

**FOR IMMEDIATE RELEASE**

## **AsiaPhos to bring in up to S\$60 million investment in Mianzhu City, Sichuan province**

*This investment initiative is part of a Letter of Intent between AsiaPhos and the Sichuan Mianzhu Economic Development Zone Authority to develop Phase 2 of its processing plants*

**SINGAPORE – 21 July 2014 – AsiaPhos Limited** (“AsiaPhos” and together with its subsidiaries, the “Group”), a Singapore-headquartered mineral resources company focused on exploring and mining phosphate with a vertically-integrated business model, through its wholly-owned subsidiary, Mianzhu Norwest, today signed a Letter of Intent (“LOI”) with the 四川绵竹经济开发区管委会 (Sichuan Mianzhu Economic Development Zone Authority or “SMEDZA”) to further invest in the production of phosphate-based chemical products in the GongXing Industrial Park.

The GongXing Industrial Park, which is located in the Sichuan Mianzhu Economic Development Zone, is where the Group’s current processing plants are located.

Under this LOI, AsiaPhos will bring in investment of up to S\$60 million, within a period of three years, to, inter-alia, implement Phase 2 of its Rebuilding Programme in the Gongxing Industrial Park. Development must commence three months from the date that the land use rights are legally obtained.

Upon receipt of the various licences and subsidies, AsiaPhos will commence the construction of a new thermal phosphoric acid plant with designed capacity of 30,000 tonnes per year; a phosphorous pentoxide ( $P_2O_5$ ) plant with designed capacity of 20,000 tonnes per year; a food grade Sodium Hexametaphosphate (SHMP) plant with designed capacity of 20,000 tonnes per year; a food grade Sodium Acid Pyrophosphate (SAPP) plant with designed capacity of 10,000 tonnes per year; a storage facility to collect and utilise flue gas and facilities to produce other phosphate-related chemicals.  $P_2O_5$ , SHMP and SAPP are phosphate-based downstream chemicals while flue gas is a by-product of the downstream processes, specifically from yellow phosphorus production.

SMEDZA will assist AsiaPhos in the application for electricity and other subsidies for the GongXing Industrial Park as well as all procedures relating to the construction of the processing plants. The project is expected to generate tax income of up to RMB60 million and 200 new jobs for the Mianzhu Economic Development Zone.

Said Dr Ong Hian Eng (王显荣博士), Chief Executive Officer of AsiaPhos Limited,

“With this LOI, we are pleased to receive support from the Sichuan Mianzhu Economic Development Zone Management Authority to put us on track to commence Phase 2 of our Rebuilding Programme. This support will be instrumental in the expansion of our downstream chemical production business through strategic alliances and joint ventures to maximise the value of AsiaPhos. This LOI also reiterates our confidence in the economic development of the Sichuan province as the relevant authorities continue to make it an attractive place for foreign direct investment.”

Construction of the above-mentioned plants and facilities at GongXing Industrial Park, under Phase 2 of its Rebuilding Programme, will commence when the land use rights are obtained, with the completion date likely to be within three years from the start of construction. The site for Phase 2 is next to the Group’s current production facilities which were completed under Phase 1 of the Rebuilding Programme. Under Phase 1, two new P<sub>4</sub> furnaces, each with designed annual capacity of 10,000 tonnes per year, were completed in 2013. Commercial production in the P<sub>4</sub> plants started in the 2<sup>nd</sup> quarter of 2014.

The Gongxing Industrial Park is 40 km from AsiaPhos’ mines and well-connected to major PRC cities via a major national railway network.

“The commencement of Phase 2 of our Rebuilding Programme takes us a step closer towards restoring our vertically-integrated business model of mining and processing phosphate rocks. Once that is accomplished, we will be able to vary the sales and production of the different phosphate-based chemical products in accordance with market conditions to optimise profit margins and achieve our business strategies,” added Mr Ong.

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#### **About AsiaPhos Limited**

*AsiaPhos Limited was listed on the Catalist Board of the SGX-ST on 7 October 2013, and is the first mineral resources company listed on the SGX-ST which is solely focused on exploring and mining phosphate in the PRC with the ability to manufacture and produce phosphate-based chemical products. To make full use of phosphate, which is a valuable and non-renewable natural resource, AsiaPhos is adopting a vertically-integrated strategy which will comprise the mining of phosphate rocks from its existing mines and the production of phosphate-based chemical products.*

*Led by a management team with more than 10 years of relevant experience in their respective fields, the Group currently owns exploration and mining rights to its two mines and has recently completed the construction of a P<sub>4</sub> plant in its new Gongxing site. As part of its future plans, the Group intends to construct more processing facilities.*

**Issued for and on behalf of AsiaPhos Limited by**

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***This Press Release should be read in conjunction, and qualified in its entirety, with the SGX announcement by AsiaPhos dated 21 July 2014.***

*This Press Release has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, United Overseas Bank Limited (the "Sponsor"), for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this Press Release.*

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