DISCLAIMER

This presentation should be read in conjunction with the:

- Unaudited financial statements announcement of AsiaPhos Limited for 4Q16 and financial year ended 31 December 2016, dated 20 Feb 2017; and 1Q17 results dated 26 April 2017
- Audited financial statements announcement of AsiaPhos Limited for the full year ended 31 December 2016, dated 31 March 2017 / Annual Report FY2016
- Offer document of AsiaPhos Limited dated 25 September 2013 (the “Offer Document”)

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The contact person for the Sponsor is 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.
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- Market Report: China adapts to ‘new normal’ of dwindling high grade phosphate reserves
- Electricity pricing reforms
- China: Phosphate Rock Production statistics
- “Favourable policies boost phosphorus industry in China” (Jan 2015)
- Phosphorus ore listed as strategic mineral resource in China (Dec 2016)
- “Among Volatile Mining plays, analysts prefer GEO Energy, GEAR, AsiaPhos” (The Edge, 2017-05-29)
Click on the individual ‘thumbnails’ / shortcuts, to review the respective full-size slides

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1. After eventful year (G20 Summit and Accident), our strategy to build up and diversify customer base is starting to bear fruit.

2. Continued limited production of P4 in 1Q2017, to clear backlog of orders, build up sufficient inventory and to take advantage of rising selling prices. **Electricity policy** = Potential upside.

3. 1st time since our IPO: **Profitable 1Q / positive operating cashflows**.

4. **Increase in P4 output** is also expected following resumption of normal production of P4 by end-June 2017 with expected higher average selling prices. We will seek to capitalise on opportunities (as some P4 producers in other PRC provinces are shut for inspections).

5. Strategy will continue to evolve to further unlock the value inherent in our business. Refer to **MOUs with Mianyang Aostar/QiMingXing & Lomon Chemicals (announced March 2017)**.

6. Will also develop the export market and capitalise on the cooperation with QiMingXing on trading their chemicals

7. Exploring with strategic partners to further integrate horizontally and vertically, in view of the potential market demand growth, from agriculture/ black phosphorous/ electric vehicles & LiFePO4 battery market)

8. **Successful Rights cum Warrants issue** will reduce reliance on financing from PRC banks and also reduce/remove constraints that hold back growth.
Compared against a list of SGX-listed mining companies, **AsiaPhos** is currently trading at the lowest premium to NAV, at **3.5%**

AsiaPhos is the only phosphate and phosphate chemical producer listed on SGX.

Source Data: [http://www.shareinvestor.com](http://www.shareinvestor.com); Based on NAV and share prices as at 1 June 2017. NAV = “Based on latest results announcement (Full Year, Half Year or Interim), adjusted for carrying value of "Other Share Capital", illustrative financial effects of corporate actions (if applicable) and the current number of shares.”
Rock Phosphate vs Other Commodities - Price Comparison vs Jan 2014 (To Dec 2016)

Source: IndexMundi and World Bank (Data extracted: 27 Feb 2017)
http://www.indexmundi.com/commodities/?commodity=rock-phosphate&months=12&commodity=iron-ore
Cash Flow & Debt Management

- **December 2016**: Announced Rights cum Warrants Issue.


With the completion of the redemption of the 2016 RPS, the Group is expected to benefit from lower borrowing costs in FY2017.

### Cash Flow statement

<table>
<thead>
<tr>
<th>Cash flows from operating activities:</th>
<th>Group First Quarter Ended 31 March</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit/(Loss) before taxation</td>
<td></td>
<td>122</td>
<td>(915)</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation expenses</td>
<td></td>
<td>607</td>
<td>504</td>
</tr>
<tr>
<td>Gain on disposal of property, plant and equipment</td>
<td></td>
<td>-</td>
<td>(1)</td>
</tr>
<tr>
<td>Amortisation expenses</td>
<td></td>
<td>83</td>
<td>74</td>
</tr>
<tr>
<td>Interest expense</td>
<td></td>
<td>207</td>
<td>180</td>
</tr>
<tr>
<td>Interest income</td>
<td></td>
<td>(5)</td>
<td>(4)</td>
</tr>
<tr>
<td>Unrealised exchange loss/(gain)</td>
<td></td>
<td>(230)</td>
<td>(271)</td>
</tr>
<tr>
<td>Amortisation of deferred income</td>
<td></td>
<td>(30)</td>
<td>(9)</td>
</tr>
<tr>
<td>Operating profit/(loss) before working capital changes</td>
<td></td>
<td>754</td>
<td>(442)</td>
</tr>
<tr>
<td>(Increase)/decrease in stocks</td>
<td></td>
<td>2,195</td>
<td>(1,153)</td>
</tr>
<tr>
<td>(Increase)/decrease in receivables</td>
<td></td>
<td>1,510</td>
<td>2,624</td>
</tr>
<tr>
<td>Increase/(decrease) in payables</td>
<td></td>
<td>(1,924)</td>
<td>(1,795)</td>
</tr>
<tr>
<td>Cash (used in)/generated from operations</td>
<td></td>
<td>2,535</td>
<td>(786)</td>
</tr>
<tr>
<td>Interest received</td>
<td></td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Interest paid</td>
<td></td>
<td>(396)</td>
<td>(820)</td>
</tr>
<tr>
<td>Tax paid</td>
<td></td>
<td>-</td>
<td>(199)</td>
</tr>
<tr>
<td>Net cash flows (used in)/generated from operating activities</td>
<td></td>
<td>2,144</td>
<td>(1,781)</td>
</tr>
</tbody>
</table>

### Cash flows from investing activities:

| Payments for property, plant and equipment | 574 | 1,100 |
| Receipt of government grant | - | 58 |
| Proceeds from disposal of property, plant and equipment | - | 1 |
| Net cash flows (used in)/generated by investing activities | (574) | (1,041) |

### Cash flows from financing activities:

| Net proceeds from Rights cum Warrants Issue | 4,158 | - |
| Payments of share issuance expense | (115) | (32) |
| Proceeds from issue of redeemable preference shares | - | 4,000 |
| Redemption of redeemable preference shares | (1,403) | (6,325) |
| Increase in pledged deposits | - | (4) |
| Repayment of loan due to a director | (467) | - |
| Proceeds from bank loan | - | 2,144 |
| Net cash flows (used in)/generated from financing activities | 2,172 | (217) |

Net increase/(decrease) in cash and cash equivalents: 3,742 (3,039)

Cash and cash equivalents at beginning of period: 1,012 3,098

Effects of exchange rate changes on cash and cash equivalents: (54) (69)

Cash and cash equivalents at end of period: 4,700 (10)

Executive Summary / Overview (摘要)

Business started in 1996; Possesses the rights to explore and mine phosphate (since 2002), a valuable and non-renewable natural resource in Sichuan Province, the PRC (业务开始于1996年;拥有磷矿探矿权和采矿权(2002年起)，四川省，中国。磷矿是不可再生的自然宝贵资源。)

Adopts a vertically-integrated strategy by investing in downstream processing facilities which:
• refine and process phosphate rocks; and
• produce and sell phosphate-based chemical products

Was affected by the 2008 earthquake in Wenchuan County, Sichuan Province, the PRC, and has been focused on rebuilding since
(受2008年汶川地震影响，(汶川位于中国 四川省 汶川县)，专注于重建)

First mineral resources company to be listed on the SGX-ST which is solely focused on exploring and mining phosphate in the PRC
第一家矿产资源公司上市于新交所。专注于在中国境内探矿和采矿磷矿石。
IPO (7 Oct 2013)
Successfully renewed the mining right for Mine 1 in March 2017

Applying to convert the exploration right for Mine 1 to a mining right, with the goal of increasing its approved annual production scale from the current 50,000 tonnes for Mine 1 to potentially 300,000-400,000 tonnes.
Our Business (集团业务)

Our Business (集团业务)
Upon completion of our Rebuilding Programme, our vertically-integrated business model will involve the following:

### Mining Operations

**Mining**
- Rights to explore and mine phosphate from our two mines located in Sichuan Province, the PRC

### Chemical Production Operations

**P_4 Processing**
- Commercial production commenced in FY2014

---

**STPP and other Polyphosphate Manufacturing**
- Completed relocation of one Polyphosphate/ STPP plant (and resumed commercial production) with designed capacity of 30,000 tonnes per year
- ‘Phase 2’ Land Use Rights: Received in FY2015 (50 years, to FY2065, area 134 Mu, approx. 89,000 sq.m.). This enables further downstream phosphate chemicals manufacturing possibilities.
**Our Chemical Production Operations & sector growth opportunities**

- Our downstream chemical operations = Focus on technical/industrial market (rather than directly-producing Fertiliser chemicals, e.g. MAP/DAP)

**Recent MOUs signed** will enable the following benefits for Asiaphos:

- Fast revenue generation / inventory turnover cycle
- Access to surplus rocks for P4 production continuity & possible trading (sale & purchase) opportunities
- Potential access to cheaper electricity

- Exploring with strategic partners to establish complementary businesses, both horizontally and vertically

- High-level overview of global phosphate market:

<table>
<thead>
<tr>
<th>Fertiliser market/ other agriculture</th>
<th>Industrial / Non-Fertilizer market</th>
</tr>
</thead>
<tbody>
<tr>
<td>~85-90%* of world P-rock goes to Fertiliser/Feed</td>
<td>~10-15% of P-rock market</td>
</tr>
<tr>
<td>Demand growth rate approx. 3-3.5% CAGR* (‘food story’, population growth, land scarcity, etc); may be subject to price-caps/ subsidies (potentially narrower margins)</td>
<td>Higher growth rate for some industrial markets, e.g. electric vehicles/ battery (CAGR 20%+*), flame retardants; Black-P (‘new graphene’?) still in development-phase</td>
</tr>
<tr>
<td>Requires significant scale / More complex environmental issues (e.g. phospho-gypsum); China over-capacity issues</td>
<td>Complex technical requirements / High capex / regulations &amp; licence constraints (e.g. PCL3)</td>
</tr>
</tbody>
</table>

* Sources:
Recent MOUs signed = Benefits from Fine-tuning the Business Strategy

- Third Party Strategic Partners
  - Purchases lower quality rocks from partner
  - Sells higher quality rocks to partner

- Channels lower quality rocks into $P_4$ production
- $P_4$ Production
- $P_4$ Market

- Faster revenue generation / inventory turnover cycle
- Improve cash flows
- Unlock value of inventory of high quality phosphate rocks which fetch higher prices

Previous approach (FY2016), i.e.
Retention of own rocks for $P_4$ production =
Took longer time for revenue/cash flow generation (Mine the rocks $\Rightarrow$ Produce $P_4$ $\Rightarrow$ Sell $P_4$ $\Rightarrow$ Collect payment)
Benefits from Electricity Policy Reforms in China

- "Due to the current severe overcapacity, power prices can only go down as more competition is introduced"
- Increased Pace of Policy Reforms: Enables efficient producers to take market share from weaker ones via lower tariffs, so that the entire supply chain would become more efficient
- Gov’t: Has encouraged more bilateral price and volume negotiation between power generators and commercial end-users (bypassing grid-operators).
- Some Grid operators have been stripped of their monopolies (many privately-owned power-gen firms allowed to enter market)

Lower wholesale electricity prices

Comments from Asiaphos perspective:

- Electricity represents a major component (>50%) of our P4 production cost.
- Any meaningful electricity pricing reform in China will directly contribute to lower P4 production costs.
- Our P4 plant is relatively newer (commenced commercial production during 2014) and designed to be more efficient than comparably older P4 plants.

Location of Mines and Production Plants

- The Group’s operations are located in the vicinity of Mianzhu City, Sichuan Province, the PRC.

- The production facilities are located at Gongxing Industrial Zone, which is only 40 km from the Group’s mines.
Gongxing Production Facilities

- Rebuilding programme in Gongxing Industrial Zone, Sichuan Province, the PRC
  - Phase 1: New site of approximately 54,863 m²; land use rights obtained
  - Designed to withstand earthquakes of up to 7.0 on Richter scale
- Phase 1 completed:
  - Two new P₄ furnaces, each with designed annual capacity of 10,000 tonnes
  - Commercial production of P₄ commenced in May 2014

- Receipt of Land Use Rights for Phase 2 Land
  - Announced: 12 March 2015
Tramway system at Mines 矿山轨道车系统

From Mine to Factory via Truck (section of Mian Mao Highway) 从矿山去工厂的卡车（绵茂公路）

Weighbridge: Rock / materials handling and zoning 地磅：矿石、原料分开堆放

P4 factory / bulk storage 黄磷工厂, 储罐

P4 factory control centre 黄磷控制室

Polyphosphate/ STPP factory 三聚磷酸钠工厂

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**Photos: From Mines to Factory (照片：从矿山到工厂)**

- **Tramway system at Mines (矿山轨道车系统)**
- **From Mine to Factory via Truck (pre-Mian Mao Highway) (绵茂公路之前，从矿山去工厂的卡车)**
- **Weighbridge: Rock / materials handling and zoning (地磅：矿石、原料分开堆放)**
- **P4 factory / bulk storage (黄磷工厂, 储罐)**
- **P4 factory control centre (黄磷控制室)**
- **Polyphosphate / STPP factory (三聚磷酸钠工厂)**

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Rail/Tramway system at Mines

CCTV / mine control monitoring & communications systems

Tunnel construction near mines (redesigned Mian-Mao Highway)

Independent Geologist inspection: “WGM also observed ramps and manways that connect levels. These developments allow personnel and equipment to access all level from underground and avoid exposure to hazardous environment, such as steep slopes and falling rocks along the mountain side. This is considered as a major improvement since the last visit.”

In accordance with the local PRC regulations, we have completed the construction of ‘six safety’ monitoring systems within the adits ”井下安全避险六大系统” for our mines. These include improved communication channels within adits, position monitoring for each miner within adits, particles/smoke monitoring system, water supply within adits, a secured shelter for miners, in the event of emergency, within the vicinity of the adits and compressed air self-rescue devices. Level 2 of the safety requirements allows the Group to obtain mining safety permit from the local authority.
Examples of our sustainability efforts
(可持续发展工作的例子)

2015 Mianzhu City industrial development reward program: Our subsidiary company (Mianzhu Norwest) has received government grant/award, for the project ‘P4 flue gas integrated utilisation technology improvement’.

2015年度绵竹市工业经济发展奖励补助项目:
我司已通过奖励补助项目《黄磷尾气综合利用技术改造项目》。

Objectives of the project: To re-use flue gas to save energy resource and reduce gas emissions (CO) discharge. Flue gas is used for raw material drying, generating steam from flue gas boilers and heat source for a separate Polyphosphate plant (e.g. STPP).

Profile in Sichuan newspaper: (http://dy.newssc.org/system/20121130/000839967.html)
“从原料收集、粉碎处理、烘干、进入生产车间，采用全封闭式、全机械化运作，每一个环节都在做环保。”
在这个化工企业，看不到粉尘、听不到噪音、流不出工业污水。
不仅经济上去了，大家的生活质量也得到保证，这样的企业我们支持多建。”

Our P4 Plant is designed to operate in compliance with PRC environmental law, and practices water recycling and off gas collection as well as slag disposal at a nearby cement operation.

Summary of quote: “From the collection of raw materials, crushing, drying, to the P4 production in factory, there is a fully enclosed/mechanized operation, and includes industrial wastewater recycling/treatment, the process has been designed with environmental protection in mind.”

Monetary contributions are paid for timberland compensation and forest recovery fund for the occupied land, to the Deyang Forestry Bureau.

Further monetary provision is made for rehabilitation and reforestation upon closure of mine.
Various efficiency initiatives have been implemented, for example, P4 production process was reviewed to reduce electricity consumption. This has contributed to lower P4 production costs.
Competitive Strength: Higher Quality Phosphate Rocks
竞争优势：高品质磷矿

- AsiaPhos’ phosphate rocks have relatively high P$_2$O$_5$ content $\approx >29\%$ (亚化磷矿的五氧化二磷含量 $\approx >29\%$)
  - Higher value and demand（较高的价格和较大的市场）
  - Phosphate rock deposits with P$_2$O$_5$ content of at least 30% constitute only 10 - 25% of the total phosphate rock deposits in the PRC（磷矿五氧化二磷的含量至少30%，在中国只占有10-25%的总储量。）
  - Most phosphate mines in the PRC are mining phosphate rocks with P$_2$O$_5$ content of 20 – 25%（大部分磷矿的五氧化二磷含量位于20-25%。）
  - Average grade of PRC’s phosphate rock deposits is estimated to have P$_2$O$_5$ content of below 20%（中国平均磷矿的五氧化二磷含量小于20%。）

- We believe that our phosphate rocks have relatively low arsenic content $\approx 8$ -10 ppm（我们相信，我们的磷矿石具有相对的低砷含量 $\approx 8$〜10ppm。）
Financial Highlights

Revenue Performance – 1Q2017

- Change in business strategy drove topline improvement in 1Q2017
- 7.2% year-over-year growth
- More higher quality rocks instead of being used for P₂O₅ production
- Shows for P₂O₅ production secured from third party suppliers
- Group expects to resume full operating capacity for the downstream segment in 2Q2017, following production disruptions in 1Q2016

Unlocking value of high quality phosphate rock inventory

Third party supply of rocks sustained P₂O₅ production

Income Statement Highlights (FY2016)

Income Statement Trend (By Quarter)

Balance Sheet (Summary)

Cash Flow statement

Extract from 1Q2017 Results Announcement (Chapter 10 commentary)

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Revenue Performance – 1Q2017

Total Revenue (S$m)

- **FY2012**: 4.9
- **FY2013**: 8.5
- **FY2014**: 23.8
- **FY2015**: 44.5
- **FY2016**: 34.3
- **1Q2017**: 12.1

Change in business strategy drove topline improvement in 1Q2017

- 1Q2017 revenue increased 512% y-o-y due to:
  - More higher quality rocks instead of being used for P₄ production
  - Rocks for P₄ production secured from third party supplier

- The Group expects to resume full operating capacity for the downstream segment in 2Q2017, following production disruptions in FY2016
Revenue Performance (Upstream/Downstream)

Unlocking value of high quality phosphate rock inventory

Third party supply of rocks sustained $P_4$ production
# Income Statement

## 损益表要点

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>2,775</td>
<td>4,522</td>
<td>4,897</td>
<td>8,458</td>
<td>23,822</td>
<td>44,505</td>
<td>34,345</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>402</td>
<td>2,374</td>
<td>2,101</td>
<td>2,550</td>
<td>4,684</td>
<td>8,487</td>
<td>5,255</td>
</tr>
<tr>
<td><strong>Profit/(loss) before tax</strong></td>
<td>(1,206)</td>
<td>2,933</td>
<td>1,509</td>
<td>(2,249)</td>
<td>19,484</td>
<td>3,027</td>
<td>(1,931)</td>
</tr>
<tr>
<td><strong>Profit/(loss) after tax</strong></td>
<td>(1,178)</td>
<td>2,933</td>
<td>1,225</td>
<td>(3,667)</td>
<td>19,498</td>
<td>2,209</td>
<td>(1,734)</td>
</tr>
</tbody>
</table>

**Profit/(loss) after tax above includes:**

- **Fair value gains on financial instruments relating to LYR acquisition**
  - 收购LYR的金融工具公允价值收益
  - 20,203

- **Fair value gains on reassessment of purchase consideration of LYR**
  - 重新评估LYR收购价格的公允价值收益
  - 4,850

- **Termination of pre-existing contract**
  - 终止预先存在的合同
  - (2,429)

- **relocation gain**
  - 搬迁增益
  - 1,874

- **one-time listing expenses**
  - 一次性上市费用
  - 1,780

**Note:** Refer to audited Annual Reports / Asiaphos investor relations website for further details: [http://asiaphos.com/financial-results.php](http://asiaphos.com/financial-results.php)

### Income Statement Highlights (FY2016)

#### Revenue

<table>
<thead>
<tr>
<th></th>
<th>Fourth Quarter Ended 31 December</th>
<th>Financial Year Ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016 $'000</td>
<td>2015 $'000</td>
</tr>
<tr>
<td>Revenue</td>
<td>13,517</td>
<td>16,839</td>
</tr>
</tbody>
</table>

#### Cost of sales

<table>
<thead>
<tr>
<th></th>
<th>Fourth Quarter Ended 31 December</th>
<th>Financial Year Ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016 $'000</td>
<td>2015 $'000</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(11,933)</td>
<td>(13,649)</td>
</tr>
</tbody>
</table>

#### Gross profit

<table>
<thead>
<tr>
<th></th>
<th>Fourth Quarter Ended 31 December</th>
<th>Financial Year Ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016 $'000</td>
<td>2015 $'000</td>
</tr>
<tr>
<td>Gross profit</td>
<td>1,584</td>
<td>3,190</td>
</tr>
</tbody>
</table>

#### Other income

<table>
<thead>
<tr>
<th></th>
<th>Fourth Quarter Ended 31 December</th>
<th>Financial Year Ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016 $'000</td>
<td>2015 $'000</td>
</tr>
<tr>
<td>Other income</td>
<td>68</td>
<td>4,863</td>
</tr>
</tbody>
</table>

#### Profit/(loss) before tax

<table>
<thead>
<tr>
<th></th>
<th>Fourth Quarter Ended 31 December</th>
<th>Financial Year Ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016 $'000</td>
<td>2015 $'000</td>
</tr>
<tr>
<td>Profit/(loss) before tax</td>
<td>(829)</td>
<td>4,760</td>
</tr>
</tbody>
</table>

#### Taxation

<table>
<thead>
<tr>
<th></th>
<th>Fourth Quarter Ended 31 December</th>
<th>Financial Year Ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016 $'000</td>
<td>2015 $'000</td>
</tr>
<tr>
<td>Taxation</td>
<td>197</td>
<td>(451)</td>
</tr>
</tbody>
</table>

#### Profit/(loss) for the period attributable to owners of the Company

<table>
<thead>
<tr>
<th></th>
<th>Fourth Quarter Ended 31 December</th>
<th>Financial Year Ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016 $'000</td>
<td>2015 $'000</td>
</tr>
<tr>
<td>Profit/(loss) for the period attributable to owners of the Company</td>
<td>(632)</td>
<td>4,309</td>
</tr>
</tbody>
</table>

---

Note: Refer to audited Annual Reports / Asiaphos investor relations website for further details: [http://asiaphos.com/financial-results.php](http://asiaphos.com/financial-results.php)

### Note

- “N.M” denotes not meaningful. ("N.M" 表示无可比性)
- Other income decreased by $4.8 million, from $4.9 million in 4Q2015 to $0.1 million in 4Q2016, mainly due to the absence of fair value gains of $4.8 million which arose from the reassessment of purchase consideration of LY Resources Pte. Ltd. (“LYR”), leading to fair value gains from convertible loan note and derivative asset. There were no such fair value gains in 4Q2016.
- 其他收入减少了480万新元，从2015年第四季度的490万新元降至2016年第四季度的10万新元，主要是由于重新评估收购LY资源公司 (“LYR”)的可转换债券票据和衍生资产的公允价值变动而导致的公允价值收益480万新元不再重复发生。2016年第四季度没有这样的公平价值收益。
Income Statement Highlights (1Q2017)

<table>
<thead>
<tr>
<th></th>
<th>Group First Quarter Ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td></td>
<td>$'000</td>
</tr>
<tr>
<td>Revenue</td>
<td>12,122</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(10,450)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>1,672</td>
</tr>
<tr>
<td>Profit/(loss) before tax</td>
<td>122</td>
</tr>
<tr>
<td>Taxation</td>
<td>-</td>
</tr>
<tr>
<td>Profit/(loss) for the period attributable to owners of the Company</td>
<td>122</td>
</tr>
</tbody>
</table>

Note: Refer to Asiaphos investor relations website for further details: [http://asiaphos.com/financial-results.php](http://asiaphos.com/financial-results.php)

- 1Q2017 financials are per the 26 April 2017 public announcement.
- “N.M” denotes not meaningful.

- Revenue from the Upstream Segment increased by $0.4 million, from $1.7 million in 1Q2016 to $2.1 million in 1Q2017 due to increase in both the quantity and average selling price of the phosphate rocks sold in 1Q2017. In 1Q2017, the Group sold 34,700 tonnes of phosphate rocks as compared to 25,800 tonnes in 1Q2016. The inventory of phosphate rocks carried over from the 2016 mining season as well as the commencement of the 2017 mining season enabled the Group to have more phosphate rocks available for sale in 1Q2017. As the Group managed to secure a consistent supply of quality phosphate rocks from an external phosphate rock supplier, it no longer needs to reserve its high quality phosphate rocks for its P4 production. This enabled the Group to have more high quality phosphate rocks available for sale. Such quality phosphate rocks also generally fetch higher average selling prices.

- Revenue from the Downstream Segment increased by $9.7 million, from $0.3 million in 1Q2016 to $10.0 million in 1Q2017, due to the increase in revenue from sale of P4. In 1Q2017, the Group sold 3,700 tonnes of P4. Due to the availability of phosphate rocks for production of P4 and continued demand from the customers, the Group was able to continue with the production of P4 on a limited scale for sale in 1Q2017 as compared to 1Q2016 when the Group did not have any P4 inventory for sale. In the past, the Group typically ceased P4 production in the December and only resumed production in late April.

- The Group had decided to continue with the production of P4 on a limited scale during 1Q2017 so as to, *inter alia*, clear the backlog of orders to its customers whose delivery were affected by the industrial accident at the Group’s P4 production plant in October 2016, build up sufficient inventory to meet its customers’ requirements and to also take advantage of the rising average selling prices of P4.

- Please refer to the 1Q2017 results announcement, for a more detailed commentary on the business performance, trends and market conditions.
Extract from 1Q2017 Results Announcement (Chapter 10 commentary)

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.

**Upstream Segment**
As disclosed in the Group’s announcement dated 3 March 2017, the Group has received the approval for the renewal of its mining license for Mine 1, which is now valid until 28 February 2018. The Group plans to increase its rock output in the financial year ending 31 December 2017 ("FY2017"). Following its move to secure a consistent supply of quality rocks from an external supplier for its in-house production of P4, the Group intends to unlock the value of its rock inventory by selling more of its higher quality rocks to third parties, which were previously reserved for its in-house P4 production. Barring unforeseen circumstances, this is expected to contribute positively to the Group’s results and cash flows in FY2017. The Group expects phosphate rock prices to remain stable for the rest of the year.

**Debt Management**
The successful completion of the Rights cum Warrants Issue has (i) provided additional working capital which the Group can utilise to increase output and further improve its bottomline; and (ii) reduce the gearing of the Group. This will translate to lower interest on the Group’s borrowings. The early redemption of the RPS will also result in interest savings of approximately $0.3 million in FY2017. This also means that the Group need not be overly reliant on bank financing, thereby overcoming one of the key financial constraints holding back growth.

**Downstream Segment**
In 1Q2017, the Group continued with the production of P4 on a limited scale. The Group has since resumed full production of P4. Average selling prices for P4 sold in April were higher than that in 1Q2017. This was because of continued high demand for P4, due in part to (i) the recovery in the pesticide market and (ii) tight supply of P4 because several P4 producers in other provinces in the PRC were undergoing environmental and safety inspections and were unable to produce during the inspection period. Management expects the pace of P4 price increase to moderate when more P4 supply enters the market in the second half of 2017. The Group will continue to build up the P4 business and monitor production efficiencies to improve the Group’s bottomline.

Going forward
In line with the Group’s strategy to grow in a sustainable and responsible manner, the Group has invested carefully to build up and grow the business. It has been successful in growing its mines’ rock output, increasing its P4 output, and building up its customer base. The change in strategy, to realise the value of its inventory of higher quality phosphate rocks by selling to third parties, is expected to improve cash flow and increase the contribution from the Upstream Segment, thereby strengthening another pillar of income stream for the Group. The Group will examine ways to further improve efficiency and profitability. To further enhance the future value of the Group, the management is exploring with strategic partners to establish complementary businesses, both horizontally and vertically, in view of the potential market demand and applications for black phosphorus and lithium iron phosphate (LiFePO4) battery.

### Income Statement Trend (By Quarter)

<table>
<thead>
<tr>
<th></th>
<th>1Q2015</th>
<th>2Q2015</th>
<th>3Q2015</th>
<th>4Q2015</th>
<th>FY2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$44,505</td>
<td></td>
<td></td>
<td></td>
<td>$44,505</td>
</tr>
<tr>
<td><strong>Upstream</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$17,957</td>
</tr>
<tr>
<td><strong>Downstream</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$26,548</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>1,576</td>
<td>2,009</td>
<td>1,712</td>
<td>3,190</td>
<td>8,487</td>
</tr>
<tr>
<td><strong>Profit/(loss) before tax</strong></td>
<td>(59)</td>
<td>618</td>
<td>(2,292)</td>
<td>4,760</td>
<td>3,027</td>
</tr>
<tr>
<td><strong>Sales quantity (tons)</strong></td>
<td>Phosphate rocks: 47,000</td>
<td>89,100</td>
<td>23,890</td>
<td>88,566</td>
<td>248,556</td>
</tr>
<tr>
<td></td>
<td>P4: 780</td>
<td>1,900</td>
<td>2,840</td>
<td>4,555</td>
<td>10,075</td>
</tr>
</tbody>
</table>

Note: Refer to Asiaphos investor relations website for further details: [http://asiaphos.com/financial-results.php](http://asiaphos.com/financial-results.php)

“N.M” denotes not meaningful.
Revenue Trend (by Segment)

- **Revenue model:** Balanced mix of upstream and downstream activities
- **Upstream:** The Group expects phosphate rock prices to remain stable. The Group intends to increase its rock production and this is expected to contribute positively to the Group’s cash flows and profits.
- **Downstream:** Management will continue to explore the export market for P4 and other downstream phosphate chemical products.

**Upstream Revenue**

<table>
<thead>
<tr>
<th>Year</th>
<th>$m</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2011</td>
<td>1.5</td>
</tr>
<tr>
<td>FY2012</td>
<td>3.7</td>
</tr>
<tr>
<td>FY2013</td>
<td>6.5</td>
</tr>
<tr>
<td>FY2014</td>
<td>12.7</td>
</tr>
<tr>
<td>FY2015</td>
<td>18.0</td>
</tr>
<tr>
<td>FY2016</td>
<td>10.8</td>
</tr>
</tbody>
</table>

**Downstream Revenue**

<table>
<thead>
<tr>
<th>Year</th>
<th>$m</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2011</td>
<td>3.0</td>
</tr>
<tr>
<td>FY2012</td>
<td>1.2</td>
</tr>
<tr>
<td>FY2013</td>
<td>1.9</td>
</tr>
<tr>
<td>FY2014</td>
<td>11.1</td>
</tr>
<tr>
<td>FY2015</td>
<td>26.5</td>
</tr>
<tr>
<td>FY2016</td>
<td>23.6</td>
</tr>
</tbody>
</table>

*During FY2016, the Group has successfully managed to build up a customer base for its P4 business in China outside of Sichuan. However, this did not positively contribute to profitability in FY2016 because the Group’s sales were affected by disruptions caused by the G20 Summit in Hangzhou in the third quarter of 2016 and the industrial accident at the Group’s plant in 4Q2016. Barring unforeseen circumstances, the Group expects to resume full operating capacity in Q2 2017.*

(Extract from FY2016 Results, 20 Feb 2017)
### Balance Sheet (Summary) 资产负债表(明细)

<table>
<thead>
<tr>
<th></th>
<th>As at 31 March 2017 (Unaudited, 未审计)</th>
<th>As at 31 Dec 2016 (Audited, 已审计)</th>
<th>As at 31 Dec 2015 (Audited, 已审计)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS (资产)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets (流动资产)</td>
<td>15.2</td>
<td>16.2</td>
<td>13.0</td>
</tr>
<tr>
<td>Non-Current Assets (非流动资产)</td>
<td>120.0</td>
<td>121.6</td>
<td>123.8</td>
</tr>
<tr>
<td><strong>Total Assets (总资产)</strong></td>
<td><strong>135.2</strong></td>
<td><strong>137.8</strong></td>
<td><strong>136.8</strong></td>
</tr>
<tr>
<td><strong>LIABILITIES (负债)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities (流动负债)</td>
<td>16.6</td>
<td>21.1</td>
<td>20.6</td>
</tr>
<tr>
<td>Non-Current Liabilities (非流动负债)</td>
<td>19.8</td>
<td>25.6</td>
<td>20.5</td>
</tr>
<tr>
<td><strong>Total Liabilities (总负债)</strong></td>
<td><strong>36.4</strong></td>
<td><strong>46.7</strong></td>
<td><strong>41.1</strong></td>
</tr>
<tr>
<td><strong>EQUITY (股东权益)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share Capital (注册资本)</td>
<td>77.0</td>
<td>68.2</td>
<td>68.2</td>
</tr>
<tr>
<td>Reserves (公积)</td>
<td>12.3</td>
<td>13.5</td>
<td>18.1</td>
</tr>
<tr>
<td>Non-controlling interest (少数股东权益)</td>
<td>9.5</td>
<td>9.5</td>
<td>9.5</td>
</tr>
<tr>
<td>Total Equity (所有者权益合计)</td>
<td><strong>98.8</strong></td>
<td><strong>91.1</strong></td>
<td><strong>95.7</strong></td>
</tr>
</tbody>
</table>

Note: Balance Sheet for FY2015 has been restated, following finalisation of valuation of net identifiable assets acquired in the acquisition of the LYR group (refer announcement 31 March 2017).

Recent Developments

- **Electricity**: “China presses ahead with power pricing reform”; South China Morning Post, 12 Sept 2016: http://www.scmp.com/business/companies/article/2018410/china-presses-ahead-power-pricing-reform


Further Reading:
Recent developments:

- **Nov 2016**: MOU with QiMingXing / Mianyang Aostar
- **March 2017**: Renewal of mining right for Mine #1 (CQY)
- **March 2017**: Successful rights-cum-warrants issue: Positions the company for continued growth momentum.
- **March 2017**: Signed MOU/agreement with QiMingXing/ Mianyang Aostar and Lomon Chemicals, for sale & purchase of phosphate rocks
- **Ongoing**: Application for conversion of Mine #1 (CQY) exploration right, into a mining right; This would increase CQY’s approved production scale to potentially 300-400,000 tonnes/year
- Exploring with strategic partners to establish complementary businesses, both horizontally and vertically
The initiatives under the MOU include

(i) promoting the development of the market for P4 in the PRC;
(ii) the supply of phosphate rocks by our subsidiary company (Mianzhu Norwest) to Mianyang Aostar;
(iii) the purchase of phosphate-based chemical products from each party to satisfy third party orders; and
(iv) the purchase of electricity by Mianzhu Norwest by leveraging on Mianyang Aostar’s existing electricity arrangements.

- Mianyang Aostar is one of the biggest manufacturers in the People’s Republic of China (PRC) of yellow phosphorus, phosphoric acid and related phosphate products and purchases phosphate rocks from our company.

- The MOU formally seals the close and longstanding relationship between the Group and Mianyang Aostar, which is one of the Group’s key customers. The considerable synergies will offer many partnership opportunities, which the Group believes can help to achieve better market positioning, competitive advantages and cost savings, amongst other benefits.
Mian Mao Highway expected to improve access / haulage road

- Phased construction of the Mian Mao Highway (part of Hong Kong/Sichuan post-earthquake reconstruction cooperation programme) 绵茂公路分段建设（香港和/四川，地震灾后重建合作项目的一部分）

- Completion of Mian Mao Highway will increase accessibility between mines and production facilities 绵茂公路建成后，将增加矿山和生产设施之间的贯通

- Increased reliability and shortened time required for transportation of phosphate rocks upon completion of Mian Mao Highway 绵茂公路建成后所需磷矿石运输提高可靠性、有效性，缩短运输时间
Mian Mao Highway
(Hanwang to Qingping section)

綿茂公路 (汉旺至清平段): 项目建设规模、资金及工期

项目建设规模：援建路段全长约24公里，包括新建隧道5条(共8.4公里)、桥梁20座(共2,167米)、棚洞及其他配套设施。

Project construction scale: The construction section is about 24 kilometres long, including 5 new tunnels (8.4 kilometres), 20 bridges (2,167 meters), 'rock-shed' half-tunnels and other facilities.

项目工期：工程于2009年7月开始施工，在2016年10月竣工。


绵茂公路
(Hanwang to Qingping section)

蔡家沟大桥及云湖二号隧
(Caijiagou Bridge and Yunhu No.2 Tunnel)

清平场镇大桥 (Qingping Town Bridge)

主线清平乡路段 (Highway, Qingping section)

蔡家沟大桥 (Caijiagou Bridge)

楠木沟大桥及金鱼隧道向清平出口
(NanMuGou bridge/ JinYu tunnel / Qingping exit)

主线及天池连接线路段
(Highway, Tianchi section)

云湖二号隧道 (Yunhu No.2 Tunnel)

蔡家沟大桥及云湖二号隧道
(Caijiagou Bridge and Yunhu No.2 Tunnel)

“About Phosphate”: Links to further info (+Source) on Global Fertiliser Market / Phosphate Reserves & Production:


“Why Phosphate”: Expected Demand Growth (Agriculture / Electric Vehicles / Battery Market, etc)

Why Phosphate? Essential to Life / No Substitutes
为什么磷酸盐？生命必不可少的/无替代品

“We may be able to substitute nuclear power for coal power, and plastics for wood, and yeast for meat, and friendliness for isolation – but for phosphorus there is neither substitution nor replacement.”

(Isaac Asimov’s 1959 essay ‘Life’s Bottleneck’)

“我们可以用核电替代煤电，和塑料替代木材，和酵母替代肉，和隔离 – 但对磷，既没有替代，不能更换。 (著名科普作家阿西莫夫 (Isaac Asimov) 便曾称它为「生命的瓶颈」, 1959年)
Uses of Phosphate and Related Chemicals

- Fertilisers
- Oral hygiene products
- Beverages
- Metal treatment / paint
- Fire retardants
- Pharmacy products
- LCD / Semi-conductor
- Electric car battery
- STPP is used in, or in the manufacturing process for:
  - Food and beverage products
  - Detergents
- SHMP is used in, or in the manufacturing process for:
  - Paints
  - Food processing
  - Water treatment

Home building

Oil & gas

<< Phosphate Industry Chain << Phosphate Uses << Return to [Table of Contents]
Why Phosphate?

Potential demand growth (Electric Vehicles/Battery market)

*Bloomberg: Electric Cars Could Wreak Havoc on Oil Markets Within a Decade (2016-02 ‘Sooner Than You Think’ video)*

Phosphorus is found in a new, reliable cathode material (LiFePO4) slated to be used in electric vehicles and smart power grids, as well as in the electrolyte (LiPF6), thus highlighting phosphorus to be a fascinating link between energy and the core subject of the conference. Further aiding in the spread of these batteries is the fact that the price of a lithium ion battery is nearing that of older technologies.

**Fabrice Renard of Prayon** elaborated on the merits of LiFePO4 and its merits as cathode material in large Li on batteries in a parallel session. (Symphos, 2015 [ESPP, 2015-08])

*Why Lithium Iron Phosphate Battery Applications Are Limitless*

For many years now, lithium batteries have been the most trusted high-performance batteries in various industries. Used in smartphones, watches, computers and tablets, lithium iron phosphate (LiFePO4) batteries provide benefits that make them a smart choice for everyday use.

- **Energy Density And Flexibility**
  
  Lithium iron phosphate batteries offer the best balance of energy density and safety without causing harm to the environment. Their high energy density means lithium iron phosphate batteries can be made into battery packs of any size.
  
  Consequently, LiFePO4 batteries are being used in license plate monitoring devices, depth finders, paddle boards and playground equipment.

The opportunities for lithium iron phosphate batteries are limitless. No matter what your application, there is a lithium battery solution for your energy needs. If you require a high-performance battery for your energy storage, LiFePO4 is the answer.

Source information / Further reading:
- Bloomberg: Electric Cars Could Wreak Havoc on Oil Markets Within a Decade (February 2016, ‘Sooner Than You Think’ video series): [https://www.youtube.com/watch?v=jwHN6QQWv2g&feature=youtu.be&t=45](https://www.youtube.com/watch?v=jwHN6QQWv2g&feature=youtu.be&t=45)
- "Why Lithium Iron Phosphate Applications are Limitless" (Sept 2015): [http://www.relbattery.com/blog/why-lithium-iron-phosphate-battery-applications-are-limitless](http://www.relbattery.com/blog/why-lithium-iron-phosphate-battery-applications-are-limitless)
Further Reading


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Singapore 339510
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