CI Resources Limited

Financial Report
For the financial year ended 30 June 2010

CI Resources Limited ACN 006 788 754

Contents

Chairman's Letter

Dear Shareholder,

I am pleased to provide the Annual Report for CI Resources Limited ("CII" or "the Company") for the year ended 30 June 2010, for the first time on a Consolidated basis for the operations of the company and its principal subsidiary Phosphate Resources Limited (PRL).

On the 1st April, 2010, the Company made a further acquisition of 3 % of shares in PRL, under the creep provisions of the Corporations Act, 2001. This acquisition took the holding of the Company to 44.73% of PRL and together with the representation of 3 Board members on the Board of PRL, defines controlling interest in the subsidiary, which requires reporting to be made on a consolidated basis, and for the year in question profits are equity accounted for 9 months and consolidated for 3 months.

The reported Statement of Consolidated Income (Profit and Loss) reflects a Net Profit attributable to members of AUD $ 5.97 M. This Profit is not representative of the profits achieved by the Company and its subsidiary for the year due to the required consolidation adjustments. I have sought to provide an understanding of the approximate breakdown of these profits in the following categories:

• Share of Pre Acquisition Profit in PRL (Actual profit interest)	$ 1,748,000
• Share of Post Acquisition Profit in PRL (Actual profit interest)	$ 1,556,000
• Share of Post Acquisition Foreign (Exchange Gain plus Grant)	$ 1,026,000
• Gain on Consolidation of PRL (Accounting entry reflecting theoretical gain)	$ 942,000
• Write Up of China Investment (As a result of consolidation the carrying value of investment has been rationalised with a write down in PRL and write-up in CII)	$ 707,000
Total Profit reflected	$ 5,979,000

Chairman's Letter

The year of reporting and to the date of this Chairman's Letter has been a period of significant change for the company:

Firstly, the recognition of control and consolidation of PRL is a significant event for the company, which has seen the restructure of the respective Boards of Directors as reported, and as observed above, a change in the reporting for the company. Both Boards have maintained a strong working relationship and are effective in working to maximise the value and return to all respective shareholders.

Secondly, as reported to the ASX, reported in the Australian press, and strongly articulated by the Chairman of PRL, "It was particularly disappointing" that the Minister for the Environment has rejected the final PRL application for an extension of the mining leases for Christmas Island. After a protracted endeavour to seek an extension to the mining lease, including a successful appeal against the former Government, it seems unlikely now that any extension beyond the current mining lease expiring in 2019, will be achievable. The impact of this decision is detrimental to the Company, its subsidiary and employees, and also the economy of Christmas Island.

Thirdly, both the incoming Government and the Opposition of the Australian Federal Government have expressed an intent to move either the holding of immigrants or the processing of immigrants off-shore. This may result in the winding down of the immigration centre on Christmas Island and remove the current ancilliary services income derived by PRL on the island operations.

Fourthly, the recent strength in the Australian Dollar has the capacity to significantly affect the profitability of the mining operations on Christmas Island, and of course all Australian exporters.

As a result of these factors and other extensions of these factors, the joint direction of the Boards of PRL and CII is now to consider alternative opportunities for the companies, both through diversification of existing activities and extension of value into current industry sectors.

The Board of PRL is currently considering a number of opportunities within the wider phosphate industry and business opportunities in current regions of operation.

The Board of CII are supportive of the activities of PRL in this regard, with the clear intent to increase value to shareholders through profits and capital growth for both the short term and long term of the Company. The expertise and extensive relationships developed by and held by the group over the past 20 years are quite unique and will provide the basis for a successful growth of the group.

As Chairman of CII, I would like to thank the Board of CII for their efforts over the year, and to recognise and thank the Board and management of PRL for their dedication and performance over what was a difficult year in the aftermath of the Global Financial Crisis. Despite the negative sentiment of the issues raised above, I am confident in the capacity of the Company and its subsidiary to provide an excellent return to shareholders in the ensuing years!

Corporate directory

Directors
Mr David Somerville – *Chairman*

Mr Tee Lip Sin

Mr Phuar Kong Seng

Mr Phua Siak Yeong

Mr Anthony Brennan

Secretaries
Mr Desmond Kelly
Ms Janelle Burns

Share register
Computershare Investor Services Pty Ltd
Level 2 Reserve Bank Building
45 St Georges Terrace
Perth WA 6000
Telephone +61 8 9323 2000
Facsimile +61 8 9323 2033

Auditor
Ernst & Young
11 Mounts Bay Road
Perth WA 6000

Solicitors
Steinepreis Paganin Lawyers
Level 4 Next Building
16 Milligan Street
Perth WA 6000

Bankers
National Australia Bank
1238 Hay Street
West Perth WA 6005

Stock exchange listings
CI Resources Limited shares are
listed on the Australian Securities Exchange

Ordinary fully paid shares (ASX code CII)

Principal registered office in Australia
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West Perth WA 6005

Telephone +61 8 9485 7222

Email info@ciresources.com.au

Website www.ciresources.com.au

Directors' report

Your directors present their report on the consolidated entity ("Group") consisting of CI Resources Limited ("CII" or "Company") and the entities it controlled at the end of, or during, the financial year ended 30 June 2010.

Directors

The following persons were directors of CI Resources Limited for the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr David Somerville
Mr Tee Lip Sin
Mr Phuar Kong Seng
Mr Phua Siak Yeong

Mr Willy See Khiang Teo was a director from the beginning of the financial year until his resignation on 8 January 2010.

Mr Clive Morris Brown was a director from the beginning of the year until his resignation on 29 January 2010.

Professor Anthony Brennan was appointed as a director on 29 January 2010.

Principal activities

During the year, the principal activities of entities within the consolidated entity were:

- mining, processing and sale of phosphate rock, phosphate dust and chalk; and
- providing earthmoving, fuel pilotage, maintenance and stevedoring services to other Christmas Island organizations.

Dividends

On 22 March 2010 an interim dividend of 2 cents per share was paid to all shareholders holding shares on the record date of 8 March 2010.

On 24 September 2010 a final dividend of 2 cents per share was paid to all shareholders holding shares on the record date of 9 September 2010.

Review of operations

A summary of consolidated revenues and results is set out below:

	Revenues 2010 *$'000s*	Results 2010 *$'000s*
Revenue from continuing operations	**20,067**	**-**
Profit before income tax expense		**7,036**
Income tax expense		(1,059)
Profit attributable to members of CI Resources Limited		**5,977**

Directors' report

Review of operations (continued)

Financial Position

At the end of the financial period the consolidated entity had net cash balances of $28.5M (2009: $6.7M) and net assets of $73.9M (2009: $31.7M).

Total liabilities amounted to $30.9M, being trade and other creditors, borrowings and taxation liabilities.

Phosphate Resources Limited

During the financial year CI Resources continued to acquire shares in Phosphate Resources Limited (PRL). On 1 April 2010, CI Resources acquired a further 102,300 shares under the Creep provisions of the Corporations Act 2001, and as at 30 June 2010 was the largest shareholder in PRL holding a shareholding of 44.73%.

The Company is represented on the Board of PRL by Mr Tee Lip Sin, Mr Phuar Kong Seng and Mr Phua Siak Yeong.

The Board of CI Resources has been advised that in accordance with the Accounting Standards, that effective from 1 April, 2010, the company has obtained control of PRL, and from that date PRL is now consolidated into the Group results.

PRL reported a post-tax profit of $ 3.15 M for the year ended 30 June 2010, and has paid two dividends during this period. The Company received a total dividend from PRL of $ 2.6 M during the year.

The Consolidated Entity, which combines nine months of equity accounted results and three months of consolidated results is reporting a profit attributable to members of $ 5.97 M for the year ended 30 June 2010.

Xi Feng International Pte Ltd

CI Resources holds a 100% interest in Xi Feng, which currently has impaired all its holdings to nil. The Directors are hopeful of recovering some of these investments.

Earnings per share	**2010** **Cents**
Basic earnings per share	**8.20**

Significant changes in the state of affairs

1. On 19 October 2009 the Company announced that it would be receiving a dividend from PRL of $1.00 per share.

2. On 8 January 2010 the Company announced the resignation of a director, Mr Willy Teo.

3. On 2 April 2010 the Company announced that it had used the creep provisions of the Corporations Act 2001 to increase its holding in PRL by 102,300 shares. The Company now holds 44.73% of the issued capital of PRL and is considered to hold a controlling interest in the PRL Group.

Significant changes in the state of affairs (continued)

Other than those matters shown above, no significant changes in the state of affairs of the Consolidated Entity occurred during the financial period.

Matters subsequent to the end of the financial year

As previously disclosed PRL has continued over a protracted period to seek approval from the Commonwealth to obtain more land for exploration and mining on Christmas Island which would have extended the mine life for PRL.

As advised to the ASX by announcement on the 19th July, 2010, on the 16th July, 2010 the Commonwealth Minister for Environment, Heritage and the Arts advised that he has refused PRL's application extensions to its mining tenements. PRL's current mining lease tenure until 4 February 2019 over 2054 hectares is unaffected by the decision.

Apart from the matters set out above, no other matter or circumstance has arisen since 30 June 2010 that has significantly affected, or may significantly affect:

(a) the consolidated entity's operations in future financial years, or

(b) the results of those operations in future financial years, or

(c) the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The Directors note that current strategies suggest that the 2011 financial year will see the Consolidated Entity remain profitable and in line with the performance of the current year.

Further information on likely developments in the operations of the consolidated entity and the expected results of those operations have not been included in this report because the Directors believe that it would be likely to result in unreasonable prejudice to the Company.

Environmental regulation

The Consolidated Entity's operations are subject to environmental regulations in relation to its mining and exploration activities on Christmas Island and in China. Licences issue by the Commonwealth Government of Australia and the Peoples Republic of China include general environmental conditions, air pollution control conditions and water control conditions. These conditions regulate the management of mining waste and restoration, dust, liquid chemical storage and water monitoring.

There have been no significant known breaches of the Consolidated Entity's licences.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under the *ASIC Class Order 98/0100*. The Company is an entity to which the Class Order applies.

Information on directors

MR DAVID SOMERVILLE *Chairman – Non-executive*

Experience and expertise

David 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 Australian Securities Exchange in 2007. He has over 20 years experience in a corporate capacity across a number of companies and a number of industry sectors including financial, resources and property development.

Information on directors (continued)

Other directorships
Mr Somerville is also a director of Questus Limited, an ASX listed company.

MR TEE LIP SIN *Director – Non-executive*
Experience and expertise
Tee Lip Sin holds an Associate Diploma in Commerce from Curtin University Australia and also a post-graduate Executive Diploma in Plantation Management from the University Malaya.

He has been involved in palm oil milling and management of palm oil plantations since 1995. Currently, he sits on the board of a number of private companies, and is also the Executive Director for the Prosper Group Of Companies which holds six palm oil mills and 50,000 acres of palm oil plantations. He also has experience in operating 35,000 acres of plantation in Indonesia.

Other directorships
Mr Tee Lip Sin held no other directorships of ASX listed companies during the last three years.

MR PHUAR KONG SENG *Director – Non-executive*
Experience and expertise
Mr Phuar Kong Seng is an entrepreneur and businessman with many years of experience in running successful businesses. He has worked in the fertiliser and chemical industries since 1979 covering a spectrum of responsibilities ranging from accounts, sale, marketing and management.

Other directorships
Mr Phuar Kong Seng held no other directorships of ASX listed companies during the last three years.

MR PHUA SIAK YEONG *Director – Non-executive*
Experience and expertise

Mr Phua Siak Yeong graduated from the University Malaya with a 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 Malaysia in 1983, involved in motorcycle manufacturing. From 1994 to 1996 Mr Phua was posted to China to manage a motorcycle manufacturing joint venture. He returned to Malaysia in 1997 to head the motorcycle research and development company in Hong Leong Group. In 2002 he was transferred to MZ Motorrad Sdn Bhd to develop the MZ brand in Malaysia. Mr Phua retired in 2008 from Hong Leong Group and was employed by Chin Yang Hydro Power Co. in China, before becoming an Executive Director of Phosphate Resources Limited in 2010.

Other directorships
Mr Phua held no other directorships of ASX listed companies during the last three years.

PROF. ANTHONY BRENNAN *Director – Non-executive*
Experience and expertise

Prof. Brennan holds a Bachelor of Laws degree from the University of Queensland, a Graduate Diploma in Legal Practice and has practised with one of Australia's largest private law firms as a solicitor in the area of corporate advisory, mergers and acquisitions and banking and finance. He has experience in corporate banking and finance transactions including development finance and refinance Transactions, infrastructure and project finance, loan facility and security documentation, general corporate banking matters and significant commercial property transactions.

Other directorships
Professor Brennan held no other directorships of ASX listed companies during the last three years.

Company secretaries

DESMOND KELLY BComm, CPA, MAICD *Company Secretary*

Des Kelly has over 30 years financial and corporate management experience focused mainly in the resources sector. He was Dominion Mining's Group Chief Accountant in that company's key growth phase in the mid-eighties and, between 1994 and 1998 held the roles of Finance Director and Managing Director of Horizon Mining NL before establishing his own corporate management consulting business. Mr Kelly now contributes corporate and administration management expertise to several ASX listed groups.

JANELLE BURNS Bbus (Acc/Law) *Company Secretary*

Ms Burns has 20 years experience in the resources sector. She was previously the Chief Group Accountant for Gallery Gold Limited and currently provides corporate and management services to several ASX listed companies.

Directors' interests in shares and options

As at the date of this report the interests of the Directors in the shares and options of the company were:

	Ordinary Shares		Options over Ordinary Shares	
	Direct	Indirect	Direct	Indirect
Mr David Somerville	-	-	-	-
Mr Tee Lip Sin	-	13,779,876	-	-
Mr Phuar Kong Seng	3,022,000	7,287,410	-	-
Mr Phua Siak Yeong	-	-	-	-
Prof. Anthony Brennan	-	-	-	-

Meetings of directors

The number of meetings of the company's board of directors held during the year ended 30 June 2010 and the number of meetings attended by each director were:

	Full meetings of Directors	
	Held	**Attended**
Mr David Somerville	5	4
Mr Lip Sin Tee	5	5
Mr Phuar Kong Seng	5	4
Mr Phua Siak Yeong	5	4
Prof. Anthony Brennan	2	2
Mr Clive Brown	3	3
Mr Willy See Khiang Teo	2	1

Held – denoted the number of meetings held during the time the director held office.

Retirement, election and continuation in office of directors

In accordance with the Constitution Messrs Somerville and Phua will retire, in rotation, as directors at the Annual General Meeting to be held in November 2010 and, being eligible, will offer themselves for re-election. Prof. Brennan's appointment will be put forward for ratification.

Remuneration report (Audited)

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation
E Additional information

The information in this section has been audited as required by section 308(3c) of the Corporations Act 2001.

A Principles used to determine the nature and amount of remuneration

In order to maintain and attract directors to facilitate the efficient and effective management of the Consolidated Entity's operations, the board reviews the remuneration of directors on an annual basis and makes recommendations. The Company does not have a remuneration committee.

Aside from the 5% discretionary bonus disclosed in the remuneration report, no other link exists, at this stage in the Company's development, between financial performance, shareholder wealth and the remuneration of Directors and Key Management Personnel.

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board also ensures non-executive directors' fees and payments are appropriate and in line with the market as determined by comparison with companies of a similar size. The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

Directors' fees

The current base remuneration was last reviewed with effect from 3 July 2007. Directors' remuneration is inclusive of committee fees.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The total maximum currently stands at $300,000.

Remuneration packages may contain the following key elements:

- Director's fees
- Consultancy fees
- Post employment benefits – superannuation
- Performance bonuses
- Other non-cash benefits

The directors are also remunerated for any additional services they render the Company and such services are carried out under normal commercial terms and conditions. Engagement and payment for such services are approved by the other directors with no interest in the engagement of such services.

Remuneration report (Audited) **(continued)**

Executive remuneration
The objective of the Consolidated Entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management.

The Consolidated Entity has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- focuses on exploration success as the creation of shareholder value and returns
- attracts and retains high calibre executives.

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards
- provides recognition for contribution.

The executive pay and reward framework has the following components:

- Fixed remuneration (base salary, superannuation & other non-monetary benefits)
- Variable Remuneration (incentives through participation in bonus arrangements)

The combination of these components comprises the executive's total remuneration.

Fixed Remuneration

- *Base salary*
  Structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

  Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market.

  There Managing Director has a guaranteed base pay increase of 10% per annum.

- *Non-monetary benefits*
  Executives may receive benefits including memberships, car allowances and reasonable entertainment.

- *Retirement benefits*
  Directors and employees are permitted to nominate a superannuation fund of their choice to receive superannuation contributions.

Retirement allowances for directors
There is no provision for retirement allowances for non-executive directors.

Remuneration report (Audited) **(continued)**

B Details of remuneration

During the financial year to 30 June 2010 the directors and key management personnel of the company were:

Directors of CI Resources Limited

Mr David Somerville – *Chairman (from 29 January 2010)*
Mr Tee Lip Sin – *Non-executive director*
Mr Phuar Kong Seng – *Non-executive director*
Mr Phua Siak Yeong – *Non-executive director*
Prof. Anthony Brennan – *Non-executive director*
Mr Clive Brown – *Chairman (resigned 29 January 2010)*
Mr Willy See Khiang Teo – *Non-executive director (resigned 8 January 2010)*

Directors of Phosphate Resources Limited

Mr Clive Brown – *Chairman*
Mr Lai Ah Hong – *Managing Director*
Mr Willy Teo See Khiang – *Executive director (resigned 7 January 2010)*
Mr Chan Khye Meng – *Non-executive director*
Mr Cheng Hang – *Non-executive director*
Prof. Anthony Brennan – *Non-executive director (resigned 29 January 2010)*
Mr Phuar Kong Seng – *Non-executive director*
Mr Tee Lip Sin – *Non-executive director*
Mr Phua Siak Yeong – *Non-executive director*

Other key management personnel of CI Resources Limited
Mr D J Kelly – *Joint Company Secretary*
Ms J P Burns – *Joint Company Secretary*

Other key management personnel of Phosphate Resources Limited
Mr Kevin Edwards – *Company Secretary/Chief Operating Officer*
Mr Alfred Chong – *Resident Manager/Subsidiary Director*
Mr Allan Robartson – *Financial Controller*

Directors' report

Remuneration report (Audited) (continued)

Details of the remuneration of the directors and the key management personnel of the Group are set out in the following tables.

2010	Short-term benefits			Post-employment benefits		
Name	**Cash fees and consulting $**	**Bonus $**	**Non-monetary benefits $**	**Superannuation $**	**Total $**	**Performance related**
Directors of CI Resources Limited						
David Somerville	49,811	-	3,293	-	53,104	-
Mr Tee Lip Sin	30,000	-	3,293	-	33,293	-
Mr Phuar Kong Seng	30,000	-	3,293	-	33,293	-
Phua Siak Yeong	37,500	-	3,293	-	40,793	-
Anthony Brennan	34,615	-	1,372	3,115	39,102	-
Clive Brown	32,083	-	1,921	2,887	36,891	-
Will Teo See Khiang	15,000	-	1,647	-	16,647	-
Directors of Phosphate Resources Limited						
Clive Brown	37,500	-	-	4,125	41,625	-
Lai Ah Hong	80,705	91,924	7,692	18,989	199,310	46.1%
Willy Teo See Khiang	-	-	-	-	-	-
Chan Khye Meng	18,750	-	585	2,062	21,397	-
Cheng Hang	18,750	-	4,129	2,062	24,941	-
Anthony Brennan	-	-	-	-	-	-
Phuar Kong Seng	18,750	-	-	-	18,750	-
Tee Lip Sin	18,750	-	-	-	18,750	-
Phua Siak Yeong	8,541	-	-	512	9,053	-
Other key management personnel – CI Resources Limited						
Mosman Management Pty Ltd (D Kelly & J Burns)	90,945	-	6,586	-	97,531	-
Other key management personnel – Phosphate Resources Limited						
Kevin Edwards	53,755	77,615	1,686	-	133,056	58.3%
Alfred Chong	53,631	76,838	4,662	14,351	149,482	51.4%
Allan Robartson	38,078	57,628	2,041	10,528	108,275	53.2%
Total	**667,164**	**304,005**	**45,493**	**58,631**	**1,075,293**	

Remuneration amounts for directors and executives of Phosphate Resources represent the three months post-acquisition, being 1 April to 30 June 2010.

The non-monetary benefits include the provision of motor vehicles and Directors and Officers insurance.

The Bonus is calculated based on 5% of the net profit after tax of PRL's profit and before taking effect of movement in FX forward contracts and impairment of inter-company loans. The individual bonuses are then allocated to employees from the 5% pool at the discretion of the Directors.

Directors' report

Remuneration report (Audited) **(continued)**

2009	Short-term benefits			
Name	**Cash fees and consulting $**	**Non-monetary benefits $**	**Total $**	**Performance related**
Directors of CI Resources Limited				
Clive Brown	55,000	2,726	57,726	-
Tee Lip Sin	32,700	2,726	35,426	-
Phuar Kong Seng	33,175	2,726	35,901	-
Willy See Khiang Teo	32,500	2,726	35,226	-
David Somerville	23,333	1,590	24,923	-
Phua Siak Yeong	23,333	1,590	24,923	-
Anthony Brennan	36,667	1,136	37,803	-
Lai Ah Hong	17,500	1,363	18,863	-
Mohd Hashim	8,175	227	8,402	-
Other key management personnel – CI Resources Limited				
Mosman Management Pty Ltd (D Kelly & J Burns)	90,293	5,452	95,745	-
Total	**352,676**	**22,262**	**374,938**	**-**

There were no grants of options to any director or other key management personnel during financial year 2009 and 2010.

Company's Performance

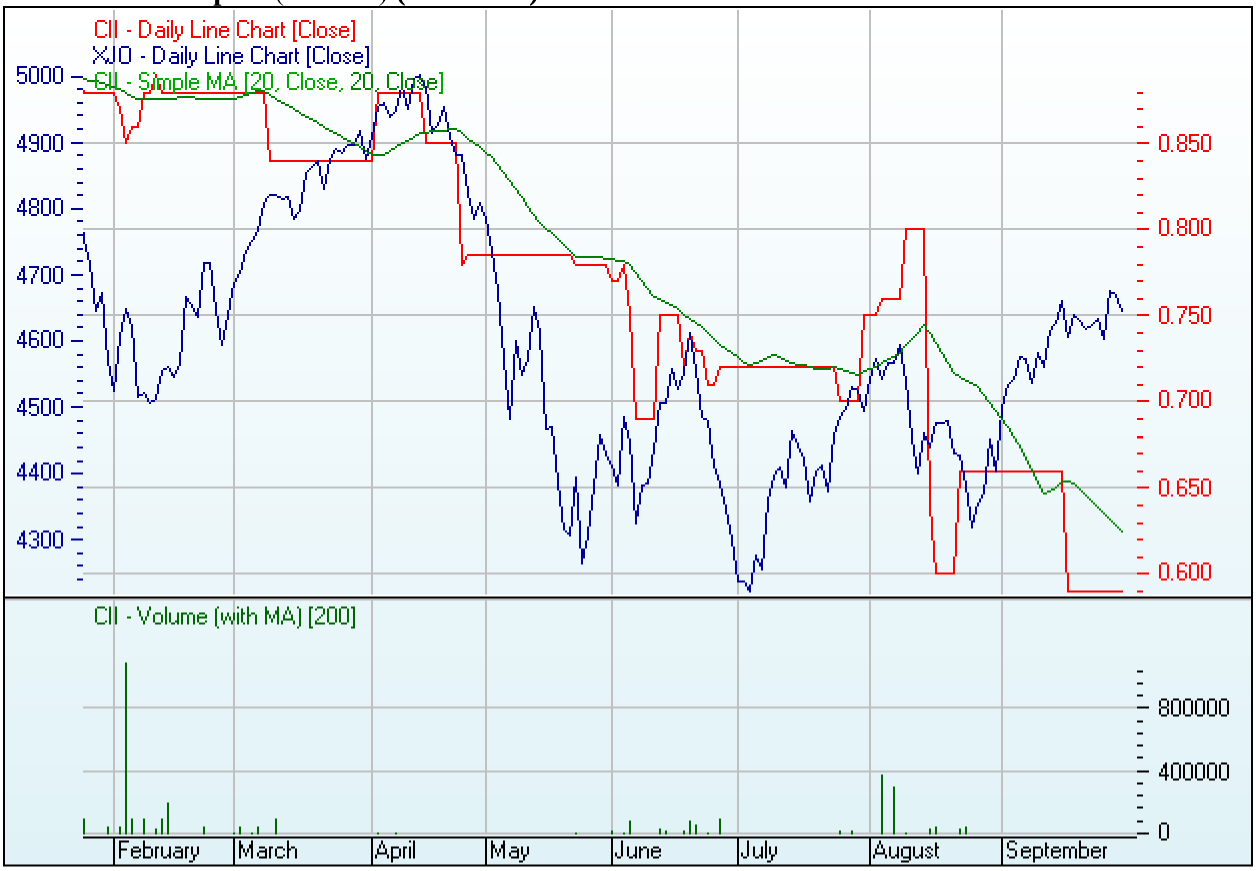
Company's share price performance

The Company's share price performance shown in the below graph is a reflection of the Company's performance during the year.

The graph below shows the Company's share price performance during the financial year ended 30 June 2010.

Directors' report

Remuneration report (Audited) **(continued)**



Profit/ (Loss) per share

Below is information on the Consolidated Entity's profit/ (loss) per share for the previous four financial years and for the current year ended 30 June 2010.

	2010	**2009**	**2008**	**2007**	**2006**
Basic profit/(loss) per share (cents)	8.20	24.19	1.56	1.89	(0.82)

Awards

Aggregate cash bonuses of $304,005 were payable in relation to the 2010 financial year, 100% of which were vested and 0% forfeited. Of this, the total amount was paid during the 2010 financial year.

C Service Agreements

Remuneration and other terms of employment for the directors are not formalised in service agreements.

The agreement for the Company Secretaries of CI Resources Limited provides for the provision of consulting fees.

Remuneration and other terms of employment for executive directors and other key management personnel are formalised in service agreements. These agreements have a fixed term of three years.

Remuneration report (Audited) **(continued)**

Other major provisions of the agreements relating to remuneration are set out below.

Lai Ah Hong – Managing Director (PRL)
- Term of agreement – For a period of 3 years, expiring 31 March 2011. Payment of remainder of contract or 12 months, whichever is greater, for early termination.
- Components encompass cash salary ($349,580) with provision for a 10% increase annually, superannuation and provision of a motor vehicle.
- Leave provisions encompass 5 weeks annual leave, 2 weeks sick leave and 13 weeks long service leave after 10 years service.
- Bonus payments as set by Board decision.

Phua Siak Yeong – Executive Director (PRL)
- Term of agreement – For a period of 3 years, expiring 31 March 2013. Payment of 12 months salary for early termination.
- Components encompass cash salary ($150,000) and superannuation.
- Leave provisions encompass 5 weeks annual leave and 2 weeks sick leave.

Kevin Edwards – Company Secretary/COO (PRL)
- Term of agreement – For a period of 3 years, expiring 31 March 2011. Payment of remainder of contract or 12 months, whichever is greater, for early termination.
- Components encompass cash salary ($202,000) and provision of a motor vehicle.
- Leave provisions encompass 5 weeks annual leave, 2 weeks sick leave and 13 weeks long service leave after 10 years service.
- Bonus payments as set by Board decision.

Alfred Chong – Resident Manager/Subsidiary Director (PRL)
- Term of agreement – For a period of 3 years, expiring 31 March 2011. Payment of remainder of contract or 12 months, whichever is greater, for early termination.
- Components encompass cash salary ($200,000), superannuation and provision of a motor vehicle.
- Leave provisions encompass 5 weeks annual leave, 2 weeks sick leave and 13 weeks long service leave after 10 years service.
- Bonus payments as set by Board decision.

Allan Robartson – Financial Controller (PRL)
- Term of agreement – For a period of 3 years, expiring 31 March 2011. Payment of remainder of contract or 12 months, whichever is greater, for early termination.
- Components encompass cash salary ($150,000), superannuation and provision of a motor vehicle.
- Leave provisions encompass 5 weeks annual leave, 2 weeks sick leave and 13 weeks long service leave after 10 years service.
- Bonus payments as set by Board decision.

Mosman Management Pty Ltd - Company Secretaries
- Term of agreement – For a period of 12 months with a notice period of two months, expiring 27 June 2011. Redundancy clause 6 months.
- Base fee of $4,400 per month for the provision of company secretarial services and an hourly rate of $195 per hour for the provision of financial and administration services.

Remuneration report (Audited) **(continued)**

D Share-based compensation
There were no share based payments to directors or other key management personnel during this or the previous financial year.

E Additional information
Given CI Resources Limited is involved in investment activities, the remuneration of the persons referred to above is not dependent on the satisfaction of a performance condition.

Loans to directors and executives
There are no loans to directors or executives.

Shares under option
There are no unissued ordinary shares of CI Resources Limited under option at the date of this report.

- End of Audited Remuneration Report –

Shares issued on the exercise of options
There were no options over ordinary shares and no ordinary shares of CI Resources Limited issued during the period ended 30 June 2010 on the exercise of options.

Insurance of officers
During the period the Company paid a premium to insure the directors and officers of the Company. Under the terms of the policy the Company cannot publish amounts paid for premiums or the extent of the liabilities insured.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services
The consolidated entity may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the consolidated entity are important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the period are set out below.

The board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the consolidated entity, acting as advocate for the consolidated entity or jointly sharing economic risk and rewards.

Directors' report

Non-audit services (continued)

	2010 *$'000s*
During the year the following fees were paid or payable for services provided by the auditor of the Consolidated Entity, its related practices and non-related audit firms.	
Assurance services	
Audit services	
Ernst & Young:	
Audit and review of financial report and other audit work under the *Corporations Act 2001*	
- *CI Resources*	39
- *Other members of the Group*	225

No non-audit services were provided by the Auditors during the year ended 30 June 2010 and 2009.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 18.

Auditor

Ernst & Young continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of the directors.

D Somerville
Chairman
Perth, Western Australia

30 September 2010

ERNST & YOUNG

Auditor's Independence Declaration to the Directors of CI Resources Limited

In relation to our audit of the financial report of CI Resources Limited for the year ended 30 June 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Russel Curtin
Partner
Perth
30 September 2010

RC:VP:CIR:016

Corporate Governance disclosures

During the Consolidated Entity's financial period the Group has complied with the ASX Principles and Recommendations other than in relation to the matters specified below:

Principle Ref.	Recommendation Ref.	Notification of Departure	Explanation for Departure
2	2.1	A majority of board members are not independent directors	Two of the five board members are considered to be independent in accordance with the ASX definition. In view of the size of the Company and the nature of its activities the board considers that the current board is a cost effective and practical method of directing and managing the Company.
2	2.4	The board has not established a nomination committee	The board has no formal nomination committee. Acting in its ordinary capacity from time to time as required, the board carries out the process of determining the need for, screening and appointment of new directors. In view of the size of the Company and resources available, it is not considered that a separate nomination committee would add any substance to this process.
8	8.1	The board has not established a remuneration committee	The full board is responsible for setting remuneration levels and individual performance targets. Due to the size of the Company it is considered to be efficient and cost effective. Advice from professional independent advisors will be sought where necessary.

CI Resources Limited

Financial report – For the financial year ended 30 June 2010

Contents

CI Resources Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 2, 91 Havelock Street
West Perth WA 6005

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report, which is not part of this financial report.

The financial report was authorised for issue by the directors on 30 September 2010. The consolidated entity has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the consolidated entity. All press releases, financial reports and other information are available on our website: www.ciresources.com.au

For queries in relation to our reporting please call +61 8 9485 7222 or e-mail info@ciresources.com.au

Consolidated Statement Comprehensive Income
For the financial year ended 30 June 2010

	Notes	Consolidated 2010 $'000s	2009 $'000s
Revenue from continuing operations	2	**21,027**	148
Cost of sales	3	(14,223)	-
Gross Profit		**6,804**	**148**
Other income	2	**1,024**	28
Share of net profits in associates		**1,748**	19,976
Net gain on acquisition of subsidiary	36	**1,649**	-
Other expenses	3	**(4,038)**	(3,672)
Finance costs		**(151)**	-
Profit before income tax		**7,036**	16,480
Income tax expense	4	**(1,059)**	-
Profit after income tax		**5,977**	16,480
Other comprehensive income			
Exchange differences on translation of foreign operations		**-**	**530**
Total comprehensive income for the period		**5,977**	**17,010**
Total comprehensive income for the period is attributable to:			
Non controlling interest		**231**	**(1,151)**
Owners of the parent		**5,746**	**18,161**
		5,977	**17,010**
		Cents	**Cents**
Basic and diluted earnings/(loss) per share	5	**8.20**	**24.19**

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
As at 30 June 2010

	Notes	Consolidated 30 June 2010 $'000s	30 June 2009 $'000s
Current assets			
Cash and cash equivalents	6	**28,522**	6,738
Trade and other receivables	7	**19,304**	18
Derivative financial asset	10	**5,556**	-
Inventories	8	**10,166**	-
Total current assets		**63,548**	6,756
Non-current assets			
Term deposits held to maturity	9	**22,482**	-
Deferred tax assets	4	**6,515**	-
Plant & equipment	11	**10,860**	-
Mine properties	12	**5,347**	-
Investments accounted for using the Equity method	13	**-**	25,076
Total non-current assets		**45,204**	25,076
Total assets		**108,752**	31,832
Current liabilities			
Trade and other payables	15	**5,558**	64
Interest bearing loans and borrowings	16	**1,711**	-
Income tax liability	17	**4,074**	-
Provisions	18	**2,374**	60
Total current liabilities		**13,717**	124
Non-current liabilities			
Payables	19	**48**	-
Borrowings	20	**1,954**	-
Deferred tax liability	21	**4,705**	-
Provisions	22	**14,417**	-
Total non-current liabilities		**21,124**	-
Total liabilities		**34,841**	124
Net assets		**73,911**	31,708
Equity			
Contributed equity	23	**17,970**	17,970
Reserves	24	**364**	364
Retained earnings	25	**19,120**	13,374
Dividends paid – current year		**(6,300)**	-
Parent Interests		**31,154**	31,708
Non-controlling interests		**42,757**	-
Total equity		**73,911**	31,708

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statements of changes in Equity
For the year ended 30 June 2010

2010 Consolidated	**Contributed Equity** *$'000s*	**Foreign currency translation Reserve** *$'000s*	**Retained earnings** *$'000s*	**Owners of the Parent** *$'000s*	**Non-controlling Interest** *$'000s*	**Total** *$'000s*
At the beginning of the financial year	**17,970**	**364**	**13,374**	**31,708**	**-**	**31,708**
Profit for the year	-	-	5,746	5,746	231	5,977
Total comprehensive income for the year	**-**	**-**	**5,746**	**5,746**	**231**	**5,977**
Transactions with owners in their capacity as owners					-	
Dividends paid	-	-	(6,300)	(6,300)		(6,300)
Non-controlling interest arising on acquisition of Phosphate Resources Limited					-	
	-	-	-		-	-
	-	-	-		42,526	42,526
At the end of the financial year	**17,970**	**364**	**12,820**	**31,154**	**42,757**	**73,911**

Consolidated Statements of changes in Equity
For the year ended 30 June 2010

2009 Consolidated	**Contributed Equity** *$'000s*	**Foreign currency translation Reserve** *$'000s*	**Retained earnings** *$'000s*	**Owners of the Parent** *$'000s*	**Non-controlling Interest** *$'000s*	**Total** *$'000s*
At the beginning of the financial year	**17,970**	**166**	**(4,257)**	**(13,879)**	**1,151**	**14,698**
Other comprehensive income	-	530	-	530	-	530
(Loss)/ Profit for the year	-	-	17,631	17,631	(1,151)	16,480
Total comprehensive income for the year	**-**	**530**	**17,631**	**18,061**	**-**	**17,010**
At the end of the financial year	**17,970**	**364**	**13,374**	**31,708**	**-**	**31,708**

Consolidated Statement of Cash Flows
For the financial year ended 30 June 2010

	Notes	Consolidated 2010 $'000s	Consolidated 2009 $'000s
Cash flows from operating activities			
Receipts from customers		**17,770**	-
Payments to suppliers and employees (inclusive of goods and services tax)		**(8,334)**	(690)
Interest received		**409**	148
Net cash inflow/ (outflow) from operating activities		**9,845**	(542)
Cash flows from investing activities			
Payments for investments		**(11,981)**	(1,766)
Cash acquired on acquisition of Phosphate Resources Limited	36	**26,714**	-
Dividends Received		**1,429**	3,986
Net cash (outflow)/ inflow from investing activities		**16,162**	2,220
Cash flows from financing activities			
Borrowings		**2,077**	-
Dividends paid		**(6,300)**	-
Net cash (outflow) from financing activities		**(4,223)**	-
Net increase in cash and cash equivalents held		**21,784**	1,678
Cash and cash equivalents at the beginning of the financial year		**6,738**	5,060
Cash and cash equivalents at the end of the financial year	33	**28,522**	6,738

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the financial statements
For the year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to the financial year ended 30 June 2010, unless otherwise stated.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Equivalents to International Financial Accounting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

The financial report covers the Consolidated Entity of CI Resources Limited and its controlled entities. The financial report has also been prepared on an accruals basis and is based on historical costs modified by the revaluation of equity accounted investment on acquisition of the associate and the derivatives which have been measured at fair value.

Compliance Statement
The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

(b) Business combination

Subsequent to 1 July 2009
Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquire and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquire. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquirer.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or a liability will be recognized in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

Prior to 1 July 2009
Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

(c) Principles of consolidation

Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of the subsidiary of CI Resources Limited ("company" or "parent entity") as at 30 June 2010 and the results of its subsidiaries for the financial year then ended.

CI Resources Limited and its subsidiaries together are referred to in this financial report as the Group or Consolidated Entity.

Notes to the financial statements
For the year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-Controlling Interest in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income and statement of financial position respectively.

(d) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(e) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the Australian Taxation Office, are presented as operating cash flow.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australia Taxation Office.

Notes to the financial statements
For the year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

(f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(g) Financial instruments

Recognition

Financial instruments are initially measured at fair value, which includes transaction costs, when the contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the consolidated entity provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the statement of financial position date which are classified as non-current assets and carried at amortised cost. Loans and receivables are included in receivables in the financial position.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal repayments and amortisation.

Impairment

The Consolidated Entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

(h) Intangibles - goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at the date of acquisition. Goodwill on the acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(i) Investments in associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in consolidated financial statements they reduce the carrying amount of the investment.

Notes to the financial statements
For the year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(j) Plant & equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Consolidated Entity commencing from the time the asset is held ready for use.

The depreciation rates used for plant and equipment range from 5% to 33%. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

(k) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of the group's entities is measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non-monetary items measured at historical cost continue to be carried at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when the fair values were determined.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the loss or gain is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in the statement of comprehensive income.

Notes to the financial statements
For the year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at year end exchange rates prevailing on that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

(l) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(m) Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(n) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

(i) Interest income
Interest income is recognised when receivable. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(ii) Dividend income
Dividends are recognised as revenue when the right to receive payment is established.

(o) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the consolidated entity, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Notes to the financial statements
For the year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

(p) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(q) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenue and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other Factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of directors.

Operating segments have been indentified based on the information provided to the chief operating decision makers – being the Board of Directors.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

(r) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(s) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 120 days from the date of recognition.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. Allowance for doubtful receivables is established when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

(t) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(u) Provisions

Provisions for legal claims are recognised when: the consolidated entity has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Note 1. Summary of Significant Accounting Policies (continued)

(v) Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave due to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts due to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Retirement benefit obligations

The consolidated entity contributes to various defined contribution funds for its employees.

Contributions to the defined contribution funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(w) Mining tenements and exploration expenditure

Costs incurred during exploration and evaluation activities related to an area of interest are accumulated at cost.

Such costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area of interest, or alternatively its sale, or where activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations are continuing.

Accumulated costs in relation to abandoned areas of interest are written off in full in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(x) Mine properties

Costs incurred prior to the start up of operations or mining assets acquired are accumulated at cost. Such costs are only carried forward to the extent that they are expected to be recouped through the successful exploitation of the known reserves.

Impairment
The carrying amount of mine properties is reviewed annually by the directors to ensure it is not in excess of the recoverable amount of these assets (refer to note 2(l) for accounting policy on recoverable amount).

(y) Restoration

Estimated rehabilitation expenditure is recognised as a provision when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amounts are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provision is charged to the income statement in each accounting period, and is disclosed as a financing cost.

Note 1. Summary of Significant Accounting Policies (continued)

Other changes in the measurement of an existing restoration obligation that result from changes in the estimated timing or amount of future costs, or a change in the discount rate, are recognised as an adjustment to production costs included in cost of goods sold.

(z) Derivative financial instruments

Derivative financial instruments are used by the Group to provide an economic hedge of exposures to exchange rates. The consolidated entity does not apply hedge accounting and accordingly all fair value movements on derivative financial instruments are recognised in the statement of comprehensive income.

Derivative financial instruments are stated at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. The resulting gain or loss is recognised in profit or loss immediately.

The fair values of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

(aa) New accounting standards and interpretations

(i) Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:
The group has adopted all the new and amended Australian Accounting Standards and AASB interpretations as of 1 July 2009 including:

- AASB 7 Financial Instruments: Disclosures effective 1 January 2009
- AASB 101 (Revised) Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards effective 1 January 2009
- AASB 2008-5 and AASB 2008-6 Annual Improvement Plan effective 1 January 2009
- AASB 123 (Revised) and AASB 2007-6 Borrowing cost and consequential amendments to other Australian Accounting Standards effective 1 January 2009
- AASB 3 (Revised) Business Combination effective 1 July 2009
- AASB 127 (Revised) Consolidated and Separate Financial Statements effective 1 July 2009

When the adoption of the Standard or Interpretation is deemed to have an impact on the financial statements or performance of the group, its impact is described below:

AASB 7 Financial Instruments: Disclosures
The amended Standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to all financial instruments recognised and measured at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 34.

AASB 101 (Revised) Presentation of Financial Statements
The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The group has elected to present one statement.

Notes to the financial statements
For the year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

AASB 3 (Revised) Business Combination

The revised standard introduces a number of changes to the accounting for business combinations, the most significant of which allows entities a choice for each business combination entered into – to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired. The changes apply prospectively.

(ii) Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ended 30 June 2010. These are outlined in the table below:

Reference	Title	Summary	Application date of standard	Impact on group's financial report	Application date for Group
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting except for the following: The amendment to AASB 117 removes the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible vs. property, plant and equipment) needs to be determined. The amendment to AASB 101 stipulates that the terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification. The amendment to AASB 107 explicitly states that only expenditure that results in a recognised asset can be classified as a cash flow from investing activities. The amendment to AASB 118 provides additional guidance to determine whether an entity is acting as a principal or as an agent. The features indicating an entity is	1 January 2010	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2010

Notes to the financial statements
For the year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

Reference	Title	Summary	Application date of standard	Impact on group's financial report	Application date for Group
		acting as a principal are whether the entity: ► has primary responsibility for providing the goods or service; ► has inventory risk; ► has discretion in establishing prices; bears the credit risk. The amendment to AASB 136 clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment, as defined in IFRS 8 before aggregation for reporting purposes. The main change to AASB 139 clarifies that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract. The other changes clarify the scope exemption for business combination contracts and provide clarification in relation to accounting for cash flow hedges.			
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below. (a) Financial assets are classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria.	1 January 2013	The Group has not yet determined the extent of the impact of the amendments, if any.	1 January 2013

Notes to the financial statements
For the year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

Reference	Title	Summary	Application date of standard	Impact on group's financial report	Application date for Group
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes: ► two categories for financial assets being amortised cost or fair value ► removal of the requirement to separate embedded derivatives in financial assets ► strict requirements to determine which financial assets can be classified as amortised cost or fair value, Financial assets can only be classified as amortised cost if (a) the contractual cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows ► an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition ► reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes ► changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income	1 January 2013	The Group has not yet determined the extent of the impact of the amendments, if any.	1 January 2013
AASB 124 (Revised)	Related Party Disclosures (December 2009)	The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including: (a) the definition now identifies a subsidiary and an associate with the same investor as related parties of each other; (b) entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and (c) the definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other.	1 January 2011	The Group has not yet determined the extent of the impact of the amendments, if any.	1 January 2011

Notes to the financial statements
For the year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

Reference	Title	Summary	Application date of standard	Impact on Company's financial report	Application date for Group
		A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.			
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. In particular, it amends AASB 8 *Operating Segments* to require an entity to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. It also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB.	1 January 2011	The Group has not yet determined the extent of the impact of the amendments, if any.	1 January 2011
AASB 2010-4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]	Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions Clarify that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.	1 January 2011	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2011

Notes to the financial statements
For the year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

Reference	Title	Summary	Application date of standard	Impact on Company's financial report	Application date for Group
AASB 2010-3	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139]	Limits the scope of the measurement choices of non-controlling interest at proportionate share of net assets in the event of liquidation. Other components of NCI are measured at fair value. Requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration and post combination expenses. Clarifies that contingent consideration from a business combination that occurred before the effective date of AASB 3 Revised is not restated. Eliminates the requirement to restate financial statements for a reporting period when significant influence or joint control is lost and the reporting entity accounts for the remaining investment under AASB 139. This includes the effect on accumulated foreign exchange differences on such investments.	1 July 2010	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2010

(bb) Significant accounting judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Assessment of mine life on Christmas Island
The Financial statements have been prepared on the basis that the resource supports continued operations for at least 5 years on the current market parameters and expectations.

Determination of mineral resources and ore reserves
The Group's policy for estimating its mineral resources and ore reserves requires that the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 (the 'JORC code') be used as a minimum standard. The information on mineral resources and ore reserves were prepared by or under the supervision of Competent Persons as defined in the JORC code. The amounts presented are based on the mineral resources and ore reserves determined under the JORC code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates or production costs may change the economic status of resources and may, ultimately, result in the resources being restated. Such changes in resources could impact on depreciation and amortisation rates, asset carrying values and provisions for decommissioning and restoration.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Notes to the financial statements
For the year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

Impairment of property, plant and equipment
Property, plant and equipment is reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Where a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of 'value in use' (being the net present value of expected future cash flows of the relevant cash generating unit) and 'fair value less costs to sell'.

In determining value in use, future cash flows are based on:
- Estimates of the quantities of ore reserves and mineral resources;
- Future production levels;
- Future commodity prices and foreign exchange rates; and
- Future cash costs of production and capital expenditure.

Variations to the expected future cash flows, and the timing thereof, could result in significant changes to any impairment losses recognised, if any, which could in turn impact future financial results.

Provisions for decommissioning and restoration costs
Decommissioning and restoration costs are a normal consequence of mining and the majority of this expenditure is incurred at the end of a mine's life. In determining an appropriate level of provision consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the mine), the appropriateness of the discount rate and the estimated future level of inflation.

(cc) Significant accounting estimates and assumptions

The ultimate cost of decommissioning and restoration is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements or the emergence of new restoration techniques. The expected timing of expenditure can also change, for example in response to changes in reserves or to production rates.

Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

	Consolidated	
	2010	2009
	$'000s	*$'000s*

Note 2. Revenue

	2010 $'000s	2009 $'000s
Revenue from continuing operations		
Sales of phosphate and oil	**18,363**	-
Rendering of services	**2,256**	-
Interest income	**408**	148
	21,027	148
Other income		
Commonwealth grants	**5**	-
Net foreign exchange gains	**1,019**	28
	1,024	28

Notes to the financial statements
For the year ended 30 June 2010

Note 2. Revenue (continued)

Note 3. Expenses

Profit/(Loss) before income tax includes the following expenses:

Cost of sales		
Production costs	**8,970**	-
Shipping & marketing	**4,469**	-
Depreciation	**617**	-
Other expenses		
Provision for impairment	**-**	3,013
Employee benefits expense		

Provision for impairment is in relation to the write down of an investment held by the Company's subsidiary Xifeng International Pte Ltd. The investment was a share in Ghuizhou Tianfeng Chem-Phos Co Ltd which ran a fertiliser factory in China. The factory was closed as a result of an environmental order and thus the investment was considered non-recoverable.

Note 4. Income tax

The major components of income tax are:

Statement of Comprehensive Income		
Current income tax		
Current income tax charge	817	1,004
Adjustments in respect of current income tax of previous years	-	
Deferred income tax		
Relating to origination and reversal of temporary differences	242	(1,004)
Adjustments in respect of deferred tax of previous years	-	-
Income tax expense reported in the **Statement of Comprehensive Income**	1,059	-

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

Accounting profit before income tax	5,977	17,631
At the Group's statutory income tax rate of 30% (2009: 30%)	1,793	5,289
Income/expenditure not allowable for income tax purposes:		

Notes to the financial statements
For the year ended 30 June 2010

Note 4. Income tax (continued)

Add:		
- Dividend income received	773	1,196
- Expenditure not allowable for income tax purposes	300	44
- Franking credits on gross income	332	513
- Franking credits	(1,105)	(1,708)
- Deferred tax asset not bought to account	209	1,004
- Share of associate's net profit	(1,243)	(6,338)
Aggregate income tax expense	1,059	-

	Statement of Financial Position		*Statement of Comprehensive Income*	
	2010	**2009**	**2010**	**2009**
	$'000s	**$'000s**	**$'000s**	**$'000s**
Deferred income tax				
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
Deferred tax liabilities				
Consumables(i)	(942)	(882)	60	-
Other	(4)	(8)	(4)	8
Mine properties(i)	(1,604)	(1,604)	-	-
Unrealised gains(i)	(2,159)	(1,857)	302	-
Gross deferred income tax liabilities	(4,709)	(4,351)		
Deferred tax assets				
Provisions and accruals(i)	3,848	3,875	27	-
Depreciation – fixed assets(i)	1,047	921	(126)	-
Allowance for doubtful debt(i)	1,620	1,599	(21)	-
Losses	4	8	4	(8)
Gross deferred income tax assets	6,519	6,403		
Deferred tax income/(expense)			(242)	-

(i) Deferred tax balances acquired as part of business combination

This deferred tax asset will only be obtained if:

(a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
(b) the conditions for deductibility imposed by tax legislation continue to be complied with; and
(c) no changes in tax legislation adversely affect the consolidation entity in realising the benefit.

Notes to the financial statements
For the year ended 30 June 2010

Note 4. Income tax (continued)

The consolidated entity has made non-current provisions for demolition of $ 6,904,000 (2009: -) and for employee redundancies of $5,349,000 (2009: -). The future income tax benefit relating to the provision on restoration and demolition is not probable of recovery, as it is believed that when the provisions are required the parent entity may not have future taxable income to utilise the tax benefit. It is opined that 65% of the provision for employee redundancy is probable of recovery on the premise that this proportion of total employee severance will be incurred prior to mine closure.

CI Resources Limited and its wholly owned controlled entities have not entered into a tax consolidation agreement.

Note 5. Earnings per share

	2010 Cents
Basic earnings per share	**8.20**

	2010 Number
Weighted average number of shares used as the denominator	
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share.	**72,874,102**

	2010 ***$'000s***
Profit used in calculating basic and diluted losses per share	
Net profit	**5,977**

	2009 Cents
Basic earnings per share	24.19

	2009 Number
Weighted average number of shares used as the denominator	
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share.	72,874,102

	2009 *$'000s*
Profit used in calculating basic and diluted losses per share	
Net profit	17,631

There are no instruments (e.g., share options) excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are antidilutive for either of the periods presented.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

Notes to the financial statements
For the year ended 30 June 2010

	Consolidated	
	30 June 2010	30 June 2009
	$'000s	*$'000s*

Note 6. Current assets – Cash and cash equivalents

Cash at bank and on hand	**26,424**	4,721
Deposits at call	**2,098**	2,017
	28,522	6,738

Note 7. Current assets – Trade and other receivables

Debtors	**18,506**	17
Prepayments	**798**	-
	19,304	17

Trade receivables at 30 June 2010 is in accordance with the terms of the contract and no impairment loss is expected. There are no receivables which are past due and/or impaired.

Note 8. Current assets – Inventories

Consumables(at cost)	**2,565**	-
Finished goods (at net realisable value)	**7,601**	-
Total inventories (at the lower of cost and NRV)	**10,166**	-

Note 9. Term deposits held to maturity

Trust fund term deposit	3,735	-
Demolition and restoration bonds	1,957	-
Other term deposits	16,790	-
	22,482	-

Under the terms of the current Workplace Agreement between the Union of Christmas Island Workers and the Consolidated Entity a trust fund term deposit to meet employee entitlements is maintained. This trust fund may only be used to meet employee entitlements but may be drawn down as they arise. It is supplemented by a minimum amount of $500,000 annually. The trust fund term deposit currently stands at $3,735,308 (2009: -). The interest earned on the term deposit of $183,751 (2009: -) has been added to the term deposit.

Other term deposits have varying maturities all greater than 12 months and earn interest at commercial rates.

	Consolidated	
	30 June 2010	30 June 2009
	$'000s	*$'000s*

Note 10. Derivative financial asset

Forward currency contracts – held for trading[a]	5,556	-
	5,556	-

[a] *Forward currency contracts – held for trading*
The Group has entered into forward exchange contracts which are economic hedges but do not satisfy the requirements for hedge accounting.

	Notional amounts $AUD		**Average exchange rate**	
	2010	**2009**	**2010**	**2009**
	$'000s	**$'000s**		
Sell US$/buy Australian $				
Consolidated				
Sell US$ maturity 0 to 12 months	35,970	-	0.7173	-
Sell US$ maturity 12 to 24 months	17,646	-	0.7820	-

These contracts are fair valued by comparing the contracted rate to the market rates for contracts with the same length of maturity. All movements in fair value are recognised in profit or loss in the period they occur. The net fair value gains on foreign currency derivatives during the year were $1.005 million for the Group (2009: -).

The group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1: the fair value is calculated using quoted price in active markets;
Level 2: the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (as price) or indirectly (derived from prices); and
Level 3: the fair value is estimated using inputs for the assets or liability that are not based on observable market data.

	Level 1	Level 2	Level 3	Total
	'000	'000	'000	'000
Forward currency contracts – held for trading	-	5,556	-	5,556
	-	5,556	-	5,556

Transfer between categories:
There were no transfer between level 1 and level 2 during the year.

Notes to the financial statements
For the year ended 30 June 2010

	Consolidated	
	30 June 2010	30 June 2009
	$'000s	*$'000s*

Note 11. Property, Plant & equipment

Leasehold buildings		
At cost	183	-
Accumulated depreciation	(38)	-
	145	-
Buildings		
At cost	457	-
Accumulated depreciation	(29)	-
	428	-
Strata title properties		
At cost	1,095	-
Accumulated depreciation	(3)	-
	1,092	-
Plant and equipment		
At cost	6,542	-
Accumulated depreciation and impairment	(433)	-
	6,109	-
Plant and equipment under lease		
At cost	3,066	-
Accumulated depreciation	(116)	-
	2,950	-
Construction in progress	136	-
Total property, plant and equipment		
At cost	11,477	-
Accumulated depreciation and impairment	(617)	-
Net carrying amount	10,860	-

(a) Assets pledged as security:

Included in all balances above are assets of Phosphate Resources Limited, Phosphate Resources Properties Pty Ltd and strata title properties of Phosphate Resources (Singapore) Pte Ltd over which first and second mortgages have been granted as security. The terms of the mortgages preclude the assets being sold or being used as security for further mortgages without the permission of the first mortgage holder. The net book values of the assets pledged are:

	Consolidated	
	2010	2009
	$'000s	*$'000s*
	10,166	-

Notes to the financial statements
For the year ended 30 June 2010

Note 11. Property, Plant & equipment (continued)

(b) Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.

		Consolidated	
		2010	2009
	Notes	**$'000s**	$'000s
Leasehold buildings			
Carrying amount at beginning		183	-
Depreciation expense		(38)	-
		145	-
Buildings			
Carrying amount at beginning		457	-
Depreciation expense		(29)	-
		428	-
Strata title properties			
Carrying amount at beginning		1,095	-
Depreciation expense		(3)	-
		1,092	-
Plant and equipment			
Carrying amount at beginning		6,542	-
Depreciation expense		(433)	-
		6109	-
Plant and equipment under lease			
Carrying amount at beginning		3,066	-
Depreciation expense		(116)	-
		2,950	-
Construction in progress			
Carrying amount at beginning		136	-
		136	-

	Consolidated	
	30 June 2010	30 June 2009
	$'000s	*$'000s*

Note 12. Mine properties

Mine development at cost	**5,347**	-
Carrying amount at the beginning of the financial year	**-**	-
Acquired	**5,347**	-
	5,347	-

(i)
Effective 1 May 2009 a subsidiary of Phosphate Resources Limited, PRL China Pty Ltd, acquired 59.275% interest in a Phosphate mining project comprising three mines in China. The carrying value of these mine properties is $5,347,000 as at 30 June 2010.

The mining license relating to these mine properties was due to be renewed in April 2010 by the Chinese government, subject to consolidation of the three mines with a fourth mine owned by an independent third party. During the year ended 30 June 2010 Chinese government has advised the Company that it now requires the Company to conduct a drilling programme in order to confirm and update resource estimates. It renewed the license until 31 October 2010 in order for this program and revised resource estimate to be completed.

The Chinese government has advised that once the drilling program is completed, and revised resource estimate is available, and subject to its approval of the consolidation of the four mines, it will issue a final mining license and resource rights for the mines.

The Directors have no reason to doubt the advice of the Chinese Government officials that the mining license and resource rights will be extended.

The Directors believe that the current value of these mine properties reflects the fact that the licenses are renewed only until 31 October 2010. If the licenses and resource rights are not extended, the recoverable value of the mine properties may be impacted in the subsequent periods.

(ii)
Since the determination of the acquisition price of the phosphate mines in China, recoverable phosphate prices have declined in the People's Republic of China and the demand has dropped considerably.

The mining operations remained break even for 2009/10, however extensive floods in China over past months have limited the demand for fertiliser products and the operation remains marginal.

The value of the mine properties has been calculated on the basis of the sale of shares of a minority shareholder in Phosphate Resources (HauLi) Ltd, the company holding the mine properties.

Notes to the financial statements
For the year ended 30 June 2010

Note 13. Non-current assets – Investments accounted for using the equity method

Prior to 1 April 2010 the Company had a 41.74% interest in the ordinary shares of Phosphate Resources Limited which operates a phosphate mine on Christmas Island. Post 1 April 2010 the Company increased its holding to 44.73% in PRL. Out of 6 Directors on PRL 3 Directors represent CI Resources giving CI Resources at least 50% control over PRL. The Board of Directors also have publicly announced that they have concluded that CI Resources now controls PRL. Based on above factors the Company is now considered to have a controlling interest in PRL.

	Consolidated	
	30 June 2010	30 June 2009
	$'000s	*$'000s*
(a) Associated companies (Note 14)		
Phosphate Resources Limited	**-**	25,076
(b) Reconciliation		
At the beginning of the year	**25,076**	9,809
Share of associated company's profit/(loss)		
Guizhou Tianfeng Chem-Phos Company	**-**	-
Less: Minority interest	**-**	-
Phosphate Resources Limited	**1,748**	19,976
Equity accounted dividends	**(1,429)**	(3,986)
Increase in shareholding – Phosphate Resources	**-**	1,766
Impaired investment	**-**	(2,489)
Foreign currency adjustments		
Re-measurement of equity interest on acquisition of controlling interest in PRL	**(25,395)**	-
	-	25,076

(c) Summarised financial information of associated entity at 30 June 2009

30 June 2009	**Assets** ***$'000s***	**Liabilities** ***$'000s***	**Revenues** ***$'000s***	**Profit** ***$'000s***
Phosphate Resources Limited	44,830	15,874	59,523	19,976

	Consolidated	
	30 June 2010	30 June 2009
	$'000s	*$'000s*
(d) Associates expenditure commitments, other than for the supply of inventories		
Operating leases	**-**	319
Finance leases	**-**	3,139
Capital commitments	**-**	2,200
	-	5,658
(e) Contingent liabilities of associates		
Contingent liabilities incurred jointly with other investors	**-**	800

Notes to the financial statements
For the year ended 30 June 2010

Note 14. Investments in controlled entities

CI Resources Limited owns 100% of Xi Feng International Pte Ltd which is incorporated in Singapore and 44.73% of Phosphate Resources Limited which is incorporated in Australia. The voting power in respect to Phosphate Resources is in proportion to ownership.

	Consolidated	
	30 June 2010	30 June 2009
	$'000s	*$'000s*

(a) Carrying amounts

Information relating to controlled entities is set out below:

Name of company	Principal activity	Ownership interest			
Unlisted					
Phosphate Resources Limited	Mining	44.74%	(2009: 41.74%)	**-**	25,076
Xifeng International Pte Ltd	Investment	100%	(2009: 51%)	**-**	-

Note 15. Current liabilities – Trade and other payables

Trade payables	**5,558**	64

Note 16. Current liabilities – Interest bearing loans and borrowings

Insurance premium funding loan	**526**	-
Lease liability	**1,185**	-
	1,711	-

The Consolidated Entity has a bank overdraft facility available to the extent of $500,000 (2009: -) with an option to increase the facility by a further $500,000 during the swell season (December to March). The bank overdraft facility is secured against the prevailing first mortgage on the assets of the Company. The facility was unused at year end. Average interest rate for the year was 10.2% (2009: -).

Note 17. Current liabilities – Tax liability

Tax payable	**4,074**	-

Note 18. Current liabilities – Provisions

Employee entitlements	**2,374**	60

Note 19. Non-current liabilities – Payables

Other payables	**48**	-

Note 20. Non-current liabilities – Borrowings

Lease liability	**1,954**	-

Notes to the financial statements
For the year ended 30 June 2010

	Consolidated	
	30 June 2010	30 June 2009
	$'000s	*$'000s*

Note 21. Non-current liabilities – Tax liability

Deferred tax liability	**4,705**	-

Note 22. Non-current liabilities – Provisions

Provision for redundancy	**5,349**	**-**
Provision for employee entitlements	**2,164**	**-**
Provision for restoration	**6,904**	**-**
		-
	14,417	-

(a) ***Provision for redundancy***

The amounts employees are entitled to receive when made redundant in accordance with their employment agreements are fully provided.

(b) ***Provision for decommissioning and restoration***

Based on the Mining Lease Agreement between the Commonwealth Government and Phosphate Resources Limited a provision for decommissioning and restoration has been recognised for costs associated with:

- Demolition of all improvements specified for the removal of all debris resulting from demolition, removal of plant and equipment and leaving the leased land in a safe, clean and tidy condition at the expiry of the lease.

Estimates of the decommissioning and restoration obligations are based on anticipated technology and legal requirements and future costs, which have been discounted to their present value. These costs are subject to potentially significant uncertainties (see note 1(bb))

	Consolidated $'000s
(c) ***Movement in provisions***	
Provision for decommissioning and restoration :	
Carrying amount at the beginning of the financial year	6,304
Additional provision	
Change in net present value of provision:	
- Credited to profit or loss	600
- Credited to related asset	
Interest charge: reduction in net present value of provision	-
Carrying amount at the end of the financial year	6,904

Note 23. Contributed equity

(a) Share capital	Number of shares	$'000s
Ordinary shares – fully paid	**72,874,102**	**17,970**

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price $	$'000s
1 July 2008	Opening balance	72,874,102		17,970
30 June 2009	Closing balance	72,874,102		17,970
30 June 2010	**Closing balance**	**72,874,102**		**17,970**

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Effective 1 July 1998, the corporations legislation abolished the concepts of authorized capital and par value shares. Accordingly the Company does not have authorised capital nor par value in respect of its issued capital.

	Consolidated	
	30 June 2010	30 June 2009
	$'000s	*$'000s*

Note 24. Reserves

Foreign exchange translation reserve	**364**	364

Foreign currency translation reserve
Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve. The reserve is recognised in profit and loss when the net investment is disposed of.

Movements in reserves

Foreign exchange translation reserve		
Balance at the beginning of the year	**364**	(166)
FX on translation of financial report	**-**	530
Balance at the end of the period	**364**	364

Note 25. Retained earnings

Accumulated losses at the beginning of the year	**13,374**	(4,257)
Net profit attributable to members of CI Resources Limited	**5,746**	17,631
Accumulated profits/(losses) at the end of the financial year	**19,120**	13,374

Note 26. Key management personnel disclosures

	Consolidated	
	30 June 2010	30 June 2009
	$'000s	*$'000s*
(c) Key management personnel compensation		
Short term employee benefits	**3,792**	367
Post employment benefits	**228**	-
	4,020	367

(d) Equity instrument disclosures relating to key management personnel

Options provided as remuneration and shares issued on exercise of such options

There were no options issued to key management personnel for the financial years ended 30 June 2010 and 30 June 2009.

Option holdings

No key management personnel held options over ordinary shares in the Group during the current year ended 30 June 2010 (2009: Nil)

Share holdings

The numbers of shares in the company held during the financial year by each director and the key management personnel of the consolidated entity, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2010 **Name**	**Balance at the start of the period**	**Received during the period on the exercise of options**	**Other changes during the period**	**Balance at the end of the period**
Directors of CI Resources Limited				
Mr David Somerville	-	-	-	-
Mr Clive Morris Brown	-	-	-	-
Mr Lip Sin Tee	13,779,876	-	-	13,779,876
Mr Phuar Kong Seng	10,424,410	-	-	10,424,410
Mr Phua Siak Yeong	-	-	-	-
Prof. Anthony Brennan	-	-	-	-
Mr Willy Teo(i)	2,487,762	-	(2,487,762)	-
Other key management personnel				
Mr Desmond John Kelly	-	-	-	-
Ms Janelle Burns	-	-	-	-

(i) Mr Will Teo resigned on 8 January 2010.

Other changes does not denote sale of securities, rather that the director has resigned.

Notes to the financial statements
For the year ended 30 June 2010

Note 26. Key management personnel disclosures (continued)

2009 Name	Balance at the start of the period	Received during the period on the exercise of options	Other changes during the period	Balance at the end of the period
Directors of CI Resources Limited				
Mr Clive Morris Brown	-	-	-	-
Mr Lip Sin Tee	12,377,440	-	1,402,436	13,779,876
Mr Phuar Kong Seng	10,424,410	-	-	10,424,410
Mr Willy Teo	2,487,762	-	-	2,487,762
Prof. Anthony Brennan	-	-	-	-
Dato Dr Mohamad Hashim Bin Ahmad Tajudin	12,000,000	-	(12,000,000)	-
Mr Lai Ah Hong	1,821,096	-	(1,821,096)	-
Mr David Somerville	-	-	-	-
Mr Phua Siak Yeong	-	-	-	-
Other key management personnel				
Mr Desmond John Kelly	-	-	-	-
Ms Janelle Burns	-	-	-	-

Other changes: In relation to Mr Tee Lip Sin, denotes an on-market purchase. In relation to Messrs Ahmad and Lai, denotes resignation of the director from the Board.

(e) Loans to key management personnel

There are no loans made to directors or other key management personnel of CI Resources Limited.

(f) Other transactions with key management personnel

There were no other transactions with key management personnel.

	Consolidated	
	30 June 2010	30 June 2009
	$'000s	*$'000s*
Note 27. Remuneration of auditors		
During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms.		
Assurance services		
Audit services		
Ernst & Young:		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	**263**	30
Audit services		
Other auditors of subsidiaries:		
Audit and review of financial reports of subsidiaries	**1**	-
	264	30

Notes to the financial statements
For the year ended 30 June 2010

Note 28. Contingent liabilities

As part of the conditions of sale of the stevedoring and mooring services in January 2007 the Consolidated Entity has agreed that, in the event of premature closure of the Christmas Island mine (and hence cessation of shipping of phosphate) within five years of the date of sale of the business, the purchaser will be reimbursed an amount not exceeding $200,000 for each year remaining of the five year period as at the date shipping of phosphate ceases.

There are no other contingent assets or liabilities as at the date of this report.

Note 29. Commitments for expenditure

	Consolidated	
	30 June 2010	30 June 2009
	$'000s	*$'000s*
(a) Lease expenditure commitments		
Operating leases		
- not later than one year	144	-
- later than one year and not later than five years	169	-
- total minimum payments	313	-

Operating leases are entered into as a means of providing residential accommodation and office premises for Phosphate Resources Limited; residential accommodation for Indian Ocean Stevedores Pty Ltd and office equipment for Phosphate Resources (Singapore) Pte Ltd.

Finance leases	***2010***		***2009***	
CONSOLIDATED	***Minimum Lease Payments $'000s***	***Present Value of Lease Payments $'000s***	***Minimum Lease Payments $'000s***	***Present Value of Lease Payments $'000s***
Within one year	1,383	1,185	-	-
After one year but not more than five years	2,074	1,954	-	-
Total minimum lease payments	3,457	3,139	-	-
Less amounts representing future finance charges	318	-	-	-
Present value of minimum lease payments	3,139	3,139	-	-

Finance leases are entered into as a means of financing the acquisition of plant and equipment. Finance leases are secured against the plant & equipment being purchased.

(b) The Consolidated Entity provides a guarantee and indemnity to the Commonwealth Government of Australia (Commonwealth) to ensure the performance of Indian Ocean Oil Company Pty Ltd's obligations under the terms of a 20 year fuel lease arrangement.

(c) The Consolidated Entity has committed to undertake various environmental management targets and objectives as detailed in the Christmas Island Phosphates Environmental Management Plan.

(d) The Company has provided a bank guarantee of $1 million to the Commonwealth Government under the terms of the Mining Lease Agreement.

(e) The Consolidated Entity has capital commitments of $ Nil (2009: $2,200,000) for items of plant on order but not yet delivered.

Note 30. Related party transactions

Directors and other key management personnel
Disclosures relating to directors and other key management personnel are set out in note 26.

Controlling entities
The ultimate parent entity in the group is CI Resources Limited.

Ownership interests in related parties
Interests held in the following classes of related parties are set out in the following Notes:
Controlled entities – Note 14

Note 31. Events occurring after reporting date

As previously disclosed PRL has continued over a protracted period to seek approval from the Commonwealth to obtain more land for exploration and mining on Christmas Island which would have extended the mine life for PRL.

As advised to the ASX by announcement on the 19th July, 2010, on the 16th July, 2010 the Commonwealth Minister for Environment, Heritage and the Arts advised that he has refused PRL's application extensions to its mining tenements. PRL's current mining lease tenure until 4 February 2019 over 2054 hectares is unaffected by the decision.

Other than that shown above, there are no matters or circumstances that have arisen since 30 June 2010 that has significantly affected, or may significantly affect:

(d) the consolidated entity's operations in future financial years, or
(e) the results of those operations in future financial years, or
(f) the consolidated entity's state of affairs in future financial years.

Note 32. Reconciliation of profit(loss) from ordinary activities after income tax to net cash outflow from operating activities

	Consolidated	
	30 June 2010	30 June 2009
	$'000s	*$'000s*
Operating profit (loss) after income tax	**5,746**	17,631
Share of associates net (profits)/losses	**(1,748)**	(19,976)
Adjustment for non-cash items		
Minority interest	**-**	(1,151)
Reversal of impairment loss - income	**-**	3,013
Gain on acquisition of subsidiary	**1,649**	-
Depreciation	**617**	-
Foreign exchange gain	**(1,020)**	
Other	**-**	(21)
Change in operating assets and liabilities		
(Increase)/decrease in receivables	**(4,815)**	37
Increase/(decrease) in payables	**12,712**	(102)
Net cash inflow/(outflow) from operating activities	**9,845**	(569)

Note 33. Financial instruments and financial risk management

The Group's principal financial instruments comprise receivables, payables, finance leases, cash and short-term deposits, long-term deposits and foreign exchange derivatives.

Market, liquidity and credit risk (including foreign exchange, commodity price and interest rate risk) arise in the normal course of the Group's business.

The Group manages its exposure to key financial risks, including interest rate, currency and commodity risk in accordance with the Group's risk management procedures. The overall objective of these procedures is to:

- Ensure that net cash flows are sufficient to meet all financial commitments as and when they fall due.
- Support the delivery of the Group's financial targets whilst protecting future financial security.
- Minimise the potential adverse effects resulting from volatility on financial markets.

The Group continually monitors its forecast financial position against these criteria.

It is, and has been throughout the period under review, Group policy that no speculative trading in financial instruments be undertaken.

Notes to the financial statements
For the year ended 30 June 2010

Note 33. Financial instruments and financial risk management (continued)

(i) Interest rate risk

The Group's exposure to interest rates related primarily to the Group's cash and cash equivalents.

At balance date, the Group had the following exposure to Australian variable interest rate risk.

	Consolidated	
	30 June 2010	30 June 2009
	$'000s	*$'000s*
Financial assets		
Cash and cash equivalents	**28,522**	6,738

The following sensitivity analysis is based on the interest rate risk exposure in existence at the balance sheet date. The 1% sensitivity is based on reasonably possible changes over a financial year, using the observed range of actual historical rates for the preceding five year period.

At 30 June 2010, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit would have been affected as follows:

	Consolidated Higher/(Lower)	
	2010	2009
	$'000s	*$'000s*
Judgments of reasonably possible movements:		
Post tax profit		
+1.0% (100 basis points)	**384**	59
-1.0% (100 basis points)	**(384)**	(59)

The movements in profit are due to higher/lower interest income from cash balances.

The Group deals with financial institutions that have a AA rating or better.

CI Resources, both parent and group, is exposed to interest rate risks in Australia. To minimise the effects of the potential adversities, the management attempt to limit these effects through constant reviewing of the financial markets.

(ii) Liquidity Risk

The Group's liquidity position is managed to ensure that sufficient funds are available to meet its financial commitments in a timely and cost effective manner.

Management monitors the Group's liquidity reserve on the basis of expected cash flow. The table below reflects a balanced view of cash inflows and outflows and shows the implied risk based on those values. Trade payables and other financial liabilities originate from the financing of assets used in the Group's ongoing operations. These assets are considered in the Group's overall liquidity risk.

Management continually reviews the Group liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

Notes to the financial statements
For the year ended 30 June 2010

Note 33. Financial instruments and financial risk management (continued)

Maturity analysis of financial assets and liabilities based on contractual maturity

Consolidated

Year ended 30 June 2010	≤6 months	6-12 months	1-5 years	>5 years	Total
	$'000	$'000	$'000	$'000	$'000
Financial assets					
Cash	23,770	-	-	-	23,770
Trade and other receivables	17,340	-	-	-	17,340
Term deposits		22,482	-	-	22,482
Foreign exchange contracts	2,596	2,442	518	-	5,556
Financial liabilities					
Trade and other payables	5,307	-	-	-	5,307
Interest bearing loans and borrowings	1,119	592	1,954	-	3,665

(iii) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligation under a financial instrument that will result in a financial loss to the Group. The carrying amount of financial assets represents the maximum credit exposure.

Financial instruments that potentially subject the consolidated entity to concentrations of credit risk consist principally of cash deposits and receivables. The Group places its cash deposits and derivatives with high credit-quality financial institutions. Receivables balances are monitored on an ongoing basis with the results that the Group's exposure to bad debts is not significant.

(iv) Derivative instruments and foreign currency risk

The Group's future revenues are exposed to movements in foreign exchange rates, particularly the US dollar/Australian dollar rate. The Group may from time to time enter into foreign exchange derivative instruments to manage this exposure.

The Group has, as outlined in note 10, forward currency contracts designated as held for trading that are subject to fair value movements through profit or loss as foreign exchange rates move.

At 30 June 2010, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgments of reasonably possible movements:	**Post tax profit Higher/Lower**		**Equity Higher/Lower**	
	2010	**2009**	**2010**	**2009**
	$'000s	**$'000s**	**$'000s**	**$'000s**
Consolidated				
AUD/USD + 10%	(4,876)	(7,509)	-	-
AUD/USD - 10%	5,360	6,143	-	-

Management believes the balance date risk exposures are representative of the risk exposure inherent in the financial instruments.

Significant assumptions used in the foreign currency exposure sensitivity analysis include:

- Reasonably possible movements in foreign exchange rates were determined based on a review of the last two years historical movements.
- The net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next twelve months from balance date.

Notes to the financial statements
For the year ended 30 June 2010

Note 33. Financial instruments and financial risk management (continued)

(v) Fair values

The Directors have performed a review of the financial assets and liabilities as at 30 June 2010 and have concluded that the fair value of those assets and liabilities are not materially different to book values. The methods and assumptions used to estimate the fair value of financial instruments were:

- Cash - The carrying amount is fair value due to the liquid nature of these assets.
- Receivables/payables - due to the short term nature of these financial rights and obligations, and/or market interest received/paid, their carrying values are estimated to represent their fair values.
- Derivatives - The fair values of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles.
- Finance lease liability – The carrying value of these liabilities approximate to the fair value due to their short term nature.

Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide shareholders and stakeholders in the future and to maintain an optimal capital structure to reduce the cost of capital.

Management are constantly adjusting the capital structure as suitable. As the market is constantly changing, management may change the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

During 2010, management paid dividends of $6,300,000 (2009: Nil).

Management have no current plans to issue further shares on the market.

Note 34. Parent entity information

Current assets	**5,889**	6,733
Total assets	**14,122**	13,534
Current liabilities	**230**	109
Total liabilities	**230**	109
Issued capital	**17,970**	17,970
Retained earnings	**(2,621)**	(4,545)
Total shareholders' equity	**13,891**	13,425
Profit of the parent entity	**1,924**	2,020
Total comprehensive income	**1,924**	2,020

There have been no guarantees entered into by the Parent Entity in relation to any debts of its subsidiaries.

The parent has no contingent liabilities as at date of this report.

The Parent Entity has no contractual commitments for the acquisition of property, plant or equipment.

Notes to the financial statements
For the year ended 30 June 2010

Note 35. Business combination

Acquisition of control of Phosphate Resources Limited

Prior to 1 April 2010 the Company had a 41.74% interest in the share capital of PRL and therefore the Company equity accounted its investment in PRL. On 1 April 2010 the Company acquired a further 3% (102,300 shares) of the issued capital of PRL, pursuant to the Company's stated intentions to do so, using the creep provisions of the Corporations Act 2001. As a result of acquisition of these additional shares, the Company now holds 44.74% (1,531,480 shares) of PRL, which is also the Company's voting interest.

Three of the directors of CI Resources are also directors of PRL and therefore it has been concluded by the Company's and PRL's management that the Company now has control over PRL.

The Group has provisionally recognised the fair values of the identifiable assets and liabilities of PRL based upon the best information available as of the reporting date. Provisional business combination accounting is as follows:

	Consolidated	
	Fair Value Balance Sheet	Carrying Value
	$	$
Cash and cash equivalents	28,146	28,146
Trade and other receivable	19,505	18,563
Inventories	10,305	10,305
Other current assets	13,393	13,393
Term Deposits	10,501	10,501
Plant property and equipment	11,477	11,477
Mine Properties	5,347	5,347
Deferred Tax Assets	4,343	4,343
	103,017	102,075
Trade and other payables	6,597	6,597
Interest bearing loans and borrowings	1,588	1,588
Income tax payable	159	159
Deferred tax liabilities	6,395	6,395
Provisions	17,276	17,276
Total Liabilities	32,015	32,015
Provisional fair value of identifiable net assets	71,002	
Non-controlling interest	(42,526)	
Cash paid for additional interest of 3%	(1,432)	
Fair value of investment in subsidiary prior to acquiring controlling interest	(25,395)	
Net gain on acquisition of PRL	1,649	
The cash inflow in acquisition is as follows:		
Net cash acquired with the subsidiary	28,146	
Cash Paid	(1,432)	
	26,714	

Notes to the financial statements
For the year ended 30 June 2010

Note 35. Business combination (continued)

The consolidated Statement of Comprehensive Income includes sales revenue and net profit for the year ended 30 June 2010 of $20,820,000 and $5,977,000 respectively, as a result of the acquisition of PRL. Had the acquisition of PRL occurred at the beginning of the reporting period, the consolidated Statement of Comprehensive Income would have included revenue and net profit of $80,269,000 and 3,155,000 respectively.

The value of the non-controlling interest was determined based on its interest in the fair value of the identifiable net assets at the date of acquisition.

Note 36. Segment reporting

Segment Reporting for the year ended 30 June 2010
The company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments have been identified by management based on the manner in which the product is sold or service provided.

The company has three operating segments, that being the Sale of Phosphate, Stevedoring Services and Other.
The Other segment consists of the Oil, Australia and Singaporean operations.

Accounting policies and inter-segment transactions
The accounting policies used by the Group in reporting segments internally are the same as those contained in Note 2 to the accounts and in the prior period except as follows:

Corporate charges
Corporate charges comprise non-segmental expenses such as head office expenses and interest. Corporate charges are allocated to each business segment on a proportionate basis linked to segment revenue so as to determine segmental results.

Income tax expense
Income tax expense is calculated based on the segment operating net profit using the notional charge of 30% (2009: 30%). No effect is given for taxable or deductible temporary differences.

	Year ended 30 June 2010			
	Phosphate	Stevedoring	Other	Total
	$'000	$'000	$'000	$'000
Revenue				
Sales to external customer	17,647	2,625	1,695	21,967
Other revenue from external customer	195	6	-	201
Inter-segment sales	(782)	(566)	-	(1,348)
Total segment revenue	17,060	2,065	1,695	20,820
Segment net operation profit/(loss) after tax	5,293	288	(233)	5,977
Provisions	-	-	942	942
Segment assets	101,829	5,843	1,080	108,752
Segment Liabilities	43,799	2,616	(11,574)	34,841

Notes to the financial statements
For the year ended 30 June 2010

Note 36. Segment reporting (continued)

Segment Reporting for the year ended 30 June 2009
In the prior year, management had determined the operating segments based on reports reviewed by the Board (Chief Operations Decision Makers) for making strategic decisions. There were two reportable segments being Australia and Singapore.

The principle activity of the Australia segment consisted of investment in the phosphate industry and the Singapore segment consisted of investments in the fertilizer industry.

Accounting policies and inter-segment transactions
The accounting policies used by the Group in reporting segments internally are the same as those contained in Note 2 to the accounts and in the prior period except as follows:

Investment in associated
Investments in associates are accounted for at cost and dividends recognised revenue when the right to receive payment is established.

Segment Results
Year ended 30 June 2009

	Australia '000	Singapore '000	Total '000
Total Segment Revenue	4,212	4	4,216
Segment Results	2,193	(3,033)	(840)

Total Segment Assets
Year ended 30 June 2009

	Australia '000	Singapore '000	Total '000
Segment assets	13,534	22	13,556
Post Acquisition changes in the Group's share of net assets of associates			18,276
Total consolidated assets			31,832

Total Segment Liabilities
Year ended 30 June 2009

	Australia '000	Singapore '000	Total '000
Segment liabilities	110	329	439
Post Acquisition changes in the Group's share of net assets of associates			(315)
Total consolidated liabilities			124

Reconciliation of segment revenue to revenue presented on the Consolidated statement of Comprehensive Income as follows:

	Consolidated 2009 '000
Segment Revenue	4,216
Dividend income on equity accounted investments	(4,040)
Profit before income tax from continuing operations	176

Notes to the financial statements
For the year ended 30 June 2010

Note 36. Segment reporting (continued)

Reconciliation of segment result to profit before income tax is as follows:

	Consolidated 2009 '000
Segment Revenue	(840)
Dividend income on equity accounted investments	(3,986)
Unallocated results	1,330
Share of profit of associated	21,127
Profit before income tax from continuing operations	17,631

Revenue from external customers by geographical locations is detailed below. Revenue is attributed to geographic location based on the location of the customers. The Company does not have external revenues from external customers that are attributable to any foreign country other than as shown:

	2010	2009
	'000s	*'000s*
Australia	-	-
China	551	-
Other foreign countries	21,416	-
	21,967	-

Major customers
The Group has number of customers to which it provides the products. There are no customers of the Group who account for more than 10% of total external revenue in 2010 and 2009.

Non-Current Assets by geographical regions:

	2010	2009
	'000s	*'000s*
Australia	38,107	25,076
China	7,097	-
Other foreign countries	-	-
	45,204	25,076

Note 37. Differences from preliminary final report

In accordance with Listing Rule 4.5A, set out below are certain differences between information contained in the Appendix 4E lodged with the ASX and this financial report.

On completion of the audit of the Consolidated Entity audit adjustments were made for pre-acquisition retained earnings on acquisition of a controlling interest in Phosphate Resources Limited, a gain on acquisition of said interest and audit adjustments flowing through from Phosphate Resources Limited. Profit after income tax has increased by $3,893,123, Total Assets has decreased by $56,281 and Total Liabilities increased by $3,943,995.

In conclusion:

The consolidated profit after income tax has increased from $2,083,377 to $5,977,000.

Total assets has decreased from $108,808,281 to $108,752,000.

Total liabilities has increased from $30,897,005 to $ 34,841,000.

Directors' declaration
For the year ended 30 June 2010

In the directors' opinion:

(a) The financial statements comprising the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and accompanying notes set out on pages 23 to 65 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the company and the consolidated entity's financial position as at 30 June 2010 and of their performance, for the year ended on that date; and

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1

(c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(d) the audited remuneration disclosures set out on pages 11 to 17 of the directors' report comply with section 300A of the Corporations Act 2001; and

The directors have been given the declarations by the chief executive officer and the chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

D Somerville
Chairman

Perth
30 September 2010

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Independent audit report to members of CI Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of CI Resources Limited, which comprises the statement of financial position as at 30 June 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(a), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Basis for Auditor's Qualified Conclusion

During the year ended 30 June 2009, the consolidated entity, through its controlled entity XiFeng International Pte Ltd, held an investment of 32% in Guizhou TaiFeng Chem-Phos Co Ltd, an associated entity. The accounts of the associated entity for the year ended 30 June 2009 and six month-period ended 30 June 2008 were qualified due to their auditors being unable to satisfy themselves as to the accuracy of the balance of an equity accounted investment it maintained, as they were not supplied with financial statements of the investee to support the balance.

In the period to 30 June 2009, XiFeng International Pte Ltd wrote down to nil the carrying value of its equity investment in Guizhou TaiFeng Chem-Phos Co Ltd via an impairment charge. However, due to the scope limitation as detailed above, for the year ended 30 June 2009, we are unable to conclude on the appropriate classification within the income statement between impairment loss and profit and loss from equity accounted investment.

Auditor's Qualified Conclusion

Based on our audit, except for the effect of adjustments, if any, as to the classification between impairment loss and profit and loss from equity accounted investments for the year ended 30 June 2009 as detailed in the Basis for Auditor's Qualified Conclusion paragraphs above, in our opinion:

1. the financial report of CI Resources Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the financial position of the CI Resources Limited at 30 June 2010 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 16 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of CI Resources Limited for the year ended 30 June 2010 complies with section 300A of the Corporations Act 2001.

Ernst & Young

Ernst & Young

Russel Curtin
Partner
Perth
30 September 2010

RC:VP:CIR:015

CI RESOURCES LIMITED

ASX Additional Information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report.

SHAREHOLDINGS

Substantial shareholders

The following substantial shareholders have lodged notices with the Company as at 30 September 2010:

Holders	Ordinary shares
Prosper Trading Sdn Bhd	13,779,876
CCM International Sdn Bhd	12,000,000
Destinasi Emas Sdn Bhd	7,287,410
Liow Boon Seng	3,750,000
Poo Ah Lam	3,675,371

Class of shares and voting rights

At 30 September 2010 there were 355 holders of ordinary shares on the Company. The voting rights attaching to the ordinary shares are:

- On a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

- On a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares, shall have a fraction of a vote for each partly paid share. The fraction shall be equivalent to the proportion which the amount paid is of the total amounts paid and payable, excluding amounts credited, provided that the amounts paid in advance of a call are ignored when calculating a true portion.

Distribution of share holders

Category		Ordinary shares
1 -	1,000	66
1,001 -	5,000	79
5,001 -	10,000	108
10,001 -	100,000	69
100,001 -	and over	33
		355

There were 60 holders of less than a marketable parcel of ordinary shares.

On-market buy back

There is no current on-market buy back.

Restricted securities

The Company does not have any restricted securities.

CI RESOURCES LIMITED

ASX Additional Information

Unquoted securities

The Company does not have any unquoted securities

Twenty largest holders of ordinary shares (as at 30 September 2010)

Holder name	Ordinary shares Number	%
Phillip Securities Pte Ltd <Client Account>	32,756,810	44.95
CCM International Sdn Bhd	12,000,000	16.47
Prosper Trading Sdn Bhd	11,616,000	15.94
Mr Willy See Khiang Teo	2,866,476	3.93
Citicorp Nominees Pty Limited	1,668,717	2.29
Kluang Pty Ltd	1,280,988	1.76
Mee Yuen Yong	835,572	1.15
HSBC Custody Nominees (Australia) Limited	817,000	1.12
Rivertree Pty Ltd	711,293	0.98
Mr Philip Tuck Sang Woo	605,715	0.83
Hang Phoo Tan	500,000	0.69
DMG & Partners Securities Pte Ltd <Clients A/C>	437,325	0.60
Krishnan Ramanthan	407,673	0.56
Mr Xu Yi Hao	378,657	0.52
Fullong Worldwide Limited	311,750	0.43
Great Pioneer Consultants Ltd	311,750	0.43
ARP Holdings Pty Ltd	300,000	0.41
KSL Super Pty Ltd	230,000	0.32
DBS Vickers Securities (Singapore) Pte Ltd <Client Account>	210,000	0.29
Masli Sadiran	207,000	0.28
	68,452,726	**93.93**

Other information

CI Resources Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

The Company’s shares are quoted on the Australian Securities Exchange.