



ACN 006 788 754

**CI RESOURCES LIMITED**  
**ANNUAL GENERAL MEETING**  
**24 NOVEMBER 2020 @ 10.00AM**

**CHAIRMAN'S INTRODUCTION AND WELCOME**

Good morning ladies and gentlemen and welcome to the 2020 Annual General Meeting of CI Resources Limited.

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

Due to the COVID-19 transmission risks, the Australian Government has announced restrictions to International travel. In light of this, and to protect the safety of shareholders and staff attending the meeting, the Board has decided to hold a virtual Annual General Meeting.

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)
- Adrian Gurgone
- Dato' Sri Kamaruddin Mohamed
- Dato' Sri Tee Lip Sin
- Tee Lip Jen

I would also like to introduce Elizabeth Lee, our Company Secretary, and representatives of our Auditor, Ernst & Young - Mr Darryn Hall, our exiting Audit Partner and Mr Russell Curtin a returning Audit Partner. This is an appropriate time to thank Darryn for his services and assistance of the period of his tenure and welcome back Russell.

The Company Secretary has advised me that a quorum is present, and I hereby declare the meeting open.

**CHAIRMAN'S ADDRESS AND PRESENTATION**

The 2020 financial year was one of the most challenging years of the Company's history, with a further weakening market and the impact of the COVID-19 pandemic.

This difficult environment resulted in weaker demand across the region for fertilizers. High quality, high value fertilizers have been hit particularly hard with a temporary shift to low cost alternatives, which has directly impacted our Christmas

Island Rock Phosphate (CIRP) as a key fertilizer ingredient for the higher cost fertilizers. As a result, sales volumes of Phosphate dropped more than 20% from the previous period.

The Company has effectively broken even, this financial year with a net profit after tax of \$32,000 compared to \$8.7m last financial year.

To address these financial impacts, the Board and Executives have implemented a significant restructure of mine operations, which has included a major shutdown period over 12 weeks, a further redundancy program, a restructure of working shifts and prudent cost reductions, which included Board and Company Secretary Fee reductions and Salary reduction by the Managing Director and senior executives.

Although the current downturn in the Company's markets has impacted on the Company's profitability, based upon our ongoing estimation and review of indicated and inferred resources available to the Company and with our best judgements on current commercial parameters it is reasonable to expect we can sustain viable mining operations on Christmas Island for the foreseeable future.

## **DIVERSIFICATION STRATEGY**

The Company is continuing to pursue on-island diversification through existing subsidiaries CI Maintenance Services and Indian Ocean Oil Company – which have provided positive contributions to profits, and new opportunities in solar and other industries.

In our fertilizer market, we have further invested in Phosphate Resources Malaysia, enabling us to better service our customers in the region. While CIRP remains a core product marketed by PRM, we have further grown the product mix to allow us to better meet customer requirements.

CI Resources, is currently considering a number of other complimentary investments in both companies and technologies which form part of the fertilizer value chain, with the goal of enabling the Company to grow market share and reach as well as profitability going forward.

## **DIVIDENDS**

Whilst the Company has maintained a dividend policy of providing consistent dividends over the past 6 years, the Board has decided that it was prudent to suspend any dividends to shareholders until there are clear signs of recovery in the Company's key markets.

## **SUSTAINABILITY**

The Managing Director has published our inaugural Sustainability Report which showcases the myriad of programs run by the Company over the past year, as part of a 30-year commitment of sustainability for Christmas Island, employees and the broader Christmas Island community.

The Company has also worked closely with the Commonwealth over the course of the year by participating in an EPBC Strategic Assessment for Christmas Island. The goal of the EPBC Strategic Assessment is to provide a clear plan that will identify sustainable economic development opportunities for Christmas Island, including future mining opportunities, for the community, and current and prospective businesses.

## **CLOSING**

The Board of CI Resources is satisfied that the Company remains in a robust financial position and the Board continues to explore investment and diversification opportunities to strengthen the long-term viability of the Company and add shareholder value. The Board is firmly focused on continuing to execute on the Company's diversification strategy and make inroads on Christmas Island and in our fertiliser vertical integration pursuit.

The Company is expecting the soft conditions to continue over the next 12 months and will continue efforts to improve efficiencies and lower production costs and provide the most competitive product while always striving to continually improve customer experience.

I finally take this opportunity on behalf of the Board to thank our shareholders for their patience, and our employees, managers, and executives for their understanding of the difficulties being faced by the Company, and their contributions to a successful outcome in these challenging circumstances.

**THIS CONCLUDES MY CHAIRMAN'S ADDRESS.**