ASIAPHOS LIMITED

Company Registration Number: 201200335G

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2016

Background

AsiaPhos Limited (the "**Company**") and together with its subsidiaries (the "**Group**") was listed on the Catalist Board (the "**Catalist**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 7 October 2013. The initial public offering (the "**IPO**") of the Company was sponsored by United Overseas Bank Limited (the "**Sponsor**"). The Company, incorporated in Singapore under the Singapore Companies Act on 3 January 2012, is the first Singapore-headquartered mineral resources company listed on the SGX-ST which is solely focused on exploring and mining phosphate in the People's Republic of China (the "**PRC**") with the ability to manufacture and produce phosphate-based chemical products.

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENT OF RESULTS FOR FIRST QUARTER ENDED 31 MARCH 2016

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	First Quarter Ended 31 March		
	2016	2015	Change
	$'000	$'000	%
Revenue	1,982	6,278	(68)
Cost of sales	(1,489)	(4,702)	(68)
Gross profit	493	1,576	(69)
Other income	68	562	(88)
Selling and distribution costs	(79)	(124)	(36)
General and adminstrative costs	(1,213)	(1,765)	(31)
Finance costs	(184)	(308)	(40)
Profit/(loss) before tax	(915)	(59)	
Taxation	-	(62)	N.M.
Profit/(loss) for the period	(915)	(121)	
Other comprehensive income			
Items that may be recycled to profit or loss			
Foreign currency translation gain/(loss)	(1,915)	1,605	N.M.
Total comprehensive income for the period	(2,830)	1,484	
Profit/(loss) for the period attributable to:			
Owners of the Company	(915)	(121)	
Non-controlling interest	-	-	
	(915)	(121)	
Total comprehensive income for the period attributable to:			
Owners of the Company	(2,830)	1,484	
Non-controlling interest	-	-	
	(2,830)	1,484	

"N.M." denotes not meaningful.

Foreign currency translation gain/(loss) represents exchange differences arising from translation of the financial statements of our PRC subsidiaries whose functional currency (Renminbi, "**RMB**") is different from that of the Group's presentation currency (Singapore Dollar, "**SGD**", "**$**"). The Group's net investment in PRC is not hedged as currency positions in RMB are considered to be long-term in nature. Such translation gains/(losses) are of unrealised nature and do not impact current year profit/(loss) unless the underlying assets or liabilities of the PRC subsidiaries are disposed of.

In 1Q2016, the Group recorded translation loss of $1.9 million due to strengthening of SGD against RMB.

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:

The Group's profit/(loss) before tax was arrived at after (charging)/crediting the following:

	Group		
	First Quarter Ended 31 March		
	2016	2015	Change
	$'000	$'000	%
Interest income	4	471	(99)
Interest expenses	(180)	(307)	(41)
Amortisation and depreciation	(578)	(342)	69
Foreign exchange gain/(loss) *	258	(145)	N.M.
Gain on disposal of property, plant and equipment	1	-	N.M.

"N.M." denotes not meaningful.

* Included in general and administrative costs

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at		As at	
	31 March 2016 $'000	31 December 2015 $'000	31 March 2016 $'000	31 December 2015 $'000
Non-current assets				
Mine properties	72,348	72,329	-	-
Land use rights	4,614	4,845	-	-
Property, plant and equipment	38,636	39,856	-	-
Prepayments	537	587	-	-
Other receivables	285	297	-	-
Intangible asset	32	57	-	-
Provisional goodwill	8,271	8,271	-	-
Investment in subsidiaries	-	-	66,132	59,022
	124,723	126,242	66,132	59,022
Current assets				
Stocks	3,769	2,728	-	-
Trade receivables	1,051	4,422	-	-
Other receivables	639	481	62	40
Prepayments	1,177	1,063	112	143
Amounts due from subsidiaries	-	-	10,668	17,183
Cash and bank balances	2,009	4,301	1,031	1,018
	8,645	12,995	11,873	18,384
Total assets	133,368	139,237	78,005	77,406
Current liabilities				
Bank overdraft (secured)	837	16	837	16
Trade payables	2,714	4,377	-	-
Other payables	4,680	6,848	176	377
Advance payments from customers	802	247	-	-
Interest-bearing bank loan	2,088	-	-	-
Redeemable preference shares	-	8,050	-	-
Amounts due to subsidiaries	-	-	46	-
Provision for taxation	823	1,062	-	-
	11,944	20,600	1,059	393
Net current assets/(liabilities)	(3,299)	(7,605)	10,814	17,991
Non-current liabilities				
Redeemable preference shares	5,725	-	-	-
Deferred tax liabilities	19,457	19,506	-	-
Deferred income	2,355	2,407	-	-
Provision for rehabilitation	170	177	-	-
	27,707	22,090	-	-
Total liabilities	39,651	42,690	1,059	393
Net assets	**93,717**	**96,547**	**76,946**	**77,013**
Equity attributable to owners of the Company				
Share capital	68,151	68,151	68,151	68,151
Reserves	15,277	18,107	8,795	8,862
	83,428	86,258	76,946	77,013
Non-controlling interest	10,289	10,289	-	-
Total equity	**93,717**	**96,547**	**76,946**	**77,013**

(1)(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

	Group			
	31 March 2016		31 December 2015	
	Secured	Unsecured	Secured	Unsecured
	$'000	$'000	$'000	$'000
Amount repayable				
In one year or less, or on demand	2,925	-	16	8,050
After one year	-	5,725	-	-
	2,925	5,725	16	8,050

Details of collaterals

As at 31 March 2016, borrowings of the Group included short term bank loans of RMB10 million (approximately $2.1 million). The Group pledged certain land use rights of the Group with net book value of RMB22.1 million (approximately $4.7 million) as collateral.

As at 31 December 2015, the Group pledged certain land use rights with net book value of approximately RMB8.0 million (approximately $1.8 million) and certain property, plant and equipment with net book value of approximately RMB101.1 million (approximately $22.0 million) as collateral. As at 31 December 2015, the Group did not have any interest-bearing bank loan. As at 31 March 2016, these pledged assets have been released.

An amount of $1.0 million of the Company’s fixed deposits was also pledged as collateral for bank overdraft facility as at 31 March 2016 and 31 December 2015.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	First Quarter Ended 31 March	
	2016	2015
	$'000	$'000
Cash flows from operating activities :		
Profit/(Loss) before taxation	(915)	(59)
Adjustments for :		
Depreciation expenses	504	267
Gain on disposal of property, plant and equipment	(1)	-
Amortisation expenses	74	75
Interest expense	180	307
Interest income	(4)	(471)
Unrealised exchange loss/(gain)	(271)	270
Amortisation of deferred income	(9)	-
Operating profit/(loss) before working capital changes	(442)	389
(Increase)/decrease in stocks	(1,153)	2,764
(Increase)/decrease in receivables	2,624	470
Increase/(decrease) in payables	(1,795)	(3,106)
Cash (used in)/generated from operations	(766)	517
Interest received	4	2
Interest paid	(820)	(88)
Tax paid	(199)	-
Net cash flows (used in)/generated from operating activities	(1,781)	431
Cash flows from investing activities :		
Payments for property, plant and equipment	(1,100)	(1,046)
Receipt of government grant	58	-
Proceeds from disposal of property, plant and equipment	1	-
Payment for land use rights	-	(123)
Net cash flows (used in)/generated by investing activities	(1,041)	(1,169)
Cash flows from financing activities :		
Proceeds from bank loan	2,144	-
Proceeds from issue of redeemable preference shares	4,000	-
Redemption of redeemable preference shares	(6,325)	-
Increase in pledged deposits	(4)	-
Payments of share issuance expense	(32)	-
Net cash flows (used in)/generated from financing activities	(217)	-
Net increase/(decrease) in cash and cash equivalents	(3,039)	(738)
Cash and cash equivalents at beginning of period	3,098	3,211
Effects of exchange rate changes on cash and cash equivalents	(69)	86
Cash and cash equivalents at end of period	(10)	2,559

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise of the following at the end of the reporting period:

	Group First Quarter Ended 31 March	
	2016	2015
	$'000	$'000
Cash and bank balances	2,009	3,813
Less: bank overdraft (secured)	(837)	(68)
Less : pledged deposits	(1,182)	(1,186)
Cash and cash equivalents at end of period	(10)	2,559

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital	Merger reserve	Retained earnings	Foreign currency translation reserve	Safety fund surplus reserve	Total reserves	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2016								
Balance at 1 January 2016	68,151	850	12,627	4,249	381	18,107	10,289	96,547
Total comprehensive income for the period	-	-	(915)	(1,915)	-	(2,830)	-	(2,830)
Transfer to safety fund surplus reserve	-	-	(48)	-	48	-	-	-
Balance at 31 March 2016	68,151	850	11,664	2,334	429	15,277	10,289	93,717
2015								
Balance at 1 January 2015	56,541	850	10,799	3,802	-	15,451	-	71,992
Total comprehensive income for the period	-	-	(121)	1,605	-	1,484	-	1,484
Transfer to safety fund surplus reserve	-	-	(23)	-	23	-	-	-
Utilisation of safety fund surplus reserve	-	-	15	-	(15)	-	-	-
Balance at 31 March 2015	56,541	850	10,670	5,407	8	16,935	-	73,476

Company	Share capital	Retained earnings	Total reserve	Total equity
	$'000	$'000	$'000	$'000
2016				
Balance at 1 January 2016	68,151	8,862	8,862	77,013
Total comprehensive income for the period	-	(67)	(67)	(67)
Balance at 31 March 2016	68,151	8,795	8,795	76,946
2015				
Balance at 1 January 2015	56,541	8,480	8,480	65,021
Total comprehensive income for the period	-	72	72	72
Balance at 31 March 2015	56,541	8,552	8,552	65,093

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the first quarter ended 31 March 2016, there was no change in the Company's issued ordinary share capital. Total number of issued ordinary shares of the Company was 901,319,000 as at 31 December 2015 and as at 31 March 2016.

As at 31 March 2015, in the event that the call and put options in relation to the convertible loan note subscribed by the Group were exercised and the redeemable preference shares issued by the Group were redeemed, the Company may issue up to a maximum of 144 million new ordinary shares in the capital of the Company. The Group exercised the call option in June 2015 and redeemed the redeemable preference shares in January 2016.

As at 31 March 2016, the Company had no outstanding convertible instruments.

As at 31 March 2015 and as at 31 March 2016, the Company did not hold any treasury shares.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at	
	31 March 2016	**31 December 2015**
Total number of issued shares (excluding treasury shares)	901,319,000	901,319,000

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable. The figures have not been audited nor reviewed by the auditors.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in Paragraph 5, the Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the most recently audited consolidated financial statements for the financial year ended 31 December 2015 ("**FY2015**").

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group and the Company have adopted the new and revised Singapore Financial Reporting Standards ("**FRS**") and Interpretations of Financial Reporting Standards ("**INT FRS**") that are mandatory for the financial period beginning on 1 January 2016. The adoption of these new/revised FRS, INT FRS and amendments to FRS has no material impact on the financial performance or position of the Group and the Company.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:
(a) based on the weighted average number of ordinary shares on issue; and
(b) on a fully diluted basis (detailing any adjustments made to the earnings).

	Group	
	First Quarter Ended 31 March	
	2016	**2015**
Profit/(loss) attributable to owners of the Company used in the computation of basic earnings per share ($'000)	(915)	(121)
Weighted average number of ordinary shares for basic earnings per share ('000)	901,319	800,000
Basic earnings/(loss) per share (cents)	(0.10)	(0.02)

As at 31 March 2016, there were no dilutive instruments. The basic and fully diluted loss per share were the same for the first quarter ended 31 March 2016.

As the Group recorded losses for the first quarter ended 31 March 2015, the dilutive instruments were anti-dilutive. The basic and fully diluted loss per share were the same for the first quarter ended 31 March 2015.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	As at		As at	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Net asset value ($'000)	93,717	96,547	76,946	77,013
Number of ordinary shares ('000)	901,319	800,000	901,319	800,000
Net asset value per ordinary share (cents)	10.40	12.07	8.54	9.63

The net asset value of the Group did not take into account the fair market value of the mining and exploration rights of Mine 1 and Mine 2 and the elemental phosphorous ("**P_4**") plant as these were recorded on historical cost basis. Note - as at 31 March 2013, the independent valuation of the mining and exploration rights of Mine 1 and Mine 2 and P_4 plant was RMB1.3 billion (approximately S$271 million based on an assumed exchange rate of $1: RMB4.789).

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

The figures in this section are approximate figures and where applicable, have been rounded to the nearest one (1) decimal place.

The Group is organised into product units as follows:

(a) upstream segment relates to the business of exploration, mining and sale of phosphate rocks (the "**Upstream Segment**"); and

(b) downstream segment relates to the business of manufacturing, sale and trading of phosphate-based chemicals products such as P_4, sodium tripolyphosphate ("**STPP**") and sodium hexametaphosphate ("**SHMP**"); and the sale of P_4 by-products, such as slag, sludge and ferrophosphate, produced as a result of such manufacturing process (the "**Downstream Segment**").

Profit or loss

Revenue, cost of goods sold and gross profit

	Group		
	1Q2016	1Q2015	Change
	$'000	$'000	%
Revenue			
Upstream segment	1,708	3,782	(55)
Downstream segment	274	2,496	(89)
Total	1,982	6,278	(68)
Cost of goods sold			
Upstream segment	1,286	2,474	(48)
Downstream segment	203	2,228	(91)
Total	1,489	4,702	(68)
Gross profit margin			
Upstream segment	25%	35%	
Downstream segment	26%	11%	
Overall	25%	25%	

Revenue decreased by $4.3 million, from $6.3 million in the first quarter ended 31 March 2015 ("**1Q2015**") to $2.0 million in the same period in 2016 ("**1Q2016**"). In 1Q2015, the Group had benefitted from the sale of inventory that was rolled over from 2014, leading to higher sales volume of phosphate rocks and P_4. In 1Q2016, there was minimal inventory rolled over from 2015 for sale, thereby resulting in the decrease in revenue. The Group's mining operations had also only begun in March 2016 and the Group has yet to resume production of P_4 for the current financial year ending 31 December 2016 ("**FY2016**").

Revenue from the Upstream Segment decreased by $2.1 million, from $3.8 million in 1Q2015 to $1.7 million in 1Q2016 due to the lower quantity of phosphate rocks sold and lower average selling prices. The Group retained the higher quality phosphate rocks for the P_4 production. In 1Q2016, the Group had sold 25,800 tonnes of phosphate rocks as compared to 47,000 tonnes in 1Q2015. Revenue from the Downstream Segment decreased by $2.2 million, from $2.5 million in 1Q2015 to $0.3 million in 1Q2016, due to the absence of revenue from sale of P_4. In 1Q2015, the Group sold 780 tonnes of P_4 and revenue from sale of P_4 and its by-products was $2.2 million. In 1Q2016, the Group did not sell any P_4 as it did not have any P_4 inventory for sale.

Cost of goods sold for the Upstream Segment decreased by $1.2 million, from $2.5 million in 1Q2015 to $1.3 million in 1Q2016 in line with the decrease in revenue for this segment. Gross profit margin for the Upstream Segment also decreased from 35% in 1Q2015 to 25% in 1Q2016 due to the lower average selling prices of phosphate rocks in 1Q2016 as the rocks sold in 1Q2016 were of lower quality.

In line with the decrease in revenue, cost of goods sold for the Downstream Segment decreased by $2.0 million, from $2.2 million in 1Q2015 to $0.2 million in 1Q2016. The gross profit margin for the Downstream Segment however improved from 11% in 1Q2015 to 26% in 1Q2016 due to the change in product mix sold. In 1Q2016, revenue from the Downstream Segment was mainly contributed by sales of STPP and SHMP, products which had higher gross profit margin in 1Q2016 as compared to P_4 and its by-products, sales of which had contributed mainly to the revenue in 1Q2015.

Consequently, gross profit had decreased by $1.1 million, from $1.6 million in 1Q2015 to $0.5 million in 1Q2016.

Other income

Other income decreased by $0.5 million, from $0.6 million in 1Q2015 to $0.1 million in 1Q2016, mainly due to the reduction in interest income from the convertible loan note as such convertible loan note was converted into the equity of LY Resources Pte. Ltd. ("**LYR**") in July 2015.

Selling and distribution costs

Selling and distribution costs decreased by $0.04 million, from $0.12 million in 1Q2015 to $0.08 million in 1Q2016, mainly due to the reduction in transportion and export-related costs as there were lesser export sales of STPP in 1Q2016.

General and administrative expenses

General and administrative expenses decreased by $0.6 million, from $1.8 million in 1Q2015 to $1.2 million in 1Q2016 mainly due to the absence of fixed electricity costs incurred on the P_4 plant.

Finance costs

Finance costs decreased by $0.1 million, from $0.3 million in 1Q2015 to $0.2 million in 1Q2016, mainly due to the decrease in interest expense on redeemable preference shares ("**RPS**") and interest-bearing bank loan.

Taxation

No provision for tax was made in 1Q2016 as the Group was in a loss position. There was a tax charge in 1Q2015 despite the loss position as the loss incurred by a Singapore subsidiary could not be used to set off against the profit earned by a PRC subsidiary.

Balance sheet

Non-current assets

Non-current assets decreased by $1.5 million, from $126.2 million as at 31 December 2015 to $124.7 million as at 31 March 2016, mainly due to the decrease in land use rights and property, plant and equipment arising from translation differences, amortisation and depreciation expenses for 1Q2016.

Current assets

Current assets decreased by $4.4 million, from $13.0 million as at 31 December 2015 to $8.6 million as at 31 March 2016, mainly due to the decrease in trade receivables and cash and bank balances by $3.3 million and $2.3 million respectively. The decrease in trade receivables was due to collections from customers and redemption of bill receivables. Such decreases were partially offset by the increase in stocks by $1.1 million as the Group resumed its mining operations in March 2016.

Current liabilities

Current liabilities decreased by $8.7 million, from $20.6 million as at 31 December 2015 to $11.9 million as at 31 March 2016, mainly due to reduction in trade and other payables by $3.8 million, RPS by $8.1 million and provision for tax by $0.3 million. The decrease in trade and other payables and provision for tax was mainly due to payments made during the period. In January 2016, the Group had redeemed the 7,000,000 RPS which was issued on 30 April 2014 (the "**2014 RPS**").

Such decreases were partially offset by the increase in bank overdraft by $0.8 million, advance payments from customers by $0.6 million and interest-bearing bank loan by $2.1 million. The interest-bearing bank loan will mature in January 2017.

As at 31 March 2016, the Group recorded negative working capital of $3.3 million compared to a negative working capital of $7.6 million as at 31 December 2015 mainly due to the redemption of the 2014 RPS in January 2016 using the Group's internal resources. Notwithstanding that there is a net current liabilities position of $3.3 million as at 31 March 2016, the Group believes that it is able to meet its short term obligations as and when they fall due.

Non-current liabilities

Non-current liabilities increased by $5.6 million, from $22.1 million as at 31 December 2015 to $27.7 million as at 31 March 2016, mainly due to the issuance of new RPS in January 2016 (the "**2016 RPS**"). The 2016 RPS were issued to (i) three (3) investors of the 2014 RPS who have agreed to re-invest in the Group, (ii) the Group's Chief Executive Officer and Executive Director, Dr. Ong Hian Eng ("**Dr. Ong**") and (iii) a controlling shareholder of the Company, Astute Ventures Pte. Ltd. ("**Astute Ventures**"). Two (2) of the Company's directors, Mr Ong Eng Hock Simon and Mr Ong Eng Siew Raymond, each holds no less than 20% equity interest in Astute Ventures. The 2016 RPS will mature in January 2021.

Equity attributable to owners of the Company

Non-controlling interest represents the 45% equity interest in in a subsidiary which is not owned by the Group.

Cash flow statement

Operating loss before working capital changes was $0.4 million for 1Q2016. Cash outflow due to changes in working capital was $0.3 million. Payments for interest expense and corporate tax in 1Q2016 amounted to $1.0 million. The above contributed to net cash flows used in operating activities of $1.8 million for 1Q2016.

Net cash flows used in investing activities was $1.0 million due to payments for property, plant and equipment, partially mitigated by receipt of government grant.

Net cash flows used in financing activities of $0.2 million was mainly due to redemption of the 2014 RPS amounting to $6.3 million. The reduction was partially offset by proceeds from interest-bearing bank loan and issuance of the 2016 RPS amounting to $6.1 million in aggregate.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group's financial performance in 1Q2016 was mainly a result of it having minimal inventory available for sale in 1Q2016 as most of the rocks and P_4 produced in 2015 were sold in FY2015. The Group's rock production resumed in late March 2016 and P_4 production in end April 2016. The management thereby is of the view that the financial performance in 1Q2016 is not expected to be representative for the remainder of FY2016.

During 1Q2016 management has been working on areas to enhance the Group's capability and efficiency as set out below.

Upstream Segment

The Group had in January 2016 and April 2016 renewed the mining licence for an approved annual production scale of 50,000 tonnes and the exploration license for Mine 1 respectively. The Group has also submitted an application to the Sichuan Land Department ("**Authority**") to convert the Mine 1 exploration license into a mining license so that the approved annual production scale for Mine 1 can be increased. Such application is currently pending approval by the Authority.

Phosphate rock prices are expected to remain stable in FY2016. The Group intends to increase its rock production and this is expected to contribute positively to the Group's cash flows and profits. The mining output run-rate is also showing a promising growth trend with average daily output in April 2016 increasing to approximately 2,300 tonnes (compared to the average daily output in FY2015 of approximately 1,400 tonnes), and is a good indication that previous investments by the Group in mining infrastructure improvements are delivering better results.

The Group had in March 2016 entered into a non-binding memorandum of understanding with a major fertilizer producer ("**Buyer**") in Sichuan, PRC, pursuant to which the Buyer has indicated that it intends to purchase at least 60% of the Group's annual mining output in FY2016. The Group is currently in preliminary discussions with the Buyer with regard to the formal terms and conditions of such an arrangement and no definitive agreement has been entered into in relation thereto. The Company will keep shareholders of the Company updated and make the appropriate announcements as and when there are material developments with regard to the negotiations/arrangements with the Buyer.

Downstream Segment

The Group had successfully managed to bring down the production cost of P_4 in FY2015. However, the price outlook for P_4 in FY2016 is expected to remain challenging and management will continue to monitor the situation and take steps to ensure the economic production and profitability of P_4. There have been changes in the regulations governing electricity tariff structure and the Group has obtained cheaper electricity which will positively impact our production cost. In addition, the Group has carried out improvements to one of its furnaces in 1Q2016 to enhance production efficiency and lower electricity consumption during the production process.

Management will continue to explore the export market for P_4 and other downstream phosphate based chemical products.

Debt management

As part of debt restructuring, the Group had on 26 January 2016 redeemed the 2014 RPS of $7.0 million and issued the 2016 RPS amounting to $5.7 million. The 2016 RPS will mature in January 2021 and has a dividend rate of 8% per annum as compared to the 12.5% per annum for the 2014 RPS. With the completion of the debt restructuring, the Group is expected to benefit from lower borrowing costs in FY2016.

Notwithstanding that there is a net current liabilities position of $3.3 million as at 31 March 2016, the Group believes that it is able to meet its short term obligations as and when they fall due.

11. Dividend

(a) Current Financial Period Reported On: Any dividend declared for the current financial period reported on?

Nil.

(b) Corresponding Period of the Immediately Preceding Financial Year: Any dividend declared for the corresponding period of the immediately preceding financial year?

Nil.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) Date payable

Not applicable.

(e) Books closure date.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended for the first quarter ended 31 March 2016.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained from shareholders.

On 21 June 2013, Dr. Ong (Chief Executive Officer and Executive Director of the Company), Mr Ong Kwee Eng (an associate of Dr. Ong), and key executives Mr Wang Xuebo and Mr Chia Chin Hau signed a deed of indemnity, under which they have jointly and severally undertaken, *inter alia*, to indemnify and hold harmless the Group against losses in connection with certain land use rights and certain licences, permits and approvals for the Group's PRC operations. No fees were paid or benefits given to the above-mentioned individuals in connection with the deed of indemnity. Please refer to the Company's offer document dated 25 September 2013 ("**Offer Document**") under the section entitled "Interested Person Transactions – Present and Ongoing Interested Period Transactions" (Page 191) for further details. Such indemnity against losses in connection with the abovementioned land use rights had expired on 7 April 2015.

For the first quarter ended 31 March 2016, interest expense relating to the 2016 RPS accrued to Dr. Ong and Astute Ventures (a company in which two (2) of the directors, Mr Ong Eng Hock Simon and Mr Ong Eng Siew Raymond each have equity interest of not less than 20%) amounted to $57,000.

14. Use of IPO proceeds.

As of the date of this announcement, the utilisation of the Group's IPO net proceeds is set out below:

Description	Amount allocated (as disclosed in the Offer Document)	Amount utilised as at the date of this announcement	Balance of net proceeds as at date of this announcement
	$'000	$'000	$'000
Development and financing of our Mining Operations	8,500	(2,969)	5,531
Financing the balance of Phase 1 and Phase 2 of the Rebuilding Programme	11,499	(8,498)	3,001
Working capital	1,553	(9,093)	(7,540)
Net proceeds	21,552	(20,560)	992

Out of the $9.1 million utilised as working capital, an amount of $0.2 million was in relation to the listing expenses incurred in addition to the estimated expenses of $2.8 million as disclosed in the Offer Document.

Pending the deployment of proceeds for the allocated amount for Mining Operations and Phase 2 of the Rebuilding Programme, the Group has utilised $8.9 million from the IPO proceeds for working capital to fund (i) the purchases of materials and supplies; (ii) the production of rocks and P_4; (iii) repayment of bank borrowings and (iv) credit extended to customers for sale of rocks and P_4. The Group has received the land use certificate for Phase 2 land and is relooking at the resumption of the Phase 2 Rebuilding Programme.

The Company will make periodic announcements on the use of the proceeds as and when the funds are materially disbursed.

15. Additional disclosure required for Mineral, Oil and Gas companies

15 (a) i. Rule 705(6)(a) of the Catalist Listing Manual
Use of funds/cash for the quarter:

	Actual
	$'000
Further mining and exploration activities	837
Expenditure on mining related infrastructure and purchase of equipment	-
	837

ii. Projection on the use of funds/cash for the next immediate quarter, including principal assumptions:

	Projected	
	RMB'000	$'000*
Further mining and exploration activities	7,338	1,532
Expenditure on mining related infrastructure and purchase of equipment	356	74
	7,694	1,606

* Based on an assumed exchange rate of RMB4.789 : S$1.00

Our exploration plans for the second quarter ending 30 June 2016 will include the following activities:

a) Mine well (adit) construction for our three (3) mines and repairs and improvement to infrastructure; and

b) Purchase of equipment for the adits and mining levels for both mines and implementation of safety features.

Our mining operations have inherent risks as fully explained in the Offer Document.

15 (b) Rule 705(6)(b) of the Catalist Listing Manual

The board of directors (the "**Board**") of the Company hereby confirms that to the best of its knowledge, nothing has come to its attention which may render the above information provided to be false or misleading in any material aspect.

15 (c) Rule 705(7) of the Catalist Listing Manual

Details of exploration (including geophysical surveys), mining development and/or production activities undertaken by the Group and a summary of the expenditure incurred on those activities including explanations for any material variances with previous projections, for the period under review. If there has been no exploration development and/or production activity respectively, that fact must be stated.

	Projected		Actual	Variance
	RMB'000	$'000*	$'000	$'000
Further mining and exploration activities	-	-	837	(837)
Expenditure on mining related infrastructure and purchase of equipment	-	-	-	-
	-	-	837	(837)

* Based on an assumed exchange rate of RMB4.789 : S$1.00

Certain expenditure incurred in the fourth quarter ended 31 December 2015 has been paid in 1Q2016 upon the verification of work done.

15 (d) Rule 705(7)(b) of the Catalist Listing Manual

Update on its reserve and resources, where applicable, in accordance with the requirements set out in Practice Note 4C, including a summary of reserves and resources as set out in Appendix 7D.

Save for the information provided in the announcement dated 15 March 2016, the Group has no material updates on its phosphate reserves and resources as set out in the qualified person report issued by Watts, Griffis and McOuat Limited dated 9 March 2016.

The Group will provide updates should there be any material change to the estimates.

16. Negative confirmation pursuant to Rule 705(5) of the Catalist Listing Manual

The Board hereby confirms that, to the best of its knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements for the first quarter ended 31 March 2016 to be false or misleading in any material aspects.

17. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual

The Company hereby confirms that it has procured signed undertakings from all its Directors and the relevant executive officers in the format as set out in Appendix 7H of the Catalist Listing Manual in accordance with Rule 720(1) of the Catalist Listing Manual.

On behalf of the Board,
Ong Eng Hock Simon
Executive Director
29 April 2016

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement and has not drawn on any specific technical expertise in its review of this announcement.

The announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact persons for the Sponsor are Mr Khong Choun Mun, Managing Director, Equity Capital Markets, and Mr Lim Hoon Khiat, Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.