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C I RESOURCES LIMITED

16 August 2005

The Manager
Australian Stock Exchange Limited
Level 4
20 Bridge Street
Sydney, NSW 2000

Dear Sir

INVESTMENT IN CHINESE FERTILIZER PLANT

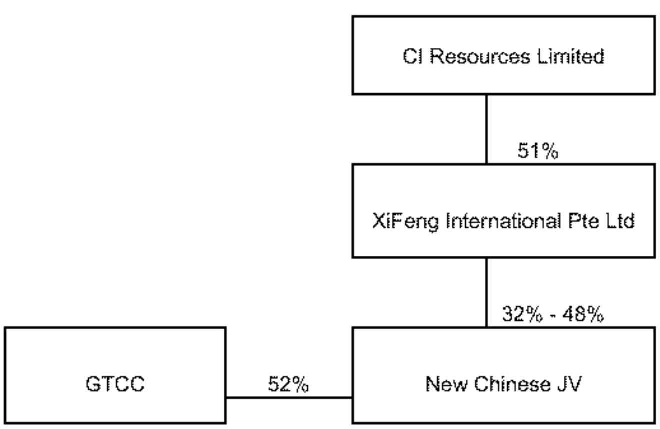
The Board of CI Resources Limited (CII) is pleased to announce that it has resolved to acquire a controlling interest in XiFeng International Pte Ltd (XiFeng), a Singaporean company which has been established to enter into a Joint Venture Agreement (JV) with Guizhou Tianfeng Chemical Company Limited (GTCC).

GTCC is a Chinese State Owned Enterprise. The JV will jointly own and operate a fertilizer plant in the province of Guizhou in Southwest China.

GTCC is the third largest fertiliser company in Guizhou. GTCC will contribute the plant which manufactures approximately 100,000 tonnes of MAP (Mono Ammonia Phosphate) and 100,000 tonnes of NPK fertilizer, for a 52% interest in the new JV. This plant has been valued at RMB60 million (approximately $9.6 million).

XiFeng will acquire up to 48% in the JV, with a minimum of 32%, with the quantum of investment ranging from approximately $3.0 million to approximately $4.5 million depending on the final percentage of investment. CII's investment in XiFeng will be funded from internal resources with a small amount of external financing.

The following summarises the investment structure:



The new JV is estimated to turn over approximately RMB235 million and return a net profit of approximately RMB20 million. This will provide a payback of approximately 3 to 4 years.

The new JV will be registered as a Foreign Investment Enterprise (FIE) in China. This will entitle the new JV to be exempt from corporate income tax in China for two years and then be 50% exempt for another three years.

The acquisition is in line with the Boards policy of seeking out investments in related and complementary industries to its current investments, in particular Phosphate Resources Limited. The directors believe this introduction into China will be a stepping stone into other ventures and will place the company in a strategic position. Other ventures include the potential acquisition of further phosphate resources.

For further information regarding this announcement, please contact Mr Peter Torre.

Yours Sincerely

Peter Torre
Company Secretary