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AsiaPhos achieves strong revenue and gross profit growth in its first post-IPO results announcement

- Revenue in 3Q2013 rose 166% to \$3.6 million on higher sales of rocks and downstream products
- Gross profit in 3Q2013 increased by 143% to \$1.3 million
- Mining output increased to 93,000 tonnes for 9M2013 as compared to 25,400 tonnes for 9M2012

SINGAPORE – 11 November 2013 – 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, announced a 166% rise in revenue to \$3.6 million for the three months ended 30 September 2013 (“3Q2013”), as compared to the same period last year. In line with the higher revenue, gross profit rose 143% to \$1.3 million in the same period. This is AsiaPhos’ first quarterly results announcement after its listing on SGX-ST Catalist Board on 7 October 2013.

However, as AsiaPhos ramped up its mining operations, and continues to lay the foundation for business expansion and increased business activities, general and administrative costs rose to \$1.2 million in 3Q2013, compared to \$0.5 million in the three months ended 30 September 2012 (“3Q2012”). This impacted net profit which came in at \$118,000, compared to a loss of \$13,000 in the same period last year.

“This year, AsiaPhos has laid the groundwork to increase mining output and getting our vertically-integrated processing operations ready. In line with that, we are gearing ourselves up by bolstering our staff strength and improving internal systems to meet the expected increase in business activities. While this has affected our bottomline in the short term, we are confident that the benefits will flow through once our processing plants become fully operational,” said Dr Ong Hian Eng (王显荣博士), Chief Executive Officer of AsiaPhos Limited.

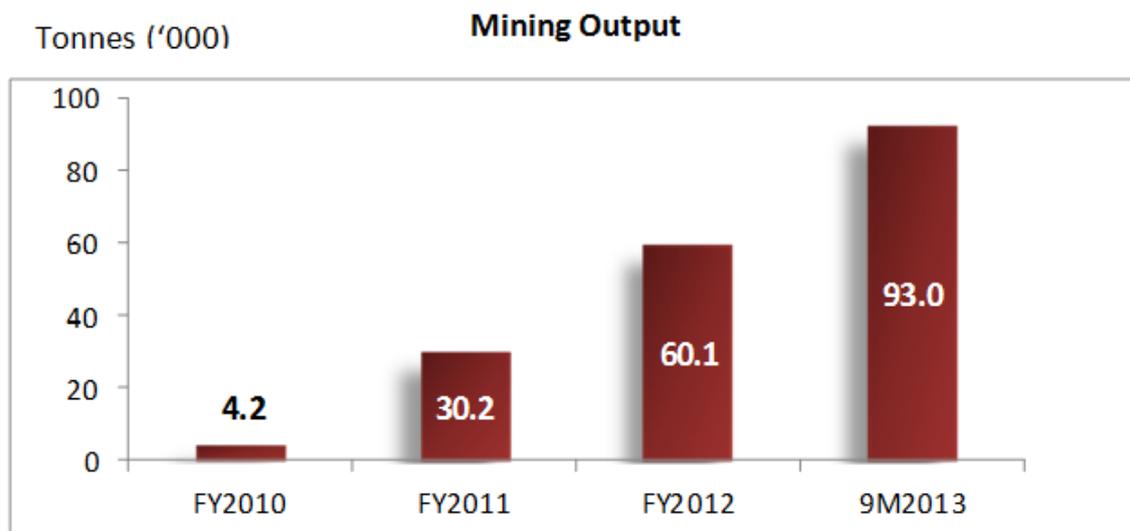
Business Review by Segments

Upstream segment

Revenue increase was contributed by both the upstream and downstream segments. The upstream segment, which is mainly the sale of phosphate rocks, saw revenue almost tripling to \$3.2 million in 3Q2013, from \$1.1 million in 3Q2012 as quantity of phosphate rocks sold during the quarter rose to 45,200 tonnes from 12,700 tonnes. Gross profit rose 122% to \$1.0 million despite lower average selling price of phosphate rocks. This was in

line with AsiaPhos' strategy to sell the lower quality phosphate rocks while keeping the higher quality phosphate rocks for its P₄ (a phosphate-based chemical product known as yellow phosphorus) production.

AsiaPhos' mining output increased to 93,000 tonnes for the nine-month period ended 30 September 2013 (9M2013), compared to 25,400 tonnes for the same period last year and 60,100 tonnes for the whole of financial year 2012 (see chart below).



Downstream segment

While phosphate rocks remain the major revenue contributor, about 88%, revenue from the downstream division continued to increase, registering sales of \$0.4 million, up from \$0.27 million last year.

Construction of Phase 2, which involves a thermal phosphoric plant and a SHMP plant, is expected to commence next year.

“We are very excited about our vertically-integrated business model because of the growth potential. With vertical integration, we would have the flexibility to vary the sales of phosphate rocks and phosphate-based chemical products, depending on market conditions so as to optimise profit margins. We will also be able to better control our costs and to some extent, cushion the impact of price fluctuations of the different products,” Dr Ong added.

Business Outlook and Prospects

Upstream segment

AsiaPhos has inventory of approximately 48,000 tonnes of phosphate rocks as at 30 September 2013. With mining expected to resume in the three months ending 31 December 2013 (“4Q2013”), after the seasonal halt in 3Q2013 due to rainy season, its inventory and the expected rock production will provide AsiaPhos with the option to either realise the inventory for immediate cash/profit or to hold for greater value-add and profitability with the expected higher prices for rock and P₄ in 2014. Furthermore, with additional adits expected to come onstream in 2014, the expected higher rock output will offer greater flexibility in managing the sales of rock and the production of downstream chemical products.

As part of the preparation for the conversion of its exploration right to mining right for the Cheng Qiang Yan Mine, AsiaPhos has applied for an increase in the exploration area from 0.55 square kilometres to 1.64 square kilometres. Once approved, AsiaPhos will have access to a larger exploration area and potentially more deposits that lie within the enlarged area.

Downstream segment

During the trial production of P₄ in FY2013, the revenue from its sale and the costs of production are capitalised and do not impact AsiaPhos’ profitability. Commercial production of P₄ is expected to commence in 2014, and this will have a positive impact on AsiaPhos’ bottomline in FY2014.

To resume the export of our downstream chemical products to the European Union, AsiaPhos recently applied to REACH (the Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals, a regulation body of the European Union) for the relevant licences. Once registered, exports of its downstream chemicals to the European Union are expected to increase.

“With our successful listing, AsiaPhos is well-positioned to capitalise on the improving market conditions in China. We have also secured additional bank borrowings in China, which will be used as additional working capital to supplement the proceeds from our IPO. In addition, our listing status has also raised our profile which has enabled us to gain access to more business opportunities. We will carefully evaluate them and work to build up a sustainable and profitable business that will enhance our shareholders’ value,” said Dr Ong.

Recent IPO Injection of Funds

AsiaPhos was recently listed on the Catalist Board of the Singapore Exchange through an initial public offering (“IPO”) of shares and raised approximately \$21.6 million. The IPO proceeds will be used in the following way:

- Approximately \$8.5 million for the development and expansion of the Group's mining operations
- Approximately \$11.5 million for financing the balance of phase 1 and phase 2 of the rebuilding programme
- Approximately \$1.6 million for working capital

About AsiaPhos Limited

AsiaPhos Limited is the first mineral resources company listed on the Singapore Exchange Securities Trading Limited (“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. It was listed on Catalist of SGX-ST on 7 October 2013. To make full use of this valuable and non-renewable natural resource, AsiaPhos is adopting a vertically-integrated strategy which will comprise mining of its phosphate rocks 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 P₄ plant in its new Gongxing site. As part of its future plans, the Group intends to construct more processing facilities.

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