
MINING OPERATIONS – UPDATE ON RENEWAL APPLICATION OF MINE 2 EXPLORATION RIGHT

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 acting as agent on behalf of the Monetary Authority of Singapore on 25 September 2013, and the Company's announcements dated 21 July 2016, 3 March 2017, 24 November 2017, 30 November 2017, 4 December 2017, 24 January 2018, 9 February 2018, 28 February 2018, 28 March 2018, 10 April 2018, 26 April 2018, 22 June 2018 and 3 August 2018 (the "Announcements").

1. INTRODUCTION

On 21 July 2016, the Company announced that exploration right for Mine 2 (which has a land area of 1.28 square kilometres) was renewed for a period of two years from 16 June 2016 to 16 June 2018. The exploration right expired on 16 June 2018.

On 24 November 2017, the Company announced that Mianzhu Norwest was requested to provide a letter of undertaking to, inter alia, vacate and rehabilitate its mining site in respect of Mine 2 and the Fengtai Mine.

On or around 8 June 2018, Mianzhu Norwest submitted an application for the renewal of the Mine 2 Exploration Right. This is a formality as the Group has been advised by its PRC legal advisers that until such time when the Group receives a formal expropriation notice from the Authority, it should submit such application for the renewal of the Group's exploration permit for the Mine 2 Exploration Right.

2. UPDATE ON RENEWAL APPLICATION FOR EXPLORATION RIGHT

On 28 August 2018, the Company was informed that the Mine 2 Exploration Right would not be renewed by the Authority. The reason given by the Authority was that Mine 2 is located within the boundaries of the JiuDingShan Nature Reserve, the Giant Panda National Park, the red line for ecological protection and the JiuDingShan scenic area.

As previously disclosed, and based on legal advice obtained, the Group believes that the act of non-renewal is tantamount to an expropriation and the Group is entitled to compensation. The Group is currently in consultation with its legal advisers with regard to the matter.

It is currently not possible to provide an estimate on the potential financial effects of the non-renewal of the exploration right for Mine 2. This is because the compensation amount has not been finalised by the Chinese Government, and cannot be determined with reasonable certainty.

3. FURTHER ANNOUNCEMENTS

The Board confirms that, save for information which has not been disclosed with respect to ongoing negotiations with the Sichuan Provincial Government and wherein there is no certainty or assurance on the outcome of the negotiations, 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. Save as 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 the above matters.

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

29 August 2018

*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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