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ACQUISITION OF EPHRAIM RESOURCES LIMITED

- WAG agrees to acquire Ephraim Resources Limited, a Singapore based business focusing on Indonesian nipah cultivation and utilising its sap for sugar and ethanol.
- Ephraim has an experienced management team, owns the intellectual property rights to genetically modified strains of nipah palm, and holds land rights to 10,000 hectares of Indonesian land suitable for plantations.
- Acquisition conditional upon acceptances by Ephraim shareholders, approval by WAG shareholders, raising a minimum of A\$2.2m and re-compliance with Chapters 1 and 2 of the Listing Rules.

WAG Limited (ASX:WAG) (**WAG**) has signed an implementation agreement to acquire all of the shares in Ephraim Resources Limited (**Ephraim**), which owns 99% of the issued shares of PT FirstFlower (**PTFF**), an Indonesian incorporated entity.

PTFF's business is agricultural biogenetics research and experimentation, licensing and consultancy, with a focus on nipah palm breeding, tissue culture, cultivation and plantation, and the conversion of sap from the nipah palm to sugar and ethanol.

PTFF's management and technical expertise includes Dr Tako Bottema Ph.D., Dr. O.M.B. de Ponti, Prof. Dr. Bungaran Saragih Ph.D., and Dr. David Allorerung, each experienced in agricultural engineering and business management. Kah Kim Kea and Tang Nee Ooi hold 40% of Ephraim, and have accepted WAG's offer.

In consideration for the acquisition, WAG will, following a share consolidation on an approximately 28 for 1 basis, issue 1,500,000,000 fully paid ordinary shares to Ephraim's shareholders and also issue a further 11,000,000 shares to raise a minimum of A\$2.2m. The acquisition is subject to a number of conditions, the details of which are set out below.

WAG Limited

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BACKGROUND TO PTFF'S BUSINESS

The Ephraim Group is in the business of agricultural biogenetics research and experimentation, licensing and consultancy, with a focus on nipah palm breeding, tissue culture, cultivation and plantation, and the conversion of sap from the nipah palm to sugar and ethanol. The major derived goal is to establish knowledge, technologies and working protocols to domesticate the cultivation of the Nipah palm to produce Nipah sap, Nipah shoots and plantlets, and for the processing of Nipah sap into the most economical end or intermediary products.

The key methodology and management feature is to establish an agribusiness model of Nipah Palm parallel to the R & D activities. The business model that PT FF will follow is the so-called "Inti and Plasma Model", where PTFF will simultaneously produce planting material for the local communities to grow Nipah and produce the sap for processing by PTFF. PTFF is currently licensed by local government indicating areas of production. Farmers own these lands and may either lease them to PTFF or choose to operate as contract farmers.

The Ephraim Group has been granted land use rights for up to 20 years by the local provincial government agencies of Riau and Kalimantan. It has since acquired about 10,000 hectares in the Regencies of Tanah Laut and Kota Baru, South Kalimantan and Meranti, Riau in Indonesia which shall be redeveloped for the cultivation and planting of the nipah palm. The Ephraim Group also has the facilities for the selection of planting material and clones, the production of clones, cross breeding and the production of flowering techniques. PTFF had submitted an application to the Indonesian Institute of Sciences to register intellectual property rights in respect of the breeding of the nipah plant as a commercial species.

Nipah is one of the oldest species of the Palmae species, and grows in wet coastal lands, primarily in Southeast Asia. It is estimated that more than 50% of the world nipah palm global supply is found in Indonesia, which is covered with dense moist tropical rainforest and where nipah palm thrives at its best in the forest near rivers and mangroves. With a team of multi disciplinary and highly knowledgeable professionals in its organisation, the Ephraim Group has successfully developed a cost efficient methodology to optimise the use of degraded land, to develop improved nipah palm fit for production on an industrial scale at competitive costs and to meet the ever increasing international demand for sustainable and renewable non-food fuel and sugar commodity.

The sap of the nipah palm has long been known to contain sugar (10-15%) which can be fermented and made into sugar, vinegar or ethanol. The extraction of sap of the stems ("tapping") does not disturb the natural ecosystem or the plant, because it depends on it. Nipah can be tapped for many years and decades without any noticeable dysfunctional effect. Research has shown that nipah plants can be tapped for 40 to 60 years.

The Ephraim Group has the capacity to innovate on the tapping, production and logistic processes thoroughly. To date PTFF has conducted initial research activities using surveys and field and green house experiments, in addition to the on-going selection of planting material and clones. PTFF will proceed with R & D on the selection of superior clones, cross breeding, production of planting

material, flowering techniques, seeking to maximize the yield and returns while minimizing labor costs.

It is anticipated that in addition to the revenue derived from cultivation of Nipah for its sugar and/or ethanol bio fuel, the selection of strong clones and the production of planting material will also provide a strong income stream, through breeder's rights, to the Company.

To date, PTFF has implemented two programs - the securing of land development rights for the cultivation of Nipah palm and the development of technology associated with cultivating high yielding Nipah. It has also started a commercial pilot on domestic cultivation of the Nipah palm as the application of the two programs. The training of farmers in growing and tapping Nipah have been hugely successful in the South Kalimantan Swarangan area, while in Meranti some 400 farmers groups have been created to in the production of sap from existing Nipah stands. We have found that Farmers Training is the key to our commercial success in Nipah cultivation.

PTFF develops the technology of Nipah cultivation in tandem with the production of palm sugar. In Medan the laboratories are working with the world's top scientists on the reproduction in vitro through intricate tests and observations. A number of induction protocols have been developed which are now being applied on base material of varying age and locality. While we have made our start scenario based on a 1 liter a day per tree, we have encountered elite clones giving 6 liters a day, and our aim is to succeed in the reproduction of those.

PTFF has also developed a new technology to produce superior palm sugar, which is clean and environmentally friendly without any detrimental by product

PTFF'S MANAGEMENT AND TECHNICAL EXPERTISE

Dr Tako Bottema Ph.D. is the CEO of PTFF. He holds a Ph.D. in economics and social sciences and his core expertise is in the field of development of sustainable commercial agriculture. He has a solid track record in successful development and capitalization of large scale plantation with focuses on biofuel. He has served in many senior management positions in the UN and for the EU, Asian Development Bank funded projects, to develop sustainable agriculture. He is currently the Senior Climatic Consultant with the UN.

Dr. O.M.B. de Ponti graduated as an Agricultural Engineer in Plant Breeding, Genetics, Plant Protection and Horticulture. He has about 40 years of experiences as a former Managing Director and current Senior Advisor with Nunhems B.V. in research and development of plant breeding, biotechnology and so on. He is currently the President of the International Seed Federation (ISF) and a member of many genetic resources organizations. He is a Technical Advisor to the Company.

Prof. Dr. Bungaran Saragih Ph.D. is a Ph.D. and M.Sc holder and a writer of many scientific Books on agriculture. He was the former Minister for Agriculture and is the Director for Developments Studies Bogor Agriculture University since 1999. He is Chairman of the Board of Directors of PTFF.

Dr. David Allorerung is a leading scientist in Indonesia on nipah palm plantation. He served as Senior Researcher of the Indonesia Center of Estate Crops Research & Development, Ministry of Agriculture-Indonesia. He is a Technical Advisor to PTFP.

TERMS OF THE ACQUISITION

The acquisition is conditional on, among other things, the following:

1. **(Acceptances from Ephraim Shareholders)** the shareholders of Ephraim accepting the offer made by the Company to purchase the Ephraim shares.
2. **(Independent Expert's Report)** an independent expert not opining that the acquisition of by Kah Kim Kea and Tang Nee Ooi of approximately 40% of WAG post transaction is not fair and not reasonable.
3. **(WAG Shareholder Approval)** WAG Shareholders passing the following resolutions:
 - (a) approval of the acquisition of Ephraim for the purposes of ASX Listing Rule 11.1.2.
 - (b) the issue of up to 16.5 million WAG Shares (on a post Consolidation basis) under the Prospectus at an issue price of \$0.20;
 - (c) the consolidation of WAG Shares on an approximately 28 for 1 basis;
 - (d) the issue of 1,500,000,000 WAG Shares (on a post Consolidation basis) to the Ephraim Shareholders;
 - (e) the acquisition by Kah Kim Kea and Tang Nee Ooi of approximately 40% of WAG post transaction; and
 - (f) the ratification of the prior issue of 91,895,000 WAG Shares.
4. **(Prospectus)** WAG lodging a prospectus with ASIC to raise a minimum of \$2,200,000.
5. **(Capital Raising)** WAG receiving valid applications of a minimum of \$2,200,000 under the Prospectus.
6. **(Re-admission)** WAG receiving a letter from ASX that ASX will lift the suspension from trading of WAG Shares subject only to conditions reasonable to the WAG Directors.

RE-COMPLIANCE WITH CHAPTERS 1 AND 2 OF THE LISTING RULES

ASX have advised that the acquisition will require re-compliance with Chapters 1 and 2 of the Listing Rules. WAG's shares will remain suspended until WAG is re-admitted to the Official List.

A condition of the acquisition is that WAG undertake a public offer to raise a minimum of \$2.2 million and that ASX will lift the suspension from trading of WAG Shares.

Following due diligence on Ephraim, a prospectus for the public offer of WAG shares will be lodged with ASIC. Anyone wishing to acquire shares should consider the disclosure document and will need

to complete the application form that will accompany the prospectus, which will be made available from WAG.

PROPOSED CAPITAL STRUCTURE FOLLOWING THE ACQUISITION

WAG's proposed capital structure following the transaction (assuming no further securities are issued) is as follows:

Shares	Minimum raising of \$2.2 million
Current shares on issue (post Consolidation)	25,000,000
Shares to be issued upon Completion of the Acquisition	1,500,000,000
Shares to be issued under the Public Offer	11,000,000
Total Shares on issue following Completion of the Transaction	1,536,000,000

INDICATIVE TIMETABLE

Event	Date
Lodge prospectus with ASIC	August 2013
Dispatch of Notice of Meeting	
Shareholder meeting to approve the transaction	September 2013
Close Public Offer	
Shares issued under the Public Offer	October 2013
Completion of the Acquisition	
Consolidation becomes effective	
Shares re-instated for quotation on ASX	