



23 October 2014

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

TAKEOVER OFFER – NOTICE THAT BIDDER'S STATEMENT AND OFFERS HAVE BEEN SENT

CI Resources Limited (ASX: CII) (**Company**) has today completed the dispatch of its bidder's statement and offers dated 20 October 2014 in relation to its off-market takeover offer for all of the ordinary shares in Phosphate Resources Limited (ACN 009 396 543) (**Phosphate Resources**) that it does not already own, as required by item 6 of section 633(1) of the Corporations Act 2001 (Cth) (**Corporations Act**).

Attached is a copy of the bidder's statement sent to Phosphate Resources shareholders.

CONTACTS

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

Elizabeth Lee
Company Secretary
CI Resources Limited
Telephone: +61 8 9489 4444

THIS IS AN IMPORTANT DOCUMENT WHICH YOU SHOULD READ CAREFULLY. IF YOU ARE IN ANY DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONSULT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

CI RESOURCES LIMITED

(ACN 006 788 754)

BIDDER'S STATEMENT

**in relation to a Takeover Offer by CI Resources Limited to
acquire ALL of your Shares in**

PHOSPHATE RESOURCES LIMITED

(ACN 009 396 543)

Consideration offered is:

40.3 CI Shares for every 1 Phosphate Share you own

The Takeover Offer is dated 20 October 2014 and will close at 5.00pm (Perth time) on 27 November 2014, unless extended or withdrawn.

Legal Advisor to CI:

STEINPREIS PAGANIN
Lawyers & Consultants



IMPORTANT INFORMATION

Bidder's Statement

This document (**Bidder's Statement**), dated 20 October 2014, is issued by CI Resources Limited (ACN 006 788 754) under Part 6.5 of the Corporations Act in relation to an off-market offer by CI to acquire all Phosphate Shares (including all Rights attaching to them) that it does not already hold and sets out certain disclosures required by the Corporations Act.

A copy of this Bidder's Statement was lodged with ASIC on 20 October 2014. ASIC takes no responsibility for the content of this Bidder's Statement.

Investments Risks

There are a number of risks that may have a material impact on the value of the Takeover Offer, the future performance of the Merged Group and the value of CI Shares. These are described in Section 9 of this Bidder's Statement.

Foreign Jurisdictions

The distribution of this document and the making of the Takeover Offer may be restricted by the laws or regulations of foreign jurisdictions. Persons who come into possession of this Bidder's Statement should seek advice and observe these restrictions.

The Takeover Offer is not being made, directly or indirectly, in or into and will not be capable of acceptance from within any jurisdiction, if to do so would not be in compliance with the laws of that jurisdiction.

No action has been taken to register or qualify CI or to otherwise permit the offering of CI Shares outside Australia, its external territories, New Zealand, Singapore and Malaysia.

This Bidder's Statement has been prepared having regard to Australian disclosure requirements. These disclosure requirements may differ from those of other countries.

Further details in relation to foreign jurisdictions is set out below.

Notice to Phosphate Shareholders in New Zealand

This Bidder's Statement is not a New Zealand prospectus or an investment statement and has not been registered, filed with, or approved by any New Zealand regulatory authority under or in accordance with the *Securities Act 1978 (New Zealand)* (or any other relevant New Zealand law). This Bidder's Statement may not contain all the information that a prospectus or investment statement under the New Zealand law is required to contain.

The only members of the public in New Zealand to whom CI Shares are being offered to under the Takeover Offer are Phosphate Shareholders. The Takeover Offer is being made in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

Notice to Phosphate Shareholders in Singapore

This Bidder's Statement and any other materials relating to the CI Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Bidder's Statement and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of CI Shares, may not be issued, circulated or distributed, nor may the CI Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Bidder's Statement has been given to you on the basis that you are (i) an existing holder of CI Shares, (ii) an

"institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this Bidder's Statement immediately. You may not forward or circulate this Bidder's Statement to any other person in Singapore.

Any offer is not made to you with a view to the CI Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire CI Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Notice to Phosphate Shareholders in Malaysia

No approval from the Securities Commission of Malaysia has been or will be obtained in relation to any offer of CI Shares. The CI Shares may not be offered or sold in Malaysia except pursuant to Part I of Schedule 6 of the Malaysian Capital Markets and Services Act.

Disclosure Regarding Forward Looking Statements

This Bidder's Statement includes forward-looking statements that have been based on CI's current expectations and predictions about future events including CI's intentions (which include those set out in Section 6 of this Bidder's Statement). These forward-looking statements are, however, subject to inherent risks, uncertainties and assumptions that could cause actual results, performance or achievements of CI, Phosphate and the Merged Group to differ materially from the expectations and predictions, expressed or implied, in such forward-looking statements. These factors include, among other things, those risks identified in Section 9 of this Bidder's Statement.

You are cautioned not to place reliance on these statements in the event that the outcome is not achieved. The

forward looking statements in this Bidder's Statement reflect views held only at the date of this Bidder's Statement.

Value of CI Shares

The value of the Takeover Offer will vary with the market price of CI Shares. Further information on the value of the Takeover Offer is contained in the Letter from the Chairman of CI Resources Limited on page 5 of this Bidder's Statement and in the Investment Overview on page 9 of this Bidder's Statement. Before accepting the Takeover Offer, Phosphate Shareholders should obtain current quotes for CI Shares from their stockbroker or other financial adviser.

In addition, all references to the implied value of the Takeover Offer are subject to the effects of rounding.

Investment Advice

This Bidder's Statement does not take into account the individual investment objectives, financial situation or particular needs of each Phosphate Shareholder (or any other person). You may wish to seek independent financial and taxation advice before making a decision as to whether or not to accept the Takeover Offer.

Privacy

CI has collected your information from the registers of Phosphate for the purposes of making the Takeover Offer and administering your acceptance over your Phosphate Shares. CI and its share registry may use your personal information in the course of making and implementing the Takeover Offer. CI and its share registry may also disclose your personal information to their related bodies corporate and external service providers and may be required to disclose such information to regulators, such as ASIC and ASX. By submitting an Acceptance Form, you authorise CI to disclose any personal information contained in your Acceptance Form or collected from the register of Phosphate to CI, Phosphate, its share registry and

their related bodies corporate and external service providers (**Collecting Parties**) where necessary, for any purpose in connection with the Takeover Offer, including processing your acceptance of the Takeover Offer and complying with applicable law, the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and any requirements imposed by any Government Authority. Any disclosure of your personal information made for the above purposes will be on a confidential basis and in accordance with the *Privacy Act 1988* (Cth) and all other legal requirements. If you would like details of, or would like to update, information about you held by CI, please contact CI at the address set out in the Corporate Directory.

Defined Terms

A number of defined terms are used in this Bidder's Statement. Unless expressly specified otherwise, defined terms have the meaning given in Section 12 of this Bidder's Statement.

Internet Sites

CI and Phosphate each maintain internet sites. The URL location for CI is <http://www.ciresources.com.au> and for Phosphate is <http://www.cirp.com>. Information contained in or otherwise accessible through these internet sites are not part of this Bidder's Statement. All references to these sites in this Bidder's Statement are for information purposes only.

Estimates and Assumptions

Unless otherwise indicated, all references to estimates, assumptions and derivations of the same in this Bidder's Statement are references to estimates, assumptions and derivations of the same by CI's management. Management estimates reflect and are based on views as at the date of this Bidder's Statement, and actual facts or outcomes may materially differ from those estimates or assumptions.

Effect of Rounding

Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Bidder's Statement may be subject to the effect of rounding. Accordingly, the actual figures may vary from those included in this Bidder's Statement.

Currencies

In this Bidder's Statement, references to "Australian dollars", "AUD", "\$", "A\$" or "cents" are to the lawful currency of Australia.

This Bidder's Statement may contain conversions of relevant currencies to other currencies for convenience. These conversions should not be construed as representations that the relevant currency could be converted into the other currency at the rate used or at any other rate. Conversions that have been calculated at the date of this Bidder's Statement (or any other relevant date) may not correspond to the amounts shown in the historic or future financial statements of CI or Phosphate in respect of which different exchange rates may have been, or may be, used.

Maps and diagrams

Any diagrams and maps appearing in this Bidder's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in charts, maps, graphs and tables is based on information available at the date of this Bidder's Statement.

Queries

You should contact your legal, financial or professional advisor if you are unsure about how to deal with this Bidder's Statement.

If you have any enquires about the Takeover Offer, please contact CI's Company Secretary on +61 8 9489 4444 or your professional financial advisor.

LETTER FROM THE CHAIRMAN OF CI RESOURCES LIMITED

20 October 2014

Dear Phosphate Shareholders,

On behalf of the Directors of CI Resources Limited (**CI**), I am pleased to enclose an offer to acquire all your shares in Phosphate Resources Limited (**Phosphate**).

CI is an ASX listed Perth based company with a high calibre board and supportive shareholder base.

CI is offering to acquire all your shares in Phosphate by way of an off market takeover offer under which you will receive, subject to the terms and conditions of the takeover offer, 40.3 CI Shares for every 1 Phosphate Share you own (**Takeover Offer**).

The Takeover Offer values each Phosphate Share at \$35.06 based on the last traded price for CI Shares prior to the announcement of the Takeover Offer of \$0.87 (8 October 2014). In addition, you will enjoy ASX trading liquidity.

It is important to understand that the number of CI Shares that each Phosphate Shareholder (other than CI) will receive under the Offer is based upon the exact number of Phosphate Shares held proportionately between CI and each minority Phosphate Shareholder. This is why the Offer consideration is an odd number – being 40.3 CI Shares. This means that if you, as a Phosphate Shareholder, currently hold 10,000 Phosphate Shares, which is equal to 0.35% of Phosphate, after the transaction you will hold 403,000 CI Shares, which is equal to 0.35% of the Merged Group – CI and Phosphate. This is called a “merger on equivalent terms”. The Phosphate Board unanimously recommends that Phosphate Shareholders accept the Takeover Offer.

In addition, the members of the Phosphate Board and other key Phosphate Shareholders which together own 13.85% of all Phosphate Shares on issue as at the date of this Bidder's Statement, have advised Phosphate that they intend to accept and/or procure the acceptance of the Takeover Offer in respect of all of the Phosphate Shares that they control.

There are a number of significant benefits to accepting the Takeover Offer:

- You will gain **ASX share trading liquidity**, with improved access to a publicly listed, transparent market to buy and sell CI Shares;
- You will benefit from an **equal playing field** for all shareholders, with one CI Share register with each CI Share of equal value;
- You will benefit from a **simplified ownership and management structure** with a strengthened board and management team – enhancing future growth opportunities; and
- You will become a shareholder in a **larger capitalised company** with improved access to capital, with opportunity to enhance shareholder value.

You will also continue to benefit from the expertise of the Phosphate Board and management team who, together with myself and fellow CI Directors, will form CI's new Board and management team post completion of the Takeover Offer.

The conditions of the Takeover Offer are explained further in Section 1.8(a) of Appendix A, which is conditional on, among other things, there being no Material Adverse Change and no Prescribed Occurrences in relation to Phosphate for the duration of the Offer Period.

I encourage you to read this Bidder's Statement carefully, including the risk factors set out in Section 9, before accepting the Takeover Offer. If CI acquires all of the issued shares in Phosphate, Phosphate Shareholders will then hold approximately 37% (undiluted) of CI. As a new CI Shareholder, you will be able to participate on the same basis as an existing CI Shareholder in the benefits and potential value arising from the combination of CI and Phosphate.

To accept the Takeover Offer, you should follow the instructions on the Acceptance Form enclosed with this Bidder's Statement.

The Takeover Offer is open for your acceptance until 5.00 pm (Perth Time) on 27 November 2014, unless extended or withdrawn.

If you accept the Takeover Offer, and subject to the Offer not being extended or withdrawn, CI anticipates that the CI Shares will be issued to you no later than 18 December 2014.

If you have any questions about the Takeover Offer, please contact your professional financial advisor or contact CI's Company Secretary, Ms Elizabeth Bee Hiang Lee, on +61 8 9489 4444.

Yours sincerely

A handwritten signature in black ink, appearing to be 'David Somerville', with a stylized, looping initial 'D' and a horizontal line extending to the right.

David Somerville
Non-Executive Chairman
CI Resources Limited

KEY DATES

Announcement of Takeover Offer	9 October 2014
Record Date	5.00 pm (Perth time) 20 October 2014
Date of this Bidder's Statement	20 October 2014
Lodgement of this Bidder's Statement with ASIC	20 October 2014
Takeover Offer opens	9.00 am (Perth time) 20 October 2014
Takeover Offer close (unless otherwise extended or withdrawn)	5.00 pm (Perth time) 27 November 2014

CORPORATE DIRECTORY

Directors

Mr David Somerville
(Non-Executive Chairman)

Mr Adrian Joseph Anthony Gurgone
(Non-Executive Director)

Dato Kamaruddin bin Mohammed
(Non-Executive Director)

Mr Tee Lip Sin
(Non-Executive Director)

Mr Tee Lip Jen
(Non-Executive Director)

Company Secretary

Ms Elizabeth Bee Hiang Lee

Proposed Directors

Mr Clive Brown
(Non-Executive Director)

Mr Lai Ah Hong
(Executive Director and CEO)

Mr Chan Khye Meng
(Non-Executive Director)

Mr Phua Siak Yeong
(Executive Director)

Auditor*

Ernst & Young
11 Mounts Bay Road
PERTH WA 6000

CI Resources Limited

6 Thorogood Street
BURSWOOD WA 6100
Phone: +61 8 9489 4444
Facsimile: +61 8 9381 4963

ASX Code: CII

Website:

<http://www.ciresources.com.au>

Australian Solicitors to the Company

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Share Registry for the Takeover Offer*

Computershare Investor Services Pty
Limited
Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000
Phone (within Australia): 1300 787 272
Phone (outside Australia): +61 3 9415 4062

* These entities have been included for information purposes only. They have not been involved in the preparation of this Bidder's Statement.

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1. INVESTMENT OVERVIEW

The information in this Section is intended to provide an overview of CI, the Takeover Offer that CI is making for your Phosphate Shares and the risks you should consider.

The information in this Section 1 is not intended to be comprehensive and should be read in conjunction with the detailed information contained in this Bidder's Statement.

You should read this Bidder's Statement in its entirety and the separate Target's Statement which will be sent to you directly by Phosphate before deciding how to deal with your Phosphate Shares. The detailed terms of the Takeover Offer are set out in Annexure A.

The information in this Section 1 is set out by way of response to a series of questions. CI believes this is the most informative way to provide the information. Each answer has, where appropriate, cross-references to other questions in this Investment Overview and other parts of this Bidder's Statement, including the Annexures, which contain more information that you might find useful or relevant.

Part A of this Investment Overview deals with the Takeover Offer. **Part B** deals with CI, its business and assets and CI securities. **Part C** deals with risks relating to CI, Phosphate, the Takeover Offer and the Merged Group. **Part D** deals with other relevant questions.

If you have any questions about the Takeover Offer, please contact CI's Company Secretary on +61 8 9489 4444, or your professional financial advisor.

PART A – OVERVIEW OF THE TAKEOVER OFFER

No.	Question	Answer	Further information
1.	What is CI offering to buy?	CI is offering to buy all Phosphate Shares (including all Rights attaching to them) that it does not already hold on the terms set out in this Bidder's Statement. You may only accept the Takeover Offer in respect of all (and not some) of Your Phosphate Shares.	Annexure A contains the full terms of the Takeover Offer and the Conditions.
2.	What will you receive if you accept the Takeover Offer?	If you accept the Takeover Offer, subject to satisfaction of the Conditions of the Takeover Offer, you will receive 40.3 CI Shares for every 1 Phosphate Share held by you.	Annexure A contains full terms of the Takeover Offer and the Conditions.

3.	What is the value of the Takeover Offer?	<p>The implied value of the Offer is \$35.06 per Phosphate Share¹.</p> <p>The value of the Takeover Offer may change as a consequence of changes in the market price of CI Shares.</p>	<p>The Letter from the Chairman of CI Resources Limited on page 5 of this Bidder's Statement provides further information in respect of the value of the Takeover Offer.</p>
4.	How long will the Takeover Offer remain open?	<p>The Takeover Offer opens on 20 October 2014. Unless withdrawn or extended in accordance with the Corporations Act, the Takeover Offer is scheduled to close at 5:00 pm (Perth Time) on 27 November 2014.</p>	
5.	Can the Offer Period be extended?	<p>The Offer Period can be extended at CI's election, up to a maximum period of 12 months after the opening date of the Offer Period. Phosphate Shareholders will be provided with written notice of any extension, and the extension will be announced to ASX.</p>	<p>Section 1.2 of Annexure A of this Bidder's Statement contains more information as to the Offer Period.</p>
6.	What choices do I have as a Phosphate shareholder?	<p>As a Phosphate Shareholder, you have the following choices in respect of your Phosphate Shares:</p> <ul style="list-style-type: none"> (a) accept the Takeover Offer; (b) sell all or some your Phosphate Shares outside of the Takeover Offer, but as Phosphate Shares are not listed on any securities exchange, this may be difficult for you to do; or (c) do nothing. 	

¹ 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 Takeover Offer. As the consideration offered under the Takeover Offer comprises CI Shares, the value of the consideration will vary with the market price of CI Shares.

7.	How do I accept the Takeover Offer?	To accept the Takeover Offer, you should follow the instructions set out in this Bidder's Statement and in the enclosed Acceptance Form.	See your Acceptance Form enclosed with this Bidder's Statement and Section 1.4 of Annexure A for further information.
8.	Can I accept the Takeover Offer for part of my holding?	No, you must accept the Takeover Offer for all of your Phosphate Shares.	Section 1.6(c)(i) of Annexure A of this Bidder's Statement.
9.	If I accept the Takeover Offer can I withdraw my acceptance?	You cannot withdraw or revoke your acceptance unless a withdrawal right arises under the Corporations Act. A withdrawal right will arise if, after you have accepted the Takeover Offer, CI varies the Takeover Offer in a way that postpones for more than 1 month the time that CI has to meet its obligations under the Takeover Offer (for example, if CI extends the Offer Period for more than 1 month while the Takeover Offer remains subject to any of the Conditions).	Section 1.6 of Annexure A of this Bidder's Statement contains more information as to the limited circumstances in which you may be able to revoke or withdraw your acceptance. See also Section 1.12 of Annexure A.
10.	What happens if I do not accept the Takeover Offer?	<p>Subject to the explanation below, you will remain a shareholder of Phosphate and will not receive the Takeover Offer Consideration.</p> <p>If you do not accept the Takeover Offer and CI acquires a Relevant Interest in at least 90% of Phosphate Shares and the other conditions of the Takeover Offer are satisfied or waived, CI intends to proceed to compulsorily acquire the outstanding Phosphate Shares. You will be invited to claim the Takeover Offer Consideration. Therefore, accepting the Takeover Offer will result in you receiving your Takeover Offer Consideration sooner if you accept the Takeover Offer, rather than having your Phosphate Shares compulsorily acquired.</p> <p>If the Takeover Offer becomes or is declared unconditional but CI does not become entitled to compulsorily acquire your Phosphate Shares under the</p>	Section 6 of this Bidder's Statement provides more information regarding CI's intentions in the event that it does and does not acquire a Relevant Interest in at least 90% of the Phosphate Shares.

		<p>Corporations Act, unless you sell your Phosphate Shares, you will remain a shareholder in Phosphate.</p> <p>In these circumstances and, depending on the number of Phosphate Shares acquired by CI, you may be a minority Phosphate Shareholder in what will be a less liquid stock as Phosphate will not be listed on the ASX.</p>	
11.	What happens if CI improves the Takeover Offer Consideration?	If CI improves the Takeover Offer Consideration, all the Phosphate Shareholders who accept the Takeover Offer (whether or not they have accepted the Takeover Offer before or after such improvement) will be entitled to the benefit of the improved Takeover Offer Consideration, should the Takeover Offer become or be declared unconditional.	This is a requirement of, and governed by, the Corporations Act.
12.	Are there conditions to the Takeover Offer?	<p>The Takeover Offer is subject to the Conditions set out in Section 1.8 of Annexure A and include (amongst others):</p> <p>(a) that no "Prescribed Occurrences" occur in respect of Phosphate; and</p> <p>(b) that no Material Adverse Change occurs in relation to Phosphate.</p>	Section 1.8 of Annexure A to this Bidder's Statement sets out the Conditions in full.
13.	What if the Conditions are not satisfied or waived?	If the Takeover Offer closes and the Conditions are not satisfied or waived, the Takeover Offer will lapse, and your acceptance will be void. In other words, you will continue to hold Your Phosphate Shares (unless you otherwise sell them). CI will announce whether the Conditions have been satisfied or waived during the Offer Period in accordance with its obligations under the Corporations Act.	Annexure A to this Bidder's Statement sets out further information.
14.	Will my new CI Shares be listed on ASX?	Within 7 days of the date of this Bidder's Statement, CI will apply to ASX for Official Quotation of the new CI Shares to be issued as Takeover Offer Consideration. Quotation of the CI Shares issued pursuant to the Offer depends on	Section 4.8 of this Bidder's Statement contains more information in relation to the admission of

		ASX exercising its discretion to admit them to quotation on ASX.	Takeover Offer Consideration to trading on the ASX.
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PART B – OVERVIEW OF CI

No.	Question	Answer	Further information
1.	Who is CI?	<p>CI listed on the ASX on 24 July 1987 as an investment company.</p> <p>CI currently holds a 63.05% interest in Phosphate, an unlisted Australian public company whose principal activity is mining, processing and sale of phosphate rock and phosphate dust from its 100%-owned phosphate mine on Christmas Island.</p> <p>On 9 October 2014, CI announced its intention to acquire all of the shares in Phosphate that it does not already own.</p> <p>Following successful completion of the merger, CI intends to continue to focus on its core investment activities of phosphate mining and palm oil plantation investments.</p>	Sections 3, 4, 7, 9 and 10 of this Bidder's Statement contain more information about CI's assets, financial position, details of CI securities currently on issue and the risks that may apply to an investment in CI.
2.	What rights and liabilities will attach to my new CI Shares?	The new CI Shares issued under the Takeover Offer will be issued fully paid and will from the time of issue rank equally with existing CI Shares.	Section 4.9 of this Bidder's Statement contains more information about the rights and liabilities attaching to CI Shares.
3.	Who are the CI Directors and what experience do they have?	<p>The Directors of CI are:</p> <ul style="list-style-type: none"> (a) Mr David Somerville – Non-Executive Chairman; (b) Mr Adrian Joseph Anthony Gurgone – Non-Executive Director; (c) Dato Kamaruddin bin Mohammed – Non-Executive Director; (d) Mr Tee Lip Sin – Non-Executive Director; and (e) Mr Tee Lip Jen – Non-Executive Director. <p>Upon successful completion of the Takeover Offer, the CI Board will be reconstituted by four (4) nominees of Phosphate being appointed.</p> <p>The Proposed Directors will be</p>	Sections 3.4 and 3.5 of this Bidder's Statement contain further information in relation to the expertise of the CI Directors and the Proposed Directors.

		<p>current members of the Phosphate Board who are not already Directors of CI, being:</p> <p>(a) Mr Clive Brown – Non-Executive Director;</p> <p>(b) Mr Lai Ah Hong – Executive Director and CEO;</p> <p>(c) Mr Chan Khye Meng – Non-Executive Director; and</p> <p>(d) Mr Phua Siak Yeong – Executive Director.</p>	
4.	<p>Do the CI Directors or Proposed Directors have any securities in, or potential conflicts of interest in relation to, Phosphate?</p>	<p>Dato Kamaruddin bin Mohammed, Mr Tee Lip Sin and Mr Tee Lip Jen are each a common director of both CI and Phosphate.</p> <p>Mr Tee Lip Sin is also a major shareholder of CI (by virtue of his shareholding interest in Prosper Trading Sdn Bhd) and a shareholder of Phosphate.</p> <p>Mr Tee Lip Sin is a director and shareholder of Prosper Trading Sdn Bhd, which holds an interest in 19.99% of CI Shares.</p> <p>Dato Kamaruddin bin Mohammed, Mr Tee Lip Sin and Mr Tee Lip Jen have, and will continue to, abstain from deliberating and voting at CI and Phosphate board meetings on the Takeover Offer (other than to the extent necessary for the directors of CI to approve this Bidder's Statement by unanimous resolution in accordance with section 637(1) of the Corporations Act).</p> <p>At the date of this Bidder's Statement, other than Dato Kamaruddin bin Mohammed, Mr Tee Lip Sin and Mr Tee Lip Jen, no Director holds or has an interest in any securities in, or has any potential conflicts of interests in relation to, Phosphate.</p> <p>The Proposed Directors, at the date of this Bidder's Statement, have total interests in 2.38% of Phosphate Shares, but do not have any potential conflicts of interest in relation to Phosphate.</p>	<p>Section 10.8 of this Bidder's Statement contains further information in relation to the shareholdings of the CI Directors in Phosphate.</p>
5.	<p>Do the CI Directors or Proposed Directors and</p>	<p>The CI Directors have the following interests in CI securities:</p> <p>(a) Mr David Somerville does not have an interest in CI Shares;</p>	<p>Sections 4.6 and 10.8 of this Bidder's Statement</p>

	<p>management have any interest in CI securities?</p>	<p>(b) Mr Adrian Joseph Anthony Gurgone does not have an interest in CI Shares;</p> <p>(c) Mr Dato Kamaruddin bin Mohammed does not have an interest in CI Shares;</p> <p>(d) Mr Tee Lip Sin has an interest in 14,566,876 CI Shares; and</p> <p>(e) Mr Tee Lip Jen does not have an interest in CI Shares.</p> <p>The Proposed Directors have the following interests in CI securities:</p> <p>(a) Mr Clive Brown does not have an interest in CI Shares;</p> <p>(b) Mr Lai Ah Hong has an interest in 1,702,988 CI Shares;</p> <p>(c) Mr Chan Khye Meng has an interest in 31,818 CI Shares; and</p> <p>(d) Mr Phua Siak Yeong does not have an interest in CI Shares.</p>	<p>contains further information in relation to the shareholdings of the CI Directors and the Proposed Director in CI.</p>
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PART C – OVERVIEW OF RISKS

No.	Question	Answer	Further information
1.	Are there risks if I accept the Takeover Offer?	<p>Yes, if you accept the Takeover Offer, and it becomes unconditional, you will be issued new CI Shares and CI will acquire all of the Phosphate Shares it does not already hold. There are risks in holding CI Shares.</p> <p>The financial and operational performance of CI's business, and the value and trading prices for CI Shares will be influenced by a range of risks. Many of these risks are beyond the control of CI's Board and management.</p> <p>Section 9 of this Bidder's Statement provides a detailed explanation of these risks. Specifically it deals with:</p> <p>(a) risks relating to the Takeover Offer; and</p> <p>(b) risks that relate to CI and Phosphate as the Merged Group.</p>	<p>See Section 9 of this Bidder's Statement which contains full details in respect of each of the risks.</p>

PART D – OTHER RELEVANT QUESTIONS

No.	Question	Answer	Further information
1.	When will you receive your consideration?	<p>If you accept the Takeover Offer, CI will issue you CI Shares as consideration for your Phosphate Shares on or before the earlier of:</p> <p>(a) one month after you have validly accepted the Takeover Offer or the contract resulting from its acceptance has become unconditional (whichever is later); and</p> <p>(b) 21 days after the end of the Offer Period,</p> <p>provided that you have provided all documents required for acceptance of the Offer with your acceptance.</p>	<p>Section 1.7 of Annexure A of this Bidder's Statement contains more information as to when your new CI Shares will be issued to you.</p>
2.	Will I need to pay any transaction costs if I accept the Takeover Offer?	<p>You will not incur any brokerage fees or be obliged to pay stamp duty or GST in connection with your acceptance of the Takeover Offer.</p>	<p>Section 1.14 of Annexure A of this Bidder's Statement contains more information in respect of a Phosphate Shareholder's costs incurred by accepting the Takeover Offer. See also the instructions on the Acceptance Form enclosed with this Bidder's Statement.</p>
3.	What are the tax implications of accepting the Takeover Offer?	<p>A general summary of the Australian tax consequences for Phosphate Shareholders who accept the Takeover Offer is set out in Section 8. This summary is expressed in general terms only and is not intended to provide taxation advice for your specific circumstances. Phosphate Shareholders should seek their own taxation advice in relation to the Takeover Offer.</p>	<p>Section 8 of this Bidder's Statement sets out further information.</p>

2. WHY YOU SHOULD ACCEPT THE OFFER

CI believes you should **ACCEPT** the Takeover Offer for the following reasons:

1. **You will gain ASX share trading liquidity.**
2. **You will benefit from an equal playing field for all shareholders.**
3. **You will benefit from a simplified ownership and management structure with strengthened board and management team.**
4. **You will become a shareholder in a larger capitalised company with improved access to capital.**
5. **Phosphate Board unanimously recommends that you accept the Takeover Offer.**
6. **Key Phosphate Shareholders who own 13.85% of the Phosphate Shares on issue intend to accept the Takeover Offer.**
7. **You may be eligible for capital gains tax rollover relief.**

The above is only a headline summary of some of the reasons why you should accept the Takeover Offer. Each of the reasons is explained below.

If you wish to accept this Takeover Offer, you must return the signed Acceptance Form by 5:00 pm (Perth Time) on 27 November 2014.

2.1 You will gain ASX share trading liquidity

Since CI is ASX listed and CI is offering to issue CI Shares as consideration for Your Phosphate Shares, you will, if you accept the Offer, gain the ability to trade the CI Shares that you receive as Takeover Offer Consideration on ASX should the Takeover Offer be successful (subject to any trading restrictions that may apply to your CI Shares).

Gaining share trading liquidity on ASX provides shareholders with improved access to a publicly listed, transparent market to buy and sell CI Shares and has been a key objective of Phosphate's Board for several years. This Takeover Offer provides you the opportunity to realise this objective and associated benefits.

2.2 You will benefit from an equal playing field for all shareholders

Upon successful completion of the Offer, you will benefit from an equal playing field for all CI Shareholders, with one CI Share register and each CI Share being of equal value.

2.3 You will benefit from a simplified ownership and management structure with a strengthened board and management team

Following the Takeover Offer you will continue to benefit from the expertise of the Phosphate Board and management team and will also benefit from the additional expertise of CI's Directors (see further Section 3.4).

The Phosphate Board has considerable commercial and industry expertise (refer to Section 5.4 for further details) which will complement and strengthen the CI Board and management team responsible for maximising the value of your investment post Takeover Offer.

In addition to this, you will also benefit from the expertise of the current CI Directors who, together with the Proposed Directors, will form CI's new

strengthened Board and management team post completion of the Takeover Offer.

A simplified management and ownership structure will provide access to a single Board of Directors and continuity of management and all personnel across all levels of the business.

2.4 You will become a shareholder in a larger capitalised company with improved access to capital

By accepting the Takeover Offer and it becoming unconditional, you will become a shareholder of a company with an enhanced balance sheet and improved access to capital for funding growth given its ASX listing.

2.5 The Phosphate Board unanimously recommends that you accept the Takeover Offer

The Phosphate Board unanimously recommends that Phosphate Shareholders accept the Takeover Offer. This unanimous recommendation is contained in the Target's Statement enclosed with this Bidder's Statement.

The members of the Phosphate Board have also indicated that they intend to accept and/or procure the acceptance of the Takeover Offer in respect to all of the Phosphate Shares that they control.

2.6 Key Phosphate Shareholders who own 13.85% of the Phosphate Shares on issue intend to accept the Takeover Offer

Members of the Phosphate Board and other key Phosphate Shareholders, which together own 13.85% of all of the Phosphate Shares on issue as at the date of this Bidder's Statement, have advised Phosphate that they intend to accept the Takeover Offer in respect of their own holdings.

2.7 You may be eligible for capital gains tax rollover relief

Phosphate Shareholders may have access to scrip for scrip rollover relief, in which case you will not incur capital gains tax (**CGT**) as a result of accepting the Takeover Offer.

Should the Takeover Offer be successful and result in CI becoming the holder of 80% or more of the voting shares in Phosphate as at the close of the Offer Period, Phosphate Shareholders who would otherwise make a capital gain from the disposal of their Phosphate Shares pursuant to the Takeover Offer may be able to choose to obtain full scrip for scrip rollover relief.

If scrip for scrip rollover relief is available and is chosen by Phosphate Shareholders who would otherwise have made a capital gain on the disposal of their Phosphate Shares under the Takeover Offer, all of the capital gain from the disposal may be disregarded.

However, Phosphate Shareholders may be subject to capital gains tax as a result of a later taxable event (such as a disposal) happening to the CI Shares received as consideration under the Takeover Offer.

Please refer to Section 8 for more information.

3. PROFILE OF CI RESOURCES LIMITED

3.1 Overview of CI

CI was incorporated on 18 June 1987 and was admitted to the Official List of the ASX on 24 July 1987. CI is primarily an investment company and holds a 63.05% interest in Phosphate.

3.2 Corporate Information

CI was registered as a public company in Victoria as Asset Backed Securities Limited on 18 June 1987 under the Corporations Act. The Company changed its name to Asset Backed Holdings Limited on 16 January 1997 and subsequently changed its name to CI Resources Limited on 9 June 2005.

CI has one subsidiary, being Phosphate, in which it holds a 63.05% interest.

3.3 Overview of CI's Activities

This Section 3 contains a summary of CI's activities. Further information can be found on CI's website, <http://www.ciresources.com.au>.

CI currently holds a 63.05% interest in Phosphate.

The principle activities of CI (via its interest in Phosphate) are:

- (a) mining, processing and sale of phosphate rock, phosphate dust and chalk;
- (b) providing earthmoving, fuel pilotage, maintenance and stevedoring services to other Christmas Island organisations; and
- (c) running a palm oil estate, processing and sale of palm oil products.

Details of Phosphate's assets are set out in Section 5.6 of this Bidder's Statement.

CI does not have an interest in any other entities or assets.

3.4 Directors and key personnel of CI

Details of the responsibilities and experience of the CI Directors (as at the date of this Bidder's Statement) are set out in CI's 2014 Annual Financial Report, a copy of which is available on request or from CI's website <http://www.ciresources.com.au>.

A brief summary of the CI Board and key personnel, as at the date of this Bidder's Statement, is set out below.

Mr David Somerville – Non-Executive Chairman

Mr Somerville holds a Bachelor of Business degree from Curtin University and a Master of Business Administration from Deakin University. He is an Associate member of CPA Australia and a Fellow of the Australian Institute of Management. Mr Somerville has an accounting background having been a senior partner in a large Western Australian accounting practice, before establishing a financial services company which listed on the ASX in 2007. He has over 25 years' experience in a corporate capacity across a number of

companies and a number of industry sectors including financial, resources and property development.

Mr David Somerville is currently also Chairman of Questus Limited (ASX: QSS).

Mr Adrian Joseph Anthony Gurgone – Non-Executive Director

Mr Gurgone is an experienced Chartered Accountant and MBA with significant experience in reporting to boards. In senior roles with Deloitte Consulting along with a top-tier consulting firm, he has advised multinational and mid-cap organisations across a variety of industries globally. In 2007, Mr Gurgone established a boutique management consultancy and investment firm which has grown quickly to service several ASX listed organisations, in addition to federal government and not for profit agencies.

His experience encompasses financial and business analysis, risk management and corporate governance in a variety of industries including mining and resources, education, telecommunications, services and materials. Adrian has also assisted several boards in Australia and overseas in improving organisational performance and in capital allocation.

Adrian is currently the Chairman for Fortis Consulting and the Chief Investment Officer for Fortis Capital.

Dato Kamaruddin bin Mohammed – Non-Executive Director

Dato Kamaruddin is a business and finance graduate and a Senior Fellow of Financial Services Institute of Australasia. He has had an extensive business career with Pelaburan Mara Berhad (formerly known as Amanah Saham Mara Berhad) retiring as Group Managing Director in 2008. He has had considerable experience with the palm oil industry and is currently Chairman of the Malaysian listed palm oil group Far East Holdings Berhad. He is also the Chairman of Pascorp Paper Industries Berhad and Director of Amanah Saham Pahang Berhad and YTL Cement Berhad.

Currently, Dato Kamaruddin bin Mohammed is a non-executive director of Phosphate.

Mr Tee Lip Sin – Non-Executive Director

Mr Tee Lip Sin holds a Bachelor of Arts in Business Administration (Human Resources Management) from the University of Wales, an Associate Diploma in Business from Curtin University and post-graduate Executive Diploma in Plantation Management from the University of Malaya. He has been involved in palm oil milling and management of palm oil plantations since 1995. He also has experience in operating 35,000 acres of plantation in Indonesia.

Currently, Mr Tee Lip Sin is a non-executive director of Phosphate and is also the executive director for the Prosper Group of Companies.

Mr Tee Lip Jen– Non-Executive Director

Mr Tee holds a Bachelor of Mechanical Engineering from the Royal Melbourne Institute of Technology. Since graduating from Australia, Lip Jen started his career as a Process Engineer in the manufacturing industry for 2 years before expanding his experience as a Project Engineer in a refinery plant specialising in producing downstream palm oil products.

He is currently the Assistant Chief Engineer in charge of overseeing engineering and production activities in seven palm oil mills with an estimated production output of 350,000 metric tonnes of crude palm oil per year. Apart from managing the daily activities in palm oil mills, he is also in charge of overseeing three palm oil plantation estates located in Negeri Sembilan, Malaysia with an estimated acreage of 3,400 acres.

Currently, Mr Tee Lip Jen is a non-executive director of Phosphate.

3.5 Reconstitution of CI Board

CI and Phosphate agreed that four (4) Phosphate nominees would be appointed to the CI Board upon successful completion of the Takeover Offer. Consequently, it is proposed that the following Proposed Directors will join the CI Board upon successful completion of the Takeover Offer:

- (a) Mr Clive Brown – Non-Executive Director;
- (b) Mr Lai Ah Hong – Executive Director and Chief Executive Officer;
- (c) Mr Chan Khye Meng – Non-Executive Director; and
- (d) Mr Phua Siak Yeong – Executive Director.

A brief summary of the qualifications and experience of the Proposed Directors is set out below:

Mr Clive Brown – Non-Executive Director

Mr Brown is the former Minister for State Development in Western Australia. He was previously a director of Phosphate from 1992 to 1999 and has held a variety of company directorships. Since leaving the Parliament in 2005 he has been an advisor to a range of mining companies and has undertaken enquiries and reviews for the WA State and Federal Governments.

Mr Lai Ah Hong – Executive Director and Chief Executive Officer

Mr Lai has had extensive experience in private enterprise on Christmas Island as well as with the union movement. Mr Lai is a former president of the Union of Christmas Island Workers and has been involved in the phosphate industry for 27 years. He was also a founding director of Phosphate in 1991.

Mr Chan Khye Meng – Non-Executive Director

Mr Chan is active in the Christmas Island community as a member of the Poon Saan Club and the Chinese Literary Association. Mr Chan, who has lived on Christmas Island for 29 years, is the managing director of his own company on Christmas Island.

Mr Phua Siak Yeong – Executive Director

Mr Phua graduated from the University of Malaysia with first class honours degree in Chemical Engineering. He obtained his MBA from the same university in 1990. He worked at Esso Singapore after graduation and then as a Marketing Executive for Bulk Chemicals Sdn Bhd from 1979 to 1983. He joined the Hong Leong Group in Malaysia in 1983, involved in motorcycle manufacturing. Mr Phua retired in 2008 from the Hong Leong Group.

3.6 Senior Management

Upon the Takeover Offer becoming or being declared unconditional, it is proposed that Mr Lai Ah Hong will be appointed as the Chief Executive Officer of the Merged Group. A brief summary of the qualifications and experience of Mr Lai Ah Hong is set out in section 3.5 of this Bidder's Statement.

3.7 Relationship with Phosphate

CI has a controlling interest in Phosphate and as at the date of this Bidder's Statement holds 1,808,580 Phosphate Shares. CI is the largest shareholder in Phosphate with a relevant interest of 63.05% in the Phosphate Shares.

3.8 Conditions to the Takeover Offer

The defeating conditions to the Takeover Offer are set out in Section 1.8(a) of Annexure A to this Bidder's Statement. In respect of the Conditions, as the date of this Bidder's Statement, CI has not formed an opinion as to whether it will waive the Conditions.

3.9 Financial Performance

(a) Basis of Presentation of Historical Financial Information

The historical financial information below relates to CI on a stand-alone basis and accordingly does not reflect any impact of the Offer. It is a summary only and the full financial accounts of CI for the financial period described below, which includes the notes to the financial accounts, are available in CI's annual reports for the years ended 30 June 2012, 30 June 2013 and 30 June 2014. Copies of these annual reports are available at <http://www.ciresources.com.au> and also the ASX website.

(b) Historical Financial Information of CI

(i) Consolidated Statement of Financial Position

The historical consolidated statements of financial position of CI are set out below and have been extracted from the audited consolidated statements of financial position for the financial years ended 30 June 2012, 30 June 2013 and 30 June 2014, being the last three audited consolidated statements of financial position prior to the date of this Bidder's Statement.

(ii) Consolidated Statement of Comprehensive Income

The historical consolidated statement of comprehensive income of CI, are set out below and have been extracted from the audited consolidated statement of comprehensive income for the financial years ended 30 June 2012, 30 June 2013 and 30 June 2014, being the last three audited financial statements prior to the date of this Bidder's Statement.

3.10 CI Consolidated Statement of Financial Position

	2012 \$'000s	2013 \$'000s	2014 \$'000s
CURRENT ASSETS			
Cash and cash equivalents	36,606	40,582	45,783
Term deposits	-	-	7,421
Trade and other receivables	29,486	22,994	18,249
Derivative financial assets	384	-	-
Inventories	12,106	9,920	14,492
Prepayments	-	2,769	2,040
Income tax receivable	-	449	1,209
TOTAL CURRENT ASSETS	78,582	76,714	89,194
NON-CURRENT ASSETS			
Other financial assets	13,016	14,855	9,173
Property, plant & equipment	45,003	51,526	57,578
Goodwill	7,158	7,158	7,158
Biological assets	11,135	11,231	10,581
Deferred tax assets	6,549	7,831	7,184
TOTAL NON-CURRENT ASSETS	82,861	92,601	91,674
TOTAL ASSETS	161,443	169,315	180,868
CURRENT LIABILITIES			
Trade and other payables	10,137	10,536	12,770
Borrowings	5,599	5,904	5,779
Income tax payable	6,307	877	-
Provisions	5,814	6,636	5,729
TOTAL CURRENT LIABILITIES	27,857	23,953	24,278
NON-CURRENT LIABILITIES			
Borrowings	9,863	5,446	36
Deferred tax liabilities	10,424	10,337	10,530
Provisions	16,162	17,778	18,992
TOTAL NON-CURRENT LIABILITIES	36,449	33,561	29,558
TOTAL LIABILITIES	64,306	57,514	53,836
NET ASSETS	97,137	111,801	127,032
EQUITY			
Contributed equity	17,970	17,970	17,970
Reserves	1,653	11,212	10,092

Retained earnings	29,181	41,386	51,894
	48,804	70,568	79,956
Non-controlling interest	48,333	41,233	47,076
TOTAL EQUITY	97,137	111,801	127,032

3.11 CI Consolidated Statement of Comprehensive Income

	2012 \$'000s	2013 \$'000s	2014 \$'000s
REVENUE	137,292	154,621	151,601
Cost of sales	(87,272)	(102,822)	(108,789)
GROSS PROFIT	50,020	51,799	42,812
Other income	1,220	842	328
Other expenses	(15,689)	(16,909)	(16,146)
Finance costs	(1,511)	(1,048)	(976)
PROFIT BEFORE INCOME TAX	34,040	34,684	26,018
Income tax expense	(11,168)	(10,322)	(7,756)
PROFIT FOR THE PERIOD AFTER INCOME TAX	22,872	24,362	18,262

Other comprehensive income:

Items that may be reclassified subsequently to profit or loss:

Net currency translation differences	(173)	4,392	(1,778)
Other comprehensive income for the year	(173)	4,392	(1,778)
Total comprehensive income for the year	22,699	28,754	16,484

Profit is attributable to:

Non-controlling interest	11,554	11,428	7,025
Members of CI Resources Limited	11,318	12,934	11,237
	22,872	24,362	18,262

Total comprehensive income for the year is attributable to:

Non-controlling interest	11,554	13,020	6,368
Members of CI Resources Limited	11,145	15,734	10,116
	22,699	28,754	16,484

(a) **Forecast Information**

CI's future financial performance is dependent on a range of factors, many of which are beyond CI's control. Accordingly, CI's Directors have concluded that forecast financial information would be misleading to provide, as a reasonable basis does not exist for providing forecasts that would be sufficiently meaningful and reliable as required by applicable Australian law, policy and market practice.

Further information is available on CI's financial performance from its financial reports. Copies of these reports are available from CI's website <http://www.ciresources.com.au>.

(b) **Material changes in CI's financial net asset position since last published accounts**

There have been no material changes to CI's financial net position.

3.12 Corporate Governance

The CI Board seeks, where appropriate, to provide accountability levels that meet or exceed the ASX Corporate Governance Council's Principles and Recommendations (third edition).

Details on CI's corporate governance procedures, policies and practices can be obtained from CI's website <http://www.ciresources.com.au>.

3.13 Phosphate Board Recommendation

The Phosphate Board has welcomed the Takeover Offer and has indicated that they intend to accept and/or procure the acceptance of the Offer in respect of all of the Phosphate Shares that they control and will unanimously recommend that Phosphate Shareholders accept the Takeover Offer.

3.14 Further Information

Due to the fact that CI is offering CI Shares as consideration for the acquisition of Phosphate Shares, the Corporations Act requires that this Bidder's Statement must include all information that would be required for a prospectus for an offer of CI Shares under Sections 710 to 713 of the Corporations Act.

CI is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. CI is subject to the ASX Listing Rules which require continuous disclosure of any information CI has concerning itself that a reasonable person would expect to have a material effect on the price or value or its securities.

ASX maintains files containing publicly disclosed information about all listed companies. CI's file is available for inspection at ASX during normal business hours.

CI is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by CI may be obtained from, or inspected at, an ASIC office.

On request to CI and free of charge, Phosphate Shareholders may obtain a copy of:

- (a) the annual financial report of CI for the year ended 30 June 2014 (being the annual financial report most recently lodged with ASIC before lodgement of this Bidder's Statement with ASIC);
- (b) any half-year financial report lodged with ASIC by CI after the lodgement of the annual financial report referred to above and before lodgement of this Bidder's Statement with ASIC; and
- (c) any continuous disclosure notice given to ASX by CI since the lodgement with ASIC of the 2014 annual report for CI referred to above and before lodgement of this Bidder's Statement with ASIC.

A list of the announcements that CI has lodged with ASX since 1 July 2014 is set out in Annexure B to this Bidder's Statement.

A substantial amount of information about CI is also available in electronic form from <http://www.ciresources.com.au> and on the ASX website.

4. INFORMATION ON CI'S SECURITIES

4.1 CI Shares

As at the date of this Bidder's Statement, CI has 72,874,102 Shares on issue.

4.2 CI Options

As at the date of this Bidder's Statement, CI has no Options on issue.

4.3 Trading of CI Shares

Set out below is a table showing relevant trading prices of CI Shares on ASX:

Comparative trading period	Price of CI Shares
Highest trading price on 22 & 23 September 2014 in the 4 months prior to the date this Bidder's Statement was lodged with ASIC	\$0.95
Lowest trading price on 23 to 30 June 2014 and 1 to 8, 22 to 23 July 2014 in the 4 months prior to the date this Bidder's Statement was lodged with ASIC	\$0.83
Closing trading price on the last trading day before the date CI announced the Takeover Offer	\$0.87
Last available closing sale price of CI Shares (as at 17 October 2014) on ASX prior to the date this Bidder's Statement was lodged with ASIC	\$0.88
30-day VWAP of CI Shares to and including the Announcement Date	\$0.92

4.4 Dividend History

CI has a strong history of paying annual dividends. Following the Takeover Offer, CI expects to continue to pay dividends.

4.5 Changes to Capital

The effect of the Takeover Offer on the capital of CI is set out below, assuming no other CI Shares issued other than as contemplated by this Bidder's Statement.

	Shares¹	Options
Current Issued Capital	72,874,102	Nil
Takeover Offer	42,707,005	Nil
Total Post Merger	115,581,107	Nil

Notes:

1. The rights attaching to CI Shares are summarised in Section 4.9 of this Bidder's Statement and based on CI's Constitution.

4.6 Shareholders of CI

As at 20 August 2014, and as disclosed in the CI annual financial report for the period ended 30 June 2014, the top 20 shareholders of CI were:

Rank	CI Shareholder	Number of CI Shares	% of CI issued share capital ¹
1	Citicorp Nominees Pty Limited	34,308,867	47.08%
2	Keen Strategy Sdn Bhd	12,600,000	17.29%
3	Prosper Trading Sdn Bhd	11,616,000	15.94%
4	Mr Willy See Khiang Teo	2,866,476	3.92%
5	Kluang Pty Ltd	1,280,988	1.76%
6	HSBC Custody Nominees (Australia) Limited	847,678	1.16%
7	Ms Mee Yuen Yong	835,572	1.15%
8	Rivertree Pty Ltd <The Phoneix Account>	711,293	0.98%
9	Mr Philip Tuck Sang Woo	605,715	0.83%
10	Mr Hang Phoo Tan	500,000	0.69%
11	Mr Ah Hong & Mrs Wai Ching Lai & Mr Weng Kin Lai <Lai Super Fund A/C>	422,000	0.58%
12	Mr Xu Yi Hai	378,657	0.52%
13	Fullong Worldwide Limited	311,750	0.43%
14	Great Pioneer Consultants Ltd	311,750	0.43%
16	Amit's Enterprises Pty Ltd <Sandhu Super Fund A/C>	350,000	0.48%
15	ARP Holdings Pty Ltd <Executive Super Plan A/C>	300,000	0.41%
17	KSL Super Pty Ltd <KSL Family Super Fund A/C>	210,000	0.29%
18	Mr Masli Sadiran	207,000	0.28%
19	DBS Vickers Securities (Singapore) Pte Ltd <Client Account>	190,000	0.26%
20	Vison Pty Ltd <Philip Garratt Family A/C>	163,000	0.22%
	TOTAL TOP 20 SHAREHOLDERS	69,016,746	94.70%

Notes:

- Actual voting power may differ from that shown above as there is no obligation to publicly disclose changes in voting power of less than 1%.

The top 20 holders of ordinary fully paid shares hold 69,016,746 CI Shares.

As at the date of this Bidder's Statement, the directors of CI have a relevant interest in 14,566,876 CI Shares, being approximately 19.99% of the total number of CI Shares on issue. The individual relevant interests held by each director are broken down as follows:

Director	CI Shares	Options ²
Mr David Somerville	Nil	Nil
Mr Adrian Joseph Anthony Gurgone	Nil	Nil
Dato Kamaruddin bin Mohammed	Nil	Nil
Mr Tee Lip Sin	14,566,876 ¹	Nil
Mr Tee Lip Jen	Nil	Nil

Notes:

1. Indirect interest held via Prosper Trading Sdn Bhd of which Mr Tee Lip Sin is a director and shareholder.
2. CI does not currently have any options on issue.

As at the date of this Bidder's Statement, the Proposed Directors have a relevant interest in 1,734,806 CI Shares, being approximately 2.38% of the total number of CI Shares on issue. The individual relevant interests held by each Proposed Director are broken down as follows:

Director	CI Shares	Options ²
Mr Clive Brown	Nil	Nil
Mr Lai Ah Hong	1,702,988	Nil
Mr Chan Khye Meng	31,818	Nil
Mr Phua Siak Yeong	Nil	Nil

The interests of CI Directors and the Proposed Directors in Phosphate securities are set out in Section 10.8.

4.7 Effect on Substantial Shareholders

The acquisition of Phosphate will impact the substantial shareholders of CI. Based on current shareholdings, the table below summarises the expected substantial shareholders of CI on completion of the Takeover Offer.

Name	Number of CI Shares held post completion of the Takeover Bid	Relevant Interest
Citicorp Nominees Pty Limited	34,308,867	29.68%
Prosper Trading Sdn Bhd	14,566,876	12.60%
Keen Strategy Sdn Bhd	12,600,000	10.90%

Note:

1. The above table has been drafted on the basis of a number of assumptions that may or may not eventuate. As such the actual Shareholdings of the parties on completion of the Takeover Offer may vary.

4.8 Admission of Takeover Offer Consideration

CI Shares are admitted to trading on the Official List of ASX. CI will lodge an application for admission to quotation of the Shares comprising the Takeover Offer Consideration to trading on ASX. Quotation will not be automatic and will depend upon ASX exercising its discretion. Nothing in this Bidder's Statement is to be taken to state or imply that the CI Shares issued as Takeover Offer Consideration will be quoted on ASX. However, quotation is expected in the ordinary course as CI is already admitted to the Official List of ASX.

As CI is listed on ASX, CI actions and activities are subject to the ASX Listing Rules.

4.9 Rights and Liabilities of CI Shares

The CI Shares offered to Phosphate Shareholders under the Takeover Offer are fully paid ordinary shares in the capital of CI, and from the date of their issue will rank equally with all then existing CI Shares and will have the same rights and liabilities attaching to them.

The rights and liabilities attaching to CI Shares are governed by the Constitution of CI, the Corporations Act, ASX Listing Rules, ASX Settlement Operating Rules and the general law of Australia.

Under Section 140(1) of the Corporations Act, the Constitution of CI has effect as a contract between CI and each member and between a member of CI and each other member. Accordingly, if you accept the Takeover Offer, you will have agreed to accept the CI Shares to which you are entitled pursuant to your acceptance of the Takeover Offer, and as a result, will become liable to comply with the Constitution.

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Bidder's Statement. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Further details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

CI Shareholders are entitled to attend and vote at general meetings of CI, in person, or by proxy, attorney or representative.

For so long as CI remains a listed entity, CI Shareholders will be entitled to receive at least 28 days' prior written notice of any proposed general meeting.

CI Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of shareholders or a class of shareholders:

- (i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a CI Shareholder or a proxy, attorney or representative of a CI Shareholder has one vote; and
- (iii) on a poll, every person present who is a CI Shareholder or a proxy, attorney or representative of a CI Shareholder shall, in respect of each fully paid CI Share held by him or her, or in respect of which he or she is appointed a proxy, attorney or representative, have one vote for each CI Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such CI Shares registered in the CI Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend rights**

Subject to the rights of any preference CI Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the CI Board may from time to time declare a dividend to be paid to the CI Shareholders entitled to the dividend which shall be payable on all CI Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such CI Shares.

The CI Board may also from time to time pay to the CI Shareholders such interim dividends as the Board may determine.

No dividend shall carry interest as against CI. The CI Board may set aside out of the profits of CI any amounts that they may determine as reserves, to be applied at the discretion of the CI Directors, for any purpose for which the profits of CI may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act CI may, by resolution of the directors, implement a dividend reinvestment plan and a dividend selection plan on such terms and conditions as the directors think fit. The CI Directors may amend, suspend or terminate any dividend reinvestment plan or dividend selection plan implemented by them.

(d) **Winding-up**

If CI is wound up, the liquidator may, with the authority of a special resolution, divide among the CI Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the CI Shareholders or different classes of CI Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no CI Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the CI Shares offered as consideration under the Takeover Offer will be fully paid shares, they will not be subject to any calls for money by the CI Board and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new CI Shares is under the control of the CI Directors. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the CI Directors may issue CI Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

The rights attaching to CI Shares may only be varied or cancelled by the sanction of a special resolution passed at a meeting of CI Shareholders or with the written consent of holders of three quarters of all Shares on issue. A special resolution is passed only where approved by at least 75% of all votes cast (and entitled to be cast) on the resolution at the meeting.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of Constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting.

5. PROFILE OF PHOSPHATE RESOURCES LIMITED

5.1 Disclaimer

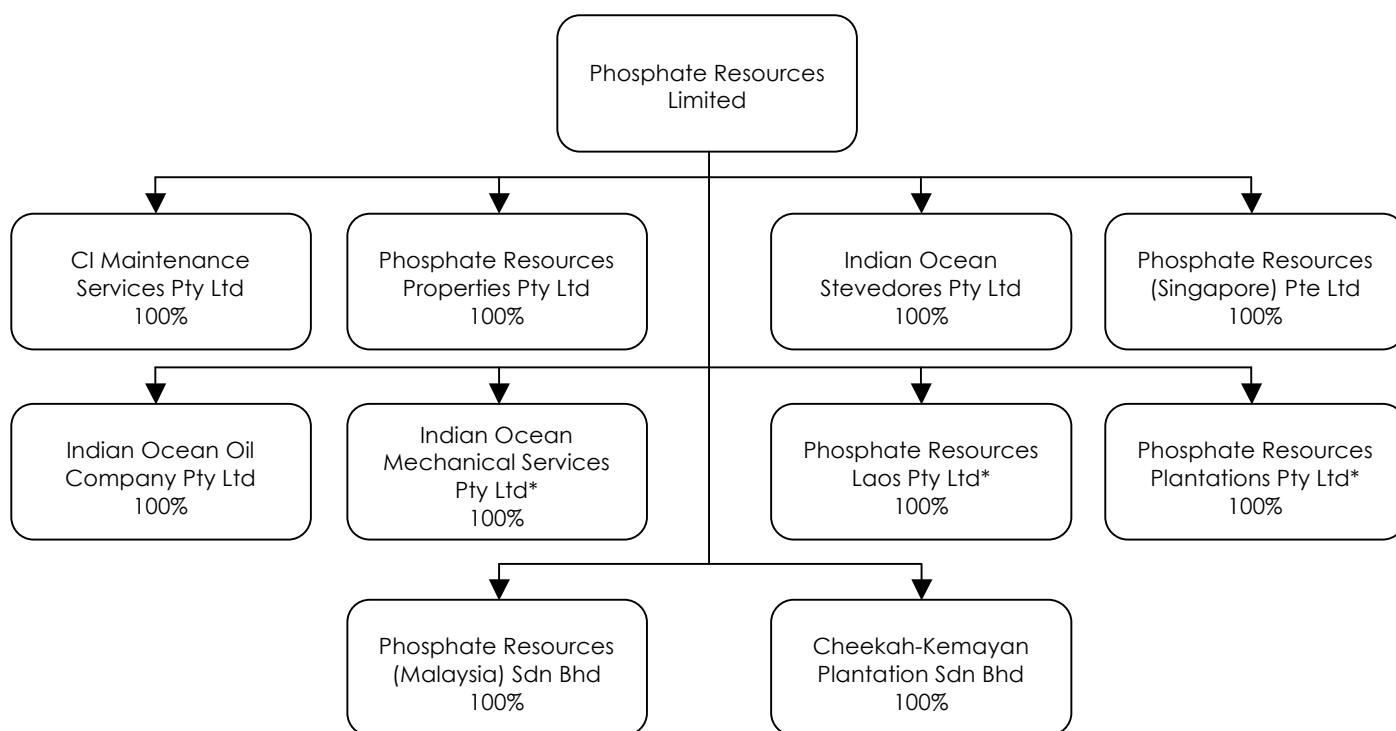
This overview of Phosphate and all financial information concerning Phosphate contained in this Bidder's Statement has been prepared by the Company using information provided to the Company by Phosphate, as well as publicly available information.

The information in this Bidder's Statement concerning Phosphate has not been independently verified. The Company does not, subject to any applicable laws, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on Phosphate is not considered to be comprehensive.

5.2 Overview of Phosphate

Phosphate was incorporated in Western Australia, Australia, as Phosphate Resources NL on 12 June 1989 under the Corporations Act.

5.3 Corporate Structure



*As at the date of this Bidder's Statement, these companies are dormant.

5.4 Phosphate Board of Directors

As at the date of this Bidder's Statement, the directors of Phosphate are:

- (a) Mr Clive Brown – Non-Executive Chairman;
- (b) Mr Lai Ah Hong – Managing Director;
- (c) Mr Chan Khye Meng – Non-Executive Director;
- (d) Mr Tee Lip Sin – Non-Executive Director;

- (e) Dato Kamaruddin bin Mohammed – Non-Executive Director;
- (f) Mr Phua Siak Yeong – Executive Director Projects; and
- (g) Mr Tee Lip Jen - Non-Executive Director.

Four (4) of the Phosphate Directors will become a director of CI on successful completion of the Takeover Offer. Further details in respect of the Proposed Directors are set out in section 3.5 of this Bidder's Statement.

5.5 Information about Phosphate Securities

According to documents provided by Phosphate to ASIC, as at the date of this Bidder's Statement, Phosphate's issued securities consisted of 2,868,307 Phosphate Shares.

5.6 Shareholders of Phosphate

As at 2 October 2014, the top 20 shareholders of Phosphate were:

Rank	Phosphate Shareholder	Number of Phosphate Shares	% of Phosphate issued share capital ¹
1	CI Resources Limited	1,808,580	63.05%
2	Tee Kim Tee	78,500	2.73%
3	Masli Hafiz	50,000	1.74%
4	Lee Wai Fun	36,500	1.27%
5	Tee Lip Hian	35,000	1.22%
6	Lee Hendry	33,500	1.16%
7	Lim Chee Eng	31,000	1.08%
8	Tan Yan Pey	31,000	1.08%
9	Tee Lip Jen	30,500	1.06%
10	Krishnan Ramanathan A/L ES	28,000	0.97%
11	Thebban A/L Ramnathan	26,800	0.93%
12	Ah Hong Lai & Wai Ching Lee attf The Lai Superannuation Fund	25,161	0.87%
13	Tee Chain Yee	20,500	0.71%
14	Lim Chin Eng	20,000	0.69%
15	Mad Ross Siti Zabedah	20,000	0.69%
16	Yong Mee Yuen	20,000	0.69%
17	Chew Yoke Mai	19,000	0.66%
18	Tee Lip Sin	18,600	0.64%
19	Tan Huey En, Andrew	18,500	0.64%
20	Teo See Khiang, Willy	17,350	0.60%
	TOTAL TOP 20 SHAREHOLDERS	2,368,491	82.57%

Notes:

1. Actual voting power may differ from that shown above as there is no obligation to publicly disclose changes in voting power of less than 1%.

The top 20 holders of ordinary fully paid shares hold 2,368,491 Phosphate Shares.

5.7 Overview of Phosphate's Activities and Projects

Phosphate was incorporated on 12 June 1989 (originally operating under the name Phosphate Resources N.L.) with the intention of exploring for, mining and producing phosphate rock in the South East Asia region.

Phosphate mines, processes and exports phosphate from Christmas Island and also has wholly-owned subsidiaries involved in fuel and earthmoving operations on Christmas Island. The phosphate is primarily sold as raw materials for fertiliser production or as a direct application product to palm oil plantations.

Phosphate's key asset is a 100% owned phosphate rock mine on Christmas Island, where it has mined and exported phosphate since 1990, and until recently exported phosphate product each year to countries including Australia, New Zealand, Malaysia, Thailand and Indonesia.

An overview of each of the material Phosphate Assets is set out below.

(a) Christmas Island Operations

Phosphate operations on Christmas Island commenced in 1990. In the financial year ended 30 June 2014, Phosphate shipped 575,000 tonnes of phosphate product to countries including Australia, New Zealand, Malaysia, Thailand and Indonesia.

Phosphate's current mining tenure on Christmas Island expires in 2034. Current resources held by Phosphate on Christmas Island indicate approximately five years of mine production can be maintained. Exploration is ongoing and if successful over the next two years, is expected to add to the resource base.

On 27 June 2014, the Minister for the Environment approved the return of some 100 hectares of land that Phosphate was obligated to relinquish years ago for the failed space port project. Phosphate is working to complete the formal lease documentation for the areas so that they can eventually be incorporated in Phosphate's mining program.

Phosphate uses modern open-cut mining methods with a range of different mining and earth-moving machinery to efficiently recover rock phosphate from the different ore bodies and stockpiles. The phosphate-rich soils are excavated with a hydraulic excavator, and haul trucks move the ore to designated field stockpiles, where mobile field screens remove large limestone rocks and vegetation. The ore is then loaded onto road trains with a front-end loader and hauled to the Run-of-Mine pad located adjacent to the dryers, where it is stockpiled according to grade. The stockpiled ore is then blended to create a product that meets our customer's specifications, and then dried and crushed.

The fine particles created during this process are collected by a dust extraction system and all the rock and dust is stored temporarily at the dryers in enclosed silos.

Rock and dust phosphate are then transported via conveyor belt system and a covered air slide system respectively, through a number of transfer points to the bulk storage area at the wharf, 3km away. The dust is packed into bags and stacked on pallets, ready to be shipped. The phosphate rock is loaded onto shipping vessels by two cantilever arms fitted with telescopic chutes with dust suppression systems. The arms are swung over the appropriate hatches on the ship, and the rock is poured into the hold, each arm can load 600 tonnes per hour.

(b) **Palm Oil Mill**

On 1 May 2011, Phosphate finalised the acquisition of Cheekah-Kemayan Plantations Sdn Bhd (**Cheekah-Kemayan**). Cheekah-Kemayan owns 4,060 acres of palm oil plantation estate and a 50 tonne per hour palm oil mill and processing facility.

The plantation is located near Kemayan in the state of Pahang in Peninsular, Malaysia. The property is on leasehold title and consists of 7 individual 99-year leases of which the expiry dates range from 2066 to 2073.

Currently the estate produces some 40,000 tonnes of fruit per annum and the mill processes this and a further 140,000 tonnes of fruit purchased from surrounding estates. The operations are conducted on behalf of Cheekah-Kemayan by Prosper Group under a management contract with PGC Management Services Sdn Bhd. They employ approximately 200 full time personnel.

(c) **Earthmoving operations**

In addition to its phosphate business, Phosphate has wholly owned subsidiaries involved in the fuel and earthmoving operations on Christmas Island.

(d) **Other**

CI Maintenance Services Pty Ltd (**CI Maintenance Services**), a wholly-owned subsidiary of Phosphate, provides accommodation management and maintenance services to the Commonwealth Department of Immigration and Border Protection on Christmas Island, to support the operations of the minimum security section of the Christmas Island based detention centre. CI Maintenance Services provides cleaning, grounds maintenance, air handling services, electrical and full preventative maintenance services (including planning, legislative compliance and software support).

During the financial year ended 30 June 2013, CI Maintenance Services contracts with the Commonwealth Department of Immigration and Border Protection were renewed for a further three years after CI Maintenance Services succeeded in winning a new tender for the work.

Indian Ocean Oil Company Pty Ltd (**Indian Ocean Oil**), also a wholly-owned subsidiary of Phosphate, supplies fuel and recycled oil for the burning process, and diesel fuel for the mining operation. Indian Ocean Oil also supplies diesel to contractors working on Christmas Island.

Indian Ocean Stevedores Pty Ltd, another wholly-owned subsidiary of Phosphate, provides pilotage, agency, survey and consulting services to

vessels calling at Christmas Island.

Phosphate Resources Properties Pty Ltd, a wholly-owned subsidiary of Phosphate, provides rental services to Phosphate, to provide housing to employees.

5.8 Phosphate Financial Information

(a) Consolidated Statement of Financial Position

The historical consolidated statements of financial position of Phosphate are set out below and have been extracted from the audited consolidated statement of financial position for the financial years ended 30 June 2012, 30 June 2013 and 30 June 2014, being the last three audited consolidated statements of financial position prior to the date of this Bidder's Statement.

(b) Consolidated Statement of Comprehensive Income

The historical consolidated statements of comprehensive income of Phosphate are set out below and have been extracted from the audited consolidated statement of comprehensive income for the financial year ended 30 June 2012, 30 June 2013 and 30 June 2014, being the last three audited financial statements prior to the date of this Bidder's Statement .

5.9 Consolidated Statement of Financial Position of Phosphate Group

	2012 \$'000	2013 \$'000	2014 \$'000
CURRENT ASSETS			
Cash and cash equivalents	34,232	39,606	45,301
Trade and other receivables	28,524	22,994	18,249
Inventories	12,106	9,918	14,492
Income tax receivable	121	-	1,209
Term deposits	-	-	7,421
Other	1,211	2,768	2,035
TOTAL CURRENT ASSETS	76,194	75,286	88,707
NON-CURRENT ASSETS			
Term deposits	13,015	14,855	9,173
Property, plant and equipment	45,003	51,526	57,578
Goodwill	7,158	7,158	7,158
Biological assets	11,135	11,231	10,581
Deferred tax assets	6,549	7,831	7,184
TOTAL NON-CURRENT ASSETS	82,860	92,601	91,674
TOTAL ASSETS	159,054	167,887	180,381

CURRENT LIABILITIES

Trade and other payables	9,989	10,397	12,712
Interest-bearing loans and borrowings	5,599	5,904	5,779
Income tax payable	6,307	428	-
Provisions	5,814	6,636	5,728
TOTAL CURRENT LIABILITIES	27,709	23,365	24,219

NON-CURRENT LIABILITIES

Interest-bearing loans and borrowings	9,863	5,446	36
Deferred tax liabilities	10,424	10,337	10,530
Provisions	16,162	17,778	18,992
TOTAL NON-CURRENT LIABILITIES	36,449	33,561	29,558

TOTAL LIABILITIES	64,158	56,926	53,777
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NET ASSETS

	94,896	110,961	126,604
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EQUITY

Equity attributable to equity holders of the parent

Contributed equity	4,509	3,782	3,782
Retained earnings	90,666	102,421	119,838
Reserves	(279)	4,758	2,984
Parent interests	94,896	110,961	126,604

Non-controlling interests	-	-	-
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TOTAL EQUITY	94,896	110,961	126,604
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5.10 Consolidated Statement of Comprehensive Income of Phosphate Group

	2012	2013	2014
	\$'000	\$'000	\$'000
Sale of goods	126,858	145,164	139,328
Rendering of services	9,459	8,623	11,569
Other revenue	852	799	688
REVENUE	137,169	154,586	151,585
COST OF SALES	(87,272)	(102,822)	(108,789)
Gross Profit	49,897	51,764	42,796
Other income	1,115	801	328

Other expenses	(13,940)	(15,988)	(15,209)
Finance costs	(1,511)	(1,048)	(975)
Change in fair value of biological assets	(1,059)	(1,021)	(336)
PROFIT BEFORE INCOME TAX	34,502	34,508	26,604
Income tax expense	(11,168)	(10,322)	(7,753)
NET PROFIT FOR THE YEAR	23,334	24,186	18,851
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations	(324)	5,037	(1,774)
Other comprehensive income, net of tax	(324)	5,037	(1,774)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	23,010	29,223	17,077

5.11 Further information on Phosphate

Phosphate maintains a website, <http://www.cirp.com>, which contains further information about Phosphate and its operations.

Phosphate is an unlisted disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Phosphate is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Phosphate may be obtained from, or inspected at, an ASIC office.

On request to Phosphate and free of charge, Phosphate Shareholders may obtain a copy of:

- the annual financial report of Phosphate for the year ended 30 June 2014 (being the annual financial report most recently lodged with ASIC before lodgement of this Bidder's Statement with ASIC);
- any half-year financial report lodged with ASIC by Phosphate after the lodgement of the annual financial report referred to above and before lodgement of this Bidder's Statement with ASIC; and
- any continuous disclosure notice given to ASIC by Phosphate since the lodgement with ASIC of the 2014 annual report for Phosphate referred to above and before lodgement of this Bidder's Statement with ASIC.

Further information about Phosphate is contained in its Target's Statement which is enclosed with this Bidder's Statement.

A substantial amount of information about Phosphate is available in electronic form from <http://www.cirp.com>.

6. CI'S INTENTIONS IN RELATION TO PHOSPHATE

6.1 Introduction

The intentions of CI in relation to Phosphate are set out in this section of the Bidder's Statement. Those intentions have been formed on the basis of facts and information concerning Phosphate, and the general business environment, which are known at the time of preparing this Bidder's Statement. Final decisions will only be reached by CI in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this section are statements of current intention only and may vary as new information becomes available or circumstances change.

6.2 Disclosure Regarding Forward-Looking Statements

This Bidder's Statement includes forward-looking statements that have been based on the Company's current expectations and predictions about future events including the Company's intentions (which include those set out in this Section 6). These forward-looking statements are, however, subject to inherent risks, uncertainties and assumptions that could cause actual results, performance or achievements of the Company, Phosphate and the Merged Group to differ materially from the expectations and predictions, express or implied, in such forward-looking statements. These factors include, among other things, those risks identified in this Bidder's Statement (including those set out in Section 9).

None of the Company, its officers, the persons named in this Bidder's Statement with their consent or the persons involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of any forward looking statements. You are cautioned not to place reliance on these statements in the event that the outcome is not achieved. These statements reflect views and opinions as at the date of this Bidder's Statement.

6.3 Overview and rationale of Takeover Offer

CI believes that there are a number of key strategic and financial benefits that will arise from the successful acquisition of Phosphate by CI. These include:

- (a) Phosphate Shareholders will retain exposure to Phosphate's portfolio via their shareholding in CI;
- (b) the Directors consider that the combination of CI's and Phosphate's exploration expertise, technical capability and financial resources will provide the Merged Group with improved opportunity to maximise the value of the Merged Group's projects;
- (c) the Merged Group will benefit from a simplified ownership and management structure with a strengthened board and management team – enhancing future growth opportunities;
- (d) the Merged Group will have an enhanced balance sheet and improved access to capital for funding growth;
- (e) the Merged Group will benefit from improved access to capital, with opportunity to enhance shareholder value; and

- (f) the Merged Group's enlarged size and stronger financial position should improve access to future funding compared to either CI's or Phosphate's current access as individual entities.

6.4 Intentions upon acquisition of 90% or more of Phosphate

If, as a result of the Takeover Offer, CI becomes entitled to compulsorily acquire outstanding Phosphate Shares in accordance with Part 6A.1 of the Corporations Act, it intends to proceed with the compulsory acquisition of those Phosphate Shares.

The Company then intends to undertake the steps outlined in Section 6.6 of this Bidder's Statement.

6.5 Intentions upon acquisition of Less than 90% of Phosphate

If, CI does declare the Takeover Offer unconditional and following the close of the Takeover Offer, Phosphate does not become a wholly owned subsidiary of CI, CI presently intends, subject to the following, and to the extent possible and appropriate, to implement the objectives and goals mentioned in Section 6.6 of this Bidder's Statement.

The extent to which CI will be able to implement these intentions will be subject to:

- (a) the law and the ASX Listing Rules, in particular in relation to related party transactions and conflicts of interests; and
- (b) the legal obligation of the directors of Phosphate to act for proper purposes and in the best interests of Phosphate Shareholders as a whole.

Having regard to this and in particular the possible requirements of minority shareholder approval, it is possible that CI may not be able to implement some of these intentions.

6.6 Other intentions

Subject to matters described above in this Section 6 and elsewhere in this Bidder's Statement, it is the present intention of CI, on the basis of the information concerning Phosphate which is known to CI and the existing circumstances affecting the business of Phosphate, that:

- (a) the business of Phosphate will otherwise be continued in substantially the same manner as it is presently being conducted;
- (b) no other major changes will be made to the business of Phosphate;
- (c) there will not be any redeployment of the fixed assets of Phosphate; and
- (d) the present employees of Phosphate will otherwise continue to be employed by Phosphate.

The current intentions of the Company may change in light of material facts and circumstances at the relevant time.

7. PROFILE OF THE MERGED GROUP

7.1 Approach

This Section 7 provides an overview of the Company and its subsidiaries following the acquisition by the Company of all, or a portion of the Phosphate Shares on issue (**Merged Group**), in the various scenarios following the Takeover Offer and the effect of the Takeover Offer on the Company and Phosphate.

7.2 Disclaimer Regarding Phosphate and the Merged Group Information

In preparing the information relating to Phosphate and the Merged Group contained in this Bidder's Statement, the Company has relied on publicly available information relating to Phosphate and this has not been independently verified by the Company or its Directors. Risks may exist in relation to Phosphate (which may affect the Merged Group) of which the Company is unaware. If any material risks are known to the directors of Phosphate, they must be disclosed in the Target's Statement to be issued by Phosphate.

Accordingly, subject to any applicable laws, the Company makes no representations or warranties (express or implied) as to the accuracy and completeness of such information.

7.3 Profile of the Merged Group

If the Takeover Offer is successful, Phosphate Shareholders who accepted the Takeover Offer will each receive 40.3 CI Shares for every 1 Phosphate Share transferred to CI and thereupon, become economic owners of the Merged Group.

7.4 Effect of Completion of the Takeover Offer

The Merged Group will have a greater capacity to develop its assets, will benefit from a wider level of management experience as well as achieving a strengthening and simplification of the current management arrangements and should achieve cost savings by reducing corporate overheads.

7.5 Effect on the Assets and Operations of the Merged Group

Following the Takeover Offer being successful, CI will maintain its focus on its core investment activities of phosphate mining in Australia and palm oil plantations in Malaysia.

The Merged Group will have an enhanced balance sheet and improved access to capital for funding growth after completion of the Takeover Offer.

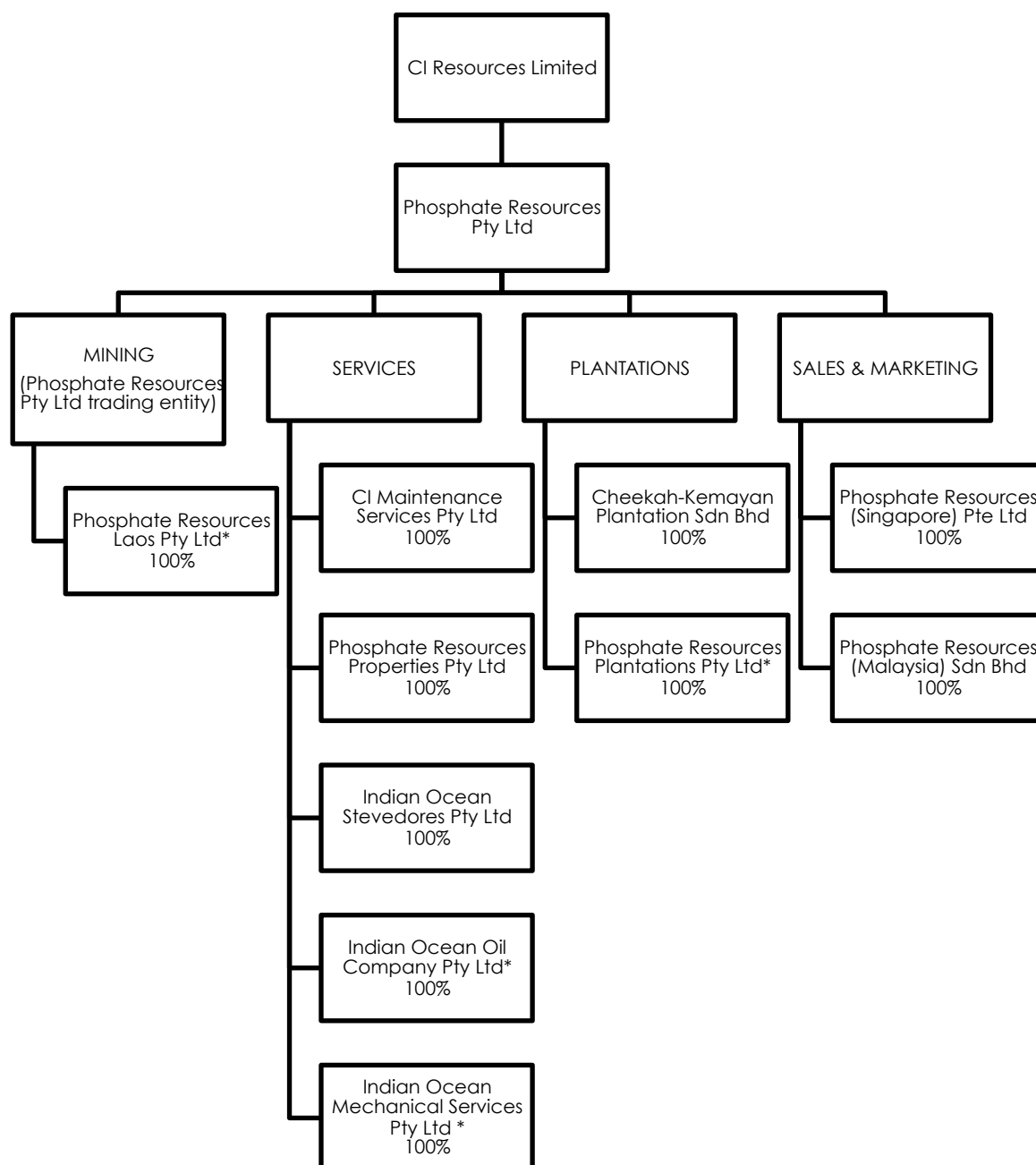
Mr Clive Brown, Mr Lai Ah Hong, Mr Chan Khye Meng and Mr Phua Siak Yeong will be appointed to the CI Board and Mr Lai Ah Hong will also become the Chief Executive Officer of the Merged Group.

7.6 Effect of the Takeover Offer on the Company's Capital Structure

The effect of the Takeover Offer on the Company's capital structure is set out in section 4.5.

7.7 Corporate Structure of the Merged Group

If the Takeover Offer is successful and the Company acquires all Phosphate Shares on issue, the corporate structure of the Merged Group will be as shown in the following diagram:



*As at the date of this Bidder's Statement, these companies are dormant.

7.8 Pro forma historical information of the Merged Group

This Section 7 contains pro forma financial information for the Merged Group, reflecting the aggregated businesses of CI and Phosphate. The pro forma financial information is presented in this Section 7 to provide Phosphate Shareholders with an indication of the profile of the Merged Group as at the date of the latest disclosed financial accounts for both CI and Phosphate, being 30 June 2014.

Since Phosphate is already a partly owned Subsidiary of CI the accounts of CI are already consolidated to include the accounts of Phosphate.

The information in this Section 7 is presented on a pro forma basis only. As a result it is likely that this information will differ from the actual financial information for the Merged Group. The pro forma historical balance sheet of the Merged Group as at 30 June 2014 and the pro forma adjustments are disclosed in this Section 7.

7.9 Basis for preparation of the Merged Group unaudited pro forma consolidated statement of financial position

In preparing the unaudited pro forma consolidated statement of financial position in accordance with the International Financial Reporting Standards, the following historical information was used:

- (a) the audited consolidated financial report of CI as of and for the year ending 30 June 2014; and
- (b) the audited consolidated financial report of Phosphate as of and for the year ended 30 June 2014.

7.10 Acquisition of Phosphate by CI

As announced to the market on 9 October 2014, the Company entered into a non-binding indicative proposal with Phosphate with a view to acquiring 100% of the share capital of Phosphate by way of a takeover bid.

Under the Takeover Offer, accepting Phosphate Shareholders will receive 40.3 CI Shares for every 1 Phosphate Share held, implying a theoretical value of \$35.06 per Phosphate Share based on the last traded price for CI Shares prior to the announcement of the Takeover Offer of \$0.87 (8 October 2014).

The number of CI Shares that each Phosphate Shareholder (other than CI) will receive as consideration for their Phosphate Shares under the Offer, if accepted, is based upon the exact number of Phosphate Shares held proportionately between CI, as major shareholder of Phosphate, and each minority Phosphate Shareholder. This is called a "merger on equivalent terms".

7.11 Pro Forma Consolidated Statement of Financial Position as at 30 June 2014 for the Merged Group

	Audited 30 June 2014 CI Resources Limited \$000	Unaudited Pro- forma 30 June 2014 Merged Group \$000
CURRENT ASSETS		
Cash and cash equivalents	45,783	45,783
Term deposits	7,421	7,421
Trade and other receivables	18,249	18,249
Inventories	14,492	14,492
Prepayments	2,040	2,040
Income tax receivable	1,209	1,209
TOTAL CURRENT ASSETS	89,194	89,194

NON-CURRENT ASSETS

Other financial assets	9,173	9,173
Property, plant & equipment	57,578	57,578
Goodwill	7,158	7,158
Biological assets	10,581	10,581
Deferred tax assets	7,184	7,184
TOTAL NON-CURRENT ASSETS	91,674	91,674
TOTAL ASSETS	180,868	180,868

CURRENT LIABILITIES

Trade and other payables	12,770	12,770
Borrowings	5,779	5,779
Income tax payable	-	-
Provisions	5,729	5,729
TOTAL CURRENT LIABILITIES	24,278	24,278

NON-CURRENT LIABILITIES

Borrowings	36	36
Deferred tax liabilities	10,530	10,530
Provisions	18,992	18,992
TOTAL NON-CURRENT LIABILITIES	29,558	29,558
TOTAL LIABILITIES	53,836	53,836
NET ASSETS	127,032	127,032

EQUITY

Contributed equity	17,970	65,046
Reserves	10,092	10,092
Retained earnings	51,894	51,894
	79,956	127,032
Non-controlling interest	47,076	-
TOTAL EQUITY	127,032	127,032

7.12 Notes to the Pro Forma Consolidated Statement of Financial Position

Since the CI accounts are already consolidated to include its Subsidiary, Phosphate, the pro forma balance sheet is the same as that for CI Resources Limited apart from the increase in contributed equity and the elimination of the non controlling interest.

7.13 Outlook for the Merged Group

This Bidder's Statement does not include any financial forecasts or projections for revenue or profit in relation to the Company, Phosphate or the Merged Group.

The Company has given careful consideration as to whether there is a reasonable basis to produce reliable and meaningful forecast financial information for the Merged Group. However, the CI Directors have concluded that as at the date of this Bidder's Statement, it would be misleading to provide forecast financial information for the Merged Group.

8. AUSTRALIAN TAX CONSIDERATIONS

8.1 Overview

The following summary is a general description of the Australian income tax and CGT consequences for Phosphate Shareholders who accept the Takeover Offer and dispose of their Phosphate Shares to CI in accordance with the Takeover Offer.

The summary is based on taxation law and practice in effect at the date of this Bidder's Statement. It is not intended to be an authoritative or comprehensive analysis of the taxation laws of Australia, nor does it consider any specific facts or circumstances that may apply to particular Phosphate Shareholders. Further, it does not deal with the taxation consequences of disposing of Phosphate Shares which may have been issued under an employee shares scheme, which may be subject to specific tax provisions.

The Australian tax consequences for Phosphate Shareholders of disposing of their Phosphate Shares will depend on a number of factors including:

- (a) whether they are an Australian resident or non-resident for tax purposes;
- (b) whether they hold their Phosphate Shares on capital, revenue account or as trading stock;
- (c) when they acquired their Phosphate Shares;
- (d) whether they are an individual, a company or a trustee of a complying superannuation entity; and
- (e) whether scrip for scrip rollover relief is available – see Section 8.3 of this Bidder's Statement.

Given the complexity of the taxation legislation, Phosphate Shareholders should seek independent taxation advice regarding the tax consequences of disposing of Phosphate Shares given the particular circumstances which apply to them.

8.2 Taxation Consequences for Phosphate Shareholders

(a) Shareholders holding Phosphate Shares as trading stock

Phosphate Shareholders who hold their Phosphate Shares as trading stock (e.g. as a share trader) will be required to include the value of the consideration from the disposal of their Phosphate Shares in their assessable income.

(b) Shareholders holding Phosphate Shares on Revenue Account

The Australian tax consequences for Phosphate Shareholders who hold their Phosphate Shares on revenue account and who accept the Takeover Offer will be able to include the amount received (the market value of the CI Shares) over the cost of acquisition of the Phosphate Shares as ordinary assessable income. Where the market value of CI Shares is less than the cost of Phosphate Shares the loss may be claimed as a tax deduction.

(c) **Non-resident Phosphate Shareholders holding Phosphate Shares as trading stock or on revenue account**

Phosphate Shareholders who are non-residents of Australia and whose Phosphate Shares were acquired as trading stock or otherwise on revenue account, should seek their own professional advice. The Australian tax treatment will depend on the source of any gain and whether a double taxation agreement exists between their country of residence and Australia.

(d) **Phosphate Shareholders holding Phosphate Shares on Capital Account**

In broad terms, the Australian tax consequences for Phosphate Shareholders who hold their Phosphate Shares on capital account and who accept the Takeover Offer will depend on whether or not 'scrip for scrip' capital gains tax rollover relief is available and, if available, is elected. The following discussion considers the general Australian tax consequences for Phosphate Shareholders where:

- (i) rollover relief is not available or is not elected; and
- (ii) rollover relief is available and is elected.

8.3 Acceptance of the Takeover Offer where Rollover Relief is Available and is Elected

Australian-resident Phosphate Shareholders may be entitled to 'scrip for scrip' CGT rollover relief in respect of the consideration referable to CI Shares where the exchange of the shares would otherwise realise an assessable capital gain. Broadly speaking, rollover relief is available to Phosphate Shareholders who exchange shares in one company for shares in another company where the transaction is made pursuant to a takeover bid and provided certain qualifying conditions are satisfied.

In broad terms, these qualifying conditions include the requirement that CI must make an offer to all shareholders in Phosphate to acquire their voting shares on substantially the same terms and CI must become the owner of at least 80% of the voting shares in Phosphate on issue as at the close of the Offer Period as a consequence of the Takeover Offer.

If the qualifying conditions are satisfied and a Phosphate Shareholder elects for rollover relief to apply, the rollover relief is available.

The effect of the rollover relief is that the Phosphate Shareholder's total capital gain will be deferred until the CI Shares are disposed of.

The CGT cost base of the new CI Shares acquired in the exchange is determined by reasonably attributing to it the CGT cost base of the Phosphate Shares for which a rollover was obtained. Further, the Phosphate Shareholders will be taken to acquire their CI Shares at the time they originally acquired their Phosphate Shares (for the purpose of determining any entitlement to a discount on an otherwise assessable capital gain in relation to a subsequent dealing in their new CI Shares).

As discussed above, rollover relief will only be available if the qualifying conditions are satisfied and Phosphate Shareholders elect to apply for it. Further, rollover relief is not available if Phosphate Shareholders realise a capital loss on the disposal of their Phosphate Shares.

Scrip for scrip rollover relief does not apply automatically and must be elected. The election to utilise scrip for scrip rollover relief is evidenced by the manner in which the tax return for the relevant income year is prepared although it may be prudent to keep a written record of that election with your tax records.

Given the complexity of the provisions governing rollover relief and the various qualifying conditions that need to be satisfied, Phosphate Shareholders should seek independent taxation advice regarding their particular circumstances.

Non-resident Phosphate Shareholders may only obtain rollover relief in very limited circumstances. It is imperative that non-residents seek independent tax advice to confirm their Australian tax position.

8.4 Acceptance of the Takeover Offer where Rollover Relief is Not Available or is Not Elected

Acceptance of the Takeover Offer is likely to involve a disposal by a Phosphate Shareholder of its Phosphate Shares for CGT purposes.

An Australian-resident Phosphate Shareholder may make a capital gain or capital loss, depending on whether the capital proceeds from the exchange are more than the cost base of its Phosphate Shares, or whether those capital proceeds are less than the cost base of those Phosphate Shares.

Phosphate Shareholders who are not resident in Australia for tax purposes will generally be subject to Australian CGT on the disposal of Phosphate Shares if:

- (a) together with their Associates, they directly or indirectly own at least 10% or more (by value) of the shares in Phosphate:
 - (i) at the time of the sale; or
 - (ii) throughout a 12 month period beginning no earlier than 24 months before the time of the sale and ending no later than the time of the sale; and
- (b) if more than 50% of the value of Phosphate's assets is attributable to Australian real property,

subject to the terms of any applicable double taxation agreement. It is imperative that non-residents independently confirm their Australian tax position.

The capital proceeds that a Phosphate Shareholder will be taken to have received in respect of the disposal of their Phosphate Shares will generally be the market value of CI Shares on the date of implementation of the Takeover Offer.

The cost base of Phosphate Shares will generally be the cost at which they were acquired including any incidental costs of acquisition.

Where the amount of capital proceeds received by a Phosphate Shareholder in respect of the disposal of their Phosphate Shares is greater than the cost base of those Phosphate Shares, then the Phosphate Shareholder should realise a capital gain for Australian CGT purposes.

Where the amount of capital proceeds received by a Phosphate Shareholder in respect of the disposal of its Phosphate Shares is less than the reduced cost base of those Phosphate Shares, then the Phosphate Shareholder should realise a capital loss for Australian CGT purposes. Where it is expected that a capital gain

will result, if a Phosphate Shareholder does not elect for rollover relief, or that relief is not available, then partial tax relief may be available in the form of the CGT discount.

Specifically, where Phosphate Shares have been held for at least 12 months before their disposal, a Phosphate Shareholder who is an individual, a complying superannuation entity or the trustee of a trust should be able to reduce the capital gain arising from the disposal of Phosphate Shares by the CGT discount (see below).

The CGT discount will be available if the relevant Phosphate Shares have been held for at least 12 months.

Subject to the Phosphate Shareholder having any capital losses or net capital losses from previous income years, where the CGT discount is available, eligible Phosphate Shareholders which are individuals or trustees of trusts will reduce the capital gain arising on the disposal of Phosphate Shares by one-half. For individuals, this reduced gain should be assessed at the Phosphate Shareholder's marginal tax rate. Trustees should seek specific advice regarding the tax consequences of distributions attributable to discounted capital gains.

Subject to the Phosphate Shareholder having any capital losses or net capital losses from previous income years, where Phosphate Shares are held by a complying superannuation entity and the CGT discount is available, the discount will reduce the nominal capital gain on the disposal of the shares by one-third.

The CGT discount is generally applied after taking into account any capital losses or net capital losses from previous income years. Phosphate Shareholders having any capital losses or net capital losses from previous income years should seek independent advice in relation to the potential availability of the CGT discount.

8.5 Phosphate Shareholders who are Companies will Not be Entitled to the CGT Discount

Companies are not entitled to the CGT discount. The capital gain or capital loss will be calculated with reference to the capital proceeds less the cost base or reduced cost base of the company's Phosphate Shares. Where a company realises a capital gain, it may be eligible to reduce that gain with capital losses from previous income years. We recommend that companies seek advice from their professional tax advisor in relation to the availability and deductibility of capital losses.

8.6 GST

GST should not apply to the disposal of Phosphate Shares under the Takeover Offer, the issue of CI Shares under the Takeover Offer, or any subsequent disposal of CI Shares.

Phosphate Shareholders who are registered for GST purposes may not be entitled to full input tax credits for any GST incurred on costs associated with acquiring or disposing of securities in CI or Phosphate. Phosphate Shareholders should seek their own tax advice in this respect.

9. RISK FACTORS

9.1 Overview

The business activities of CI and the Merged Group are subject to various risks that may impact on the future performance of CI and the Merged Group. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of CI and the Merged Group and cannot be mitigated.

If the Takeover Offer becomes unconditional, Phosphate Shareholders who accept the Takeover Offer will become CI Shareholders. In those circumstances, Phosphate Shareholders will:

- (a) continue to be exposed to the risks associated to the investment in Phosphate as a result of their indirect interest in Phosphate through CI;
- (b) be exposed to the risks which are specific to an investment in CI; and
- (c) be exposed to additional risks relating to the Takeover Offer and the Merged Group.

The principal risk factors are explained below. These risks however are not intended to be an exhaustive list of the risk factors to which CI and the Merged Group are exposed.

Phosphate Shareholders should read the Bidder's Statement carefully and consult their professional advisers before deciding whether to accept the Takeover Offer. This Section 9 has been prepared without taking into account the individual financial objectives, financial situation and particular needs of Phosphate Shareholders.

An investment in the Merged Group carries no guarantee with respect to the payment of dividends, return of capital or price at which shares will trade and should be considered speculative.

By accepting the Takeover Offer, Phosphate Shareholders will be investing in CI.

9.2 Risks Relating to the Takeover Offer

(a) Issue of CI Shares as consideration

Phosphate Shareholders are being offered specific quantities of CI Shares as consideration under the Takeover Offer. As a result, the value of the consideration will fluctuate depending upon the market value of CI Shares at any given time. Accordingly, the market value of the CI Shares at the time you receive them may vary significantly from their market value on the date of your acceptance of the Takeover Offer.

(b) Rollover Relief

If CI does not acquire a Relevant Interest in at least 80% of Phosphate Shares, scrip-for-scrip CGT rollover relief will not be available to Phosphate Shareholders. Refer to Section 8 of this Bidder's Statement for further details.

(c) **Sale of CI Shares**

Under the Takeover Offer, CI will issue a significant number of new CI Shares. Some holders of CI Shares may not intend to continue to hold their CI Shares and may wish to sell them. There is a risk that this may adversely impact on the price of and demand for CI Shares.

(d) **Acquisition of Less than 90% of Phosphate Shares**

It is possible that CI could acquire a Relevant Interest of less than 90% of Phosphate Shares on issue under the Offer. The existence of a minority interest in Phosphate may have an impact on the operations of the Merged Group, although this impact will depend upon the ultimate level of Phosphate ownership acquired by CI.

(e) **Stamp Duty and Government Charges**

Stamp duty and other government charges may be payable by CI in relation to the Takeover Offer. The amount of these duties and charges may be material.

(f) **Dilution Risk**

The consideration for the Takeover Offer is CI Shares. If the Takeover Offer is completed, there will be a dilution for current CI Shareholders as a result of these CI Shares being issued.

9.3 Specific Risks Relating to the Merged Group

This Section 9.3 sets out risks that are specific to CI and Phosphate as the Merged Group.

(a) **Commodity price volatility and exchange rate risks**

The revenue derived by the Merged Group through the sale of commodities exposes the potential income of the Merged Group to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Merged Group. Such factors include supply and demand fluctuations for phosphate product, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Merged Group are and will be taken into account in Australian currency, exposing the Merged Group to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(b) **Environmental**

The operations and proposed activities of the Merged Group are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Merged Group's activities are expected to have an impact on the environment. It is the Merged Group's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Merged Group's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Merged Group for damages, clean up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Merged Group's operations more expensive.

(c) **Regulatory Risks**

The Merged Group's exploration, development and mining activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Merged Group requires permits from regulatory authorities to authorise the Merged Group's operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time consuming process and there is a risk that the Merged Group will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Merged Group from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Merged Group's activities or forfeiture of one or more of the Tenements.

Further, the Department of Environment has proposed a whole of Christmas Island Recovery Plan, the effect of which, if approved, would be to remove the discretion of the Minister for the Environment to approve any future development or projects if they have any environmental impact on any vegetation or even cause displacement of red crabs. If approved without a major reduction in its scope and area covered, this plan, apart from effectively removing any likelihood of alternative economic developments on Christmas Island, could prevent the Merged Group from obtaining clearing permits over the balance of its mining leases and consequently result in a premature closure of the Phosphate mine.

(d) **Sovereign Risk**

The Merged Group's palm oil estate and palm oil mill are located in Malaysia.

Possible sovereign risks associated with operating in Malaysia include, without limitation, changes in the terms of mining legislation, changes to royalty arrangements, changes to taxation rates and concessions and changes in the ability to enforce legal rights. Any of these factors may, in the future, adversely affect the financial performance of the Company and the market price of its shares.

No assurance can be given regarding future stability in Malaysia or any other country in which the Company may, in the future, have an interest.

9.4 General Risks Relating to the Merged Group

(a) **Reliance on Key Management**

The responsibility of overseeing the day-to-day operations and the strategic management of the Merged Group depends substantially on its senior management and directors. There can be no assurance that there will be no detrimental impact on the performance of the Merged Group or its growth potential if one or more of these employees cease their employment and suitable replacements are not identified and engaged in a timely manner.

(b) **Risk of High Volume of Sale of Securities in CI**

If the Takeover Offer is successfully completed, CI will have issued a significant number of new CI Shares to various parties. Some of the Phosphate Shareholders as a result of the Takeover Offer may not intend to continue to hold those Shares and may wish to sell them on ASX (subject to any applicable escrow period). There is a risk that an increase in the amount of people wanting to sell Shares may adversely impact on the market price of the Company's securities.

There can be no assurance that there will be, or continue to be, an active market for CI Shares or that the price of CI Shares will increase. As a result, Phosphate Shareholders may, upon selling their Shares, receive a market price for their securities that is less than the price at the date of this Bidder's Statement.

(c) **Acquisition of less than 90% of Phosphate Shares**

It is possible that CI could acquire a Relevant Interest of less than 90% of all Phosphate Shares on issue under the Takeover Offer (in the event that CI waives the Conditions). The existence of third party minority interests in Phosphate Shares may have an impact on the operations of Phosphate as Phosphate would not, in those circumstances, be a wholly owned subsidiary of CI. However, this impact will depend upon the ultimate level of CI's ownership in Phosphate.

(d) **Trading Price of CI Shares**

CI's operating results, economic and financial prospects and other factors will affect the trading price of the CI Shares. In addition, the

price of CI Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to general economic conditions including the performance of the Australian dollar and United States dollar on world markets, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the CI Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that CI's market performance will not be adversely affected by any such market fluctuations or factors.

(e) **Additional Requirements for Capital**

The capital requirements of the Merged Group depend on numerous factors. Depending on the ability of the Merged Group to generate income from its operations, the Merged Group may require further financing. Any equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Merged Group is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its activities, as the case may be.

(f) **Competition Risk**

The industry in which the Merged Group will be involved is subject to domestic and global competition. Although the Merged Group will undertake all reasonable due diligence in its business decisions and operations, it will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the projects and business of the Merged Group.

The size and financial strength of some of the Merged Group's competitors can make it difficult for the Merged Group to maintain a competitive position in the phosphate market. In particular, the Merged Group's ability to acquire additional phosphate and/or palm oil interests could be adversely affected if the Merged Group is unable to respond effectively and/or in a timely manner to the strategies and actions of competitors and potential competitors or the entry of new competitors into the market. This may in turn impede the financial condition and rate of growth of the Merged Group.

(g) **Litigation Risks**

The Merged Group is exposed to possible litigation risks including contractual disputes, occupational health and safety claims and employee claims. Further, the Merged Group may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Merged Group's operations, financial performance and financial position. Neither CI nor Phosphate is currently engaged in any material litigation.

(h) **Economic Risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Merged Group's activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

(i) **Insurance Risks**

Insurance against all risks associated with the Company's operations is not always available, or if it is available, affordable. The Company will maintain insurance where it is considered appropriate for its needs. However there are likely to be some risks, in particular those relating to wilful damage and political risks, for which it will not be insured either because appropriate cover is not available or because the Board consider the required premiums to be excessive having regard to the risk mitigation provided.

(j) **Third Party Risks**

The operations of the Company will require involvement with a number of third parties, including suppliers, contractors and customers. Financial failure, default or contractual non-compliance of the part of such third parties may materially harm the performance of the Company. It is not possible for the Company to predict or protect itself against all such risks.

(k) **Occupational Health and Safety**

The mining industry has become subject to increasing occupational health and safety responsibility and liability. The potential for liability is a constant risk.

(l) **Force Majeure**

The Merged Group and its projects, now or in the future may be adversely affected by risks outside the control of the Merged Group including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

9.5 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in future materially affect the financial performance of the Company and the value of the securities offered under this Takeover Offer. Therefore, the CI Shares to be issued pursuant to this Takeover Offer carry no guarantee with respect to market value of those CI Shares.

Phosphate Shareholders should consider the investment in CI as speculative and should consult their professional adviser before deciding whether to accept the Takeover Offer.

10. ADDITIONAL INFORMATION

10.1 Information held by CI

Information held by CI about Phosphate is as disclosed in Phosphate's disclosure notices lodged with ASIC. Intellectual knowledge is common to both companies due to the non-executive directors working for both companies.

10.2 CI's Interest in Phosphate Shares

As at the date of this Bidder's Statement:

- (a) CI has voting power of 63.05% in Phosphate; and
- (b) has a Relevant Interest in 1,808,580 Phosphate Shares.

Immediately before the first Takeover Offer is sent:

- (a) CI has voting power of 63.05% in Phosphate; and
- (b) has a Relevant Interest in 1,808,580 Phosphate Shares.

10.3 Acquisitions of Phosphate Shares by CI and its Associates

(a) Previous 4 months

Neither CI nor any Associate of CI has provided, or agreed to provide, consideration for Phosphate Shares under any purchase or agreement during the period beginning 4 months before the date of this Bidder's Statement ending on the day immediately before the date of this Bidder's Statement.

(b) Period before Takeover Offer

Neither CI nor any Associate of CI will provide, or agree to provide, consideration for Phosphate Shares under any purchase or agreement during the period starting on the date of this Bidder's Statement and ending on the date immediately before the date of the Takeover Offer.

10.4 No Escalation Agreements

Neither CI nor any Associate of CI has entered into any escalation agreement that is prohibited by Section 622 of the Corporations Act.

10.5 Collateral Benefits

(a) Previous 4 months

During the period beginning 4 months before the date of this Bidder's Statement and ending on the day immediately before the date of this Bidder's Statement, neither CI nor any Associate of CI gave, or offered to give or agreed to give, a benefit to another person that was likely to induce the other person, or an Associate of that person, to:

- (i) accept the Takeover Offer; or
- (ii) dispose of their Phosphate Shares,

and which is not offered to all holders of Phosphate Shares under the Takeover Offer.

(b) Period before Takeover Offer

During the period starting on the date of this Bidder's Statement and ending on the date immediately before the date of the Takeover Offer, neither CI nor any Associate of CI will give, or offer to give or agree to give, a benefit to another person that was likely to induce the other person, or an Associate of that person, to:

- (i) accept the Takeover Offer; or
- (ii) dispose of their Phosphate Shares,

and which is not offered to all holders of Phosphate Shares under the Takeover Offer.

10.6 Disclosure of Information

Due to the fact that CI is offering CI Shares as consideration for the acquisition of Phosphate Shares under the Takeover Offer, the Corporations Act requires that this Bidder's Statement must include all information that would be required for a prospectus for an offer of CI Shares under Sections 710 to 713 of the Corporations Act.

As a company whose shares are quoted on ASX, CI is subject to regular disclosure requirements. In particular, CI is required to disclose information concerning its finances, activities and performance. This disclosure is available on CI's website as well as on the ASX website (ASX Code: CII).

Please see Section 3.14 of this Bidder's Statement for further information. Section 3.12 of this Bidder's Statement also contains further details in relation to CI's corporate governance policies.

10.7 Interests and Benefits Relating to the Takeover Offer

(a) Interests

Other than as set out below or elsewhere in this Bidder's Statement, no:

- (i) director or proposed director of CI;
- (ii) person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement;
- (iii) promoter of CI; or
- (iv) broker or underwriter in relation to the issue of CI Shares pursuant to the Takeover Offer or financial services licensee named in this Bidder's Statement as being involved in the issue of CI Shares,

has, or had within 2 years before the date of this Bidder's Statement, any interest in:

- (i) the formation or promotion of CI;
- (ii) any property acquired or proposed to be acquired by CI in connection with its formation or promotion or in connection with the offer of CI Shares under the Takeover Offer; or
- (iii) the offer of CI Shares under the Takeover Offer.

(b) **Disclosure of Fees and Benefits Received by Certain Persons**

Other than as set out below or elsewhere in this Bidder's Statement, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (i) to a director or proposed director of CI to induce them to become, or to qualify as, a director of CI; or
- (ii) for services provided by a director or proposed director of CI in connection with the formation or promotion of CI or the offer of CI Shares under the Takeover Offer.

(c) **Expenses of the Takeover Offer**

The total amount of cash that CI may become obliged to pay to satisfy all expenses incurred by CI and relating to the Takeover Offer will be provided from CI's existing cash balances.

CI estimates it will incur fees for services provided in connection with the Takeover Offer, including for legal, taxation, financial advisers, share register and ASX and other professional fees, in the amount of approximately \$200,000 (excluding GST).

10.8 Disclosure of Interests of Directors and Proposed Directors

The interests of the CI Directors and the Proposed Directors in CI securities is set out in Section 4.6 of this Bidder's Statement.

The CI Directors and Proposed Directors have the following interests in Phosphate securities as at the date of this Bidder's Statement:

	Shares	Options ¹
Existing Directors		
Mr David Somerville	Nil	Nil
Mr Adrian Joseph Anthony Gurgone	Nil	Nil
Dato Kamaruddin bin Mohammed	Nil	Nil
Mr Tee Lip Sin	116,100	Nil
Mr Tee Lip Jen	30,500	Nil
Proposed Directors		
Mr Clive Brown	Nil	Nil
Mr Lai Ah Hong	50,461	Nil
Mr Chan Khye Meng	13,001	Nil
Mr Phua Siak Yeong	11,000	Nil

Notes:

1. Phosphate does not currently have any options on issue.

The Directors of Phosphate have the following interests in CI securities as at the date of this Bidder's Statement:

	Shares	Options ¹
Mr Clive Brown	Nil	Nil
Mr Lai Ah Hong	1,702,988	Nil
Mr Chan Khye Meng	31,818	Nil
Mr Tee Lip Sin	14,566,876	Nil
Dato Kamaruddin bin Mohammed	Nil	Nil
Mr Phua Siak Yeong	Nil	Nil
Mr Tee Lip Jen	Nil	Nil

Notes:

1. CI does not currently have any options on issue.

10.9 Fees and Benefits of Directors and Proposed Directors

The Constitution of CI provides that the Directors may be paid for their services as Directors a sum not exceeding such fixed sum per annum as may be determined by CI in general meeting, to be divided among the Directors and in default of agreement then in equal shares.

The annual remuneration (inclusive of superannuation) of the CI Directors for the last two financial years ended 30 June 2013 and 2014 and the proposed annual remuneration (inclusive of superannuation) of the CI Directors and Proposed Directors for the current financial year ending 30 June 2015 are as follows:

Existing Directors	2013 Financial Year	2014 Financial Year	2015 Financial Year
Mr David Somerville	\$74,420 ¹	\$109,252 ²	\$109,252
Mr Adrian Joseph Anthony Gurgone	\$46,920	\$65,237	\$65,237
Dato Kamaruddin bin Mohammed	\$14,941 ³	\$72,337 ⁴	\$67,794
Mr Tee Lip Sin	\$32,920	\$51,179	\$51,179
Mr Tee Lip Jen	\$32,920	\$51,179	\$51,179
Proposed Directors	2013 Financial Year	2014 Financial Year	2015 Financial Year (proposed)
Mr Clive Brown	N/A	N/A	\$169,743
Mr Lai Ah Hong	N/A	N/A	\$856,609
Mr Chan Khye Meng	N/A	N/A	\$102,260
Mr Phua Siak Yeong	N/A	N/A	\$225,844

Notes:

1. In addition, Questus Administration Services Pty Ltd, of which Mr Somerville is a director, received \$87,026 for accounting and secretarial services provided to CI.
2. In addition, Questus Administration Services Pty Ltd, of which Mr Somerville is a director, received \$51,137 for accounting and secretarial services provided to CI.
3. Dato Kamaruddin bin Mohammed was appointed as a Director on 21 September 2012.
4. Includes \$4,543 which related to the financial year ended 30 June 2013.

CI's year end is 30 June.

Directors, companies associated with the Directors or their Associates are also reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of CI and other miscellaneous expenses.

The remuneration of Directors is reviewed annually by CI.

10.10 Material Litigation

CI is not aware of any instituted or threatened material litigation, or other material legal proceedings in relation to CI.

10.11 Status of Conditions

The conditions of the Takeover Offer are set out in Section 1.8(a) of Annexure A (**Conditions**). CI will use all reasonable endeavours to ensure the Conditions are satisfied as soon as possible after the date of this Bidder's Statement.

As at the date of this Bidder's Statement, CI is not aware of any events which would result in a breach or inability to satisfy the Conditions.

CI will give a notice of the status of the Conditions in accordance with the Corporations Act on 20 November 2014 (subject to extension if the Offer Period is extended).

10.12 Consents

Each of the parties referred to in this Section 10.12:

- (a) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement other than a reference to its name and a statement included in this Bidder's Statement with the consent of that party as specified in this Section 10.12; and
- (b) has not caused or authorised the issue of this Bidder's Statement.

Each of the following has consented to being named in this Bidder's Statement in the capacity as noted below and have not withdrawn such consent prior to the lodgement of this Bidder's Statement with ASIC:

- (a) Steinepreis Paganin as Australian legal advisors to the Company in relation to the Takeover Offer; and

- (b) Ernst & Young as the Company's auditor and also to the inclusion of the Company's 2012, 2013 and 2014 audited accounts in this Bidder's Statement.

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or on the company announcement platform of ASX. Under the Class Order 13/523, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of these reports or statements free of charge, please contact CI's Company Secretary on +61 8 9489 4444.

As permitted by ASIC Class Order 13/523, this Bidder's Statement may include or be accompanied by certain statements fairly representing a statement by an official person or from a public official document or a published book, journal or comparable publication.

In addition, as permitted by ASIC Class Order 07/429, this Bidder's Statement contains ASX share price trading information sourced from ASX without its consent.

10.13 Other Material Information

There is no other information material to the making of a decision by a holder of Phosphate Shares whether or not to accept the Takeover Offer being information that is known to CI and which has not previously been disclosed to Phosphate Shareholders other than as is contained elsewhere in this Bidder's Statement.

10.14 Expiry Date

No securities will be issued on the basis of this Bidder's Statement after the date which is 13 months after the date of this Bidder's Statement.

10.15 Date for Determining Holders

For the purposes of Section 633 of the Corporations Act, the date for determining the people to whom this Bidder's Statement is sent is the Record Date.

10.16 ASIC Modifications and Exemptions, ASX Waivers

ASIC has published various "Class Order" instruments providing for modifications and exemptions that apply generally to all persons, including CI, in relation to the operation of Chapter 6 of the Corporations Act. CI may rely on this "Class Order" relief.

11. DIRECTORS AUTHORISATION

This Bidder's Statement is dated 20 October 2014 and was approved pursuant to a unanimous resolution passed at a meeting of the directors of CI.

A handwritten signature in black ink, appearing to be 'D. Somerville', written over a horizontal line.

**Signed for and on behalf of
CI Resources Limited
Mr David Somerville
Non-Executive Chairman**

12. DEFINITIONS AND INTERPRETATION

12.1 Definitions

In this Bidder's Statement (including its annexures), unless the context otherwise requires:

\$ or **Dollar** means Australian dollars.

Acceptance Form means the form of acceptance for the Offer accompanying this Bidder's Statement or alternatively any acceptance form sent to a Phosphate Shareholder by CI's share registry in relation to the Offer, as the context requires.

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

Associate has the meaning given in Chapter 6 of the Corporations Act.

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 Settlement Corporation means ASX Settlement Pty Ltd (ACN 008 504 532).

ASX Settlement Operating Rules means the operating rules of the ASX Settlement Facility (as defined in Rule 1.1.1 and Rule 1.1.2 of the ASX Settlement Operating Rules) in accordance with Rule 1.2 which govern, inter alia, the administration of the CHESS subregisters.

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

Bid Period has the meaning given to that term in the Corporations Act.

Bidder's Statement means this document including the Annexures.

Board or **CI Board** means the board of directors of CI.

Business Day means a day that is not a Saturday, Sunday or any other day which is a public holiday or a bank holiday in Western Australia.

CGT means capital gains tax as defined in the *Income Tax Assessment Act 1997* (Cth).

CHESS means Clearing House Electronic Subregister System as defined in Rule 2.3.1 of the ASX Settlement Operating Rules.

CHESS Holding means a number of Phosphate Shares which are registered on Phosphate's share register being a register administered by the ASX Settlement Corporation and which records uncertified holdings of shares.

CI or **Company** means CI Resources Limited (ACN 006 788 754) or the Merged Group as the context requires.

CI Group means CI and its Subsidiaries.

CI Share or **Share** means a fully paid ordinary share in the capital of CI.

CI Shareholder or **Shareholder** means a holder of a CI Share.

Conditions means the conditions to the Takeover Offer set out in Section 1.8(a) of Annexure A.

Constitution means the constitution of CI.

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

Director or **CI Director** means a director of CI as at the date of this Bidder's Statement.

Encumbrance means any mortgage, fixed or floating charge, pledge, lien, option, right to acquire a security or to restrain someone from acquiring a security (including under a right of pre-emption or right of first refusal), assignment by way of security, trust arrangement for the purpose of providing security, retention arrangement or other security interest of any kind (including a "security interest" as defined under the *Personal Property Securities Act 2009* (Cth)), and any agreement to create any of the foregoing or allow any of the foregoing to exist.

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.

GST means Goods and Services Tax.

Merged Group means CI and its subsidiaries after successful completion of the Takeover Offer, including without limitation Phosphate.

Offer has the same meaning as given to the term "Takeover Offer" in this Bidder's Statement.

Offer Consideration means, 40.3 CI Shares for every 1 Phosphate Share held by Phosphate Shareholders.

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

Official List of the ASX means the official list of entities that ASX has admitted and not removed.

Perth Time means Perth (Western Australia) Standard Time.

Phosphate means Phosphate Resources Limited (ACN 009 396 543).

Phosphate Board means the board of directors of Phosphate as at the date of this Bidder's Statement.

Phosphate Group means Phosphate and its Subsidiaries.

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

Phosphate Shareholders means all persons who hold Phosphate Shares.

Proposed Directors means the nominees of Phosphate to be appointed to the CI Board.

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

Record Date means the date set by CI under Section 633(2) of the Corporations Act, being 5:00pm (Perth time) on 20 October 2014.

Relevant Interest has the meaning given in Sections 608 and 609 of the Corporations Act.

Rights means, in respect of Your Shares, all accreditations, benefits and rights attaching to or arising from Your Shares directly or indirectly at or after the date of the Takeover Offer (being 20 October 2014) (including, but not limited to, all dividends and distributions and all rights to receive dividends and distributions and to receive or subscribe for shares, stock units, notes, options or other securities declared, paid, or issued by Phosphate).

Subsidiary means a subsidiary within the meaning given to that term in Section 9 of the Corporations Act.

Takeover Offer or **Offer** means the off market takeover offer by CI to acquire all Phosphate Shares (including all Rights attaching to them) that it does not already hold in consideration for 40.3 CI Shares for every 1 Phosphate Share, and otherwise on the terms and conditions set out in this Bidder's Statement.

Takeover Offer Consideration means the CI Shares to be issued to Phosphate Shareholders who accept the Takeover Offer.

Target's Statement means the target's statement prepared by Phosphate in respect of the Takeover Offer, a copy of which is enclosed with this Bidder's Statement.

VWAP means, in respect of a class of shares, the volume weighted average price of that class of shares on the ASX during a prescribed number of trading days.

Your Shares or **Your Phosphate Shares** means, in respect of a Phosphate Shareholder, all of the Phosphate Shares:

- (a) on issue as at the Record Date or that are issued after the Record Date and before the end of the Offer Period, whether by way of conversion of, or the exercise of a right attaching to, any securities that existed as at the Record Date or otherwise; and
- (b) to which you are able to give good title at the time you accept this Offer during the Offer Period,

including all Rights attaching to all such Phosphate Shares.

12.2 Interpretation

The following rules of interpretation apply unless intention appears or the context requires otherwise:

- (a) a reference to a time is a reference to Perth (Western Australian) time, unless otherwise stated;
- (b) headings are for convenience only and do not affect interpretation;
- (c) the singular includes the plural and conversely;
- (d) a reference to a Section is to a section of this Bidder's Statement;
- (e) a gender includes all genders;
- (f) where a word or phrase is defined, the other grammatical forms have a corresponding meaning;
- (g) \$, or cents is a reference to the lawful currency in Australia, unless otherwise stated;
- (h) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely;
- (i) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (j) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
- (k) a reference to any instrument or document includes any variation or replacement of it;
- (l) a term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act;
- (m) a reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually;
- (n) a reference to you is to a person to whom the Takeover Offer is made; and

the words 'include', 'including', 'for example' or 'such as' are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

ANNEXURE A – TERMS OF TAKEOVER OFFER

1.1 General Terms

- (a) CI offers to acquire all of Your Shares (including all Rights attached to them) on the following terms and conditions set out in this Takeover Offer.
- (b) The Takeover Offer Consideration being offered by CI for the acquisition of all of Your Shares is 40.3 CI Shares for every 1 Phosphate Share you own, subject to the terms and conditions set out in this Takeover Offer.
- (c) If you become entitled to a fraction of a CI Share under the Takeover Offer, the number of CI Shares will be rounded up to the nearest whole CI Share.
- (d) The CI Shares to be issued pursuant to this Takeover Offer will be fully paid and, from their date of issue, rank equally in all respects with existing CI Shares currently on issue.
- (e) The rights and obligations of the CI Shares to be issued under the Takeover Offer are summarised in Section 4.9 of the Bidder's Statement.

1.2 Offer Period

- (a) Unless withdrawn, this Takeover Offer will remain open for acceptance during the period commencing on the date of this Takeover Offer and ending at 5:00 pm (Perth Time) on the later of:
 - (i) 27 November 2014; or
 - (ii) any date to which the Offer Period is extended, in accordance with the Corporations Act.
- (b) CI reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.
- (c) If, within the last 7 days of the Offer Period, either of the following events occurs:
 - (i) the Takeover Offer is varied to improve the consideration offered; or
 - (ii) CI's voting power in Phosphate increases to more than 50%,then the Offer Period will automatically be extended so that it ends 14 days after the relevant events in accordance with Section 624(2) of the Corporations Act.

1.3 Who May Accept

- (a) An Offer on the terms and conditions set out in this Annexure A and bearing the same date is being made to each person registered as a holder of Phosphate Shares on Phosphate's register of members at 5:00pm (Perth Time) on the Record Date.

- (b) The Offer applies in respect of all Phosphate Shares that are not held by CI:
- (i) on issue as at the Record Date; or
 - (ii) that are issued after the Record Date and before the end of the Offer Period, as a result of conversion of, or the exercise of a right attaching to, any securities that existed as at the Record Date.
- (c) The Offer also extends to each person who becomes registered as the holder of Your Shares during the Offer Period.
- (d) A person who:
- (i) is able, during the Offer Period, to give good title to a parcel of Phosphate Shares; and
 - (ii) has not already accepted this Takeover Offer in relation to those Phosphate Shares,

may accept as if an Offer from CI on terms identical with this Takeover Offer had been made to that person in relation to those Phosphate Shares.

- (e) If, at the time the Takeover Offer is made to you, or at any time during the Offer Period, another person is registered as the holder of some or all of Your Shares, then a corresponding offer on the same terms and conditions as this Takeover Offer will be deemed to have been made to that other person in respect of those Phosphate Shares.
- (f) If at any time during the Offer Period you are registered as the holder of one or more parcels of Phosphate Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct offer on the same terms and conditions as this Takeover Offer has been made in relation to each of those parcels and any parcel you hold in your own right. To validly accept the Takeover Offer for each distinct parcel, you must comply with the procedure in Section 653B(3) of the Corporations Act and provide CI with a notice stating the following:
- (i) either that the parcel is held in your own right or, if the parcel is held for a beneficiary, the name and address of each beneficiary;
 - (ii) if the parcel is held in your own right, the date of the transaction through which you acquired a legal interest in the parcel; and
 - (iii) if the parcel is held for one or more beneficiaries, the date on which each beneficiary acquired a beneficial interest in that parcel (or, if unknown, the date that the beneficiary is reasonably believed to have acquired a beneficial interest in that parcel).

If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Acceptance Form, please call CI's Company Secretary on +61 8 9489 4444 to request those additional copies.

- (g) This Takeover Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). The Offer is not registered in New Zealand, but is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013. It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this Takeover Offer and to comply with any other necessary formality and to obtain any necessary governmental or other consents.
- (h) If Your Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting this Takeover Offer.

1.4 How to Accept this Takeover Offer

- (a) You may only accept this Takeover Offer in respect of all (and not a lesser number) of Your Shares. For example, if you have 10,000 Phosphate Shares and you wish to accept the Takeover Offer, you may only accept this Takeover Offer in respect of 10,000 Phosphate Shares.
- (b) You may accept this Takeover Offer at any time during the Offer Period.
- (c) To accept this Takeover Offer for Phosphate Shares held in your name, you must:
 - (i) complete and sign the Acceptance Form in accordance with the terms of this Takeover Offer and the instructions on the Acceptance Form; and
 - (ii) ensure that the Acceptance Form (including any documents required by the terms of this Takeover Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period, at the address shown on the Acceptance Form.
- (d) Acceptance Form and Other Documents
 - (i) The Acceptance Form forms part of the Takeover Offer. The requirements on the Acceptance Form must be observed in accepting the Takeover Offer.
 - (ii) For your acceptance of this Offer to be valid, you must ensure that your Acceptance Form (including any documents required by the terms of this Takeover Offer and the instructions on the Acceptance Form) are posted or delivered in sufficient time for it to be received by CI at the address shown on the Acceptance Form before the end of the Offer Period.
 - (iii) The postage and transmission of the Acceptance Form and other documents is at your own risk.
 - (iv) When accepting the Takeover Offer, you must also forward for inspection:
 - (A) if the Acceptance Form is executed by an attorney, a certified copy of the power of attorney; and

- (B) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased Phosphate Shareholder, the relevant grant of probate or letters of administration.

1.5 Validity of Acceptances

- (a) Subject to the remainder of this Section 1.5 of this Annexure A, your acceptance of the Takeover Offer will not be valid unless it is made in accordance with the procedures set out in Section 1.4 of this Annexure A.
- (b) CI may, in its sole discretion, at any time deem any Acceptance Form it receives to be a valid acceptance in respect of Your Shares even if a requirement for acceptance has not been complied with.
- (c) CI may at any time in its sole discretion:
 - (i) treat the receipt by it of an Acceptance Form during the Offer Period (or in an envelope post-marked before the expiry of the Offer Period) as a valid acceptance notwithstanding that one or more of the other requirements for a valid acceptance have not been complied with and without further communication to you; and
 - (ii) where you have satisfied the requirements for acceptance in respect of only some of Your Phosphate Shares, treat the acceptance as a valid acceptance in respect of all of Your Phosphate Shares.
- (d) In respect of any part of an acceptance treated by it as valid, CI will provide you with the relevant consideration in accordance with Section 1.7(a) of this Annexure A, and the exercise of CI's rights under this Section 1.5 of this Annexure A will be conclusive and only evidenced by its so doing. Subject to the requirements of the Corporations Act, the payment of consideration in accordance with the Takeover Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by CI.
- (e) This Section is not a condition of this Takeover Offer.

1.6 The Effect of Acceptance

- (a) Once you have accepted this Takeover Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you. In addition, you will be unable to withdraw your acceptance of the Takeover Offer or otherwise dispose of Your Shares, except as follows:
 - (i) if, by the time specified in Section 1.6(b) of this Annexure A, the conditions in Section 1.8(a) of this Annexure A have not all been fulfilled or waived (in which case the Takeover Offer will lapse and any contract resulting from an acceptance of the Offer will be void); or
 - (ii) if the Takeover Offer is varied in accordance with the Corporations Act in a way that postpones for more than one

month the time when CI has to meet its obligations under the Takeover Offer, and, at the time, the Takeover Offer is subject to one or more of the conditions in Section 1.8(a) of this Annexure A, you may be able to withdraw your acceptance in accordance with Section 650E of the Corporations Act.

- (b) The relevant time for the purposes of Section 1.6(a) is:
- (i) in the case of the Condition referred to in Section 1.8(a)(iii) (but only to the extent the Conditions is the same as the conditions set out in Section 652C(1) or (2) of the Corporations Act), the third Business Day after the end of the Offer Period; and
 - (ii) in any other case, the end of the Offer Period.
- (c) By following the procedures described in Section 1.4 of this Annexure A, you will be deemed to have:
- (i) accepted this Takeover Offer (and any variation to it) in respect of all of Your Phosphate Shares, regardless of the number of Phosphate Shares specified in the Acceptance Form;
 - (ii) agreed to the terms of the Takeover Offer and, subject to the conditions contained in Section 1.8(a) of this Annexure A being fulfilled or waived, agreed to transfer to CI all of Your Phosphate Shares (including all of the Rights attached to those Phosphate Shares);
 - (iii) agreed to accept the consideration being offered by CI and have authorised CI to place your name on its register of shareholders in respect of CI Shares offered by CI as consideration, and agreed to be bound by the Constitution of CI;
 - (iv) authorised CI to complete the Acceptance Form by correcting any errors in or omissions from the Acceptance Form as may be necessary:
 - (A) to make the Acceptance Form an effective acceptance of this Takeover Offer; and/or
 - (B) to enable registration of the transfer to CI of Your Phosphate Shares;
 - (v) irrevocably authorised and directed Phosphate to pay to CI or to account to CI for all dividends and other distributions and entitlements which are declared, paid or which arise or accrue after the date of this Takeover Offer in respect of Your Phosphate Shares (subject to CI accounting to you for any dividends, distributions or entitlements received by it if your acceptance of this Takeover Offer is validly withdrawn pursuant to Section 650E of the Corporations Act or the contract resulting from that acceptance becomes void);
 - (vi) represented and warranted to CI that:
 - (A) CI will acquire good title to and beneficial ownership of all of Your Phosphate Shares free from all

- Encumbrances (whether legal or equitable) and other third party interests of any kind;
- (B) you have paid Phosphate all amounts which are due in respect of Your Phosphate Shares;
 - (C) all of Your Phosphate Shares are fully paid; and
 - (D) you have full power and capacity to accept the Takeover Offer and to sell and transfer the legal and beneficial ownership of Your Phosphate Shares (including all Rights attached to them) to CI;
- (vii) agreed to accept the CI Shares to which you become entitled by accepting this Takeover Offer subject to the Constitution and the terms of issue of the CI Shares and to have authorised CI to place your name on its register of shareholders as the holder of the CI Shares issued to you under the Takeover Offer;
 - (viii) represented and warranted to CI that the making by CI to you, and your acceptance, of this Takeover Offer is lawful under any foreign law which applies to you, to the making of this Takeover Offer, and to your acceptance of this Takeover Offer;
 - (ix) with effect from the later of acceptance of the Takeover Offer and the date that any contract resulting from that acceptance becomes or is declared unconditional, appointed (and agreed not to revoke that appointment) CI and each of its directors, secretaries and other officers from time to time severally as your agent and true and lawful attorney, with power to do all things which you could lawfully do concerning Your Phosphate Shares or in exercise of any right or power derived from the holding of Your Phosphate Shares including, without limitation:
 - (A) attend and vote in respect of Your Phosphate Shares at any and all meetings of the members of Phosphate;
 - (B) requisition or join with other holders of Phosphate Shares in requisitioning and/or convening a meeting of the members of Phosphate;
 - (C) demand a poll for any vote to be taken at any meeting of the members of Phosphate;
 - (D) propose or second any resolutions to be considered at any, and all meetings of Phosphate Shareholders;
 - (E) execute all forms, transfers, assignments, notices, instruments (including instruments appointing a director of CI as a proxy in respect of all or any of Your Phosphate Shares and a transfer form for Your Phosphate Shares), proxies, consents, agreements and resolutions relating to your Phosphate Shares;
 - (F) request Phosphate to register in the name of CI (or its nominee) all of Your Phosphate Shares; and
 - (G) do all things incidental or ancillary to the foregoing,

and to have agreed that in exercising the powers conferred by that power of attorney, the attorney shall be entitled to act in the interests of CI as the beneficial owner and intended registered holder of Your Phosphate Shares and to have further agreed to do all such acts, matters and things that CI may require to give effect to the matters the subject of this paragraph (including the execution of a written form of proxy to the same effect as this paragraph which complies in all respects with the requirements of the constitution of Phosphate) if requested by CI. This appointment is irrevocable and terminates upon the earlier of registration of a transfer to CI of Your Phosphate Shares, withdrawal of your acceptance of the Offer in accordance with section 650E of the Corporations Act and withdrawal of this Takeover Offer by CI in accordance with section 652A of the Corporations Act;

- (x) with effect from the later of acceptance of the Takeover Offer and the date that any contract resulting from that acceptance becomes, or is declared unconditional, agreed not to vote in person at any general meeting of Phosphate or to exercise (or purport to exercise) in person, by proxy or otherwise, any of the powers conferred on CI and the directors, secretaries and other officers of CI by Section 1.6(c)(ix) of this Annexure A;
 - (xi) irrevocably authorised CI to notify Phosphate on your behalf that your place of address for the purposes of serving notices in respect of your Phosphate Shares is the address specified by CI in the notification;
 - (xii) represented and warranted to CI that, unless you have notified CI in accordance with Section 1.3(f) of this Annexure A, Your Phosphate Shares do not consist of one or more separate parcels of Phosphate Shares; and
 - (xiii) agreed, subject to the conditions of this Takeover Offer in Section 1.8(a) of this Annexure A being fulfilled or freed, to execute all such documents, transfers and assurances, and do all such acts, matters and things that CI may consider necessary or desirable to transfer and convey Your Phosphate Shares (including all Rights attaching to them) to CI.
- (d) The representations, warranties, undertakings and authorities referred to in this Section 1.6 of this Annexure A will (unless otherwise stated) remain in force after you receive the consideration for Your Phosphate Shares and after CI becomes the register as the holder of Your Phosphate Shares.

1.7 Payment of Consideration

- (a) Subject to the terms of this Takeover Offer and the Corporations Act, CI will provide the consideration for Your Shares on or before the earlier of:
 - (i) one month after the date of your acceptance or, if this Takeover Offer is subject to a defeating condition when you accept this Takeover Offer, within one month after this Takeover Offer becomes unconditional; and
 - (ii) 21 days after the end of the Offer Period.

- (b) Under no circumstances will interest be paid on the consideration to which you are entitled under the Takeover Offer, regardless of any delay in providing the consideration or any extension of the Takeover Offer.
- (c) Where the Acceptance Form requires an additional document to be given with your acceptance (such as a power of attorney):
 - (i) if that document is given with or at the same time as your acceptance, CI will provide the consideration in accordance with Section 1.7(a) of this Annexure A;
 - (ii) if that document is given after acceptance and before the end of the Offer Period while this Takeover Offer is subject to a defeating condition, CI will provide the consideration by the end of whichever of the following periods ends earlier:
 - (A) within one month after this Takeover Offer becomes unconditional; or
 - (B) 21 days after the end of the Offer Period;
 - (iii) if that document is given after acceptance and before the end of the Offer Period while this Takeover Offer is not subject to a defeating condition, CI will provide the consideration due to you on or before the earlier of:
 - (A) one month after that document is given to CI; and
 - (B) 21 days after the end of the Offer Period; and
 - (iv) if that document is given after acceptance and after the end of the Offer Period, and the Takeover Offer is not subject to a defeating condition, CI will provide the consideration within 21 days after that document is given to CI. However, if at the time the document is given, the Takeover Offer is still subject to a defeating condition that relates only to the happening of an event of circumstances referred to in Section 652C(1) or (2) of the Corporations Act, CI will provide the consideration for you within 21 days after the Takeover Offer becomes unconditional.
- (d) The obligation of CI to allot and issue any CI Shares to which you are entitled as a result of your acceptance of this Takeover Offer will be satisfied by:
 - (i) entering your name on the register of members of CI; and
 - (ii) dispatching or procuring the dispatch to you by pre-paid post to your last recorded address on Phosphate's register of members (or as stated in your Acceptance Form, if different), a confirmation of the issue of CI Shares in your name. If Your Shares are held in a joint name, an uncertificated holding statement will be issued in the name of the first person that appears on Phosphate's register of members, and forwarded to your last recorded address on Phosphate's register of members (or as stated in your Acceptance Form, if different).
- (e) If, at the time you accept the Takeover Offer, any of the following:

- (i) Banking (Foreign Exchange) Regulations 1959 (Cth);
- (ii) Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth);
- (iii) Charter of the United Nations (Sanctions – Al-Qaida and the Taliban) Regulations 2008 (Cth);
- (iv) Charter of the United Nations (Sanctions - Iraq) Regulations 2008 (Cth); or
- (v) any other law of Australia,

require that an authority, clearance or approval of the Reserve Bank of Australia, the Australian Taxation Office or any other government authority be obtained before you receive any consideration for Your Shares, or would make it unlawful for CI to provide any consideration to you for Your Shares, you will not be entitled to receive any consideration for Your Shares until all requisite authorities, clearances or approvals have been received by CI. As far as CI is aware, as at the date of this Bidder's Statement, the persons to whom this Section 1.7(e) of this Annexure A will apply are: prescribed supporters of the former government of Yugoslavia; ministers and senior officials of the Government of Zimbabwe; persons associated with the former government of Iraq (including senior officials, immediate family members of senior officials, or entities controlled by any of those persons); the Taliban; members of the Al Qaida organisation; and a person named in the list maintained pursuant to Section 2 of Resolution 1390 of the Security Council of the United Nations.

1.8 Conditions of this Takeover Offer

- (a) Subject to Sections 1.8(b) and (c) of this Annexure A, the Takeover Offer and any contract that results from acceptance of the Takeover Offer is subject to the fulfilment of the following conditions:

- (i) **No regulatory intervention**

During the period from the Announcement Date to the end of the Offer Period (inclusive):

- (A) there is not in effect any preliminary or final decision, order or decree issued by a Government Authority; and
- (B) 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:

- (C) 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

- (D) 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.

(ii) **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:

- (A) 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
- (B) 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
- (C) the termination or loss of or a reduction in Phosphate's interest in any Phosphate Material Contract,

other than an event, matter or circumstance:

- (D) required to be done as a result of the Takeover Offer;
- (E) 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;
- (F) caused or materially contributed to by CI;
- (G) 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
- (H) directly resulting from any actions taken (or omitted to be taken) following a written request from CI or with CI's prior written consent.

(iii) **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:

- (A) Phosphate converts all or any of its shares into a larger or smaller number of shares;
- (B) 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;
- (C) 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;
- (D) 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).
- (E) 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;
- (F) Phosphate adopts a new constitution or repeals, modifies or proposes to amend its constitution;
- (G) 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;
- (H) an order or application is made or a resolution is passed for the winding up of any member of the Phosphate Group;
- (I) 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;
- (J) any member of the Phosphate Group ceases to carry on business or is deregistered under the Corporations Act;
- (K) 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:

- (I) change the nature of the business conducted by the Phosphate Group; or
 - (II) have a material adverse impact on the business conducted by the Phosphate Group;
- (L) 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;
- (M) 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);
- (N) 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);
- (O) 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;
- (P) any member of the Phosphate Group:
 - (I) enters into any financing arrangement or commitment or agrees to extend, repay or materially amend any existing financing arrangement or commitment; or
 - (II) guarantees, indemnifies or provides security for the obligations of any person or entity other than a member of the Phosphate Group; and
- (Q) any member of the Phosphate Group agrees or announces an intention to take any of the actions referred to in paragraphs (A) to (P) above,

provided that the above events will not include any matter:

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

- (T) 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
 - (U) 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
 - (V) approved in writing by CI, such approval not to be unreasonably withheld or delayed.
- (b) Each condition in Section 1.8(a) of this Annexure A (each, a **Condition**) is a separate, several and distinct condition and is for the benefit of CI alone and may only be relied upon by CI.
 - (c) All the Conditions are conditions subsequent. The non-fulfilment of any Condition does not prevent a contract to sell Your Shares from arising upon your acceptance of the Offer in accordance with these terms. But, if a Condition is not satisfied by the end of the Offer Period or waived by the end of the relevant time specified in Section 1.6(b), the contract formed upon your acceptance of the Offer will thereupon be automatically void.

1.9 Freeing the Takeover Offer of Conditions

- (a) Subject to paragraph 1.9(c) below, CI may free this Takeover Offer, and any contract resulting from its acceptance, from all or any of the conditions in Section 1.8(a) of this Annexure A by giving notice to Phosphate declaring the Takeover Offer to be free from the relevant conditions specified in accordance with Section 650F of the Corporations Act. This notice may be given not less than 7 days before the end of the Offer Period.
- (b) If, at the end of the Offer Period, any of the conditions in Section 1.8(a) of this Annexure A has not been fulfilled and CI has not declared the Takeover Offer (or it has not become) free from the relevant condition, all contracts resulting from the acceptance of the Takeover Offer will be automatically void.
- (c) Subject to the provisions of the Corporations Act, CI alone will be entitled to the benefit of the conditions in Section 1.8(a) of this Annexure A and any breach or non-fulfilment thereof may be relied upon only by CI.

1.10 Notice of Status of Conditions

The date for giving the notice required by Section 630(1) of the Corporations Act is 20 November 2014, subject to extension in accordance with 630(2) if the Offer Period is extended.

1.11 Quotation

- (a) An application will be made within 7 days after the start of the Bid Period to ASX for the granting of quotation of the CI Shares to be issued in accordance with the Takeover Offer. However, quotation is not granted automatically on application.

- (b) Pursuant to the Corporations Act, this Takeover Offer and any contract that results from your acceptance of it is subject to conditions that:
 - (i) application for permission to quotation is made within 7 days after the start of the Bid Period; and
 - (ii) permission for quotation by ASX (as the circumstances require) of the CI Shares to be issued pursuant to the Takeover Offer being granted no later than 7 days after the end of the Bid Period. If this condition is not fulfilled, all contracts resulting from the acceptance of the Takeover Offer will be automatically void.

1.12 Withdrawal of Offer

- (a) CI may withdraw this Takeover Offer at any time before you accept it, but only with the consent in writing of ASIC (which consent may be given subject to such conditions, if any, as are imposed by ASIC). If ASIC gives such consent, CI will give notice of the withdrawal to ASX and to Phosphate and comply with any other conditions imposed by ASIC.
- (b) Subject to any conditions imposed by ASIC in its consent, if CI withdraws the Offer, the Offer, to the extent not previously accepted, automatically becomes incapable of acceptance and any contract resulting from acceptance of the Offer before the withdrawal will be automatically void.

1.13 Variation

CI may vary this Takeover Offer in accordance with the Corporations Act.

1.14 Duty or Other Costs

- (a) All costs and expenses of the preparation, dispatch and circulation of this Takeover Offer and any duty payable in respect of the transfers will be paid by CI.
- (b) As long as your Phosphate Shares are registered in your name and you deliver them directly to CI, you will not incur any brokerage in connection with your acceptance of this Takeover Offer.

1.15 Governing Law

This Takeover Offer and any contract that results from your acceptance of this Takeover Offer is governed by the laws in force in Western Australia.

1.16 Date of Offer

This Takeover Offer is dated 20 October 2014.

ANNEXURE B – CI'S ASX ANNOUNCEMENTS

The Company has lodged the following announcements with ASX since 1 July 2014:

Date	Description of Announcement
09/10/2014	Takeover Offer
07/10/2014	Final Director's Interest Notice
07/10/2014	Director Appointment/Resignation
29/08/2014	Full Year Accounts
29/08/2014	Preliminary Final Report