



9 October 2014

Company Announcements Platform
Australian Securities Exchange
Level 8, Exchange Plaza
2 The Esplanade
PERTH WA 6000

TAKEOVER OFFER

CI Resources Limited (ASX:CI) (**CI**) is pleased to announce its intention to make an off-market takeover offer (**Takeover Offer** or **Offer**) to acquire all of the ordinary shares in Phosphate Resources Limited (**Phosphate**) that it does not already own.

OFFER HIGHLIGHTS

- The Offer provides consideration of 40.3 CI Shares for every 1 Phosphate Share.
- The implied value of the Offer as at the date of this announcement is \$35.06 per Phosphate Share, based on the closing price of CI Shares of \$0.87 as at 8 October 2014, being the last trading day prior to the announcement of the Offer.
- The Offer, which is a "merger on equivalent terms" is based upon the exact number of shares held proportionately by shareholders of Phosphate and CI. This means that a shareholder currently holding 10,000 shares in Phosphate – which is equal to 0.35% of the company, will hold 403,000 shares in CI after the transaction, which is 0.35% of the entire company – CI and Phosphate.
- If the Offer is successful, the merged entity will still own the phosphate rock mine on Christmas Island, palm oil plantation estate, palm oil mill and processing facility located in Malaysia.
- If the Offer is successful, the boards of both companies will be merged into one single Board and there will be continuity of management and personnel at all levels.

The Offer is subject to minimal conditions which are set out in Appendix 1 below. Importantly, the Offer is not subject to a minimum acceptance condition.

CI was admitted to the Official List of the ASX on 24 July 1987 and is primarily an investment company. CI has one subsidiary, being Phosphate, in which it holds a 63.05% interest.

The Directors of CI believe the Offer is a compelling proposition for Phosphate Shareholders. If the Offer is successful, it will:

- provide access to the public listed market for Phosphate Shareholders to buy and sell shares;

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- give an equal playing field for all shareholders, one share register with each share of equal value;
- simplify the ownership and management structure – enhancing future growth opportunities; and
- give opportunities to enhance shareholders value.

BIDDER'S STATEMENT

CI is in the process of preparing a formal Bidder's Statement in respect of the Takeover Offer which it will lodge with the ASX and ASIC, shortly in accordance with applicable regulatory requirements.

The Bidder's Statement will provide in detail the reasons why Phosphate Shareholders should accept the Offer from CI. The Bidder's Statement will also include a timetable for the Offer.

ADVISERS

Steinepreis Paganin is acting as Australian legal adviser to CI.

CONTACTS

For further information on CI please visit its website, www.ciresources.com.au, or please contact:

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Company Secretary
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APPENDIX 1 – CONDITIONS OF THE OFFER

The Offer and any contract that results from acceptance of the Offer is subject to the fulfilment of the following conditions:

(a) **No regulatory intervention:** During the period from the Announcement Date to the end of the Offer Period (inclusive):

- (i) there is not in effect any preliminary or final decision, order or decree issued by a Government Authority; and
- (ii) no application is made to any Government Authority (other than by CI or a subsidiary of CI), or action or investigation is announced, threatened or commenced by a Government Authority,

in consequence of or in connection with the Offer (other than an application to or a determination by ASIC or the Takeovers Panel in the exercise of the powers and discretions conferred by the Corporations Act), which:

- (iii) restrains, impedes or prohibits (or if granted could restrain, impede or prohibit), or otherwise materially adversely impacts upon, the making of the Offer, the Offer or the rights of CI in respect of Phosphate or the Phosphate Shares to be acquired under the Offer; or
- (iv) requires the divestiture by CI or CI's shareholders of any Phosphate Shares or the divestiture of any assets of the Phosphate, Phosphate Group, CI, CI Group or otherwise.

(b) **No Phosphate Material Adverse Change:** During the period from the Announcement Date to the end of the Offer Period (inclusive), no event, matter or circumstance which individually, or when aggregated with all such other events, matters or circumstances results in or could reasonably be expected to result in:

- (i) the value of the consolidated net assets of the Phosphate Group reported in Phosphate's audited financial statements for the financial year ended 30 June 2014 being reduced by at least \$12 million; or
- (ii) the incurrence of any obligations, liabilities, costs or expenses (contingent or otherwise), where the quantum (whether individually or when aggregated with all such other events) of at least \$12 million in any 6-month period; or
- (iii) the termination or loss of or a reduction in Phosphate's interest in any Phosphate Material Contract.

other than an event, matter or circumstance:

- (iv) required to be done as a result of the Takeover Offer;
- (v) the occurrence of which was fairly disclosed in the information and documents disclosed in writing by Phosphate or its representatives about the Phosphate Group and its businesses to CI or its representatives or otherwise disclosed by Phosphate to the public prior to the Announcement Date, or fairly disclosed by Phosphate to CI prior to the Announcement Date;

- (vi) caused or materially contributed to by CI;
 - (vii) that is an actual event, matter or thing which is actually known to CI prior to the Announcement Date (which does not include knowledge of the risk of an event, occurrence or matter happening); or
 - (viii) directly resulting from any actions taken (or omitted to be taken) following a written request from CI or with CI's prior written consent.
- (c) **No prescribed occurrences:** During the period from the Announcement Date to the end of the Offer Period (each inclusive), none of the following occurrences happens:
- (i) Phosphate converts all or any of its shares into a larger or smaller number of shares;
 - (ii) any member of the Phosphate Group (other than a direct or indirect wholly owned subsidiary of Phosphate) resolves to reduce its share capital in any way or reclassifies, redeems or repurchases directly or indirectly any of its shares;
 - (iii) any member of the Phosphate Group (other than a direct or indirect wholly owned subsidiary of Phosphate) enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under the Corporations Act;
 - (iv) any member of the Phosphate Group makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie);
 - (v) any member of the Phosphate Group issues securities or grants an option or performance right over any securities (including equity securities, debt securities or convertible securities) (or agrees to make such an issue) other than to Phosphate or to a direct or indirect wholly owned subsidiary of Phosphate or pursuant to performance rights, the conversion of convertible securities or the exercise of options the existence of which has been fairly disclosed to CI before the Announcement Date;
 - (vi) Phosphate adopts a new constitution or repeals, modifies or proposes to amend its constitution;
 - (vii) any member of the Phosphate Group creates or agrees to create any encumbrance over the whole or any part of its assets or undertaking other than an encumbrance arising in the ordinary course of business;
 - (viii) an order or application is made or a resolution is passed for the winding up of any member of the Phosphate Group;
 - (ix) an administrator, liquidator, provisional liquidator, receiver or receiver and manager is appointed in respect of any member of the Phosphate Group or the whole or any part of the assets or undertaking of any member of the Phosphate Group, or any member of the Phosphate Group executes a deed of company arrangement;

- (x) any member of the Phosphate Group ceases to carry on business or is deregistered under the Corporations Act;
- (xi) any member of the Phosphate Group enters into any unusual or abnormal contract or commitment which is outside the ordinary course of business and which could reasonably be expected to:
 - (A) change the nature of the business conducted by the Phosphate Group; or
 - (B) have a material adverse impact on the business conducted by the Phosphate Group;
- (xii) any member of the Phosphate Group enters into a contract or commitment restraining any member of the Phosphate Group from competing with any person or conducting activities in any market;
- (xiii) any member of the Phosphate Group enters into or otherwise becomes a party to, any material transaction with a related party (as that term is defined in Chapter 2E of the Corporations Act) of Phosphate (other than between Phosphate and a direct or indirect wholly owned subsidiary of Phosphate);
- (xiv) any member of the Phosphate Group (other than a direct or indirect wholly owned subsidiary of Phosphate) declares, pays, or determines to be payable any distribution, bonus or other share of its profits or assets (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie);
- (xv) any member of the Phosphate Group disposes of, or offers or agrees to dispose of, any material business, asset, joint venture interest, entity or undertaking (or any interest in a business, asset, joint venture, entity or undertaking) or makes an announcement in relation to such a disposal, offer or agreement;
- (xvi) any member of the Phosphate Group:
 - (A) enters into any financing arrangement or commitment or agrees to extend, repay or materially amend any existing financing arrangement or commitment; or
 - (B) guarantees, indemnifies or provides security for the obligations of any person or entity other than a member of the Phosphate Group; and
- (xvii) any member of the Phosphate Group agrees or announces an intention to take any of the actions referred to in paragraphs (i) to (xvi) above,

provided that the above events will not include any matter:

- (xviii) required to be done as a result of the Takeover Offer;
- (xix) fairly disclosed by Phosphate to CI in writing prior to the Announcement Date;

- (xx) actually known to CI prior to the Announcement Date (which does not include knowledge of the risk of an event, occurrence or matter happening); or
- (xxi) directly resulting from any actions taken (or omitted to be taken) following a written request from CI or with CI's prior written consent; or
- (xxii) approved in writing by CI, such approval not to be unreasonably withheld or delayed.

APPENDIX 2 – DEFINITIONS

Announcement Date means 9 October 2014 being the date the Takeover Offer was announced on ASX.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange (as the context requires).

ASX Listing Rules means the official listing rules of the ASX, as amended from time to time.

CI Share means a fully paid ordinary share in **CI**.

Corporations Act means the *Corporations Act 2001* (Cth).

Government Authority means:

- (a) any government or governmental, semi-governmental or local authority within the Commonwealth of Australia or any of its states and territories and any department, office, minister, commission, board, delegate or agency of any such government or authority;
- (b) any judicial or administrative entity or authority within the Commonwealth of Australia or any of its states and territories; or
- (c) any other authority, commission, board, agency or other entity established or having power under statute within the Commonwealth of Australia or any of its states and territories or the ASX Listing Rules, including ASIC and ASX.

Offer Period means the period during which the Offer is open for acceptance.

Phosphate Group means Phosphate and its subsidiaries.

Phosphate Material Contract means a contract entered into by any of the Phosphate Group with a contract value of in excess of \$12 million.

Phosphate Share means a fully paid ordinary share in the capital of Phosphate.

Phosphate Shareholders means all persons who hold Phosphate Shares.

Takeover Panel means the Takeovers Panel established under section 171 of the *Australian Securities and Investments Commission Act 2001* (Cth).