

FOR IMMEDIATE RELEASE

AsiaPhos to acquire LYR Group

- *Exercise of call option follows the satisfaction of condition in option agreement that LYR Group valuation is not less than RMB 250,000,000*
- *The completion of the acquisition will allow AsiaPhos to acquire the economic benefits of existing mines under the Dashan arrangement and expand its exploration area*

SINGAPORE – 6 July 2015 – AsiaPhos Limited (“AsiaPhos” or the “Company”, 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, today announced that it will acquire the entire issued and paid-up share capital of LY Resources Pte. Ltd. (“LYR”) from Mr. Luo Yong (罗勇), who holds a 50% equity interest in 绵竹市大山矿业有限责任公司 (Mianzhu Dashan Mining Co., Ltd) (“Dashan”), the Group’s co-operation partner in the People’s Republic of China (“PRC”)

This follows the LYR Group (comprising LYR and its subsidiaries) achieving a valuation of approximately RMB 266,580,000 based on an independent valuation report dated 26 June 2015 issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited. With this valuation, the condition precedent stated in the option agreement between LYR and AsiaPhos (“Call Option”) that the LYR Group be valued at no less than RMB 250,000,000 is met.

The acquisition, for a consideration valued at \$36.8 million, will allow AsiaPhos to acquire the economic benefits of an existing co-operation arrangement (“Dashan Arrangement”) presently accruing to its co-operation partner, Dashan. It will also facilitate the ownership of a 55% equity interest in 德阳市峰泰矿业有限责任公司 (Deyang Fengtai Mining Co., Ltd.) (“FengTai”), a company incorporated in the PRC, which holds the FengTai Licence – an exploration licence for barite rocks (重晶石) in respect of an area situated in the vicinity of the Group’s existing mines in the Sichuan Province of the PRC.

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

“We are glad to be completing the LYR acquisition which will improve our operating cash flows as Dashan’s share of profits from the cooperation arrangement which are recognised as our production costs need not be payable to Dashan after the completion of the transaction.

The FengTai Licence offers the potential to increase our resource base. We believe that there will be potential economies of scale, operational synergies and cost savings from being close to our production facilities. While we have been steadily increasing our mining output over the past few years, having an enlarged resource base will help sustain output growth over the longer term.”

The Acquisition would be effected in the following manner:

- (i) *Conversion of Dashan Advance.* Subject to receipt of the necessary approvals, including the LQN (defined below), wholly-owned subsidiary, 四川绵竹华丰磷化工有限公司 (Sichuan Mianzhu Norwest Phosphate Co., Ltd) (“**Mianzhu Norwest**”) will exercise its right to convert a convertible debt owed by LYR to Mianzhu Norwest (“**Dashan Advance**”), pursuant to which, LYR will issue new ordinary shares in the capital of LYR (“**LYR Shares**”), representing approximately 4% of the enlarged issued share capital of LYR, to AsiaPhos Resources Pte Ltd (“**APR**”) (under the direction of Mianzhu Norwest) for the repayment of the Dashan Advance of RMB 10,000,000 (approximately S\$2,044,990);
- (ii) *Conversion of Notes.* Subject to receipt of the necessary approvals, including the LQN (defined below), APR will exercise its right to convert all its outstanding convertible loan notes issued by LYR (“**Notes**”), pursuant to which, LYR will issue new LYR Shares, representing approximately 46.5% of the enlarged issued share capital of LYR, to APR based on the conversion of the Notes of a principal amount of S\$15,000,000 and interest accrued up to the date the conversion of the Notes is completed; and
- (iii) *Exercise of Call Option.* AsiaPhos had on 29 June 2015 exercised the Call Option, pursuant to which, APR (as the Company’s nominee) will acquire from Mr. Luo all of his existing LYR Shares, representing the balance 49.5% of the enlarged issued share capital of LYR. On completion of the exercise of the Call Option, 101,319,000 new ordinary shares in the capital of AsiaPhos (“**Shares**”) will be issued to Mr. Luo by the Company (the “**AP Consideration Shares**”) to satisfy the consideration payable to Mr. Luo for the exercise of the Call Option (the “**Proposed Issue**”).

The AP Consideration Shares will only be issued upon completion of the exercise of the Call Option, which is conditional upon, *inter alia*, receipt by AsiaPhos of the Listing and Quotation Notice (“**LQN**”) from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

When issued, the AP Consideration Shares, comprising 101,319,000 Shares, will represent approximately 12.7% of AsiaPhos’ current issued and paid-up share capital, and approximately 11.2% of the enlarged issued and paid-up share capital of AsiaPhos following completion of the Proposed Issue.

Following completion of the Proposed Issue, AsiaPhos’ issued and paid-up share capital will increase from 800,000,000 Shares to 901,319,000 Shares.

Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2014, the acquisition, which involves the issuance of 101,319,000 Shares, would raise Net Tangible Assets (“**NTA**”) of the Group from 9 Singapore cents to 13.07 Singapore cents.

	Before completion of the Acquisition	After completion of the Acquisition
NTA (S\$’000)	71,992	117,790
Number of Shares	800,000,000	901,319,000
NTA per Share (Singapore cents)	9.00	13.07

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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 completed the construction of a P₄ 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 6 July 2015.

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

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