shares pursuant to the exercise of Vested Options, apply to the ASX for, and use its best endeavours to obtain, official quotation of all such Shares, in accordance with the *Corporations Act 2001* and the ASX Listing Rules.

11. Reconstruction

In the event of a reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the rights of the Option Holder will be treated in the manner set out in the ASX Listing Rules applicable to reconstructions at the time of the reconstruction.

12. Participation in the New Share Issues

12.1 There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its members from time to time unless and until the Options are exercised.

12.2 The Company will ensure that prior to the Option Expiry Date, the record date for the purposes of determining entitlements to any new issues of capital will be at least nine (9) business days after such new issues are announced in order to afford the Option Holder an opportunity to exercise any Vested Options then held by the Option Holder.

13. Change of Options Exercise Price or Number of Underlying Shares

13.1 If the Company makes a pro rata issue (except a bonus issue) to its members, the exercise price of each Option shall be adjusted in accordance with the provisions of the ASX Listing Rules.

13.2 If the Company makes a bonus issue of Shares or other securities convertible into Shares pro rata to members, the number of Shares issued on the exercise of each Option will include the number of bonus Shares that the Option Holder would have been issued with if the Option had been exercised by the Option Holder prior to the books' closing date for bonus Shares. No change will be made in such circumstances to the Exercise Price.

14. Takeover

Notwithstanding clause 5, all Options may be exercised if a takeover bid (as defined in the Corporations Act 2001) is made for the Shares.

15. ASX Listing Rules

The rights of the Option Holder may be changed from time to time to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

ANNEXURE B

Ephraim Resources Limited
Level 3, 88 Williams Street
Perth, WA ,6000

In accordance with section 328B(1) of the Corporations Act 20012 (Cth) (**Corporations Act**), I Frederic (Eric) Ng, being a member of Ephraim Resources Limited (**Company**), nominate Moore Stephens Perth Pty Ltd (ABN 87 009 034 048) to full the office of auditor of the Company.

Please distribute copies of this notice of this nomination as required by section 328B(3) of the Corporations Act.

A handwritten signature in black ink, appearing to read 'Eric Ng', with a long horizontal flourish extending to the right.

Eric Ng

6 October 2014

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

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 10.30 am (WST) on 21 November 2014 at c/: Nexia Perth, Level 3, 88 William Street, Perth, Western Australia, and at any adjournment thereof.

Important for Resolution 1:

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 1. 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, you will be authorising the Chairman to vote in accordance with the Chairman's voting intentions on Resolution 1 even if the Chairman has an interest in Resolution 1 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.

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 Steven Pynt as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Issue of options to Mr Steven Pynt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Issue of options to Mr Eric Ng	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Issue of options to Mr Michael Pixley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Approval of 10% placement facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – Replacement of auditor	<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

2014

_____%

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

Signature
Signature
Signature

Director
Director/Company Secretary
Sole Director and Sole Company Secretary

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

so that it is received not later than 10.30 am (WST) on 19 November 2014.

Proxy forms received later than this time will be invalid.