
MINING OPERATIONS – UPDATE ON MINE 1, MINE 2 AND THE FENG TAI MINE

Capitalised terms used herein, unless otherwise defined, shall have the definitions ascribed to them in the offer document dated 25 September 2013, and registered by the Singapore Exchange Securities Trading Limited (“SGX-ST”) acting as agent on behalf of the Monetary Authority of Singapore on 25 September 2013 (the “Offer Document”) and the Company’s announcements dated 28 June 2017, 2 November 2017 and 24 November 2017 in relation to the Company’s updates on Mine 1, Mine 2 and the Feng Tai Mine (the “Announcements”).

1. INTRODUCTION

The Board of Directors (the “**Board**”) of AsiaPhos Limited (the “**Company**”) refers to the Request for Undertaking in relation to the halting of mining operations for Mine 2 and the Feng Tai Mine (collectively, the “**Relevant Mines**”), which are located within the Jiudingshan Nature Reserve. The Board wishes to inform that the Group had on 30 November 2017, met with officials from the Sichuan Provincial People’s Government (the “**Sichuan Provincial Government**”) (the “**Sichuan Provincial Government Officials**”) and officials from various Deyang and Mianzhu departments, to seek clarity and discuss proposals to redress the ramifications of the Request for Undertaking and the potential non-renewal of the Mine 1 Mining Right due to the proposed panda reserve.

The Sichuan Provincial Government Officials reaffirmed the Sichuan Provincial Government’s support for the Group’s investment in Mianzhu, and have indicated their preference for an amicable settlement. As such, the Group is currently engaging the Sichuan Provincial Government Officials in negotiations for a settlement agreement.

2. UPDATE ON THE REQUEST FOR UNDERTAKING

The Board wishes to update that pursuant to the ongoing negotiations with the Sichuan Provincial Government Officials, the parties intend to negotiate on, *inter alia*, terms that would provide the Group with continued access to sufficient phosphate rocks for the normal operation of the Group’s downstream business, being the manufacturing and production of yellow phosphorous, as well as possible compensation options or the compensation amounts/terms as a result of the Group’s vacation of the Relevant Mines.

The Group wishes to highlight that all negotiations and any terms that may be preliminarily agreed with the Sichuan Provincial Government Officials are subject to further formal approval by the Sichuan Provincial Government. As at the date of this announcement, the negotiations are still at the preliminary stage and no definitive terms have been agreed.

The Group is working on a proposal that will effectively safeguard the value of the Group’s business and assets, and will continue to engage Sichuan Provincial Government Officials in negotiations for a definitive settlement agreement. The Board has been advised that these ongoing negotiations will not prejudice the Group’s right to commence international arbitration proceedings. In the event that the Group and the Sichuan Provincial Government are unable to reach an agreement on the terms of an amicable settlement, the Group reserves its right to commence international arbitration proceedings.

As stated in the announcement dated 24 November 2017, the Group has sought legal advice on the recourse that may be available to the Group under the Bilateral/Multilateral Investment



Treaties between the PRC, and Singapore/ASEAN, which were signed in 1985 and 2009 respectively. Due to the potential high cost of arbitration, the Group is currently in discussions with companies that provide funding for such international arbitrations. A final decision by the Arbitration Tribunal is however expected to take a number of years.

3. FURTHER ANNOUNCEMENTS

The Board confirms that all material disclosures, facts and information (including but not limited to disclosures pertaining to, *inter alia*, material operations and business of the Group, mining operations, and mining and exploration rights) have been provided and announced. The Board is not aware of any facts, information or disclosures, the omission of which would make any statement in this Announcement or previous announcements or disclosures misleading in any material respect.

The Company will make such further announcements at the appropriate juncture, as and when there are material developments in relation to this matter.

Shareholders and potential investors should exercise caution when trading in the Company's shares. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

BY ORDER OF THE BOARD

Simon Ong Eng Hock
 Executive Director
 AsiaPhos Limited

4 December 2017

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**Exchange**"). The Company's Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.*

This announcement has not been examined or approved by the Exchange and the Exchange assumes 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.

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