



**CI RESOURCES LIMITED**  
**ANNUAL GENERAL MEETING**  
**26<sup>th</sup> NOVEMBER 2015 @ 10.00AM**

**Chairman's Introduction and Welcome**

Good morning ladies and gentlemen and welcome to the 2015 Annual General Meeting of CI Resources Limited.

My name is David Somerville and I am the Chairman of CI Resources Limited.

Before we commence with the formal business of this meeting, I would like to take this opportunity to introduce you to my fellow directors:

- Lai Ah Hong (Managing Director)
- Clive Brown
- Adrian Gurgone
- Tee Lip Sin
- Tee Lip Jen
- Dato' Kamaruddin bin Mohammed

I would also like to introduce Ms Elizabeth Lee and Kevin Edwards, our company secretaries and Mr Brendan Poepjes, our Audit manager at Ernst & Young, the company's auditor, who is in attendance in the room to answer any queries shareholders may wish to address.

The company secretary has advised me that a quorum is present and I therefore declare the meeting open.

**Chairman's address and presentation**

I am pleased to be able to report a very positive result for CI Resources Limited (Company), following the successful completion of the takeover of Phosphate Resources Ltd in early January 2015. The Company has recorded a substantial profit for the year of \$29 million after tax, which is equivalent to 23.73 cents earning per share.

The takeover was affected by a scrip issue on equivalent terms which effectively resulted in a merger of the two entities. The ongoing operational management

has remained unchanged with the merger, and the Board is now essentially a consolidation of the previous dual Boards.

This restructure has been positively viewed by the market, with the ASX listed price increasing from 78 cents prior to the takeover to \$1.30 currently, an increase of 66%.

## **DIVIDENDS**

I am pleased to report that the Board has approved a continuation of our dividend policy by confirming a final fully franked dividend of 2.5 cents, and in light of the very strong results the Board approved a "special dividend" of a further 2.5 cents per share. This equates to dividends of 7.5 cents fully franked for the year.

## **OPERATIONS**

Christmas Island operations were considerably improved with a final total product output of 671,000 tonnes an increase of 100,000 tonnes over the previous year. Even better results would have been achieved if critical Commonwealth owned port infrastructure which is overdue for replacement had not regularly failed.

We also took advantage of some external trading opportunities resulting in total group sales of phosphate products reaching 718,000 tonnes.

During the year, Indian Ocean Oil Company Pty Ltd, a wholly owned subsidiary of Phosphate Resources Ltd, was awarded the Commonwealth government contract for four years for the exclusive supply of Diesel fuel to the Christmas Island Power Station and to provide the diesel fuel requirements that arise for other Commonwealth entities operating out of Christmas Island.

This is a very significant contract which should enhance the revenues achieved by the group. Both the Mining operation and the Commonwealth will benefit from the logistics cost savings resulting from the combined supply chain.

## **DIVERSIFIED INDUSTRIAL STRATEGY**

The Board has determined to continue pursuing investments in accord with its current "diversified industrial" strategy - in the sectors of phosphate, mining, infrastructure and land development, and agriculture. To assist in the evaluation of prospects we have approved a substantial increase in budget allocations for business development, and several opportunities are currently being considered.

We have recently joined with a small Indian group Silverline Fertilisers Private Ltd to form a new subsidiary Phosphate Resources Silverline Pte Ltd. We hold 51% of this Singaporean company which we will use to undertake trading opportunities into the Indian market.

Whilst pursuing these diversified opportunities, the Board concur that our current primary area of operations remains on Christmas Island and we will continue to focus a large portion of our energies in this location.

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## **CHRISTMAS ISLAND MINING AREAS**

The Board proposes to continue specific constructive engagement with the Commonwealth Government to obtain access to some additional areas for mining on vacant Crown land, comprising no more than 3% to 4% of the Island outside the National Park.

These additional areas would sustain the Company's viable mining operations and an economic future for the Island community to 2030.

The Company understands the competing interests of the Commonwealth, however recognises that a continuing viable mining operation is essential for current royalties to continue to provide significant financial contributions, for feral abatement and other preservation programs needed to maintain a fully representative environmental example of the unique island ecology. These activities are fundamental to ensure the benefits of the island and its culture are maintained for future generations' enjoyment of the National Park, which comprises some 65% of the island.

## **PROSPECTS FOR THE YEAR AHEAD**

The global economy is facing strong headwinds and an overall lack of confidence in major economies from China to the United States has led to historically low commodity prices in most areas including CPO, all metals, iron ore and oil.

Demand for phosphate has remained reasonable but our product sales have been subjected to similar depressed price conditions. Fortuitously, the impact of lower sales prices has been largely offset by the effect of a weakening Australian dollar and the historically low oil prices have reduced both shipping and production costs for our operations.

### Closing

I finally take this opportunity to thank my fellow Directors for their support and on their behalf thank our Managing Director, our employees, managers and executives for their contributions to both a successful outcome for the year and the development of a sound base in the Company which enables us, despite the generally prevailing gloom, to look positively towards our future.

**This concludes my Chairman's Address.**