



CI RESOURCES LIMITED
ANNUAL GENERAL MEETING
25th NOVEMBER 2016 @ 10.00AM

Chairman's Introduction and Welcome

Good morning ladies and gentlemen and welcome to the 2016 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
- Dato' Sri Kamaruddin bin Mohammed
- Adrian Gurgone
- Tee Lip Sin
- Tee Lip Jen

I would also like to introduce Elizabeth Lee and Kevin Edwards, our company secretaries and Nathan Brown, 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 an extremely positive result for CI Resources Limited for the year ended 30 June 2016.

The Company has recorded a substantial profit for the year of \$34 million after tax.

DIVIDENDS

As a result of this substantial profit the Board has continued our dividend policy by paying a final fully franked dividend of 5 cents, and in addition, and in view of the very strong results the Board has paid a "special dividend" of a further fully franked 3 cents per share, so a total fully franked dividend payment of 8 cents per share.

MARKET CONDITIONS

As advised in our Annual Report, the Company has expressed concern over global market conditions and unfavorable recent weather conditions, and recognizes that this will have an impact on our future returns.

In summary, demand has been weaker and prices have reduced. This is partly a result of falling shipping costs which has enabled low cost phosphate producers from outside our region to enter our market region increasing the price competition in it.

In addition, abnormally high rainfall over the past few months on Christmas Island has also impacted on our production targets.

We are all cognizant of changing weather patterns – and in a bizarre twist – part of the reason for our extraordinary profits last year – was very favorable weather conditions – with limited effect in our normal swell season – February to May. This year the seasonal influence has delayed and has impacted substantially on our normally strong period for export and profitability – June through to November.

These weather factors have also seen abnormally dry weather in peninsular Malaysia has impacted palm oil production in that region and this together with lower global prices has resulted in lower profitability for producers including our Cheekah Kemayan plantation.

The Board remains confident that we will recover from these influences and that the impacting weather conditions will equalize over ensuing periods.

As reported by the Managing Director in his report - in order to meet the market challenge and retain a reasonable level of ongoing profitability we have commenced a major review of our production processes aiming to maximise the efficient use of personnel, plant and equipment capacity and increase the overall productivity and output in our Christmas Island operations.

FINANCIAL PERFORMANCE

The Board of the Company is satisfied that the Company has a very sound financial underpinning as reflected in the published balance sheet and will continue to perform positively.

The sound financial base coupled with a competent and flexible management team ensures that we will be able to consider and implement growth strategies and undertake complementary growth investments as opportunities arise.

During the year ended 30 June, 2016 the Company paid a total of 9 cents in fully franked dividends which amounts to an effective dividend yield of 4.2% on the current market price. (This does not include our 2017 Dividend paid as above of 8 cents.)

Our share price at our AGM date last year was \$1.42 – which increased to \$2.75 during the year and has now reduced to \$2.15 per share. This is still an increase over the year of 51%, and the Board expects that our share price will further recover as profits and opportunities are pursued by the Company.

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.

The Company, with the support of the Federal Minister for Territories is continuing to seek to extend our access to additional mining areas on vacant Crown Land outside the National Park on Christmas Island. As we noted last year, we consider an ongoing viable mining operation as essential to provide the underpinning for programs designed to preserve the unique island ecology particularly given the stringent budget parameters facing the Commonwealth Government.

The Board, in concert with further approved funding from the Federal Government has agreed to the continuation of the research program with Murdoch University to establish whether any boutique alternative agricultural industry, including medicinal cannabis, would be commercially viable on Christmas Island.

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 a successful outcome for the year, as we move positively to dealing with the current challenges, and towards a positive future.

This concludes my Chairman's Address.