

FOR IMMEDIATE RELEASE

AsiaPhos' revenue increased by 312% compared to 4Q2013

- Gross profit rose 252% to S\$2.6 million compared to 4Q2013, with strong contributions from both upstream and downstream operations
- Full year revenue more than doubled to S\$23.8 million as sales volume increased

Summary of Financial Results For the Period Ended 31 December:

S\$'000	4Q2014	4Q2013	+ / (-) %	FY2014	FY2013	+ / (-) %
Revenue	11,125	2,700	312	23,822	8,458	182
- Upstream	5,996	1,918	213	12,731	6,535	95
- Downstream	5,129	782	556	11,091	1,923	477
Gross Profit	2,585	734	252	4,684	2,550	84
Other income	20,834	1,664	1152	21,781	1,883	1057
Profit/(loss) before tax	20,747	238	8617	19,484	(2,249)	N.M.
Profit/(loss) after tax	20,761	(1,180)	N.M.	19,498	(3,667)	N.M.

"N.M." denotes not meaningful.

SINGAPORE – 16 February 2015 – 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, reported strong revenue growth of 312% to S\$11.1 million and a 252% rise in gross profit to S\$2.6 million for the quarter ended 31 December 2014 ("**4QFY2014**").

The Group enjoyed strong contributions from both its upstream and downstream business segments in 4QFY2014. Upstream revenue from the sale of phosphate rocks grew 213% to almost S\$6 million, from S\$1.9 million in the same quarter of the previous year ("**4QFY2013**"). This was mainly due to an increase in the quantity of phosphate rocks mined and sold during the quarter, and higher average selling prices. Gross profit increased 296% year-on-year ("y-o-y") to S\$2.2 million reflecting an increase in gross profit margin.

Downstream revenue, mainly from the sale of P₄ and its by-products, grew 556% y-o-y to S\$5.1 million on the back of higher sales volume. Correspondingly, gross profit rose 121% y-o-y to \$0.4 million. The decline in gross profit margin to 8.0% from 23.6% was mainly due to the change in sales mix.

Profit before tax for 4Q2014 rose to S\$20.7 million boosted by other income which constitutes primarily the net fair value gain of S\$20.2 million which arose from the valuation of financial instruments relating to the proposed acquisition of LY Resources Pte Ltd.

As a consequence of the above accounting treatment and upon completion of the above proposed acquisition, the Group will have to recognise a non-recurring charge for writing off consideration paid for the profit-sharing arrangement and may have to record a non-recurring loss relating to this acquisition in FY2015 to comply with FRS 103 *Business Combinations*.

Excluding the net fair value gains, the Group recorded profit before tax of \$0.5 million from its core operations in 4Q2014, reversing the losses in the last three quarters of 2014.

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

“The performance of our operations staged a very strong showing in the fourth quarter. This is a testament to the potential of this business and management’s strategy to invest in growing it. We are definitely on track to unlock the value of our mines and increase our returns to shareholders.”

At the bottomline, AsiaPhos posted net profit of S\$20.8million in 4QFY2014, compared to a loss of S\$1.2 million a year ago. It closed the financial year of 2014 (“**FY2014**”) with a net profit of S\$19.5 million and revenue of S\$23.8 million. In FY2013, the Group posted a loss of S\$3.7 million in FY2013 on revenue of S\$8.5 million.

Business Review

Upstream

The Group ramped up its mining activities in 4Q2014, building on the momentum started in late September following the end of the rainy season. It mined 123,000 tonnes of phosphate rocks during the quarter, bringing the total output for FY2014 to approximately 226,000 tonnes of phosphate rock. This is an increase of almost 77% from the 128,000 tonnes mined in FY2013.

Gross profit margin for phosphate rocks improved to 36.3% from 28.6% for the quarter under review. This margin improvement reflects the higher selling prices of phosphate rocks and a reduction in mining cost, following the local government's move to lower a mining surcharge from RMB30 per tonne to RMB8 per tonne.

For the full year, revenue for the Upstream segment grew 95% to S\$12.7 million from S\$6.5 million in FY2013.

Downstream

P₄ and its by-products dominated sales revenue in 4Q2014 for the downstream business segment, contributing S\$4.7 million to the topline. The production of P₄ has picked up momentum after facing some technical issues encountered during the startup stage in May 2014. However, this has resulted in an increase in production costs, which coupled with the lower market price of P₄, has led to margin erosion for the downstream business.

To address these challenges, the Group has engaged independent experts to review the process and has implemented changes and improvements aimed at increasing the efficiency of material usage, consumption of electricity and recovery of by-products. This will enable the Group to lower the cost of production and improve profit margin. The Group is also working to obtain export permits for P₄ in order to develop its export market.

For FY2014, revenue for the Downstream segment rose 477% to S\$11.1 million.

Business Outlook and Prospects

The Group is currently working to complete the acquisition of LY Resources Pte Ltd (“**LYR**”). In April 2014, the Group had signed an agreement to gain equity control LYR, which will allow it to gain access to an exploration area that is approximately 4.8 times the size of its existing mining area, as well as acquire the entire economic benefits of an existing co-operation arrangement presently accruing to its co-operation partner. The independent valuers have indicated that the valuation of LYR has exceeded the valuation threshold of RMB250 million. Subject to the receipt of the final valuation report and satisfactory completion of other conditions precedent, the Group intends to complete the acquisition.

The Group is still awaiting the official approval for the renewal of the exploration license for its Shi Sun Xi mine (“**Mine 2**”) covering an area of 1.28 square kilometres, and will provide further updates as and when they become available. In August 2014, the Group was granted a new exploration permit for its Cheng Qiang Yan (“**Mine 1**”) for an expanded area of approximately 1.54 square kilometres, which increased AsiaPhos’ total measured and indicated phosphate resources estimate by 31% from its last estimate of 23.1 million tonnes as at 31 December 2013 to 30.3 million tonnes as at 21 November 2014.

Overall, the Group will continue to invest its capital prudently and focus on improving its operational efficiency in order to lower costs and compete effectively when faced with the challenge of volatile prices. One of the initiatives it has embarked on is upgrading its computer systems and its Enterprise Resource Planning System. These upgrades are expected to improve processes and lead to greater productivity and operating efficiencies.

Commenting on the outlook for the Group, Dr Ong added,

“FY2014 has been an exciting year of new opportunities for AsiaPhos. With the reduction in mining surcharge and upon the completion of the LYR transaction, our cash flow and gross profit margins are likely to improve in FY2015. “

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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 started downstream processing activities in its new Gongxing site.

Issued for and on behalf of AsiaPhos Limited by August Consulting

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This Press Release should be read in conjunction with the unaudited financial statements announcement of AsiaPhos Limited for the fourth quarter ended 31 December 2014.

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